

**ASTRO RESOURCES NL  
and its Controlled Entities**

ABN 96 007 090 904

**Half-Year Report**

**31 December 2011**

## CONTENTS

<b>DIRECTORS' REPORT</b> .....	<b>2</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b> .....	<b>14</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>15</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b> .....	<b>16</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> .....	<b>17</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> .....	<b>18</b>
<b>CONDENSED NOTES TO THE FINANCIAL ACCOUNTS</b> .....	<b>19</b>
<b>1. CORPORATE INFORMATION</b> .....	<b>19</b>
<b>2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b> .....	<b>19</b>
<b>3. FINANCIAL RISK MANAGEMENT</b> .....	<b>21</b>
<b>4. SEGMENT INFORMATION</b> .....	<b>22</b>
<b>5. REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS</b> .....	<b>25</b>
<b>6. NON-CURRENT LIABILITIES</b> .....	<b>25</b>
<b>7. ACQUISITION OF GOVERNOR WELL MINERALS PTY LTD</b> .....	<b>26</b>
<b>8. COMMITMENTS AND CONTINGENCIES</b> .....	<b>27</b>
<b>9. CONTRIBUTED EQUITY</b> .....	<b>28</b>
<b>10. EVENTS AFTER THE BALANCE SHEET DATE</b> .....	<b>29</b>
<b>DIRECTORS' DECLARATION</b> .....	<b>30</b>
<b>INDEPENDENT AUDITORS' REVIEW REPORT</b> .....	<b>31</b>

## DIRECTORS' REPORT

The Directors of Astro Resources NL, (the "Company") and its controlled entities (the "Group") submit herewith the financial report for the six months ended 31 December 2011 ("half-year").

### DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Peter Jermyn  
*Non-Executive Chairman*

Mr Malcolm Macleod  
*Executive Director*

Mr Robert Hyndes  
*Executive Director*

Mr Graham Libbesson  
*Non-Executive Director (Appointed 20 September 2011)*

### REVIEW AND RESULTS OF OPERATIONS

The Group recorded a net loss of \$845,179, (2010: \$278,389 loss) for the half-year ended 31 December 2011.

#### Objectives

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

#### Income Statement

##### Revenue

The Company as a mineral exploration group does not have an ongoing source of income. Revenue is normally from tenement disposals, interest from cash in bank and one-off sales of exploration data.

##### Net Expenses

Net expenses increased in the 2011 half-year from \$371,166 in 2010 to \$875,659, which included \$116,547 exploration expenses written off, in 2011.

##### Balance Sheet

During the half-year the Group's cash balance decreased from \$1,811,062 at 30 June 2011 to \$469,650 at 31 December 2011, due primarily to acquisition and due diligence costs of Governor Well Minerals Pty Ltd ("GWM"), totalling \$706,552.

Trade and other payables and borrowings increased from \$508,751 to \$1,160,105 which includes \$675,000 accrual for part consideration of the acquisition of 80% of the issued capital of GWM and \$200,000 for the acquisition of Macphee Resources Pty Ltd.

## Cash flow

During the half-year to 31 December 2011, the Group paid \$669,249 in the normal course of operations, \$202,401 for exploration costs and \$665,000 in purchase of prospects.

## MINERAL SANDS

### Scott Coastal Plain Mineral Sands Project

In September 2011, the board of Astro were pleased to announce the acquisition of an 80% equity interest in Governor Well Minerals Pty Ltd (**GWM**)<sup>1</sup>, holder of the prospective Scott Coastal Plain Minerals Sands Project (**SCP Project**) located southwest of Nannup and extending for approx. 50km along the Scott Coastal Plain in southern Western Australia.

Astro has identified, within the project, a major resource of titanium minerals and zircon used in the construction and manufacturing industries.

- The project area covers approximately 400km<sup>2</sup>, located in the heart of a known and established mineral sands region, close to port and infrastructure facilities
- Hosts a number of key prospective and JORC compliant resources:
  - Governor Broome North and South – Inferred JORC resource of 49Mt @ 5% HM
  - Governor Broome East – Inferred JORC resource of 105Mt @ 4% HM
  - Rover Range and Warner Glen – Inferred JORC resource of 106Mt and 701Mt at 2.6% and 2.8% ilmenite respectively
- Expansive work program planned to build on Inferred JORC compliant resource of 154.3Mt @ 4.3% HM at Governor Broome

Resource re-estimation undertaken in November 2011 over the Governor Broome East deposit resulted in a 260% increase in the Inferred JORC resource at Governor Broome from 51Mt @ 5%HM to 154.3Mt @ 4.3% (refer Figure 2 below).

This was shortly followed by the engagement of an experienced mineral sands technical and operational team led by former Iluka Chief Geologist Geoff Richards.

Programs to be undertaken in 2012, currently undergoing statutory approval processes, consists of multiple drilling programs to increase and improve confidence in the current JORC compliant resources. This is to be undertaken alongside extensive feasibility studies and environmental reviews to ensure the economic and environmental sustainability of the project.

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<sup>1</sup> Minority holder free-carried to DFS

