Astron Corporation Limited
ARBN 154 924 553
Incorporated in Hong Kong, Company Number: 1687414

Annual Financial Statements

For the Year Ended 30 June 2019

Astron Corporation Limited

Company Number: 1687414

For the Year Ended 30 June 2019

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The Directors of Astron Corporation Limited (the "Company") present their report on the consolidated entity ("Group" or "Astron"), consisting of Astron Corporation Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2019.

Directors

The following persons were Directors of Astron Corporation Limited for part of the financial year and up to the date of this report:

Names

Mr. Gerard King
Mr. Alexander Brown
Mdm. Kang Rong

Principal Activities

The principal activities of the Group during the financial year were:

- Exploration, evaluation and progress of the feasibility assessment of the Donald mineral sands mining and processing project ("DMS")
- Evaluation and progress of the feasibility of the Senegal Niafarang mineral sands mining processing project ("Senegal")
- Evaluation and advancement of downstream applications for zircon and titanium
- Titanium based materials trading

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

Significant Changes to Group Structure

There were no significant changes to the Group structure in the financial year ended 30 June 2019.

Financial Position

The net assets of the Group have increased to **$100,273,981** an increase of **$465,550** from 2018.

The net assets have been affected by a reduced loss from operations offset by tax benefits and the impact on foreign controlled assets of foreign exchange movements.

Dividends

No final dividend was proposed for the year ended 30 June 2019 (2018: Nil).

Review of Operations

Financials

Consolidated Statement of Profit or Loss and other Comprehensive Income

- Sales revenue increased from the prior year by 59% to $7,977,198 (2018: $5,013,827). This was due to the increase trading in the Chinese markets compared with the prior year.

- Turnover should continue to improve in line with the market increase in mineral sands market prices in China and the commissioning of the Mineral Separation Plant in China. It is anticipated margins will also increase in the year ended 30 June 2020.

- Administration expenditure was broadly consistent with the prior year reflecting ongoing cost controls.

Consolidated Statement of Financial Position

- The inventory levels have significantly increased reflecting the strengthening of the mineral sands markets in China and Astron's ongoing sales program.

- The increase in intangible assets arises from further exploration expenditure capitalised in respect of the Donald Mineral Sands and Senegal Niafarang projects.

- Land use rights comprise 50-year land use leases. These leases are capitalised and amortised over the 50-year period. The decrease in the carrying value to $3,090,641 over the 30 June 2018 value is attributable to foreign exchange movement after accounting for leasehold amortisation.

- The decrease in the net tangible asset value from 20.6 cps at 30 June 2018 to 18.8 cps at 30 June 2019 primarily relates to the group loss for the year and continued development of the group intangible assets.

Operations review

Operations review

Donald

The advancement of the Donald project ("DMS") continued during the year.

Ongoing execution of the work plan continued, including the successful submission for the bulk sample process which was excavated in early 2018 and transported for piloting test work in Queensland in early 2019. DMS personnel attended workshops with the Department of Economic Development, Jobs, Transport and Resources and other regulatory bodies as the work plan submission and application process has been updated to a new system called the Earth Resources' Resource Rights Allocation and Management Business Portal (RRAM). The 2019 bulk sample permit was submitted and approved via the new RRAM system which provided DMS with learning opportunities with respect to the new process for populating the work plan within RRAMs for DMS once full operations commence.

Attendances in China by DMS representatives to discuss the processes for financing and compliance with financial contracts occurred in late 2018, this process continues and will be further complied with once the bulk sample results are shared with China for industrial sales kit and marketing opportunities in late 2019.
Further progress was made in the following areas:

Water infrastructure
Ongoing discussions with third party providers and local infrastructure owners continue in developing a strategy to supply the water required for the project in a competitive manner. The DMS team has had discussions with the water ministry and water options are now being considered for the construction and operation stages 1 and 2. It has been determined that exiting infrastructure can support all stages of operations with minor upgrades to pumping stations and a service pipeline from nearby Minyip to site (which is approximately 13 km), as opposed to the previously expected 75 kilometre pipe line. The DMS team assessed a comparison between the capital verses operating options and this proposal is currently under consideration.

Bulk Sampling
Bulk Sampling approval and definitions for floatation and separation test work on the Chinese floatation and gravity systems. Bulk sample planning will provide a large volume (1,000t) of ore material for testing on pilot systems in Australia and China for the equipment selection for Donald project and that of the MSP in China from the pilot MSP process of floatation, electrostatics and gravity methods. The bulk sample has been excavated and transported to the proposed pilot plant location in Queensland with a mineral processing provider including Metallurgical Support Services. Draft agreements were approved for commencement.

It is proposed that the sample preparation and separation will take place in Australia prior to developing a representative Heavy Mineral Concentrate (HMC) sample for equipment selection for the Mineral Separation Plant in China. Final product specifications, grades and assemblage will be shared with potential off take partners for future long-term supply agreements. Product definition and classification will be completed in Australia to develop a piloting process design and flow sheet for the China based Mineral Separation Plant (MSP) piloting process in late 2019.

Community Engagement
Members of the DMS team have attended workshops and courses in Melbourne and Bendigo to comply with and compliment DMS' ability to develop and execute its community engagement plan. Regulatory certification now needs to be achieved to have the authority to develop and approve the community engagement planning processes.
The DMS and Astron team continue to work closely with the Minerals Council of Australia (MCA) where representatives of DMS and Astron sit on State Council and Working Group committees.

Engineering
Conceptual engineering and design was completed in 2018 to allow for a feasibility level tendering process to be carried out. The mapping, budgeting and operational assessments were completed and now await the bulk sample test results before moving into execution of detailed engineering optimisation and programs. Greater project definition and detail will guide the next process of optimisation prior to detailed engineering.

Updating the DMS financial project and operating models will be carried out in 2019 to reflect the improvements with an expected increase in infrastructure capital and therefore achieving a reduced operating cost outcome, final valuable heavy mineral pricing increases the planned resource update. The previous models were significantly positive and DMS believes this will be greatly improved upon with the work completed in 2018/19 particularly given the likely global demand positive outcomes on final product pricing. Optimisation processes will be completed ahead of the official detailed engineering commencement.

Exploration Improvement
Updating the current JORC code is planned in late 2019 to conform with the 2012 JORC code and improve on the - 38 micron fraction within the contained minable HM%.

Detailed mine planning and mapping was completed for the feasibility level process.

Execution strategy

The execution strategy for the project will involve a standalone design contract for the Australian processing plant, reflecting a modular plant construction and assembly through a Chinese fabrication yard. The module assembly and all wraparound construction will be conducted by way of several local construction contracts and managed by a single integrated owners and project teams. These programmed actions will be reassessed with consideration to the renewed infrastructure methodology and pilot process outcomes.

Approvals

A summary of the status of relevant approvals is as follows:

Approval type	Status	Date
Environment or Effects Statement (ESS)	Approved	2008
Mining licence	Approved	August 2010
Cultural Heritage Management plan	Approved	January 2014
Water rights	Secured	2012
Radiation licence	Approved	Renewed December 2018
Export permit	Approved	December 2016
Work plan test pit	Approved	March 2018
Work Authority test pit	Approved	August 2018

Infrastructure Assessment

Road infrastructure remains solid with the design and supply opportunities unchanged. The power opportunities will be further assessed with assistance of the regional development agencies for alternate methods and / or a combination of both for review. Funding opportunities continue to be investigated as the project financing and detailed engineering draws closer. These will be further explored as the business modelling is completed in accordance with the government agencies as mentioned above. Power options studies were completed through a third party consultancy firm and these options are currently being considered.

Project Infrastructure

It is estimated that 13km of local road upgrades will be required, together with potentially up to 11km for the installation of designated water supply to the project site. Wherever possible, funding assistance has been considered from state and regional departments.

Detailed Engineering has been undertaken for site access roadways and Minyip township heavy vehicle bypass routes were completed in 2016 and remain unchanged in 2019. These designs were completed with review and approval from state regulators and relevant stakeholders.

Power Systems are proposed to be by way of diesel powered generation system (at commencement) prior to a hybrid mains and renewable system for the projects life, for which compatibility and suitability assessments were completed in 2016 and refined in mid-2019. The specific nature of the site with a modulated plant design supports the project with the ability to increase production physicals as necessary including a hybrid power system. The renewable energy assessments were commenced and carry forward an options strategy for adoption and greater definition.

In relation to the water pipeline, hydraulic assessments and pipeline engineering designs were completed in 2016. The piping system design catered for full scale operations with capacities for future expansions. Discussions with local water network providers and the Regional Development Group of Victoria commenced in 2018 with detailed system reviews to ensure initial and future project needs will be met. This is an ongoing exercise in 2019. With integration, supply and network load sheading from the local pipeline network has the potential for localised network infrastructure to potentially provide the project commencement water supply demand without issue, this was confirmed in late 2018.

Separation test work on China floatation and product trials for customers

Bulk sample excavation was completed in early 2019. The bulk sample is anticipated to provide 1,000t of ore material for testing of gravity and floatation mineral separation methods at Australian and Chinese Mining Institutes, with a third-party toll processor and product trials for customers.

Risk assessment

Risk assessments have been conducted at various stages, and major risks have been ranked and prioritized. The most significant technical risks are associated with site water and tailings management, and operational logistics of large mining equipment inside the pit. Test work has been conducted to quantify these risks and management plans have been put in place to address them. These risks have been logged as part of the Victorian Work Plan process. Additional risks will be associated with ensuring that long-lead items are expedited, and that module assembly is completed on schedule and to an acceptable level of quality. These risks will all be specifically managed with specific management plans and designated hires into the project team.

Funding

Astron continues to develop its funding strategy which could include a mix of equity, internally generated cash flows and debt funding. Astron continues to work with entities interested in assisting with this project.

Environmental

Data collection and surveys commenced with consultancy groups to populate the mine site Work Plan permit for Noise, Air Quality and Dust, Native Vegetation, Sensitive receptors and Radiation.

Soil mapping and rehabilitation programs were completed in 2018/19 which clearly support the benefits of the proposed methodologies anticipated with DMS operational management plans. Soil improvements and overall stability and integrity of rehabilitated lands are monitored pre and post significant environmental events and the results are extremely favourable.

Work plan

The work plan for the test pit area was submitted and approved, DMS were the first to receive approval via the new RRAM system. The full work plan will be submitted once DMS confirm the detailed engineering processes and power distribution programs.

China operations

Work in China continued to test and develop technology to be applied for downstream advancement of Group minerals. The China plant is anticipated to be fully operational in the 4th Quarter 2019. This plant is a preparatory plant for downstream DMS product.

Mineral sales increased as the Zircon and Titanium market demand continues to improve.

Senegal

Mining Licence

Mining Licence was awarded to the Group in June 2018.

Exploration

No additional exploration field activities have occurred in the year. Application, renewal applications and studies have been undertaken by Astron's consultant in Senegal (Harmony group) to re-establish approvals for expired exploration leases. The current exploration licence remains in a maintenance position where Astron has the right to apply for drilling exploration and planning which will see the licence reactivated for explorative purposes.

The exploration renewal process has commenced and is awaiting the mines department review on the overall area and associated graticules.

Environmental Approval

Conceptual workshops in Senegal and China have produced clear operational and establishment plans to be populated into the final Environmental Approval and Licencing for the mining concept within the mining licence. Logistics, Road development and import / export methodologies need to be defined (anticipated to occur during third quarter 2019) to populate the final application documents.

The acceptance and issue of the well / bore drilling and pumping licences from the Senegal Department of Hydraulics was received. This is a major milestone with Astron developing a social community water source for the sole purpose of the local village accessing clean fresh drinking water.

The site acceptance program accepted the offering of the village water wells and storages along with the commencement of the road construction at a recent ceremony. The commencement process will follow the execution of the resettlement plan.

Detailed Mine Design

Investigation, review and conceptual discussions held with MinxCon from South Africa who were engaged to complete the detailed mine design, planning commenced late August 2018. The design, cross sections were received and applied to the operating design, budgets and material volumes in early 2019, and this workflow continues. The mine planning data will form the basis of the mine site stages and strategic placement for the mining and separation units.

A suite of engineering support personnel including a Junior Mine Planning engineer will commence to support the compliance and operating design components under the guidance of a Peer review consultant going forward. This will allow Astron to ensure operational and reporting compliances in accordance with all relevant mine regulations.

Community Engagement and Resettlement

Meetings and collaboration continue with local and state representatives for the execution of the re-settlement plan of the local isolated communities situated within the mining licence lease area. A newly formed resettlement committee has been established under guidance of the newly appointed Governor, Prefect and Deputy Prefects. This has been achieved through close multi-level reporting and engagement contributions of the local representative of Astron in Senegal.

The committee has pre-planned a committee meeting post the recent acceptance ceremonies on the mine site. The committee meeting will be the catalyst for site access and pre-construction commencement. With a change in the local regulators and government officials, Astron SMR continue to work tirelessly in educating the relevant stakeholders in the low impact mining functions to assist with acceptance programs. Progress will continue to be made once all of the requirements of the different levels of government and local bodies are addressed.

Project Definition Tasks

- Ongoing tasks and deliverables,
  - Logistics – review opportunities in either Dakar or Ziguinchor, in Senegal, or Banjul in The Gambia
  - Shipping / receiving construction delivered to site in Casamance.
  - Shipping / exporting product material review and off take partners.
  - Complete bore water licencing - awarded.
  - Main Road development to access mine site and cross flooded water ways – design meetings, proposals, site visits and survey conducted in July / August 2018, commencement expected late 2019 post wet season flood subsidence
  - Labour source and definition of labour pools required for site establishment and operations post project definition process. Meetings and proposals executed in Dakar September 2019 for review.
  - Decision of successful Country Manager position completed and agreement in draft form for anticipated execution in the second quarter 2020.
  - Transport – light vehicle reviews, proposals sourced from Dakar - lease arrangements proposed.
  - Heavy vehicles – mining equipment and fleet review and assessment, carried out on both China and Senegal – contracting and lease opportunities explored in Dakar. A combination of owner operator and contract wet hire agreements proposed.
  - Community engagement and support mechanism have been achieved with cultural training and ceremonies for the younger generations local to the project area.
  - Milling machines were installed for the womens groups to improve harvesting outcomes and generated recoveries of higher quality products for the local people.

Capital Equipment

Review, design and procurement of known equipment and consumables has been undertaken in the period June to August 2019, the detailed design process will complement the final environmental approval considering the emissions, disturbance, noise and dust conditions. These have been tentatively approved pending supply of the design arrangements. Accommodation for expatriate and local staffing conducted, capital purchases of accommodation units completed and delivered to Dakar.

Resources in Dakar

Rental agreements and accounting services agreements were executed in early 2019 as part of the commencement and operational readiness phases.

Mines safety regulation compliance will be compiled and assessed operationally by a consultant under the Country Management Services Agreement.

Dakar office arrangements and staffing was completed with systems to support the growing resources for the teams.

America

Astron commenced the excavation and loading processes of Ilmenite Ore in Savannah USA. The process and purchases are via a Bill of Sales (BOS) Agreement and locally (USA) and Australian developed Standard Operations Procedure (SOP) for the shipping and loading functions in Savannah Georgia and then on to Dalian in China. In the first instance, this material is being used as feedstock for the processing plant that is being commissioned to develop a suite of $Ti0_2$ products including artificial rutile and is an important step in moving towards Astron re-establishing its advanced materials capabilities in China.

Other mineral sands opportunities in the USA for processing and sale in China are under investigation and review.

Significant Changes in State of Affairs

There have been no significant changes in the Group's state of affairs during the financial year.

Matters Subsequent to the end of the Financial Year

As at 30 June 2019, $2,962,631 (2018: $6,381,359) was due to the Group from the 2015 sale of surplus land in China. Subsequent to year end, $0.6 million has been received against this receivable.

The Group has funding options available to provide support for the completion of the Mineral Separation Plant upgrades and other asset acquisition. These funding options could be a mix of third parties or Director support and will be pursued if required. Subsequent to year end no further loan facilities have been required.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments

During the next financial year, the Group expects to:

- Complete the Chinese mineral separation plant optimization,
- Continue progressing the Senegal project and working towards project commissioning; and
- Complete the pilot tests from the Donald project mine and develop funding alternatives.

Work continues on the Donald project technical optimisation, including further work on mining method refinement, tailing treatment majorization, processing flow process, updating and comparing logistics options.

As the Senegalese Niafarang project commences into production, the Group will have an additional revenue source, which will have an immediate impact on the financial position of the Group. The Group's business strategies continue to be based on being a high-quality producer of zircon and titanium (together with associated products) focused on sales and marketing activities in China.

Environmental Regulation

The Group's operations are in China, Senegal and Australia. In Australia, our Environmental Effects Statement for the Donald mine has been approved. The Group complied with all environmental regulations in relation to mining operations and there were no reportable environmental matters from the Australian operations.

Once these projects have been developed the Group will if applicable apply the National Greenhouse and Energy Reporting Act of 2007.

In China, the Group continues to work closely with the local authorities to ensure high standards are maintained. In relation to the proposed manufacturing processes in China, there were no exceptions noted by regular local government environmental testing and supervision. Further the development projects will be implemented with best practice standards carefully monitored by the local authorities.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Occupational Health and Safety

During the year there were no lost time injuries.

Director Information

Mr. Gerard King	Chairman (Non-executive)
Qualifications	LLB
Experience	- Board Member since 6 December 2011 (Astron Limited: 5 November 1985) - Former partner of law firm Phillips Fox and has had over 30 years of experience in corporate and business advising including acting as a Director of a number of Australian Public Companies
Interest in Shares #	49,038 Ordinary shares
Special Responsibilities	Mr. King is the Chairman of the Audit & Risk Committee and the Chairman of the Remuneration & Nomination Committee
Directorships held in other listed entities	Mr. King is a Director of Greenpower Energy Limited (appointed 4 November 1985) which was listed on 5 March 2008.

Mr. Alexander Brown	President (Executive)
Qualifications	B AgSc
Experience	- Board Member since 6 December 2011 (Astron Limited: 4 February 1988) - Wide commercial experience of over 30 years in construction, mining and exploration including developing the Horseshoe Lights Gold Mine at Meekathara W.A., expanding the Gunnedah Coal Mine, in NSW, and successfully drilling for oil and gas in Thailand and USA. - Mr Brown also started with others a major advanced plastics pipe company Europipe Sdn Bhd in Malaysia in 1987 which manufactured and distributed its products throughout Asia and Australasia. In the last 20+ years his activities have focused in building the Astron business in China.
Interest in Shares #	94,183,124 Ordinary shares
Special Responsibilities	Mr. Brown is the President and responsible for the operations of the Group
Directorships held in other listed entities	Mr. Brown is not currently a Director of another listed company.

Mdm Kang Rong	Chief Operating Officer and Deputy Managing Director (Executive)
Qualifications	B.E.(Chem)
Experience	- Board member since 31 January 2012 (Astron Limited: 21 August 2006) - Mdm Kang Rong worked as a Chemical Production Engineer at Shenyang Chemical Company (a major Chinese company based in Shenyang (Liaoning Province). She then moved to Hainan Island China and worked in sales and administration for the Japanese trading co. Nissei, Ltd. - She joined Astron in 1995 as marketing manager of Shenyang Astron Mining Industry. Since then she has overseen Astron's China operations and global sales and has been largely responsible for the growth and development of the Company.
Interest in Shares #	4,000,000 Ordinary Shares
Special Responsibilities	As Chief Operating Officer and Deputy Managing Director is in charge of all Astron's operations
Directorships held in other listed entities	Mdm Kang Rong is not currently a Director of another listed company.

Interest in Shares includes directly, indirectly, beneficially or potentially beneficially held shares.

Meetings of Directors

During the financial year, two meetings of Directors (excluding committees of Directors) were held for Astron Corporation Limited. Attendances by each Director at Directors' meeting, audit and risk committee and remuneration and nominating committee meetings during the year were as follows:

Astron Corporation Limited	Directors' Meetings	
	Number eligible to attend	Number attended
Mr. Gerard King	7	7
Mr. Alexander Brown	7	4
Mdm Kang Rong	7	6

Share Options

No options over issued shares or interests in the Group or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Remuneration Report

Policy for determining the nature and amount of Key Management Personnel ("KMP") remuneration

The remuneration policy of the Group has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering potential long-term incentives based on key performance areas affecting the Group's financial results. The board of Astron Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors 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 or remuneration for the board members and senior executives of the Group is as follows:

- The remuneration policy for the executive Directors and other senior executives was developed by the remuneration committee and approved by the board after seeking professional advice from an independent external consultant.
- All executives receive a market related base salary (which is based on factors such as length of service and experience), other statutory benefits and potential performance incentives.
- The remuneration committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to the performance of the individual and are discretionary. The objective is designed to attract the highest caliber of executives and reward them for performance that results in long term growth in shareholder wealth.

At the discretion of the Committee from time to time shares are issued to executives to reflect their achievements. There are presently no option-based schemes in place.

Where applicable executive Directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

If shares are given to Directors and/or executives, these shares are issued at the market price of those shares.

The board policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Director's interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

Performance based remuneration

As part of each executive Director and executive's remuneration package there is a discretionary bonus element. The intention of this program is to facilitate goal congruence between Directors/executives with that of the business and shareholders.

In determining whether or not each executive Director and executive's bonus is due, the remuneration committee bases the assessment on audited figures and independent reports where appropriate.

The remuneration committee reserves the right to award bonuses where performance expectation has prima facie not been met but it is considered in the interests of the Group to continue to reward that individual.

A discretionary bonus of $Nil (2018: $18,100) was allocated to the Donald management team during the year. There were no other bonuses paid during the year to KMP's. There is a potential discretionary bonus available to Mr Tim Chase of up to $50,000. There are no other bonus arrangements entered into with KMP's.

Other KMPs are entitled to the annual bonus program of the Group, which will be based on the performance of the group and at the discretion of the Board. The terms of the bonus program are in the process of being defined.

Company performance, shareholder wealth and directors and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and executives. This has been achieved by awarding discretionary bonuses to encourage the alignment of personal and shareholder interests. The Group believes this policy to have been effective in increasing shareholder wealth and the Group's consolidated statement of financial position over the past five years.

The following table shows the gross revenue, profits and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years.

	2015 $	2016 $	2017 $	2018 $	2019 $
Income ('000)	11,739	1,106	**2,555**	**5,384**	**8,210**
Net Profit/(Loss) ('000)	7,989	(4,408)	**(2,591)**	**(4,671)**	**(1,913)**
Share Price at Year-end	0.15	0.17	**0.16**	**0.20**	**0.20**
Dividends Paid ('000)	-	-	-	-	**-**

In 2012 Astron implemented a 2 for 1 share split and in 2015 Astron returned 75 cents per share to shareholders. Income for 2015 includes $11,081,124 being the gain on sale of leasehold land in China.

KMP

The following persons were KMP of the Group during the financial year:

	Position Held
Mr. Gerard King	Chairman-Non-executive
Mr. Alexander Brown	President
Mdm Kang Rong	Chief Operating Officer and Deputy Managing Director (Executive)
Mr. Tim Chase	Project Executive
Mr. Joshua Theunissen	Australian Company Secretary

Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly, beneficially or potentially beneficially by KMP and their related parties are as follows:

30 June 2019	Balance 1/07/2018	Shares (sold) /purchased	Balance 30/06/2019
KMP			
Mr. Gerard King	49,038	-	49,038
Mr. Alexander Brown	94,183,124	-	94,183,124
Mdm Kang Rong	4,000,000	-	4,000,000
Mr. Tim Chase	-	-	-
Mr. Joshua Theunissen	100	-	100
Total	98,232,262	-	98,232,262

Details of Remuneration

Details of compensation by key management personnel of Astron Corporation Limited Group are set out below:

Year ended 30 June 2019

	Short term benefits			Post-employment benefits		
	Cash, fees salary & commissions $	Non-cash Benefits/ Other $	Termination Payments $	Superannuation $	Total $	% of remuneration that is performance based
Directors						
Mr. Gerard King	**109,589**	**-**	**-**	**10,411**	**120,000**	**0%**
Mr. Alexander Brown (#1)	**250,000**	**-**	**-**	**-**	**250,000**	**0%**
Mdm Kang Rong (#1)	**250,000**	**-**	**-**	**-**	**250,000**	**0%**
Other KMP						
Mr. Tim Chase	**255,960**	**9,270**	**-**	**21,545**	**286,775**	**0%**
Mr. Joshua Theunissen (#1)	**55,500**	**-**	**-**	**-**	**55,500**	**0%**
	921,049	**9,270**	**-**	**31,956**	**962,275**	

Note reference #:

1. Paid or payable to management company

Use of Remuneration Consultants

The Board have previously employed external consultants to review and to provide recommendations in respect of the amount and elements of executive remuneration, including short-term and long-term incentive plan design.

No remuneration consultants were employed during the year.

Termination Payment

No termination payments were paid during the year to KMP.

Share Based Payments

No share-based payments were made during the year ended 30 June 2019 or 30 June 2018.

Voting and comments at the Company's 2018 Annual General Meeting

The Company received 96.5% of "yes" votes on its remuneration report for the 2018 financial year.

The Company did not receive any specific feedback at the AGM on its remuneration report.

Year ended 30 June 2018

	Short term benefits			Post-employment benefits		
	Cash, fees salary & commissions $	Non-cash Benefits/ Other $	Termination Payments $	Superannuation $	Total $	% of remuneration that is performance based
Directors						
Mr. Gerard King	**109,589**	**-**	**-**	**10,411**	**120,000**	**0%**
Mr. Alexander Brown (#1)	**250,000**	**-**	**-**	**-**	**250,000**	**0%**
Mdm Kang Rong (#1)	**250,000**	**-**	**-**	**-**	**250,000**	**0%**
Other KMP						
Mr. Tim Chase	**208,325**	**10,966**	**-**	**19,836**	**239,127**	**8.3%**
Mr. Joshua Theunissen (#1)	**71,679**	**-**	**-**	**-**	**71,679**	**0%**
	889,593	**10,966**	**-**	**30,247**	**930,806**	

Note reference #:

1. Paid or payable to management company

Service Contracts

Service contracts (or letters of engagement) have been entered into by the Group, or are in the process of being entered into, with all key management personnel and executives, describing the components and amounts of remuneration applicable on their initial appointment, including terms, other than non-executives who have long established understanding of arrangements with the Group. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations. There is an arrangement with respect to the services of the Managing Director, Alexander Brown, provided by a management company on an annual service agreement, the period of notice required to terminate this contract is twelve months. Other than repayment of loans and management fees there is no further payment required to terminate this contract.

Other key management personnel have ongoing contracts with a notice period of three months for key management personnel. There are no non-standard termination clauses in any of these contracts.

The Remuneration Committee considers the appropriate remuneration requirements. In August 2012, the Group engaged external consultants to review the Group's salary and incentive benchmarks. No consultants were engaged to review Group remunerations during the year ended 30 June 2019.

END OF REMUNERATION REPORT

Indemnifying Officers or Auditor

Insurance premiums paid for Directors

During the year, Astron Limited paid a premium of $35,802 (2018: $59,180) in respect of a contract indemnifying Directors, secretaries and executive officers of the company and its controlled entities against a liability incurred as Director, secretary or executive officer. The contract of insurance prohibits disclosure of the nature of the cover.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-audit services

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO, or their related practices:

	2019 $	2018 $
Other Services		
Taxation services	**8,178**	**6,085**
Other assurance services	**-**	**-**

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the following reasons:

- all non-audit services have been reviewed by the Board to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the non-audit services undermine the general principles relating to auditor independence as set out by the HKICPA.

Auditors' Independence Declaration

The lead auditors' independence declaration for the year ended 30 June 2019 has been received and can be found on page 17 of the financial report.

Directors' declaration regarding HKFRS compliance statement

The Directors' declare that these annual financial statements have been prepared in compliance with Hong Kong Financial Reporting Standards.