**Astro Resources NL**  
**Half-Year Report 31 December 2011**

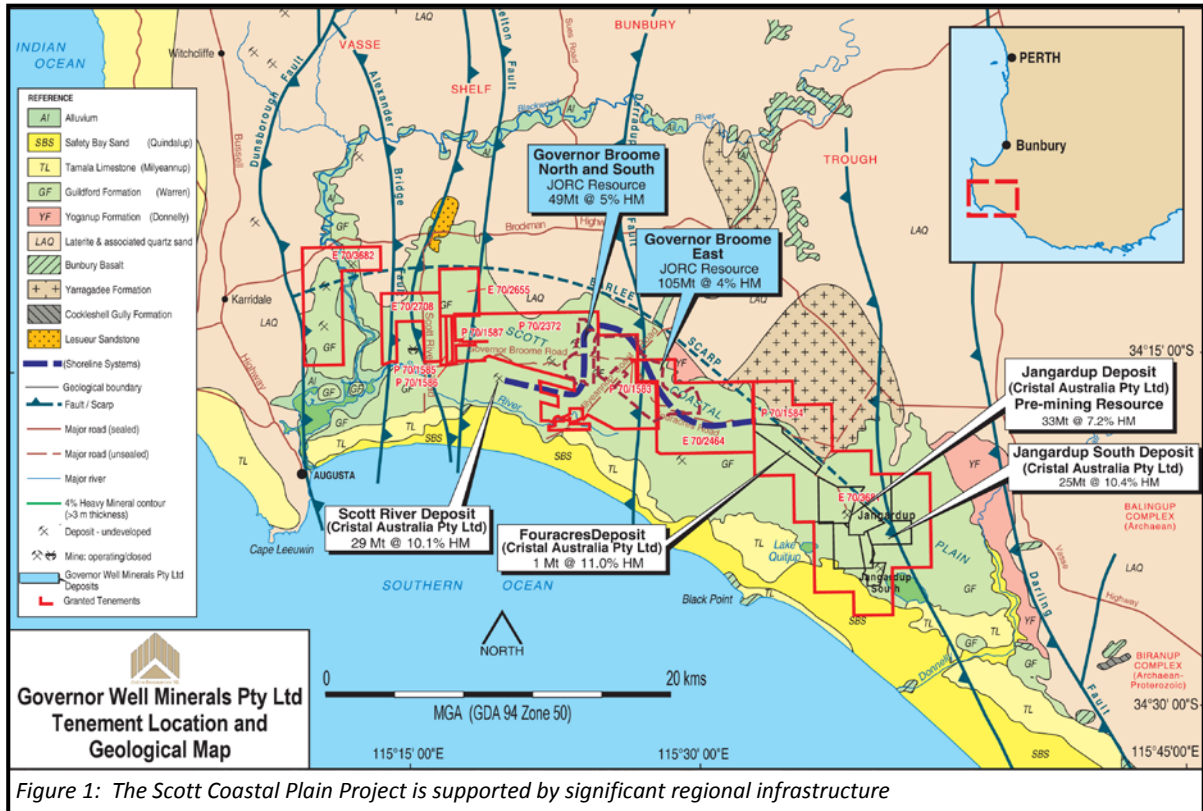


Figure 1: The Scott Coastal Plain Project is supported by significant regional infrastructure

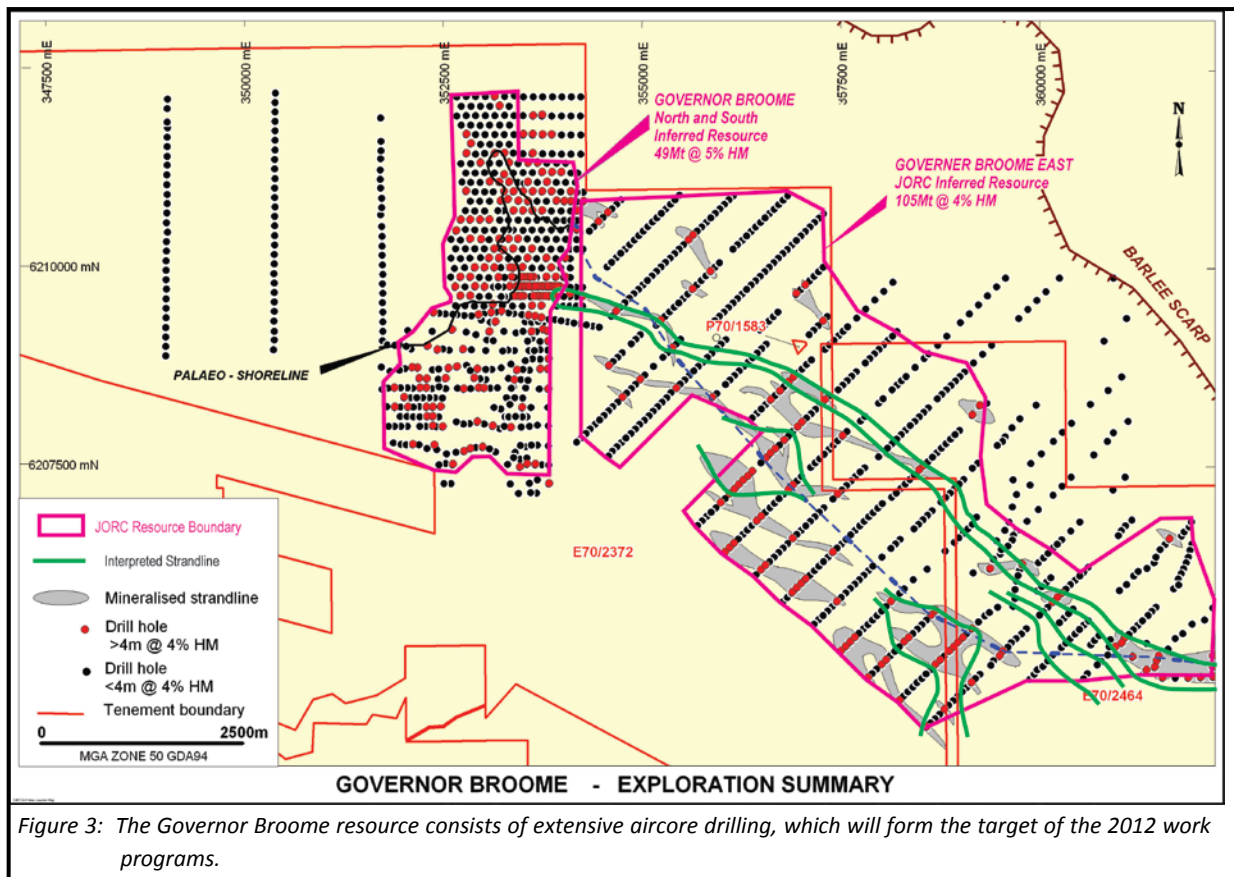
260% Increase in Global JORC Resource at Governor Broome

Astro has undertaken a review of historic data over the Governor Broome extension known as Governor Broome East, which resulted in an increase to the global Inferred JORC resource from 51Mt @ 5.0% HM to 154.3Mt @ 4.3%HM (please refer Figure 1 below).