Proceedings on Behalf of Company

No person has applied to the Court for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Signed in accordance with a resolution of Directors:

Mdm Kang Rong　　　　　　　　Mr. Gerard King

Dated this **30 September 2019**

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Astron Corporation Limited

Company Number: 1687414

DECLARATION OF INDEPENDENCE
TO THE DIRECTORS OF ASTRON CORPORATION LIMITED

As lead auditor of Astron Corporation Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

BDO Limited

BDO Limited
Certified Public Accountants

Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 30 September 2019

Astron Corporation Limited

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 June 2019

	Note	2019 $	2018 $
Sales revenue	5	**7,977,198**	**5,013,827**
Cost of sales		**(4,481,514)**	**(4,496,144)**
Gross profit		**3,495,684**	**517,683**
Interest income	5	**15,625**	**14,512**
Other income	5	**217,225**	**356,147**
Distribution expenses		**(382,096)**	**(420,175)**
Marketing expenses		**(79,177)**	**(20,897)**
Occupancy expenses	6	**(87,586)**	**(49,643)**
Administrative expenses		**(4,333,108)**	**(4,042,935)**
Reversal of provision for inventories	6	**-**	**77,316**
Reversal of provision for bad debts	6	**411,395**	**164,890**
Impairment of available-for-sale financial assets		**-**	**(132,933)**
Fair value loss on financial assets at fair value through profit or loss		**(23,794)**	
Costs associated with Gambian litigation	6	**(65,625)**	**(177,480)**
Finance costs	6	**(1,275,210)**	**(92,729)**
Other expenses		**(165,245)**	**(79,885)**
Loss before income tax expense	6	**(2,271,912)**	**(3,886,129)**
Income tax benefit/(expense)	7	**358,950**	**(784,618)**
Net loss for the year		**(1,912,962)**	**(4,670,747)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Decrease in fair value of available-for-sale financial assets (tax: Nil)		**-**	**(35,200)**
Increase in foreign currency translation reserve (tax: Nil)		**2,944,129**	**1,856,039**
Other comprehensive income for the year, net of tax		**2,944,129**	**1,820,839**
Total comprehensive income for the year		**1,031,167**	**(2,849,908)**
Loss for the year attributable to:			
Owners of Astron Corporation Limited		**(1,912,962)**	**(4,670,747)**
Total comprehensive income for the year attributable to:			
Owners of Astron Corporation Limited		**1,031,167**	**(2,849,908)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For The Year Ended 30 June 2019

	Note	2019 Cents	2018 Cents
LOSS PER SHARE	8		
Loss per share (cents per share)		**(1.56)**	(3.81)
Diluted loss per share (cents per share)		**(1.56)**	(3.81)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Astron Corporation Limited

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Consolidated Statement of Financial Position

As at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**1,687,549**	3,167,548
Term deposits greater than 90-days	10.3	**46,112**	61,112
Trade and other receivables	11	**9,820,565**	8,380,354
Inventories	12	**7,348,837**	1,407,705
Financial assets at fair value through profit or loss	14	**25,366**	49,160
Total current assets		**18,928,429**	13,065,879
Non-current assets			
Trade and other receivables	11	**2,077,163**	3,378,538
Property, plant and equipment	16	**26,220,427**	22,596,349
Exploration and evaluation assets	17	**69,400,384**	68,003,329
Development costs	18	**7,804,124**	6,590,766
Land use rights	19	**3,090,641**	3,116,708
Total non-current assets		**108,592,739**	103,685,690
TOTAL ASSETS		**127,521,168**	116,751,569
LIABILITIES			
Current liabilities			
Trade and other payables	20	**9,639,406**	11,610,892
Contract liabilities	21	**4,363,126**	-
Borrowings	22	**7,133,146**	76,080
Provisions	23	**95,642**	82,748
Total current liabilities		**21,231,320**	11,769,720
Non-current liabilities			
Deferred tax liabilities	24.1	**5,229,611**	5,173,418
Long-term provisions	23	**786,256**	-
Total non-current liabilities		**6,015,867**	5,173,418
TOTAL LIABILITIES		**27,247,187**	16,943,138
NET ASSETS		**100,273,981**	99,808,431

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Astron Corporation Limited

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Consolidated Statement of Financial Position (continued)

As at 30 June 2019

	Note	2019 $	2018 $
EQUITY			
Issued capital	25	**76,549,865**	76,549,865
Reserves	26	**14,513,028**	11,568,899
Retained earnings		**9,211,088**	11,689,667
TOTAL EQUITY		**100,273,981**	99,808,431

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Mdm Kang Rong

Mr. Gerard King

Astron Corporation Limited

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Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2019

Year Ended 30 June 2019	Issued capital $	Retained earnings $	Available-for-sale financial assets reserve $	Share based payment reserve $	Foreign currency translation reserve $	Total equity $
Equity as at 1 July 2018	**76,549,865**	**11,689,667**	**-**	**913,104**	**10,655,795**	**99,808,431**
Initial application of HKFRS 9 (note 2.22(i)(a)(ii))	**-**	**(565,617)**	**-**	**-**	**-**	**(565,617)**
Restated balance as at 1 July 2018	**76,549,865**	**11,124,050**	**-**	**913,104**	**10,655,795**	**99,242,814**
Loss for the year	**-**	**(1,912,962)**	**-**	**-**	**-**	**(1,912,962)**
Other comprehensive income						
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**2,944,129**	**2,944,129**
Total comprehensive income for the year	**-**	**(1,912,962)**	**-**	**-**	**2,944,129**	**1,031,167**
Equity as at 30 June 2019	**76,549,865**	**9,211,088**	**-**	**913,104**	**13,599,924**	**100,273,981**

For The Year Ended 30 June 2018

Year Ended 30 June 2018	$	$	$	$	$	$
Equity as at 1 July 2017	**76,549,865**	**16,360,414**	**35,200**	**913,104**	**8,799,756**	**102,658,339**
Loss for the year	**-**	**(4,670,747)**	**-**	**-**	**-**	**(4,670,747)**
Other comprehensive income						
Decrease in fair value of available-for-sale financial assets	**-**	**-**	**(35,200)**	**-**	**-**	**(35,200)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**1,856,039**	**1,856,039**
Total comprehensive income for the year	**-**	**(4,670,747)**	**(35,200)**	**-**	**1,856,039**	**(2,849,908)**
Equity as at 30 June 2018	**76,549,865**	**11,689,667**	**-**	**913,104**	**10,655,795**	**99,808,431**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Astron Corporation Limited

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Consolidated Statement of Cash Flows
For The Year Ended 30 June 2019

	Note	**2019 $**	2018 $
Cash flows from operating activities:			
Receipts from customers		**7,915,476**	4,103,472
Payments to suppliers and employees		**(15,055,938)**	(7,341,257)
Interest received		**15,625**	14,512
Finance costs paid		**(207,630)**	(92,729)
Income taxes received		**415,145**	-
Net cash outflow from operating activities	31.1	**(6,938,899)**	(3,316,002)
Cash flows from investing activities:			
Proceeds/(Investment) in short term deposits		**15,000**	(214)
Receipts from disposal of land		**-**	988,387
Receipts from partial settlement of land receivable		**3,529,615**	4,285,642
Acquisition of property, plant and equipment		**(4,390,335)**	(1,784,474)
Capitalised exploration and evaluation expenditure		**(3,385,602)**	(3,198,995)
Net cash (outflow)/inflow from investing activities		**(4,231,322)**	290,346
Cash flows from financing activities:			
Deposit received in advance		**-**	4,080,567
Proceeds from borrowings		**6,797,319**	-
Net cash inflow from financing activities	31.4	**6,797,319**	4,080,567
Net (decrease)/increase in cash and cash equivalents		**(4,351,325)**	1,054,911
Cash and cash equivalents at beginning of the year		**3,167,548**	1,317,231
Net foreign exchange differences		**2,871,326**	795,406
Cash and cash equivalents at end of the year	31.2	**1,687,549**	3,167,548

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The consolidated financial statements of Astron Corporation Limited for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 30 September 2019 and relate to the consolidated entity consisting of Astron Corporation Limited ("the Company") and its subsidiaries (collectively "the Group").

The financial statements are presented in Australian dollars ($).

Astron Corporation Limited is a for-profit company limited by shares incorporated in Hong Kong whose shares are publicly traded through CHESS Depository Interests on the Australian Securities Exchange ("ASX").

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards and Interpretations (hereinafter collectively referred to as the ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

The financial statements have also been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value as explained in the accounting policies set out below.

Going Concern

As at 30 June 2019, the Group had a deficit of current assets over current liabilities of $2,302,891 and the Group incurred recurring net loss after tax and had recurring net cash outflow from operations over the past few years which were $1,912,962 and $6,938,899 respectively for the current year and $4,670,747 and $3,316,002 respectively for the previous year. These conditions along with the other matters set out below indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The directors are of the view that the business is a going concern as the short-term needs of the Group to meet its ongoing administration costs and committed project expenditure are forecast to be covered by the existing resources on hand for at least the next 12 months from the date of this report.

The Group will require additional funding to execute its long-term plans. With respect to its various projects, the Group is currently looking at several funding options.

The Company is confident that with a mix of debt, equity and internal funding the DMS project will be fully funded.

The Group is confident it will have sufficient funds to meet its ongoing needs for at least the next twelve months from the date of this report due to the following:

- The Group expects its operating mineral separation plant, situated in Yingkou, the PRC to be operating at its ideal capacity by 2020. The Group projects the processing of feedstock already acquired and on hand into rutile will bring about substantial increase in sales and net cash inflow, as the quantity produced and sold are expected to be significantly higher than that achieved in the current year. The Group is confident it can continue to purchase the feedstock at a favourable price to maintain the expected profit margin. The Group is also confident that it can transition sales of this product to its existing rutile customer (trading) base and expand its market share in the PRC market.

Astron Corporation Limited

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Notes to the Consolidated Financial Statements

For The Year Ended 30 June 2019

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

- The Group expects to receive the gross balance of the sale of land receivable of approximately $3.0 million outstanding at 30 June 2019, in the next twelve months. Subsequent to year end, the Group received approximately $0.6 million of this balance.

- The Senegal project has faced delays in proceeding to operational status. This has delayed the expected commencement of production. This delay could potentially have an impact on the Group's obligations to a major customer ("Wensheng") for the offtake of Senegal project. As explained in note 20(a), Wensheng placed a deposit of RMB20 million (approximately $4 million) to secure its position as the primary customer of the offtake. The Group has been in discussions with Wensheng regarding the late delivery of product, penalties thereon and any demand for repayment of the deposit, and is confident such negotiations will not adversely affect the Group.

- The Group is confident the PRC market for mineral sands and the trading of mineral sands in PRC will continue to strengthen in the near to medium term.

- The undertakings by two of the directors not to demand repayments due to them of approximately $2.54 million until such time when the Group has available funds and is generating positive operating cash flows (refer note 29.6).

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

2.2 Basis of Consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 30 June 2019. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2. Summary of Significant Accounting Policies (continued)

2.3 Foreign Currency Translation

The functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (“$”).

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The functional currency of the overseas subsidiaries is primarily Chinese Renminbi (“RMB”). The assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the closing rate at the end of the reporting period and income and expenses are translated at the weighted average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve). On disposal of a foreign entity, the cumulative exchange differences recognised in foreign currency translation reserves relating to that particular foreign operation are recognised in the profit and loss.

2.4 Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

<u>Accounting policies applied from 1 July 2018</u>

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

2. Summary of Significant Accounting Policies (continued)

2.4 Revenue Recognition (continued)

Sale of goods (continued)

Accounting policies applied from 1 July 2018 (continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from sale of products is recognised when the relevant goods are delivered and the contract was pass to customer and transferred point in time. There is only one performance obligation.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

Accounting policies applied until 30 June 2018

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of products is recognised when the significant risks and rewards of ownership have passed to the buyer i.e. when control of the goods is passed to the buyer.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Rental income

Rental income is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

2. Summary of Significant Accounting Policies (continued)

2.5 Income Tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Astron Limited, the wholly owned subsidiary of Astron Corporation Limited, and the Australian subsidiaries wholly owned by Astron Limited have implemented the tax consolidation legislation for the whole of the financial year. Astron Limited is the head entity in the tax consolidated group. The stand-alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax balances to wholly owned subsidiaries that form part of the tax consolidated group. Astron Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax installments. These amounts are recognised as current intercompany receivables or payables.

To the extent that research and development costs are eligible activities under the “Research and development tax incentive” programme, a 45% refundable tax offset is available for companies with annual turnover of less than $20 million. The Group recognises refundable tax offsets received in the financial year as an income tax benefit, in profit or loss, resulting from the monetisation of available tax losses that otherwise would have been carried forward.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial instruments

A. Accounting policies applied from 1 July 2018

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, other receivables, and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial instruments (continued)

A. Accounting policies applied from 1 July 2018 (continued)

(ii) Impairment loss on financial assets (continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade receivables, the Group applies the simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial instruments (continued)

A. <u>Accounting policies applied from 1 July 2018 (continued)</u>

(iii) <u>Financial liabilities (continued)</u>

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) <u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) <u>Equity instruments</u>

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622 (“the Ordinance”), came into operation on 3 March 2014. Under the Ordinance, shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under s. 148 and s. 149 of the Ordinance.

(vi) <u>Derecognition</u>

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial instruments (continued)

B. Accounting policies applied until 30 June 2018

The group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the group's previous accounting policy.

(i) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 0 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 180 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the Directors, sufficient to require the de-recognition of the original instrument.

Receivables from related parties are recognised and carried at the nominal amount due.

(ii) Investments and Other Financial Assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which the Group commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed entities and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income. On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial instruments (continued)

B. Accounting policies applied until 30 June 2018 (continued)

(ii) Investments and Other Financial Assets (continued)

Available-for-sale financial assets (continued)

The fair value of quoted investments are determined by reference to stock exchange quoted market bid prices at the close of business at the end of the reporting period.

Investments in subsidiaries are accounted for in the consolidated financial statements as described in note 2.2.

Loans and receivables

Impairment losses are measured as the difference between the carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the original effective interest rate. Impairment losses are recognised in profit or loss.

(iii) Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2. Summary of Significant Accounting Policies (continued)

2.6 Financial instruments (continued)

B. Accounting policies applied until 30 June 2018 (continued)

(iv) Financial liabilities

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period and which are unpaid. These amounts are unsecured and have 30 to 90-day payment terms.

Payables to related parties are carried at the principal amount.

Borrowings

All loans and 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 loans and borrowings using the effective interest method.

All 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 end of the reporting period.

(v) Issued Capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares associated with the acquisition of a business are included as part of the purchase consideration.

2.7 Cash and Cash Equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at banks, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. For the purpose of the Consolidated Statement of Cash Flows, term deposits with maturity over three months are shown as cash flows from investing activities.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

2. Summary of Significant Accounting Policies (continued)

2.9 Property, Plant and Equipment

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

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairments.

Land is not depreciated. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation on other assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of Asset	
Leasehold Buildings	50 years
Freehold Land	Indefinite
Plant and Equipment	3-20 Years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is de-recognised.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs (if any) and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Additional costs incurred on impaired capital works in progress are expensed in profit or loss.

2.10 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.11 Land Use Rights

The upfront prepayments made for land use rights are expensed in profit or loss on a straight-line basis over the period of the lease or, when there is impairment, it is expensed immediately. The period of the lease is ranging from 48 to 54 years.

2. Summary of Significant Accounting Policies (continued)

2.12 Intangibles

Research and development costs

Research costs are expensed as incurred. Development costs incurred on an individual project is capitalised if the product or service is technically feasible, adequate resources are available to complete the project, it is probable that future economic benefits will be generated and expenditure attributable to the project can be measured reliably. Expenditure capitalised comprises costs of services and direct labour. Other development costs are expensed when they are incurred. The carrying value of development costs is reviewed annually when the asset is not yet available for use, or when events or circumstances indicate that the carrying value may be impaired.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Exploration and Evaluation Expenditure

(i) Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided that the rights to tenure of the area of interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Expenditure incurred is accumulated in respect of each identifiable area of interest.

Water rights

The Group has capitalised Water Rights. The water rights are amortised over the term of the right. The carrying value of water rights is reviewed annually or when events or circumstances indicate that the carrying value may be impaired.

(ii) Costs abandoned area

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(iii) Regular review

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(iv) Costs of site restoration

Costs of site restoration are to be provided once an obligation presents. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs will be determined using estimates of future costs, current legal requirements and technology on a discounted basis.

2. Summary of Significant Accounting Policies (continued)

2.13 Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the profit and loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash generating unit to which the asset belongs.

2.14 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.

2.15 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.16 Employee Benefit Provisions

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries and annual leave are included as part of Other Payables.

Bonus plan

The Group recognises an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

Retirement benefit obligations

The Group contributes to employee superannuation funds in accordance with its statutory obligations. Contributions are recognised as expenses as they become payable.

2. Summary of Significant Accounting Policies (continued)

2.17 Share Based Payments

The Group may provide benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares ("equity settled transactions"). Such equity settled transactions are at the discretion of the Remuneration Committee. To date, no such equity settled transactions have been undertaken.

The fair value of options or rights granted is recognised as an employee benefit expense with a corresponding increase in equity (share-based payment reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Astron Corporation Limited ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of options or rights that will ultimately vest because of internal conditions of the options or rights, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal KPI. No expense is recognised for options or rights that do not ultimately vest because internal conditions were not met. An expense is still recognised for options or rights that do not ultimately vest because a market condition was not met.

Where the terms of options or rights are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options or rights and designated as a replacement on grant date, the combined impact of the cancellation and replacement are treated as if they were a modification.

When shareholders' approval is required for the issuance of options or rights, the expenses are recognised based on the grant-date fair value according to the management estimation. This estimate is re-assessed upon obtaining formal approval from shareholders.

2.18 Dividends/Return of Capital

No dividends were paid or proposed for the years ended 30 June 2019 and 30 June 2018. There is no Dividend Reinvestment Plan in operation.

2.19 Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions.

2. Summary of Significant Accounting Policies (continued)

2.20 Earnings Per Share

Basic earnings per share

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 financial year, adjusted for bonus elements in ordinary shares during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

2.21 Goods and Services Tax (“GST”)

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2.22 Adoption of HKFRS

(i) Adoption of new or revised HKFRS – effective on 1 July 2018

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The impact of the adoption of HKFRS9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The other new or amend HKFRSs that are effective from 1 July 2018 did not have any material impact on the Group’s accounting policies.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(a) HKFRS 9 – Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 July 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained earnings as of 1 July 2018 as follows (increase/(decrease)):

	$
Retained earnings	
Retained earnings as at 30 June 2018	11,689,667
Increase in expected credit losses ("ECLs") in trade receivables and other receivables (note 2.22(i)(a)(ii))	(565,617)
Restated retained earnings as at 1 January 2018	11,124,050

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(a) HKFRS 9 – Financial Instruments ("HKFRS 9") (continued)

(i) Classification and measurement of financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(a) HKFRS 9 – Financial Instruments ("HKFRS 9") (continued)

(i) Classification and measurement of financial instruments (continued)

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 July 2018 under HKAS 39 $	Carrying amount as at 1 July 2018 under HKFRS 9 $
Cash and cash equivalents	Loans and receivables	Amorised cost	3,167,548	3,167,548
Time deposits greater than 90-days	Loans and receivables	Amorised cost	61,112	61,112
Trade and other receivables	Loans and receivables	Amorised cost	9,138,599	8,572,982
Listed equity investments	Available-for-sale financial assets	FVTPL	49,160	49,160

As of 1 July 2018, the listed equity investments were reclassified from available-for-sale financial assets to FVTPL. As a result, financial assets with carrying value of $49,160 were reclassified from available-for-sale financial assets to FVTPL.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognise ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(a) HKFRS 9 – Financial Instruments ("HKFRS 9") (continued)

(ii) Impairment of financial assets (continued)

Measurement of ECLs (continued)

The Group measures loss allowances for trade receivables using the simplified approach under HKFRS 9 and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(a) HKFRS 9 – Financial Instruments ("HKFRS 9") (continued)

(ii) Impairment of financial assets (continued)

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 July 2018 and during the year ended 30 June 2019 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group include other receivables. Applying the ECL model resulted in the recognition of ECL of $565,617 at 1 July 2018, further details of which are set out in note 11.

(iii)Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the statement of financial position on 1 July 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(b) HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”)

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 July 2018). As a result, the financial information presented for 2018 has not been restated.

The following tables summarised the impact of adopting HKFRS 15 on the Group’s consolidated statement of financial position as at 30 June 2019. There was no material impact on the Groups’ consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flow for the year ended 30 June 2019.

Impact on the consolidated statement of financial position as of 30 June 2019

	$
Liabilities	
Current liabilities	
Trade and other payables	(4,363,126)
Contract liabilities (note 21)	4,363,126
Total liabilities	-

Upon the adoption of HKFRS 15, the Group has to made reclassification from trade and other payables to contract liabilities since under HKFRS 15, if there is any performance obligation to transfer goods or services to a customer for which the entity has received consideration, an entity should recognise a contract liability.

(i) Timing of revenue recognition

Previously, revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;

- When the entity’s performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (Continued)

(i) Adoption of new or revised HKFRS – effective on 1 July 2018 (continued)

(b) HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (continued)

(i) Timing of revenue recognition (continued)

- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group's contracts with customers for the sales of mineral products is generally very simple and basically involves only one performance obligation which is the delivery of the specified goods. The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue as the trading of minerals and the sale of processed minerals by the group does not meet the three criteria set out above to recognise revenue over time.

(ii) Presentation and disclosure requirements

The Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosures of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 4 for the disclosure on disaggregated revenue.

(c) Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(ii) New/Revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]

[1] Effective for annual periods beginning on or after 1 January 2019

<u>HKFRS 16 – Leases</u>

HKFRS 16, which upon the effective date will supersede HKAS 17 " Leases " and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 30 June 2019, the Group has land use rights of $3,090,641 as disclosed in note 19 and non-cancellable operating lease commitments of approximately $45,000 as disclosed in note 30.1. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. Upon the application of HKFRS 16, the prepaid lease payment in respect of the land use rights in the PRC will be reclassified from land use rights to right-of-use assets while for other qualified leases, the Group will recognise a right-of-use asset and a corresponding liability in respect of all those leases unless they qualify for low value or short-term leases. In the consolidated statement of comprehensive income, as the leases will be capitalised in future, operating lease expenses will no longer be recorded for these leases while depreciation and interest expense will increase due to the depreciation charge on the right-of-use asset and the interest expense on the lease liability. In addition, more quantitative and qualitative disclosures about the leases will be made following the requirements of HKFRS 16.

2. Summary of Significant Accounting Policies (continued)

2.22 Adoption of HKFRS (continued)

(ii) New/Revised HKFRSs that have been issued but are not yet effective (continued)

HK(IFRIC)-Int 23 - Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Except for the above, other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group’s results and financial position upon application.

3. Critical Accounting Estimates and Judgments

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 based on current trends and economic data, obtained both externally and within the Group.

3.1 Key estimates: Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to dispose calculations are performed in assessing recoverable amounts incorporate a number of key estimates and judgements.

The Group has used a combination of independent and Director valuations to support the carrying value of intangible assets while the Group also uses bankable feasibility status reports where these are available (note 17). The valuations use various assumptions to determine future cash flows based around risks including capital, geographical, markets, foreign exchange and mineral price fluctuations.

All other assets have been assessed for impairment based on either their value in use or fair value less costs to sell. The impairment assessments inherently involve significant judgements and estimates to be made.

3.2 Provision for Expected Credit Losses of Receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the aging of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. The Group has an outstanding receivable for the disposal of surplus land in China from 2015, further details of which are set out in note 11.1. During the year, the Group made significant progress by receiving settlement of approximately $3.5 million. Of the balance outstanding of $3.0 million, subsequent settlement of $0.6 million was received in July 2019 and the Group is confident the balance will be settled within the next twelve months.

3.3 Capitalisation of Exploration and Evaluation Assets

The Group has continued to capitalise expenditure, incurred on the exploration and evaluation of the Donald Mineral Sands project in Victoria, Australia in accordance with HKFRS 6. This has occurred because the technical feasibility and economic viability of extracting the mineral resources is not demonstrable. The Group has assessed that the balances capitalised will be recoverable through the project's successful development.

3.4 Capitalisation of Development Assets

The Group has continued to capitalise expenditure, in accordance with HKAS 38, incurred on the development of the Senegal Mineral Sands project in Senegal. The Group has assessed that the balances capitalised will be recoverable through the project's successful development.

3. Critical Accounting Estimates and Judgments (continued)

3.5 Income Tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgment is required in determining the provision for income tax. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group recognises tax receivables and liabilities based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

3.6 Deferred Tax Assets

Deferred tax assets have not been recognised for capital losses and China revenue losses as the utilisation of these losses is not considered probable at this stage.

3.7 Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

4. Segment Information

4.1 Description of Segments

The Group has adopted HKAS 8 *Operating Segments* from whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Managing Director/President (chief operating decision maker) who monitors the segment performance based on the net profit before tax for the period. Operating segments have been determined on the basis of reports reviewed by the Managing Director/President who is considered to be the chief operating decision maker of the Group. The reportable segments are as follows:

- Donald Mineral Sands ("DMS"): Development of the DMS mine
- China: Development and construction of mineral processing plant and mineral trading
- Senegal: Development of the Niafarang mine
- Other: Group treasury and head office activities

4. Segment Information (continued)

4.2 Segment information provided to the Managing Director /President

30 June	DMS		China		Senegal		Other		Consolidated	
	Jun-19	Jun-18	**Jun-19**	Jun-18	**Jun-19**	Jun-18	**Jun-19**	Jun-18	**Jun-19**	Jun-18
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Sale of mineral products:										
Revenue from contracts with external customers	**-**	-	**7,977,198**	5,013,827	**-**	-	**-**	-	**7,977,198**	5,013,827
Revenue from other sources:										
Interest income	**2,263**	973	**13,356**	11,335	**-**	-	**6**	2,204	**15,625**	14,512
Rent and other Income	**148,203**	67,006	**69,022**	280,570	**-**	-	**-**	8,571	**217,225**	356,147
Total revenue	**150,466**	67,979	**8,059,576**	5,305,732	**-**	-	**6**	10,775	**8,210,048**	5,384,486
Segment result										
Segment loss	**(13,937)**	(196,522)	**(1,521,736)**	(2,900,793)	**-**	-	**(736,239)**	(788,814)	**(2,271,912)**	(3,886,129)

Acquisition of PPE, Intangible assets and other non -current segment assets	**2,246,282**	928,979	**4,293,960**	2,688,963	**1,235,695**	1,345,451	**-**	20,076	**7,775,937**	4,983,469
Depreciation and amortisation	**6,090**	10,254	**837,341**	689,126	**-**	-	**-**	110	**843,431**	699,490

4. Segment Information (continued)

4.2 Segment information provided to the Managing Director /President (continued)

30 June	DMS		China		Senegal		Other		Consolidated	
	Jun-19	Jun-18	**Jun-19**	Jun-18	**Jun-19**	Jun-18	**Jun-19**	Jun-18	**Jun-19**	Jun-18
	$	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Assets										
Segment assets	**73,619,841**	72,279,496	**44,686,810**	35,685,148	**8,901,498**	7,956,527	**313,019**	830,398	**127,521,168**	116,751,569
Consolidated total assets									**127,521,168**	116,751,569
Liabilities										
Segment liabilities	**4,157,665**	1,861,523	**9,878,698**	7,466,123	**855,606**	62,419	**(7,539)**	2,303,575	**14,884,430**	11,693,640
Borrowings									**7,133,146**	76,080
Deferred tax liabilities									**5,229,611**	5,173,418
Consolidated total liabilities									**27,247,187**	16,943,138

4. Segment Information (continued)

4.3 Geographical Information

Although the Group is managed globally, it operates in the following main geographical areas:

Hong Kong

The Company was incorporated in Hong Kong.

Australia

The home country of Astron Limited and one of the operating subsidiaries which performs evaluation and exploration activities. Interest and rental income is derived from Australian sources.

China

The home country of subsidiaries which operate in the mineral trading and downstream development segment.

Other

The Group is focused on developing mineral sands opportunities, principally in Senegal with a view to integrating into the Chinese operations.

	Sales revenue		Interest revenue		Non-current assets	
	2019	2018	**2019**	2018	**2019**	2018
	$	$	**$**	$	**$**	$
Australia	**-**	-	**2,263**	3,177	**73,434,318**	71,957,998
China	**7,977,198**	5,013,827	**13,356**	11,335	**25,905,061**	23,719,369
Other countries	**-**	-	**6**	-	**9,253,360**	8,008,323
	7,977,198	5,013,827	**15,625**	14,512	**108,592,739**	103,685,690

During 2019, $6,160,787 or 77% (2018: $4,448,238 or 89%) of the revenue depended on six (2018: seven) customers.

5. Revenue and Other Income

	2019	2018
	$	$
Revenue from contracts with customers within the scope of HKFRS 15		
Timing of revenue recognition – at a point in time		
- sale of goods	**7,977,198**	5,013,827

5. Revenue and Other Income (continued)

	2019 $	2018 $
Interest income	**15,625**	14,512
Other income:		
- rental income	**148,203**	84,864
- other income	**69,022**	271,283
Total other income	**217,225**	356,147

6. Loss Before Income Tax Expense

Loss before income tax expense is arrived at after charging/crediting:

6.1 Employee benefits (including directors' remuneration):

	2019 $	2018 $
Salaries and fees	**558,368**	509,007
Non-cash benefits	**159,107**	198,331
Superannuation	**53,529**	50,826
	771,004	758,164

6.2 Other items

	2019 $	2018 $
Finance costs	**1,275,210**	92,729
Premises-contractual amounts	**87,586**	49,643
Research and development costs	**544,151**	592,065
Depreciation and amortisation	**1,733,321**	1,058,663
Less: capitalisation of water rights amortisation (note 17(f))	**(889,890)**	(359,173)
	843,431	699,490
Costs associated with Gambia litigation (note 13)	**65,625**	177,480
Reversal of provision for bad debts	**(411,395)**	(164,890)
Reversal of provision for inventories	**-**	(77,316)

7. Income Tax Benefit/(Expense)

7.1 The components of tax (benefit)/expense comprise:

	2019 $	2018 $
Current tax expense in respect of current year*	**(415,143)**	-
Deferred taxation:	**56,193**	784,618
- Unrealised inventory	**(2,861,553)**	-
- Loss recognised/(carried forwards) for the year	**2,584,445**	422,660
- Capitalisation of expenditure on DMS project (net)	**385,747**	334,121
- Other movements	**(52,446)**	27,837
Total	**(358,950)**	784,618

7.2 The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	2019 $	2018 $
Loss before income tax expense	**(2,271,912)**	(3,886,129)
Prima facie tax payable on profit 27.5% (2018: 27.5%)		
- continuing operations	**(624,776)**	(1,068,685)
	(624,776)	(1,068,685)
Add/(Less) tax effect of:		
- non-deductible items - Gambia	**18,047**	48,807
- non-taxable items	**(251,491)**	(187,699)
- tax losses not recognised on overseas entities	**912,639**	1,771,419
- research & development tax incentive *	**(415,143)**	-
- utilisation of tax loss previously recognised	**-**	216,093
- under-provision in respect of prior years	**13,514**	25,878
- impact of overseas tax differential	**(11,740)**	(21,195)
Income tax (benefit)/expense	**(358,950)**	784,618
The applicable weighted average effective tax rates are as follows:	**15.8%**	20.2%

* Tax credit relates to Australian Government Grant in relation to research & development tax incentives on eligible expenditure related to the DMS project.