<b>NEW GOVERNOR BROOME AMALGAMATED JORC COMPLIANT RESOURCES</b>						
2%HM reporting cut-off, 30% upper slimes cut-off						
<b>DEPOSIT</b>	<b>JORC CATEGORY</b>	<b>RESOURCE AUTHOR</b>	<b>ORE TONNES (Mt)</b>	<b>HM%</b>	<b>OVERSIZE %</b>	<b>SLIMES%</b>
Governor Broome South	Inferred	GRD Minproc	25.1	4.67	8.7	13.2
Governor Broome North	Inferred	Geostat	24.2	5.30	9.0	11.1
Governor Broome East	Inferred	Geostat	105	3.99	5.5	15.3
<b>TOTAL</b>			<b>154.3</b>	<b>4.31</b>	<b>6.6</b>	<b>14.3</b>

Figure 2: An increase to the global JORC-compliant resource at Governor Broome was achieved in November 2011

From 2005 to 2007, previous explorer Metal Sands undertook extensive exploration of the Governor Broome area, consisting of six campaigns of aircore drilling. A total of 675 aircore holes for 8,300metres was drilled at Governor Broome East, which lies immediately adjacent to the Governor Broome Resource (consisting of both Governor Broome North and South) (refer Figure 3 below).



### Iluka Chief Geologist to Lead Experienced Mineral Sands Team

Throughout the acquisition process, Astro was in discussions with the operational team of former explorer Metal Sands, who assisted with work program review and planning. In January 2012, the board was able to announce the formal engagement of the team, to be headed up by former Westralia Sands and Iluka Chief Geologist Geoff Richards.

Exploration Manager Lindsay Cahill, Environmental Manager Dr. Nicole Mann, industry consultants Adrian Griffin and Patrick McManus, will support Mr. Richards and the Astro team. Key to their appointment is the team's specific experience with the project area of both an environmental and exploration nature, and regional program expertise.

In addition to having undertaken six aircore drill programs between 2005 and 2007, the team was responsible for identifying a previously undetected strandline which forms a part of Governor Broome East.

### 2012 Work Programs

On the 24 October 2011, consolidation of the Governor Broome prospects resulted in a JORC-compliant Inferred Resource of 154.3Mt @4.3%. Significant exploration upside exists within the high-grade strandlines that extend from the current resource area at Governor Broome.

Astro's technical team has been expanding on their extensive historical knowledge of the project and regional expertise to develop forward programs designed to expand the current resource area and increase confidence in the known resource and mineral assemblage.

Significant planning of multiple work programs, consisting of approximately 4,000metres is currently undergoing statutory approval processes. Approval is expected in March with mobilisation of drill rigs expected in April 2012.

About Mineral Sands

Demand for mineral sands has increased significantly in the past three years with prices for principal commodities trebling since 2009.

Historically, Western Australia has been one of the world’s major producers of mineral sands – particularly ilmenite, rutile and synthetic rutile used in paint pigments – and zircon used in ceramics.

Strong demand from China and other emerging markets combined with side constraints (predominantly from historic lack of investment in the development of new resources) indicate mineral sands commodities are expected to remain strong.

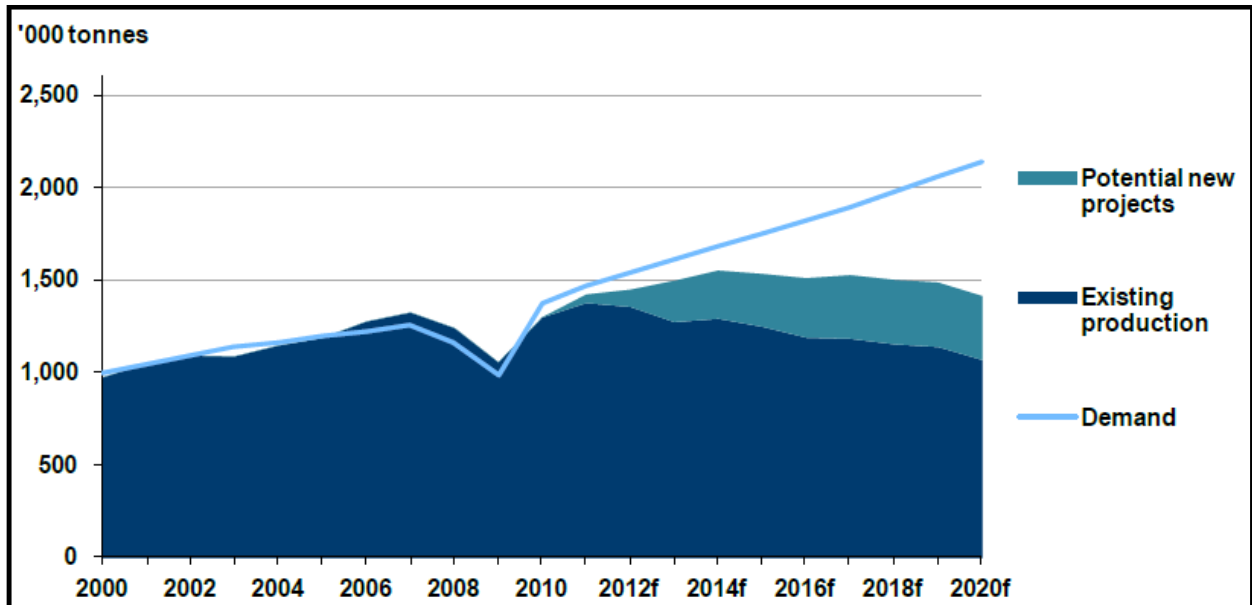


Figure 5: Base case global supply / demand 2000-2020 (@TZMI 2011, not to be reproduced without permission)

## URANIUM

### Macphee Creek Project

During the reporting period, Astro advanced drill access arrangements on the Macphee Creek project, prospective for both uranium and diamonds.