7. Income Tax Benefit/(Expense) (continued)

7.3 Income tax rates

Australia

In accordance with the Australian Income Tax Act, Astron Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group, tax funding or sharing agreements have been entered into. Australia has a double tax agreement with China and there are currently no impediments to repatriating profits from China to Australia. Dividends paid to Astron Limited from Chinese subsidiaries are non-assessable under current Australian Income Tax Legislation.

China (including Hong Kong)

The Company is subject to Hong Kong tax law.

The Group's subsidiaries in China and are subject to Chinese income tax laws. Chinese taxation obligations have been fully complied based on the regular tax audits performed by the Chinese tax authorities.

7.4 Items not chargeable or not deductible for tax purposes

Items not chargeable or deductible for tax purposes for the Group principally represent costs associated with the Gambian litigation and other costs incurred but not related to Australian operations.

7.5 Tax on other comprehensive items

Prior to the adoption of HKFRS 9 as detailed in note 2.22(i)(a), listed equity investments in Australia was classified as available-for-sale financial assets and its fair value changes were recognised in other comprehensive income. No deferred tax liabilities have been recognised in relation to the fair value changes on these financial assets due to the existence of significant capital losses. Accordingly, no movement in income tax is recorded in current or prior financial years. No tax is applicable to other comprehensive item: foreign currency translation differences and share based payments reserve.

8. Loss Per Share

8.1 Reconciliation of loss used in the calculation of loss per share:

	2019 $	2018 $
Loss attributable to owners	**(1,912,962)**	(4,670,747)
Loss used to calculate basic and diluted loss per share	**(1,912,962)**	(4,670,747)

8.2 Weighted average number of ordinary shares:

	2019 $	2018 $
Weighted average number of ordinary shares outstanding during the year for the purpose of basic and diluted loss per share	**122,479,784**	122,479,784

8.3 Dilutive shares

There were no shares issued under escrow at or post year end. There were no rights or options for shares outstanding at year-end.

9. Auditors' Remuneration

	2019 $	2018 $
Audit and review of financial statements		
BDO Limited	**162,160**	117,500
Grant Thornton – under-provision for prior year	**-**	109,573
	162,160	227,073
Other services		
- taxation services	**8,178**	6,085
- other assurance services	**-**	4,977
	8,178	11,062

10. Cash and Cash Equivalents

	2019 $	2018 $
Cash on hand	**10,222**	21,389
Current & call account balances	**1,677,327**	3,146,159
Total	**1,687,549**	3,167,548

Cash on hand is non-interest bearing. Bank balances and short-term deposits at call bear floating interest rates between 0.0% and 0.75% (2018: 0.0% and 0.75%). Deposits have an average maturity of 90 days (2018: 90 days).

10. Cash and Cash Equivalents (continued)

10.1 Concentration of risk by geography – cash and cash equivalents

	2019 $	2018 $
Australia	**129,141**	471,115
China	**1,351,736**	2,125,230
Hong Kong	**2,243**	2,288
USA	**27,262**	26,381
Senegal	**177,167**	542,534
Total	**1,687,549**	3,167,548

10.2 Concentration of risk by bank

	2019 $	2018 $
Australia		
Commonwealth Bank - S&P rating of AA- (2018: AA-)	**87,174**	290,197
Westpac Bank - S&P rating of AA- (2018: AA-)	**1,646**	1,646
Bank of China - S&P rating of A (2018: A)	**12,029**	11,969
Other Australian banks	**28,280**	167,290
	129,129	471,102
China		
Bank of China - S&P rating of A1 (2018: A1)	**936,501**	222,239
Construction Bank - S&P rating of A (2018: A)	**3,207**	29,456
China Zheshang Bank - BA1	**398,757**	205,046
Shengjing Bank - unrated	**2,255**	1,646,082
Other banks	**806**	1,030
	1,341,526	2,103,853
Other countries		
Other banks	**206,672**	571,204
	206,672	571,204

Restrictions on cash

The Chinese domiciled cash on hand may have some restriction on repatriation to Australia depending on basis on which the funds are transferred to Australia. Depending on the basis, there may be taxes (including withholding tax) of 16% to be paid.

As at 30 June 2019, Australian domiciled cash at banks included $45,000 (2018: $50,000) of cash backed by Bank Guarantee for the operations of the Donald Mineral Sands project.

As at 30 June 2019, the Chinese domiciled cash at banks included $31,673 (2018: $1,198,288) of cash restricted by bank as security for certain note payables and letters of credit.

10. Cash and Cash Equivalents (continued)

10.3 Term deposits greater than 90 days

	2019 **$**	2018 $
Term deposits with maturity over 90 days	**46,112**	61,112

As at 30 June 2019, term deposits with maturity over 90 days of $46,112 (2018: $61,112) bear fixed interest rates of 0.9% (2018: 0.9%) and have a maturity of 3-6 months.

Restrictions on cash

The short-term deposits include $45,000 (2018: $60,000) of cash backed by Bank Guarantees for the operations of the Donald Mineral Sands project.

10.4 Concentration of risk by geography – term deposits

	2019 **$**	2018 $
Australia	**46,112**	**61,112**

10.5 Concentration of risk by bank – term deposits

	2019 **$**	2018 $
Australia		
Commonwealth Bank-S&P rating of AA- (2018: AA-)	**35,000**	**50,000**
Other	**11,112**	**11,112**
	46,112	**61,112**

11. Trade and Other Receivables

	Note	2019 $	2018 $
Current assets:			
Trade debtors	11.2	**3,961,058**	2,901,961
Impairments	11.3	**(377,519)**	(473,110)
Net trade debtors		**3,583,539**	2,428,851
Land sale receivable	11.1	**622,873**	3,061,173
Sundry receivable		**438,688**	270,037
Prepayments	11.4	**5,549,189**	2,987,634
Impairments	11.4	**(373,724)**	(367,341)
Net prepayments		**5,175,465**	2,620,293
		9,820,565	8,380,354
Non-current assets:			
Land sale receivable	11.1	**2,339,758**	3,320,187
Impairments		**(262,595)**	-
		2,077,163	3,320,187
Sundry receivable		**-**	58,351
		2,077,163	3,378,538
Total		**11,897,728**	11,758,892

11.1 Land sale receivable

During the year ended 30 June 2014, the Group entered into an agreement to transfer 1,065,384 sqm of land held in Yingkou Province in China to a state-owned entity. As the under-development of this land resulted from a change of government development plans and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale have been exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds receivable amounted to $20,356,248.

The land contract is unconditional, and payment is binding on the buyer being the Yingkou Government and its related entities, but the payments expected have been delayed. During the year ended 30 June 2019, there were receipts of $3,688,765 with a gross balance receivable of $2,962,631 (2018: $6,381,360). While the receivable is currently outside the terms initially agreed, the Group is confident all of the amounts outstanding will be received. In July 2019, a further $622,873 was received.

As explained in note 2.22(i)(a)(ii), the Group has adopted HKFRS 9 during the current period. Under the transitional provisions of HKFRS 9, the Group has recognised an impairment provision against this non-trade receivable at 1 July 2018 in the amount of $565,617 using the ECL model adopted by the Group. The total amount outstanding before this provision was $2,962,631. The directors continue to believe this remaining balance will be recovered in full as it is owed by a Chinese government entity, but estimate it will only be settled in 2019/20. The provision has accordingly been determined on that basis. During the year ended 30 June 2019, the Group received payment of $3,688,765 and therefore reversal of expected credit loss was recognised for the year ended 30 June 2019. As at 30 June 2019, the impairment provision for land sale receivable is $262,595.

11. Trade and Other Receivables (continued)

11.2 Ageing analysis

The ageing analysis of trade debtors, based on due dates, is as follows:

	2019 $	2018 $
0-30 days (not past due)	**3,583,539**	2,321,774
31-60 days (past due not impaired)	**-**	100,800
61-90 days (past due not impaired)	**-**	-
91+ days (past due not impaired)	**-**	6,277
Total	**3,583,539**	2,428,851

The ageing analysis of trade debtors, based on invoice dates, is as follows:

	2019 $	2018 $
Current	**1,784,816**	2,321,774
31-60 days	**-**	100,800
61-90 days	**-**	-
91+ days	**1,798,723**	6,277
Total	**3,583,539**	2,428,851

At the end of the reporting period, the Group's trade debtors are predominantly receivable from Chinese trading partners. The Chinese debtors are regularly reviewed and as is common practice in China the terms may be extended to preserve client relationships. Where applicable the Group has impaired significantly overdue receivables.

It is the Group's policy that where possible that sales are made in exchange for notes (guaranteed by a Chinese bank) minimising the Group's exposure to an impairment issue.

11.3 Impairment Trade Debtors

At year end, the Group has reviewed its trade debtors and brought to account impairment where required. During the year the provision for impairment reduced by $411,395 due to receipts of outstanding balance and was impacted by foreign exchange movements.

11.4 Prepayments

At year end, the Group had made advances to suppliers for inventory purchases.

Included in prepayments is an amount of RMB1,800,000 carried forward from 2008, equivalent to $373,724 (2018: $367,341) which is the prepayment for construction. This amount has been fully impaired due to low possibility of collection.

12. Inventories

	2019 $	2018 $
Raw materials – at net realisable value	**6,881,973**	1,225,692
Work-in-progress	**108,168**	167,075
Finished goods	**351,843**	14,938
Goods in transit	**6,853**	-
Total	**7,348,837**	1,407,705

There is no provision against inventory to net realisable value as of 30 June 2019 and 2018.

13. Investments in Gambia

Carnegie Minerals (Gambia) Limited is a 100% subsidiary of the Company. It was incorporated to commence mining activities in Gambia. The investments and receivables associated with the company have been impaired in full. The original agreement prior to the seizure of the assets was that Astron Limited had an obligation to fund the development and operating costs of the mine by way of loans.

As announced to the ASX on 23 July 2015, the Group has received a successful finding in its favour. The Group and the Gambian government made submissions on damages to the International Centre for Settlement of Investment Disputes (“ICSID”). ICSID has now determined the award including damages in favour of Astron.

The determination was for US$18,658,358 in damages for breach of the mining licence, interest of US$993,683, arbitration costs of US$445,860 (minus any sums refunded to Astron by ICSID on its final accounting) and £2,250,000 for legal costs. In total this is approximately $31 million.

On 2 December 2015, the Group notified the ASX that The Gambia has submitted an application for annulment to ICSID, on the grounds of the constitution of the arbitral tribunal, and arguments about admissibility and jurisdiction. An application for annulment is the only form of action open to Gambia under the ICSID rules, as there is no form of appeal process. In due course ICSID will appoint a panel of 3 arbitrators to form a committee to determine whether the Award should be annulled in whole or in part. The Group confirms that any such application will be strenuously opposed. As of 30 June 2019, no assets arising from this matter were recognised. While there have been some procedural matters relating to The Gambia’s application for the stay of enforcement and annulment, there have not been any substantive movements and this matter continues.

When the Group receives a settlement, an additional contingent legal fee of £171,000 is payable to Clyde & Co.

During the year the Group incurred additional legal and other related expenses to the Gambian proceedings in the amounts of $65,625 (2018: $177,480).

14. Financial Assets At Fair Value Through Profit Or Loss/ Available-For-Sale Financial Assets

	2019 $	2018 $
Equity securities		
- Listed in Australia	**25,366**	49,160
Total financial assets at fair value through profit or loss	**25,366**	49,160

Financial assets at fair value through profit or loss/Available-for-sale financial assets represent listed equity investments in Australia. These financial assets comprise investments in the ordinary issued capital of three public companies listed on the ASX. The cost of these investments was $1,877,716. There are no fixed returns or fixed maturity date attached to these investments. Upon initial application of HKFRS 9 at 1 July 2018 as mentioned in note 2.6(A)(i), they were reclassified from "Available-for-sale financial assets" to "financial assets at fair value through profit or loss".

There will be no capital gains tax payable on the sale of these assets due to existing capital losses carried forward. For listed equity securities and preference shares, fair value is determined by reference to closing bid prices on the ASX.

15. Subsidiaries

Financial Year 2019	Country of incorporation	Percentage Owned Ordinary Shares 2019	Percentage Owned Ordinary Shares 2018
Parent entity			
Astron Corporation Limited	Hong Kong		
Subsidiaries of parent entity			
Astron Limited	Australia	**100**	**100**
Astron Mineral Sands Pty Limited	Australia	**100**	**100**
Astron Titanium (Yingkou) Co Ltd	China	**100**	**100**
Carnegie Minerals (Gambia) Inc	USA	**100**	**100**
Carnegie Minerals (Gambia) Limited	The Gambia	**100**	**100**
Camden Sands Inc	USA	**100**	**100**
Coast Resources Limited	Isle of Man	**100**	**100**
Dickson & Johnson Pty Limited	Australia	**100**	**100**
Donald Mineral Sands Pty Ltd	Australia	**100**	**100**
Sovereign Gold NL	Australia	**100**	**100**
WIM 150 Pty Limited	Australia	**100**	**100**
Yingkou Astron Mineral Resources Co Ltd *	China	**-**	**-**
Astron Senegal Holding Pty Ltd	Hong Kong	**100**	**100**
Senegal Mineral Resources SA	Senegal	**100**	**100**
Senegal Mineral Sands Ltd	Hong Kong	**100**	**100**
Zirtanium Pty Limited	Australia	**100**	**100**

* Yingkou Astron Mineral Resources Co Ltd was merged with Astron Titanium (Yingkou) Co Ltd on 31 March 2018.

15. Subsidiaries (continued)

(i) Equity

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

(ii) Disposal/Acquisition of subsidiaries

During the current and prior years, no subsidiaries were disposed.

Senegal Mineral Resources SA was incorporated during the last financial year as a wholly-owned subsidiary of Senegal Mineral Sands Ltd.

No subsidiaries were acquired during the current and prior years.

16. Property, Plant and Equipment

	2019 $	2018 $
Land		
At cost	**4,338,027**	4,247,755
Total land	**4,338,027**	4,247,755
Buildings		
At cost	**10,768,103**	10,584,217
Less accumulated depreciation	**(2,416,600)**	(1,915,282)
Net carrying value	**8,351,503**	8,668,935
Capital works in progress		
At cost	**3,920,102**	9,505,685
Less accumulated impairment losses	**(1,988,549)**	(1,954,585)
Total capital works in progress	**1,931,553**	7,551,100
Plant and equipment		
At cost	**16,140,544**	6,206,347
Less accumulated depreciation	**(2,781,808)**	(2,348,447)
Less accumulated impairment losses	**(1,759,392)**	(1,729,341)
Net carrying value	**11,599,344**	2,128,559
Total property, plant and equipment	**26,220,427**	22,596,349

16.1 Assets pledged as security

As at 30 June 2019, property, plant and equipment with carrying value of $5,155,466 were pledged as security for short term loans (2018: Nil).