Located approximately 130km south of Kununurra in the East Kimberley region of Western Australia, the Macphee Creek project is centred on a belt of Proterozoic granite and contains six (6) documented uranium occurrences with sample assays up to 0.85% U3O8, numerous areas of high uranium scintillometer readings in addition to its 2080ppm U3O8 occurrence recorded by Astro in 2010.

Although arrangements have been made with drill contractors to work congruently on the Macphee and Lissadell Road Dykes project, statutory approvals are currently pending, though advancement was made during the course of the reporting period with respect to aboriginal heritage consents.

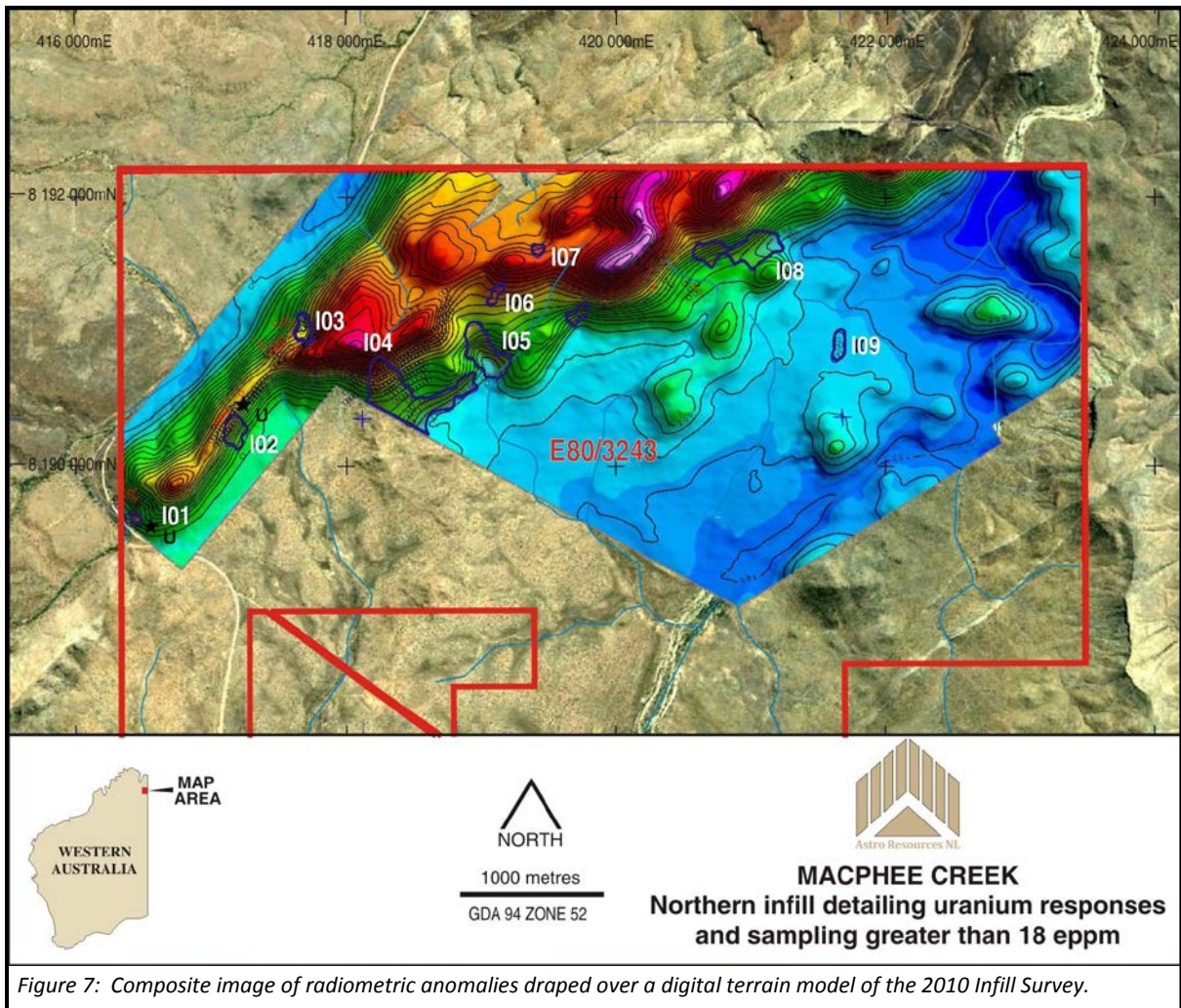


Figure 7: Composite image of radiometric anomalies draped over a digital terrain model of the 2010 Infill Survey.

The drill program is targeted at testing the origins of known uranium occurrences to determine the at-depth potential of the project, which has considerable prospectivity.

## DIAMONDS

Astro has a suite of diamond assets strategically located in the Kimberley region of WA, within proximity of the world class Argyle diamond mine.

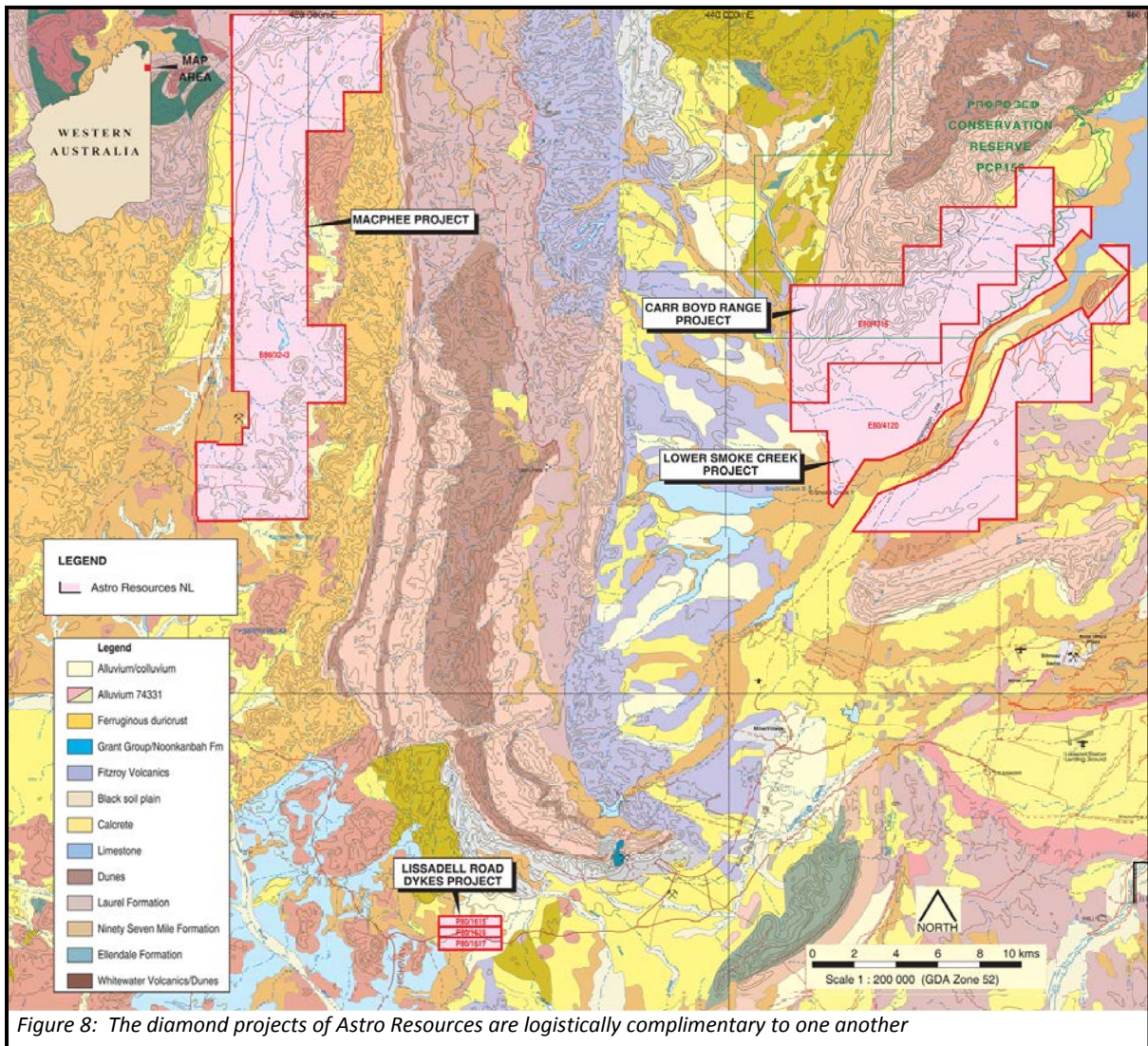


Figure 8: The diamond projects of Astro Resources are logistically complimentary to one another

### Macphee Creek Project

During the 2010 a 4,300 line km aerial geophysical survey, magnetic anomalies were identified over the southern and central portion of the project area worthy of further assessment.

Existing open file data indicates that diamonds were found by bulk sampling at three sites in creeks draining the southern portion of the project area. The sample locations and results were reported by Argyle Diamond Mines in 1987 (refer figure 9 below).