16.2 Capital works in progress

Capital works in progress represent plant and equipment being assemble and/or constructed. They are not ready for use and not yet being depreciated.

16. Property, Plant and Equipment (continued)

16.3 Movements in net carrying values

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

	Capital works in progress $	Land $	Buildings $	Plant and equipment $	Total $
Year ended 30 June 2019					
Balance at 1 July	**7,551,100**	**4,247,755**	**8,668,935**	**2,128,559**	**22,596,349**
Additions	**4,219,195**	**90,272**	**-**	**102,186**	**4,411,653**
Depreciation	**-**	**-**	**(430,454)**	**(334,134)**	**(764,588)**
Transfers #	**(9,969,956)**	**-**	**-**	**9,969,956**	**-**
Foreign exchange movements	**131,214**	**-**	**113,022**	**(267,223)**	**(22,987)**
Balance at 30 June	**1,931,553**	**4,338,027**	**8,351,503**	**11,599,344**	**26,220,427**
Year ended 30 June 2018					
Balance at 1 July	5,713,982	5,254,000	8,571,395	414,544	19,953,921
Additions	1,486,436	-	-	406,691	1,893,127
Depreciation	-	-	(416,260)	(207,318)	(623,578)
Disposal	-	(1,006,245)	-	-	(1,006,245)
Transfers	(28,491)	-	-	28,491	-
Transfer from development costs (note 18)	-	-	-	1,417,142	1,417,142
Foreign exchange movements	379,173	-	513,800	69,009	961,982
Balance at 30 June	7,551,100	4,247,755	8,668,935	2,128,559	22,596,349

\# *The Group allocated the development costs in relation to the Mineral separation plant in China to capital works in progress. Once the Mineral Separation Plant had been commissioned the development expenditure was transferred from capital works in progress to plant and equipment.*

16. Property, Plant and Equipment (continued)

16.4 Reversal of impairment of capital works in progress

In prior years in 2011 and 2015, the Group had made full impairment provision totaling $1,693,004 against a capital works initiative called the Zirconium Sponge project (“Zr Sponge”). Zr Sponge is used to produce Zirconium Dioxide. The Group spent a number of years in the design of this production equipment, and although it had significant potential, the long lead time required to successfully commission this equipment meant the directors considered it appropriate to make a full impairment provision against it. However, notwithstanding these impairment provisions, the Group had continued to work on this project.

During the half-year period to 31 December 2017, the Group had made sales of Zirconium Dioxide of around $133,000 and the directors were hopefully of making significant headway in sales with this product in the coming year. In view of these developments, the directors reversed all of the impairment provision against Zr Sponge to profit or loss at the Half Year Report of 31 December 2017. However, sales from Zr Sponge in the second half of FY2018 were minimal as the largest potential customer did not place the level of anticipated sales orders. In light of this, the directors considered it prudent to reinstate the full impairment provision of $1,693,004 against Zr Sponge. Accordingly, for the full year ended 30 June 2018, there was no impact to the Group’s results for the last full year ended 30 June 2018. This position remained unchanged for the year ended 30 June 2019.

17. Exploration and Evaluation Assets

	Note	2019 $	2018 $
Evaluation costs			
Cost	17(b)	**7,794,515**	7,789,267
Accumulated impairment loss	17(b)	**(7,487,231)**	(7,487,231)
Net carrying value	17(b)	**307,284**	302,036
Exploration expenditure capitalised - DMS project			
Exploration and evaluation phases	17(a)(c)	**56,368,885**	54,087,188
Net carrying value		**56,368,885**	54,087,188
Water rights - DMS project	17(a)(d)		
Net carrying value		**12,724,215**	13,614,105
Total exploration and evaluation assets	17(f)	**69,400,384**	68,003,329

(a) Exploration and evaluation assets

For the current year ended 30 June 2019, the Group has presented “Exploration and Evaluation assets” separately on the face of the consolidated statement of financial position as required by HKFRS 6. In previous periods, these assets were included as a sub-category under “Intangible Assets”. This change in presentation has no impact on the Group’s net assets, non-current assets or result for the current or prior periods.

The significant movement during the year ended 30 June 2018 related to reclassification of “Evaluation costs” capitalised to date on the Senegal project of $8,007,908 to “Development costs”. Further details are set out in note (b) and (f) below. The other movements represent additions, movements in foreign exchange and amortisation. Capital expenditure commitments are detailed in note 30.2.

17. Exploration and Evaluation Assets (continued)

(b) Evaluation costs and impairment losses

	2019 $	2018 $
TiO2 project		
Cost	**7,487,231**	7,487,231
Less accumulated impairment losses	**(7,487,231)**	(7,487,231)
Net carrying value	**-**	-
Capitalised testing and design		
Cost	**307,284**	302,036
Net carrying value	**307,284**	302,036
Total		
Cost	**7,794,515**	7,789,267
Less accumulated impairment losses	**(7,487,231)**	(7,487,231)
Total evaluation costs	**307,284**	302,036

(c) Exploration and evaluation expenditure

This expenditure relates to the Group's investment in the Donald Mineral Sands Project. As at 30 June 2019, the Group has complied with the conditions of the granting of ML5532, RL 2002, RL 2003 (EL5186 has expired and is in progress of being renewed). As such, the Directors believe that the tenements are in good standing with the Department of Economic Development, Jobs, Transport and Resources (which has incorporated the responsibilities previously administered by the Department of Primary Industries) in Victoria, who administers the Mineral Resources Development Act 1990.

During the year, DMS continued to develop the technical aspects of the fine grain materials separation and associated value add, refined the valuation model, achieved bulk sample approvals and licenses, reviewed logistics and handling opportunities and marketing of the Donald feedstock.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon the successful development and commercial exploitation or alternatively sale of the area of interest.

(d) Water rights

In 2012, the Group acquired rights to the supply of water for the Donald project. The water rights are amortised over 25 years (subject to the extension of this term) in line with entitlements.

In July 2018, a “Deed of Variation” was signed between Grampians Wimmera Mallee Water Corporation (“GWM Water”) and Donald Mineral Sands Pty Ltd., a wholly owned subsidiary of the Company. The variation provides for an extension of the term of the original agreement of up to 4 years subject to terms and conditions. The amortisation period of the water rights have accordingly been extended by 4 years to a total period of 29 years.

17. Exploration and Evaluation Assets (continued)

(e) Finite lives

Intangible assets, other than goodwill have finite useful lives. To date no amortisation has been charged in respect of intangible assets due to the stage of development for each project.

(f) Movement in net carrying values

	Exploration and Evaluation Phase $	Evaluation costs $	Water rights $	Total $
Year ended 30 June 2019				
Balance at 1 July 2018	**54,087,188**	**302,036**	**13,614,105**	**68,003,329**
Additions	**2,281,697**	**-**	**-**	**2,281,697**
Amortisation	**-**	**-**	**(889,890)**	**(889,890)**
Foreign exchange movements	**-**	**5,248**	**-**	**5,248**
Balance at 30 June 2019	**56,368,885**	**307,284**	**12,724,215**	**69,400,384**
Year ended 30 June 2018				
Balance at 1 July 2017	52,513,029	7,164,479	13,973,278	73,650,786
Additions	1,574,159	1,033,709	-	2,607,868
Amortisation	-	-	(359,173)	(359,173)
Transfer to development costs (note 18)	-	* (8,007,908)	-	(8,007,908)
Foreign exchange movements	-	111,756	-	111,756
Balance at 30 June 2018	54,087,188	302,036	13,614,105	68,003,329

* The mining license of the Senegal project was granted in June 2017, the Registered mining license was received in October 2017 and the environmental approval was obtained in August 2017. As a result of these developments, the directors considered the Senegal project had demonstrated it was technically feasible and commercially viable. Accordingly, under HKFRS 6 and the Group's accounting policies, this project and the costs capitalised to date should no longer be accounted for as an exploration and evaluation asset, but rather as an asset in its own right. The costs associated with the Senegal project have therefore been reclassified as "Development costs" (note 18) during the year ended 30 June 2018.

The amount transferred to Development Costs of $8,007,908 was made up as evaluation costs incurred of $8,434,029 less impairment losses recognised of $426,121 at the date of transfer.

18. Development Costs

	2019	2018
	$	$
Balance at 1 July	**6,590,766**	**-**
Additions	**1,214,165**	**-**
Foreign exchange movements	**(807)**	**-**
Transfer in from evaluation costs (note 17(f))	**-**	**8,007,908**
Transfer to plant and equipment (note 16.3)	**-**	**(1,417,142)**
Balance at 30 June	**7,804,124**	**6,590,766**

Included in Development Costs of $8,007,908 were certain plant and machines/equipment amounting to $1,417,142. This plant and equipment had been physically relocated to Senegal in anticipation of commencement of mining operations in Senegal in March 2018. These assets were accordingly transferred to “Plant and Equipment” during the 2018.

19. Land Use Rights

	2019	2018
	$	$
Balance at 1 July	**3,116,708**	**3,010,784**
Amortisation	**(79,211)**	**(76,622)**
Foreign exchange movements	**53,144**	**182,546**
Balance at 30 June	**3,090,641**	**3,116,708**

During the year ended 30 June 2014, management entered into an agreement to transfer 1,065,384 sqm of land held in Yingkou province China to a state-owned entity. As the under-development of this land resulted from a change of government development plan and restructure, this land transfer has been subsidised by the Chinese Government. Final contracts over the land sale were exchanged and the disposal was brought to account in the year ended 30 June 2015. The net proceeds amounting to $20,356,248 to be received in instalments.

The land contract is unconditional, and payment is binding on the buyer, being the Yingkou Government. However, payments have been delayed. During the year ended 30 June 2019, there were receipts of $3,529,615 with a balance of gross receivable of $2,962,631 (note 11.1) of which $622,873 was received in July 2019. While the receivable is currently outside the terms initially agreed, the Group is confident that the receivable will be received.

As at 30 June 2019, land use rights with carrying value of $3,090,641 are pledged as security over short-term loans. (2018: Nil).

20. Trade and Other Payables

	Note	2019 $	2018 $
Unsecured liabilities			
Trade payables		**3,324,256**	2,770,232
Note payables		**1,369,567**	2,040,782
Deposits received in advance	20(a)	**10,381**	4,451,280
Other payables	20(b)	**4,935,202**	2,348,598
		9,639,406	11,610,892

(a) Deposit received in advance

Upon the adoption of HKFRS 15, a significant amount received in advance in connection to an offtake agreement has been reclassified to contract liabilities (note 21). The balance as of 30 June 2018 has not been restated.

(b) Other payables

Included in other payables was a balance of $2,539,571 (2018: $2,039,571) in aggregate due to 2 related companies as detailed in note 29.6.

21. Contract Liabilities

	Note	30 June 2019 $	1 July 2018 $	30 June 2018 $
Contract liabilities arising from:				
Advance deposit for future provision of goods	21(a)	**4,363,126**	4,080,567	-
		4,363,126	4,080,567	-

(a) Sale of goods

During the year ended 30 June 2017, a deposit of RMB20 million (equivalent to $4,363,126 as at 30 June 2019) was received in connection with the Senegal offtake agreement (the "Agreement") with Hainan Wensheng High-tech Minerals Co., Ltd. ("Wensheng"). Under the Agreement, the Group is required to ship 50,000 tons/year of Titanium Mineral Sands ("the mineral sands") to Wensheng in the PRC for a three year period commencing May 2018. The Agreement makes provision for penalties payable by each side for not meeting their obligations by applying a penalty interest of 24% p.a. against the RMB20 million advance deposit. Payment to the Group under the Agreement is based on the actual amount of zircon, ilmenite and rutile, etc. contained in the mineral sands, which is only determined once the mineral sands is shipped and processed by Wensheng in the PRC. Delivery of the mineral sands have been fallen behind the schedule as a result of the deferral of commencement of operations of the Senegal project. The Group has continued to engage in dialogue with Wensheng and the revised commencement of deliveries of product is estimated to be September 2020. The Group has accrued penalty interest of $1,059,396 for the year ended 30 June 2019 (including in "other payables") as per the Agreement for the late delivery of mineral sands to Wensheng.

The funds from Wenshang have allowed the Group to progress the Senegal project by enabling the Group to have the necessary funds to purchase various essential plant & equipment as well as have funds to prepare the site for essential infrastructure to commence mining operations.

None of the contract liabilities as of 1 July 2018 has been recognised as revenue for the year ended 30 June 2019.

22. Borrowings

	Note	2019 $	2018 $
Current			
Other short-term borrowings	22(a)	**934,310**	-
Bank borrowings	22(b)	**6,021,107**	-
Advance from a director	22(c)	**177,729**	76,080
		7,133,146	76,080

(a) Other short-term borrowings

Other loan was denominated in RMB, interest bearing at 10% p.a. and repayable on or before 31 December 2019. The loan is secured by certain land use right in China (note 19).

(b) Bank borrowings

The bank loans were denominated in RMB, interest bearing at a range from 4.35% to 7.00% p.a. and repayable on or before 31 December 2019.

(c) Advanced from a director

Executive director, Mdm Kang Rong, advanced the Group $177,729 (2018: $76,080) for working capital. The loan is provided interest free and repayable on demand.

23. Provisions

	Note	2019 $	2018 $
Current			
Employee entitlements		**95,642**	82,748
Non-current			
Relocation provision	(a)	**786,256**	-

(a) Provision for Relocation

The provision for relocation represents the estimated costs to relocate and compensate landowners for the Senegal mineral sands project.

24. Taxation

24.1 Liabilities

	2019 $	2018 $
Current tax liability	-	-
Deferred tax liability arises from the following:		
- Capitalised expenditure	**8,383,547**	8,259,709
- Tax loss	**(321,950)**	(3,035,996)
- Unrealised inventory	**(2,861,553)**	-
- Provisions and other timing differences	**29,567**	(49,369)
- Blackhole expenditure	**-**	(926)
	5,229,611	5,173,418

24.2 Deferred tax assets not brought to account

Deferred tax assets are not brought to account, as benefits will only be realised if the conditions for deductibility set out in note 2.5 occur.

	2019 $	2018 $
Tax losses:		
- Revenue losses (China)	**7,002,834**	4,673,660
- Capital losses	**13,538,262**	13,538,262

25. Issued Capital

	2019 $	2018 $
122,479,784 (2018: 122,479,784) Fully Paid Ordinary Shares	**76,549,865**	76,549,865

25.1 Reconciliation of ordinary shares (number)

	2019	2018
At 1 July	**122,479,784**	122,479,784
At 30 June	**122,479,784**	122,479,784

25.2 Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

25.3 Capital risk management

The Group considers its capital to comprise its ordinary share capital, reserves, accumulated retained earnings and net debt.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and dividends. In order to achieve this objective, the Group has made decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or share buy backs, the Group considers not only its short-term position but also its long term operational and strategic objectives.