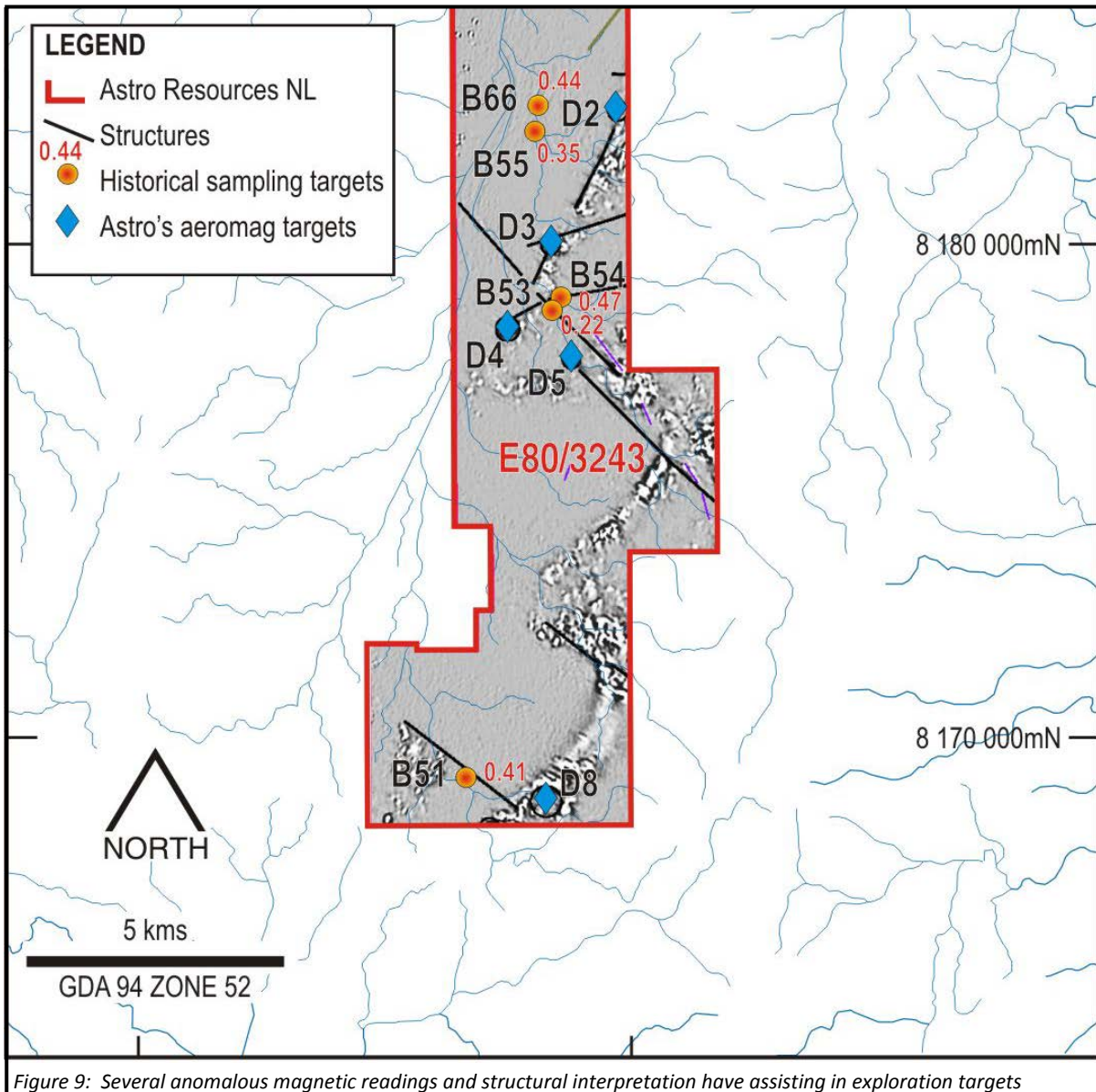


Figure 9: Several anomalous magnetic readings and structural interpretation have assisting in exploration targets

Field reconnaissance confirmed the existence of geological structures, capable of hosting of lamproite occurrences, coinciding with the magnetic anomalies.

Sampling is to be undertaken in conjunction with drilling of Macphee’s northern prospectivity, and Lissadell Road Dykes (below).

### Lissadell Road Dykes Project

Also known as the Argyle Dykes Project, Lissadell Road Dykes are three contiguous tenements approximately 9km west of the operating Argyle Diamond Mine with known diamondiferous lamproite occurrences.

An initial drill program is planned to coincide logistically with the Macphee Creek exploration program.

The drilling is to test potential extensions of the lamproite intrusions in both the west and east of the project area to determine consistency and grade throughout the length of the project. (refer figure 10).



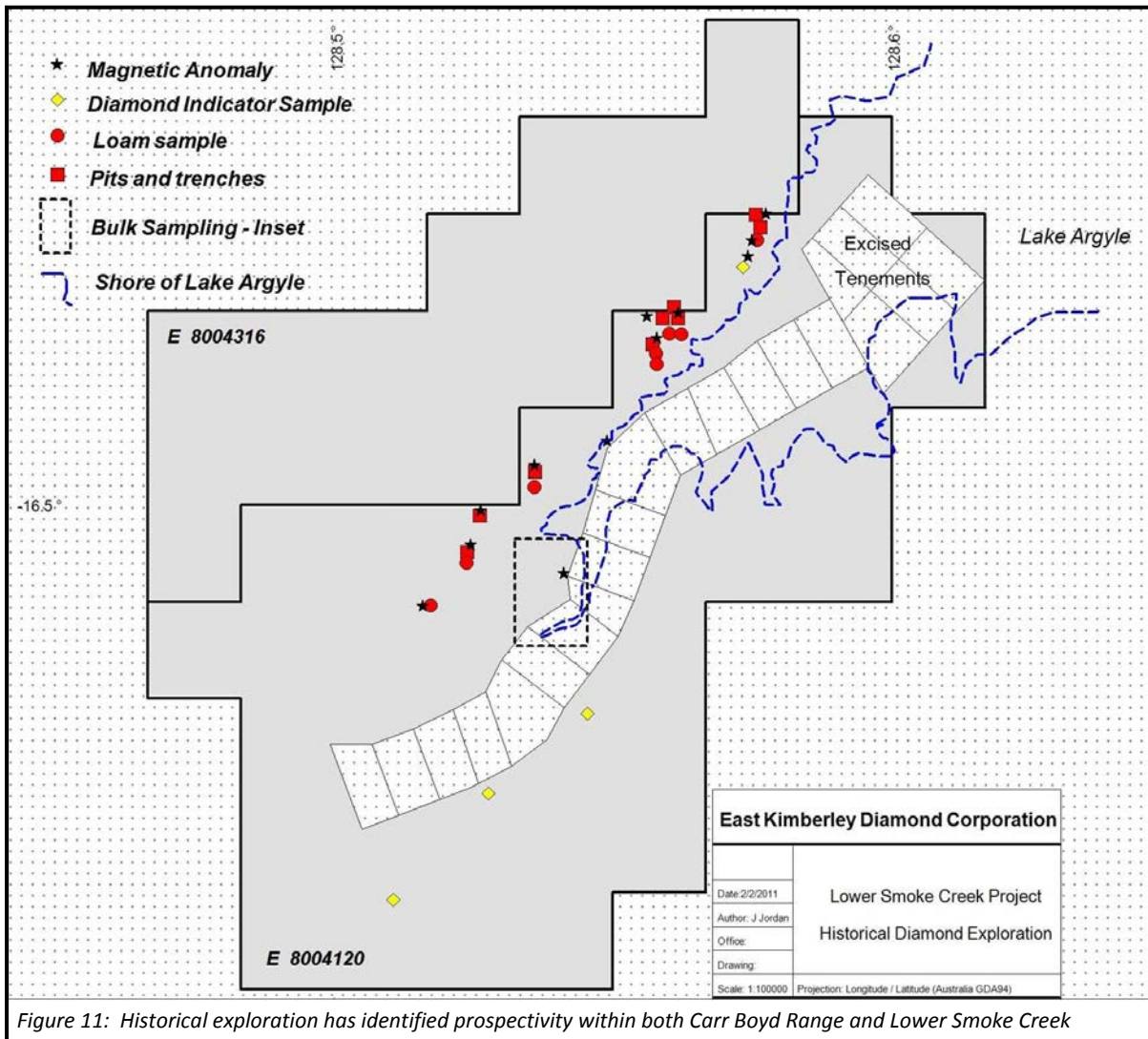


Figure 11: Historical exploration has identified prospectivity within both Carr Boyd Range and Lower Smoke Creek

## GOLD

### North Doolgunna Joint Venture

The North Doolgunna Gold Project (Astro holds 60% through its wholly owned subsidiary, North Doolgunna Metals Pty Ltd) embraces three exploration licences to the immediate southwest of the Plutonic Gold Mine in the highly prospective Peak Hill Goldfield.