	2019 $	2018 $
Net debt	**7,133,146**	-
Total equity	**100,273,981**	99,808,431
Net debt to equity ratio	**7.11%**	N/A

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

25. Issued Capital (continued)

25.4 Share based payments

As at 30 June 2019, there were no key executives that had any rights to acquire shares in terms of a share-based payment scheme for employee remuneration. The creation and grant would be subject to shareholder approval.

A share based payment of $913,104 was recognised in 2017 after certain milestones with respect to the Senegal project were achieved by a project consultant. This represents a 3% equity interest in the project, calculated by reference to the Senegal project's fair value and to be satisfied by the issue of shares in a Senegalese subsidiary.

26. Reserves

26.1 Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries. The reserve balance at 30 June 2019 is $13,599,924 (2018: $10,655,795).

26.2 Share based payment reserve

The share-based payment reserve records the amount of expense raised in terms of equity-settled share-based payment transactions. The reserve balance at 30 June 2019 is $913,104, which was recognised during the year ended 30 June 2017.

26.3 Available-for-sale financial assets reserve

The available-for-sale financial assets reserve represented the cumulative gains and losses arising on the revaluation of available for sale financial assets that had been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Upon the adoption of HKFRS 9, the available-for-sale financial assets have been reclassified to "financial assets at fair value through profit or loss", which is subsequently measured at fair value and the changes in fair value are recognised in profit or loss.

27. Holding Company Statement of Financial Position

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents		**2,243**	2,288
Total current assets		**2,243**	2,288
Non-current assets			
Investment in subsidiary		**76,549,866**	76,549,866
Total non-current assets		**76,549,866**	76,549,866
TOTAL ASSETS		**76,552,109**	76,552,154
LIABILITIES			
Current liabilities			
Accruals and other payables		**100,429**	45,455
Amount due to a subsidiary		**471,282**	306,968
Total current liabilities		**571,711**	352,423
TOTAL LIABILITIES		**571,711**	352,423
NET ASSETS		**75,980,398**	76,199,731
EQUITY			
Issued capital	25	**76,549,865**	76,549,865
Foreign currency translation reserve		**(53,362)**	(27,971)
Retained earnings		**(516,105)**	(322,163)
TOTAL EQUITY		**75,980,398**	76,199,731

Mdm Kang Rong

Mr. Gerard King

28. Dividends

During the current and prior years, no dividend was proposed or paid.

	2019 $	2018 $
Franking account balance:		
Franking credits available for the subsequent financial years based on a tax rate of 27.5% (2018: 27.5%)	**286,770**	286,770

The above amount represents the balance on the franking account at the end of the financial year arising from income tax payable.

29. Related party transactions

29.1 Parent entity

Astron Corporation Limited is the parent entity of the Group.

29.2 Subsidiaries

Interests in subsidiaries are disclosed in note 15.

29.3 Transactions with key management personnel

Key management of the Group are the executive members of the Board of Directors. Key Management Personnel remuneration includes the following expenses:

	2019 $	2018 $
Short term employee benefits		
Salaries and fees	**921,049**	889,593
Non-cash benefits	**9,270**	10,966
Total short-term employee benefits	**930,319**	900,559
Post-employment benefits		
Superannuation	**31,956**	30,247
Total post-employment benefits	**31,956**	30,247
Total Key Management Personnel remuneration	**962,275**	930,806

29. Related party transactions (continued)

29.3 Transactions with key management personnel (continued)

Directors' Emoluments

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap.622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) are as follows:

	2019 **$**	2018 $
Short term employee benefits		
Salaries and fees (note)	**609,589**	609,589
Post-employment benefits	**10,411**	10,411
Total directors' emoluments	**620,000**	620,000

Note:
The amount includes management fees of $250,000 payable to each of Juhua International Limited and Firback Finance Limited, for which the beneficial owners are Mdm Kang Rong and Mr Alex Brown respectively.

29.4 Interest free loans

All subsidiary companies are wholly owned with any interest free loans being eliminated on consolidation.

29.5 Management services provided

Management and administrative services are provided at no cost to subsidiaries. Astron Limited predominantly incurs directors fees, management and administration services for the Group. Although these costs are applicable to Group as a whole, these costs are not reallocated/recharged to individual entities within the Group.

29.6 Related party loans

During the year ended 30 June 2019 and 2018, Executive Director Mdm Kang Rong advanced Astron $177,729 and $76,080 respectively for working capital. The loan is provided interest free and repayable on demand and unpaid at 30 June 2019.

As at 30 June 2019 there are unpaid Directors and management fees payable to Directors' related entities as follows:

- Mdm Kang Rong, Juhua International Limited of $1,193,732 (2018: $943,732); and
- Mr Alex Brown, Firback Finance Limited of $1,345,839 (2018: $1,095,839)

The above liabilities have been subordinated and will not be called upon unless and until such time that the Company has available funds or is generating positive operating cash flows from operations.

30. Commitments

30.1 Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements $45,264 (2018: Nil)

30.2 Capital expenditure commitments

	2019 $	2018 $
Capital expenditure commitments contracted for:		
- Chinese capital projects	**1,490,524**	537,151
- Senegal	**722,234**	722,234
- DMS	**817,953**	50,000
	3,030,711	1,309,385

30.3 Water rights

In accordance with the terms of the contract with GWM Water, the usage fee in 2018 was $218,178 per quarter for the remaining life of the water rights. GWM Water has agreed an extension of up to 4 years subject to terms and conditions in accordance with the "Deed of Variation" as set out in note 17(d). No usage fee was charged in 2019.

30.4 Guarantees between subsidiaries

Astron Limited has provided a letter of support to the Victorian Department of Economic Development, Jobs, Transport and Resources to fund any expenditure incurred by Donald Mineral Sands Pty Limited.

30.5 Other commitments and contingencies

Land

In 2008, Astron Titanium (Yingkou) Co Ltd holds two land sites acquired from the Chinese Government. The Group is discussing possible changes to the usage rights with the Government. The Directors believe that no significant loss will be incurred to the Group in relation to the land use rights. As at the 30 June 2019, the net book value of this land is $3,090,641 (2018: $3,116,708).

Minimum expenditure on exploration and mining licenses

To maintain the Exploration and Mining License's at Donald, the Group is required to spend $556,800 on exploration and development expenditure over the next year (2018: $1,604,300). The minimum expenditure amount per annum will normally increase over the life of an exploration license. The minimum expenditure on mining license ("ML") 5532 is $556,800 per annum. The amount of this expenditure could be reduced should the Group decide to relinquish land. RL2003 is currently being renewed and accounts for the reduced commitment.

31. Cash Flow Information

31.1 Reconciliation of cash provided by operating activities with profit attributable to members

	2019 **$**	2018 $
Loss before income tax expense	**(2,271,912)**	(3,886,129)
Non-cash flows in loss from ordinary activities		
Depreciation and amortisation	**843,431**	699,490
Loss on sale of property, plant & equipment	**-**	17,858
Impairment and write downs	**(387,600)**	142,039
Increase in trade and other receivables	**(1,301,375)**	(3,423,382)
(Increase)/Decrease in inventories	**(5,941,132)**	480,648
Increase in trade payables and accruals	**1,971,486**	2,659,519
Effects on foreign exchange rate movement	**148,203**	(6,045)
	(6,938,899)	(3,316,002)

31.2 Reconciliation of cash

	Note	**2019** **$**	2018 $
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the consolidated statement of financial position as follows:			
Cash on hand	**10**	**10,222**	21,389
Current & call account balances	**10**	**1,677,327**	3,146,159
		1,687,549	3,167,548

31.3 Loan facilities

Details of the loan facilities of the Group at reporting dates are as follows:.

Available loan facilities	**6,955,417**	-
Utilised loan facilities	**(6,955,417)**	-
Unused loan facilities	**-**	-

As at 30 June 2019, the Group had fully drawn its loan facilities which were secured by assets held by its China subsidiary.

31. Cash Flow Information (continued)

31.4 Non-cash financing and investing activities

No dividends were paid in cash or by the issue of shares under a dividend reinvestment plan during the current year and prior year.

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Contract liabilities (note 21) $	Borrowings (note 22) $	Deposit received in advance (note 20(a)) $
At 1 July 2017	**-**	**76,080**	**-**
Changes from cash flows:			
Deposits received in advance	-	-	4,080,567
Total changes from financing cash flows:	-	-	4,080,567
Exchange adjustments:	-	-	370,713
At 30 June 2018 and 1 July 2018	-	**76,080**	**4,451,280**
Changes from cash flows:			
Proceeds from bank borrowings	**-**	**6,797,319**	**-**
Loan expense paid	**-**	**(178,134)**	**-**
Total changes from financing cash flows:	**-**	**6,619,185**	**-**
Reclassification to contract liabilities (note 21)	**4,363,126**	**-**	**(4,363,126)**
Interest expense		**178,134**	
Exchange adjustments:	**-**	**259,747**	**(77,773)**
At 30 June 2019	**4,363,126**	**7,133,146**	**10,381**

31.5 Acquisition of entities

During the current or last years, the Company did not invest any funds into its Chinese subsidiaries. During the current year, Astron did not acquire any new entities.

31.6 Disposal of entities

There were no disposals of entities in the current or prior financial years.

31.7 Restrictions on cash

Bank balances did not include any letter of credit deposits at 30 June 2019 (2018: Nil).

32. Employee Benefit Obligations

As at 30 June 2019 and 2018, the majority of employees are employed in China. In accordance with normal business practice in China, employee benefits must be fully utilised annually. Chinese provisions for employee entitlements at year end would be insignificant.

33. Subsequent Events

As at 30 June 2019, gross balance of $2,962,631 is due to the Group from the 2015 sale of surplus land in China. Subsequent to year end, $622,873 has been received against this receivable in July 2019.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

34. Financial Risk Management

34.1 General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. The principal financial instruments from which financial instrument risk arises are cash at banks, term deposits greater than 90 days, trade and other receivables and payables and financial assets at fair value through profit or loss.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Group has significant experience in its principal markets which provides the Directors with assurance as to the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group engages a number of external professionals to ensure compliance with best practice principles.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

34. Financial Risk Management (continued)

34.2 Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

In respect of cash investments, around half of cash, cash equivalents and term deposits greater than 90 days are held with institutions with a AA to BA1 credit rating. As set out in note 10.2, insignificant amount of the Group's cash was held with a local PRC bank which did not have any credit rating.

In respect of trade receivables, there is concentration of credit risk as 61% (2018: 94%) of the Group's trade debtors is from 4 (2018: 2) customers. Group policy is that sales are only made to customers that are credit worthy. Trade receivables are predominantly situated in China.

Other receivables include $2,962,631 (2018: $6,381,359) being the gross land sale receivable from the Yingkou Provincial government.

Credit risk is managed on a Group basis and reviewed regularly by management and Audit & Risk Committee. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

Refer to note 10 for concentration of credit risk for cash and cash equivalents.

The maximum exposure of the Group to credit risk at the end of the reporting period is as follows:

	2019	2018
	$	$
Cash & cash equivalents	**1,687,549**	3,167,548
Term deposits with maturity over 90 days	**46,112**	61,112
Trade and other receivables - current and non-current	**11,897,728**	11,758,892
Total	**13,631,389**	14,987,552

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table presents the gross carrying amount and the lifetime expected credit loss in respect of individually assessed trade receivables as at 30 June 2019 and 1 July 2018:

	30 June 2019	1 July 2018
	$	$
Gross carrying amount	**377,519**	473,110
Lifetime expected credit loss	**(377,519)**	(473,110)
Net carrying amount	**-**	-

The following table presents the gross carrying amount and the provision for impairment loss in respect of collectively assessed trade receivables as at 30 June 2019:

34. Financial Risk Management (continued)

34.2 Credit risk (continued)

	Expected loss rate %	Gross carrying amount $	Loss allowance $
Current (not past due)	0.00%	3,583,539	-
		3,583,539	-

Expected credit loss is close to zero as the trade receivables have no recent history of default, the impact of the expected loss from collectively assessed trade receivables to be immaterial.

34.3 Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Group manages liquidity risk by monitoring forecast cash flows. As at 30 June 2019, the Group had cash of $1,687,549 (2018: $3,167,548).

Maturity analysis

	Note	Carrying Amount $	Contractual Cash flows $	< 6 months $	> 6 months $
Year ended 30 June 2019					
Non-derivatives					
Trade and note payables	20	**4,693,823**	**4,693,823**	**4,693,823**	**-**
Other payables	20	**4,935,202**	**4,935,202**	**4,935,202**	**-**
Borrowings	22	**7,133,146**	**7,133,146**	**7,133,146**	**-**
Total non-interest bearing liabilities		**16,762,171**	**16,762,171**	**16,762,171**	**-**
Total liabilities		**16,762,171**	**16,762,171**	**16,762,171**	**-**
Year ended 30 June 2018					
Non-derivatives					
Trade and note payables	20	4,811,014	4,811,014	4,811,014	-
Other payables	20	2,348,598	2,348,598	2,348,598	-
Borrowings	22	76,080	76,080	76,080	-
Total non-interest bearing liabilities		7,235,692	7,235,692	7,235,692	-
Total liabilities		7,235,692	7,235,692	7,235,692	-

34. Financial Risk Management (continued)

34.4 Fair value

The fair values of listed investments have been valued at the quoted market price at the end of the reporting period. Other assets and other liabilities approximate their carrying value.

At 30 June 2019 and 2018, the aggregate fair values and carrying amounts of financial assets and financial liabilities approximate their carrying amounts.

Financial assets at fair value through profit or loss/Available-for-sale financial instruments are recognised in the statement of financial position of the Group according to the hierarchy stipulated in HKFRS 7.

	2019 $	2018 $
Financial assets at fair value through profit or loss/Available-for-sale financial assets		
ASX Listed equity shares - Level 1	**25,366**	49,160
	25,366	49,160

The Group does not have any Level 2 or 3 financial assets.

34.5 Price risk

Given that price movements are not considered material to the Group, the Group does not have a risk management policy for price risk. However, the Group's management regularly review the risks associated with fluctuating input and output prices.

As at 30 June 2019, the maximum exposure of price risk to the Group was the financial assets at fair value through profit or loss for $25,366 (2018: $49,160). 100% of the Group’s holding is in the mining or energy sector.