ENE-SWS faulting of the granitic and mafic units of the Myrimia Inlier is believed to pervade southward through the North Doolgunna Gold Project, which formed the basis for a highly sensitive ionic leach soil geochemistry previously undertaken by the Company.

Although only low gold levels were detecting, the sampling returned anomalous Ni and Cr values indicative of mafic lithology which have the potential to host gold mineralisation. High levels of uranophile elements, U/Th/Sc and Rare Earths were also detected.

In particular, a portion of tenure in the NW of E52/2482, around the confluence of the two major interpreted structures, has been identified as an area requiring a detailed and focused follow-up. Several elements associated with greenstones / gold mineralisation appear to be anomalous in this area.

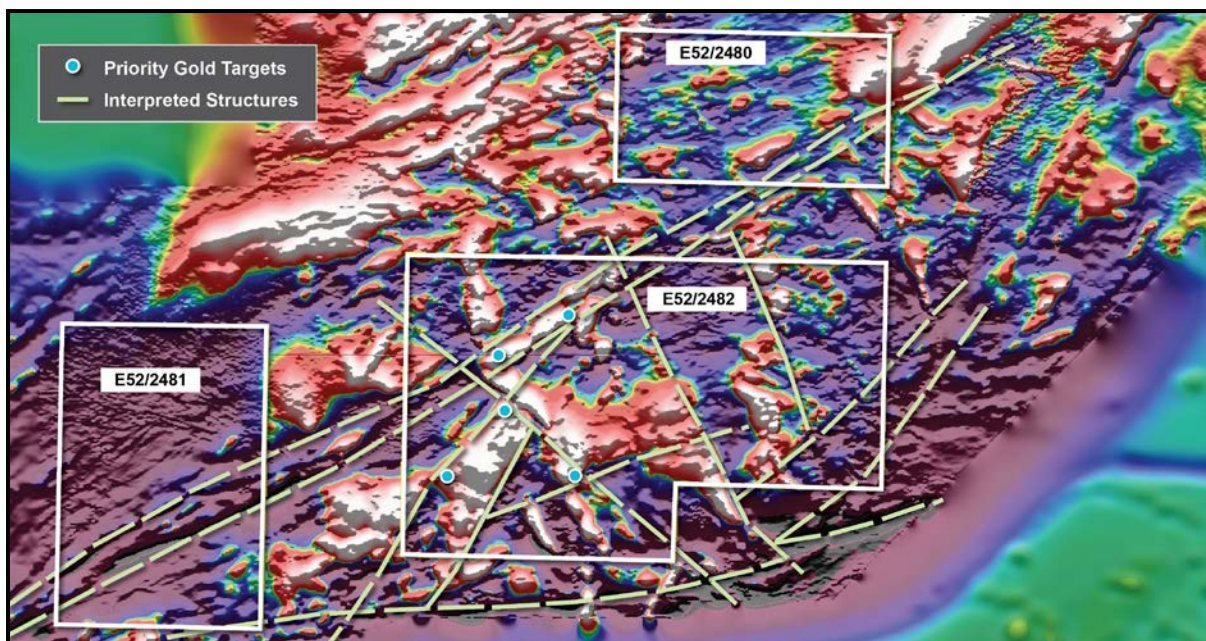


Figure 12: Geological structures were interpreted across the Project, which resulted in geochemical analysis of rock chip sampling.

It coincides with an area of previous lag geochemistry gold anomalies by Plutonic Operations, which were originally discounted as being alluvial in nature.

The Company believes that the results warrant a follow-up, close spaced sampling program over the anomalous areas prior to the possible undertaking of a drill program.

### Tanami Gold Project

Two exploration licences remain in application in the gold-prospective Tanami region of the Northern Territory. Further review will be undertaken pending grant of the licences.

*The information in this announcement that relates to Mineral Resources is based on information reviewed by Mr. Adrian Griffin, a Member of the Geological Society of Australia and of the Australasian Institute of Mining and Metallurgy and consultant to the Company. Mr. Griffin has sufficient experience that is relevant to the styles of mineralisation, types of deposits and exploration activities undertaken to qualify as a Competent Person, as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr. Griffin consents to inclusion in the report of the information in the form and context in which it appears.*

*The information in this report, insofar as it relates to mineral exploration activities, is based on information compiled by Malcolm Macleod, who is a member of the Australian Institute of Geoscientists, and who has more than five years experience in the field of activity being reported on. Mr Macleod is a full-time employee of the Company. Mr Macleod has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 edition of the 'Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Macleod consents to the inclusion in the report of matters based on his information in the form and context in which it appears.*

## AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor's, Stantons International, which is included on page 14.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'Peter Jermyn', written in a cursive style.

Mr Peter Jermyn

Chairman

Perth, 15 March 2012

15 March 2012

Board of Directors  
Astro Resources NL  
C/-Ground Floor,  
3 Richardson Street  
WEST PERTH WA 6005

Dear Sirs

**RE: ASTRO RESOURCES NL**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Astro Resources NL.

As Audit Director for the review of the financial statements of Astro Resources NL for the period ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**John Van Dieren**  
**Director**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Notes	31 December 2011 \$	31 December 2010 \$
<b>Continuing Operations</b>			
Revenue		25,980	59,138
Other Income		4,500	33,639
Exploration expenditure written off		(116,547)	-
Administration expenses		(759,112)	(371,166)
<b>Loss from continuing operations before income tax</b>		<u>(845,179)</u>	<u>(278,389)</u>
Income tax expense		-	-
<b>Loss from continuing operations after tax</b>		<u>(845,179)</u>	<u>(278,389)</u>
Other Comprehensive Income			
Net Loss on Revaluation of Financial Assets Available for sale		(16,800)	-
<b>Total Comprehensive (loss) for the period</b>		<u><u>(861,979)</u></u>	<u><u>(278,389)</u></u>
<b>Loss attributable to:</b>			
- <b>Members of Astro Resources NL</b>		(844,501)	(278,389)
- <b>Non- Controlling interest</b>		(678)	-
		<u>(845,179)</u>	<u>(278,389)</u>
<b>Total comprehensive (loss) attributable to the members of Astro Resources N L</b>		(861,301)	(278,389)
<b>Total comprehensive (loss) attributable to the Non Controlling Interest</b>		(678)	-
		<u>(861,979)</u>	<u>(278,389)</u>
Earnings per share (cents per share)			
- basic; for loss for the half-year		(0.048)	(0.02)
- diluted; for loss for the half-year		(0.048)	(0.02)