The Group’s exposure to equity price risk is as follows:

	2019 $	2018 $
Carrying amount of listed equity shares on ASX	**25,366**	49,160
	25,366	49,160

34. Financial Risk Management (continued)

34.5 Price risk (continued)

Sensitivity Analysis

	2019		2018	
		$		$
	Increase/(Decrease) in share price		Increase/(Decrease) in share price	
	+10%	**-10%**	+10%	-10%
Listed equity shares on ASX				
Profit before tax – increase/(decrease)	**2,537**	**(2,537)**	-	(4,916)
Other comprehensive income - increase	**-**	**-**	4,916	-

The above analysis assumes all other variables remain constant.

34.6 Interest rate risk

The Group manages its interest rate risk by monitoring available interest rates and maintaining an overriding position of security whereby around half the Group's cash and cash equivalents and term deposits are held with institutions with a AA to BA1 credit rating while the other half is held with an unrated bank in PRC.

34. Financial Risk Management (continued)

34.6 Interest rate risk (continued)

The Groups' exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the tables below:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing within 1 Year		Non-interest Bearing		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	%	%	**$**	$	**$**	$	**$**	$	**$**	$
Financial Assets:										
Cash and cash equivalents	**0.90%**	0.90%	**1,592,812**	3,041,913	**84,515**	104,246	**10,222**	21,389	**1,687,549**	3,167,548
Term deposits greater than 90 days	**0.90%**	0.90%	-	-	**46,112**	61,112	-	-	**46,112**	61,112
Trade and other receivables	**-**	-	**-**	-	**-**	-	**11,897,728**	11,700,541	**11,897,728**	11,700,541
Financial assets at fair value through profit or loss	**-**	-	**-**	-	**-**	-	**25,366**	49,160	**25,366**	49,160
Total Financial Assets			**1,592,812**	3,041,913	**130,627**	165,358	**11,933,316**	11,771,090	**13,656,755**	14,978,361
Financial Liabilities:										
Trade and other payables	**-**	-	**-**	-	**-**	-	**9,629,025**	7,159,612	**9,629,025**	7,159,612
Borrowings	**-**	-	**-**	-	**6,955,417**	-	**177,729**	76,080	**7,133,146**	76,080
Total Financial Liabilities	**-**	-	**-**	-	**6,955,417**	-	**9,806,754**	7,235,692	**16,762,171**	7,235,692

34. Financial Risk Management (continued)

34.6 Interest rate risk (continued)

Sensitivity analysis

The following table shows the movements in profit due to higher/lower interest costs from variable interest rate financial instruments in Australia and China.

	+ 1% (100 basis points)		-1% (100 basis points)	
	2019 **$**	2018 $	**2019** **$**	2018 $
Cash at bank	**16,875**	31,675	**(16,875)**	(31,675)
Term deposits greater than 90-days	**461**	611	**(461)**	(611)
Borrowings	**(71,331)**	(761)	**71,331**	761
	53,995	31,525	**(53,995)**	(31,525)
Tax charge of 27.5%	**(14,849)**	(8,669)	**14,849**	8,669
Total	**39,146**	22,856	**(39,146)**	(22,856)

34.7 Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group manages this risk through the offset of trade receivables and payables where the majority of trading is undertaken in either the USD or RMB. Current trading terms ensure that foreign currency risk is reduced by sales terms being cash on delivery where possible.

Astron Corporation Limited

Declaration by Directors

For The Year Ended 30 June 2019

The Directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with Hong Kong Financial Reporting Standards and give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the 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 and is signed for and on behalf of the Directors by:

Mdm Kang Rong

Director

Mr Gerard King

Director

30 September 2019

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Independent Auditor's Report

To the members of Astron Corporation Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of Astron Corporation Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 18 to 87, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other 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 consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 in the consolidated financial statements, which indicates that as at 30 June 2019, the Group had a deficit of current assets over current liabilities of $2,302,891, and the Group incurred a loss of $1,912,962 and had a net cash outflow of $6,938,899 from operating activities during the year ended 30 June 2019. These conditions along with other matters set out in note 2.1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters *(continued)*

Impairment of exploration and evaluation assets and development costs
Refer to note 17 and 18 to the consolidated financial statements

In accordance with *HKFRS 6 Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. At 30 June 2019, the market capitalisation of the Group was significantly less than the consolidated net assets, which is a trigger for impairment. Once impairment indicators trigger an impairment review, management is required to perform impairment testing in accordance with HKAS 36 Impairment of Assets.

We have identified impairment of exploration and evaluation assets and development costs as a key audit matter because of their significance to the consolidated financial statements and because the management's value-in-use calculations involve significant management judgement with respect to the underlying cash flow forecast, in particular the growth rate, and discount rate.

Our Response:

Our procedures in relation to management's impairment review of property, plant and equipment, exploration and evaluation assets and development costs included:

- obtaining management's calculation of the recoverable amount of the projects and comparing them to the methodology as required under HKAS 36;
- tracing the ownership of licences to statutory registers maintained by third parties to determine whether a right of tenure existed;
- challenging and corroborating key assumptions made by management, including those made by the management experts, relating to the recoverability of the projects for their reasonableness, including assessing the Group's intent and ability to carry out significant exploration and evaluation and development activities in the relevant areas;
- understanding the sources of data used to prepare the value-in-use calculation and evaluating the appropriateness of those sources the performing procedures to test the reliability of the data;
- understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale;
- understanding and evaluating the appropriateness of the method used, the reasonableness of assumptions used for the determination of discount rate; and
- reviewing the appropriateness of the related disclosures within the financial statements.

Impairment of land use right receivable

In accordance with *HKFRS 9 Financial Instruments*, individually significant receivables are required to be assessed for objective evidence of impairment. As explained in note 11.1, at 30 June 2019, the Group had a long outstanding land use right receivable of $2,962,632 which is outside the agreed terms of payment. We have identified the impairment of land use right receivable as a key audit matter due to the judgement required to assess the recoverability of the land use right receivable.

Key Audit Matters ***(continued)***

Impairment of land use right receivable (continued)

Our Response:

Our procedures in relation to management's impairment review of the land use right receivable included:

- discussing with management and understanding management's basis of estimation of allowance for receivables;
- understanding management's process over the regular assessment of impairment on receivables;
- assessing the accuracy of management's estimate of the likelihood of debts collection based on historic collection records;
- tracing to bank statements for the amounts remitted to the Group during the year ended 30 June 2019;
- tracing subsequent receipts of RMB3,000,000 (equivalent to $622,873) to post year end bank statements; and
- obtaining confirmation directly from the debtor of the amount due to the Group at 30 June 2019.

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we have obtained the directors' report and investor information but have not obtained the remaining other information included in the annual report (the "Remaining Other Information", which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

BDO Limited
Certified Public Accountants
Jonathan Russell Leong
Practising Certificate Number P03246

Hong Kong, 30 September 2019

Investor Information

2019/2020 Financial Calendar (on or before)

Release of quarterly report	31 October 2019
2019 Annual general meeting	30 November 2019
Release of quarterly report	30 January 2020
Release of half year report	27 February 2020
Release of quarterly report	30 April 2020
Release of Appendix 4E	28 August 2020

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 6 September 2019.

Shareholders' interests

(a) Distribution of equity securities

The number of shareholders by size of holding in each class of share are:

Range of Units Snapshot

	Total holders	**Units**	% of Issued Capital
1 - 1,000	119	53,987	0.04
1,001 - 5,000	101	292,100	0.24
5,001 - 10,000	40	311,536	0.25
10,001 - 100,000	94	3,204,311	2.62
100,001 - 9,999,999,999	40	118,614,844	96.85
Total	**394**	**122,476,778**	**100.00**

Non CDI holders

1-1,000	4	306
1,001-5,000	1	2,700
Total	5	3,006

Unmarketable Parcels

	Minimum parcel size	**Holders**	Units
Minimum $ 500.00 parcel at $0.175 per unit	2,858	175	167,887

(b) Twenty largest CDI holders

The twenty largest CDI holders are as follows:

Rank	Name	Units	% of Total CDIs
1.	P T Arafua Mining Limited	94,165,972	76.88
2.	FSC Investment Holdings Ltd	7,437,092	6.07
3.	Juhua International Limited	4,000,000	3.27
4.	Mr Guodong Gong	1,901,000	1.55
5.	Mr Donald Alexander Black	1,389,053	1.13
6.	Mr Darrell Vaughan Manton + Mrs Veronica Josephine Manton <The Manton Family No 2 A/C>	933,364	0.76
7.	Mr Milton Yannis	762,018	0.62
8.	HSBC Custody Nominees (Australia) Limited	734,166	0.60
9.	Mr Adrian Robert Nijman + Mrs Jenny Ann Nijman	650,000	0.53
10.	Capel Court Corporation Pty Limited <Pej Murray Super Fund A/C>	619,000	0.51
11.	Mr Robert Brydon Rudd	543,442	0.44
12.	Cognition Australia Pty Ltd <A&M Gall Superannuation A/C>	381,468	0.31
13.	Elliott Nominees Pty Ltd <Elliott Exploration S/F A/C>	346,400	0.28
14.	Bresrim Nominees Pty Ltd <D A Hannes Super Fund #2 A/C>	328,342	0.27
15.	Navigator Australia Ltd <MLC Investment Sett A/C>	313,304	0.26
16.	DFC Management Pty Ltd <Carmichael Super Fund A/C>	300,000	0.24
17.	Max Short Pty Ltd <Gl Short Family A/C>	289,260	0.24
18.	Clydebank Investments Pty Ltd <Fran Herd Super Fund A/C>	230,000	0.19
19.	Pharraway Pty Ltd	210,638	0.17
20.	Mr Malcolm Campbell	204,400	0.17
Totals: Top 20 holders of CDI		**115,738,919**	**94.50**
Total Remaining Holders Balance		6,737,859	5.50
Total CDIs		**122,476,778**	**100.00**
Total non-CDI holders		3,006	
Total shares on issue		**122,479,784**	

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Schedule of interests in mining tenements

Location	Tenement	Percentage held
Victoria Australia	RL 2002	100
Victoria Australia	RL 2003	100
Victoria Australia	MIN5532	100

Information policy

It is the policy of the Company to conform with the highest reporting and information standards to its shareholders. Company spokespeople are available and pleased to respond to queries from financial community, investors and shareholders.

During the year, the Group held one shareholder information session meeting and at the meeting active discussions took place and questions were answered.

All these initiatives will continue to be improved and expanded in the coming year with the objective of providing the fullest and most detailed information to shareholders consistent with the Company's objectives.

Information on the group and presentations to analysts can be obtained from the Company's Website www.astronlimited.com.

To assist and improve service to shareholders related to the administration of the fully registered shares shareholders can contact our share registry service.

Shareholders can also contact the Company directly by telephone in Australia +61 3 5385 7088

Astron Corporation Limited

Investor Information - continued

Salient Financials	2019	2018	2017	2016	2015	2014	2013	2012	2011
Share price* ($)	0.20	0.20	0.16	0.17	0.15	0.32	0.71	1.30	1.50
EPS (c)	(1.56)	(3.81)	(2.12)	(3.60)	6.52	(6.19)	(4.46)	(0.80)	0.70
Price earnings Ratio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	221.4
Interest Cover	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nos of Shares on issue (m)*	122.5	122.5	122.5	122.5	122.5	122.5	122.5	122.5	124.6
Profit and Loss ($m)									
Revenue	8.2	5.4	2.6	1.1	13.9	5.1	13.0	21.0	20.5
Costs	(8.4)	(8.5)	(6.0)	(5.4)	(8.3)	(10.9)	(17.8)	(20.4)	(17.0)
EBITDA	(0.2)	(3.1)	(3.4)	(4.3)	5.6	(5.8)	(4.8)	0.6	3.5
Depreciation & Amorisation	(0.8)	(0.7)	(0.6)	(0.7)	(0.7)	(0.5)	(0.6)	(0.5)	(0.4)
EBITDA	(1.0)	(3.8)	(4.0)	(5.0)	4.9	(6.3)	(5.4)	0.1	3.1
Borrowing Costs	(1.3)	(0.1)	-	-	-	-	(0.1)	-	-
NPBT	(2.3)	(3.9)	(4.0)	(5.0)	4.9	(6.3)	(5.5)	0.1	3.1
Income tax expenses	0.4	(0.8)	1.4	0.6	3.1	(1.3)	(0.0)	(1.1)	(2.2)
NPAT	(1.9)	(4.7)	(2.6)	(4.4)	8.0	(7.6)	(5.5)	(1.0)	0.9
Balance Sheet ($m)									
Cash & Term deposits	1.7	3.3	1.4	5.2	5.9	10.1	108.1	121.2	147.4
Receivables	9.8	8.4	6.1	14.1	17.4	1.6	5.0	4.2	7.5
Inventories	7.3	1.4	1.9	0.7	0.8	0.4	2.2	5.1	3.7
Other financial Assets	-	-	0.2	0.5	0.9	1.2	1.0	1.9	2.5
Current Tax Assets	-	-	-	0.5	1.2	0.6	0.3	-	-
Assets classified as available for sale	-	-	-	-	-	6.7	-	-	-
Total Current Assets	18.8	13.1	9.6	21.0	26.2	20.6	116.6	132.4	161.1
Property, Plant & Equipment	26.2	22.6	20.0	21.0	22.4	20.9	21.1	16.7	12.4
Receivables	2.1	3.4	6.4	-	3.9	-	-	-	-
Intangible assets	69.4	68.0	73.6	69.1	64.9	61.2	56.2	48.6	27.0
Development costs	7.8	6.6							
Land use rights	3.1	3.1	3.0	3.3	3.5	2.9	10.0	8.7	8.3
Deferred Tax Assets	-	-	-	-	0.0	0.0	-	-	-
Total Current Assets	108.6	103.7	103.0	93.4	94.7	85.0	87.3	74.0	47.7
TOTAL ASSETS	127.4	116.8	112.6	114.4	120.9	105.6	203.9	206.4	208.8
Payables	9.6	11.7	5.4	3.6	2.3	2.5	1.9	2.2	2.2
Contract liabilities	4.4	-	-	-	-	-	-	-	-
Borrowings	7.1	0.1	0.1	-	1.0	-	0.3	0.2	-

Astron Corporation Limited

Investor Information - continued

Tax Liabilities	-	-	-	-	-	-	-	0.1	0.2
Total Current Liabilities	21.1	11.8	5.5	3.6	3.3	2.5	2.2	2.5	2.4
Deferred Tax	5.2	5.2	4.4	5.1	5.2	6.3	5.0	5.0	4.6
Long term provisions	0.8	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	6.0	5.2	4.4	5.1	5.2	6.3	5.0	5.0	4.6
Total liabilities	27.1	17.0	9.9	8.7	8.5	8.8	7.3	7.5	7.0
NET ASSETS	100.3	99.8	102.7	105.7	112.4	96.8	196.6	198.9	201.8
Cash Flows ($m)									
Operating Activities	(6.9)	(3.3)	(3.2)	(2.5)	(3.7)	(0.8)	(3.3)	3.2	(1.5)

* After 2:1 share swap and return of capital in 2015

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Mr Alexander Brown (Managing Director)
Mdm Kang Rong (Executive Director)

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