The accompanying notes form part of these Financial Statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

	Notes	31 December 2011	30 June 2011
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		469,650	1,811,062
Trade and other receivables		106,668	71,053
Inventories		4,000	4,000
Other current assets		-	13,370
Investments Held for Trading		-	21,000
<b>Total Current Assets</b>		580,318	1,920,485
<b>Non-Current Assets</b>			
Other receivables (Bonds)		80,366	78,213
Available-for-sale Investments		4,200	-
Exploration expenditure		3,839,900	1,995,118
Plant and equipment		8,183	9,412
<b>Total Non-Current assets</b>		3,932,649	2,082,743
<b>TOTAL ASSETS</b>		4,512,967	4,003,228
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		960,105	508,751
<b>Total Current Liabilities</b>		960,105	508,751
<b>Non-Current Liabilities</b>			
Other Creditors		200,000	-
<b>Total Non-Current Liabilities</b>		200,000	-
<b>TOTAL LIABILITIES</b>		1,160,105	508,751
<b>NET ASSETS</b>		3,352,862	3,494,477
<b>EQUITY</b>			
Issued Capital		6,483,475	5,843,054
Reserves		1,469,290	1,486,652
Accumulated losses		(4,679,730)	(3,835,229)
Parent Interest		3,273,035	3,494,477
Non-controlling Interest		79,827	-
<b>TOTAL EQUITY</b>		3,352,862	3,494,477

The accompanying notes form part of these Financial Statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Notes	31 December 2011 \$	31 December 2010 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(669,249)	(392,712)
Interest received		42,733	44,018
Interest paid		-	-
<b>Net cash flows from/(used in) operating activities</b>		<u>(626,516)</u>	<u>(348,694)</u>
<b>Cash flows from investing activities</b>			
Payment for exploration		(202,401)	(347,726)
Purchase of prospects		(665,000)	-
Purchase of equipment		(655)	(6,727)
Net cash on acquisition of Governor Well Minerals Pty Ltd		20,728	-
<b>Net cash flows from/(used in) investing activities</b>		<u>(847,328)</u>	<u>(354,453)</u>
<b>Cash flows from financing activities</b>			
Loans repaid by other entities		134,867	-
Proceeds from issue of shares		(2,435)	1,014,089
<b>Net cash flows from/(used in) financing activities</b>		<u>132,432</u>	<u>1,014,089</u>
Net increase/(decrease) in cash and cash equivalents		(1,341,412)	310,942
Cash and cash equivalents at beginning of period		1,811,062	2,160,842
<b>Cash and cash equivalents at end of period</b>		<u><u>469,650</u></u>	<u><u>2,471,784</u></u>

The accompanying notes form part of these Financial Statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED	Ordinary shares \$	Reserves \$	Accumulated losses \$	Non- Controlling Interest \$	Total equity \$
<b>At 1 July 2011</b>	<b>5,843,054</b>	<b>1,486,652</b>	<b>(3,835,229)</b>	-	<b>3,494,477</b>
Loss for the period attributable to members of the parent entity	-	-	(844,501)	-	(742,064)
Loss for the period attributable to non-controlling interest	-	-	-	(678)	(678)
Other comprehensive income	-	(16,800)	-	-	(16,800)
<b>Total Comprehensive income for the half year</b>	-	(16,800)	(844,501)	(678)	(861,979)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	640,000	-	-	-	640,000
Option premium reserve	-	-	-	-	-
Transaction costs on share issue	(141)	-	-	-	(141)
Expiry of Options	562	(562)	-	-	-
Non-Controlling Interest	-	-	-	80,505	80,505
<b>At 31 December 2011</b>	<b>6,483,475</b>	<b>1,469,290</b>	<b>(4,679,730)</b>	<b>79,827</b>	<b>3,352,862</b>
<b>At 1 July 2010</b>	<b>4,759,498</b>	<b>1,464,652</b>	<b>(2,859,747)</b>	-	<b>3,364,403</b>
Loss for the period	-	-	(278,389)	-	(278,389)
Other comprehensive income	-	-	-	-	-
<b>Total Comprehensive income for the half year</b>	-	-	(278,389)	-	(278,389)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued	1,130,000	-	-	-	1,130,000
Option premium reserve	-	-	-	-	-
Transaction costs on share issue	(46,444)	-	-	-	(46,444)
Share-based payment	-	22,000	-	-	22,000
<b>At 31 December 2010</b>	<b>5,843,054</b>	<b>1,486,652</b>	<b>(3,138,136)</b>	-	<b>4,191,570</b>

The accompanying notes form part of these Financial Statements.

## CONDENSED NOTES TO THE FINANCIAL ACCOUNTS FOR THE HALF YEARLY ENDED 31 DECEMBER 2011

### 1. CORPORATE INFORMATION

The financial report of Astro Resources NL (the company) for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 15 March 2012.

Astro Resources NL is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The half-year financial report should be read in conjunction with the Annual Financial Report of Astro Resources NL as at 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by Astro Resources NL and its controlled entities during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### (a) Basis of Preparation

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

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

#### Going Concern

The directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors believe this to be appropriate for the following reasons:

- The group has net working capital of (\$379,787), including a cash at bank of \$469,650 at 31 Dec 2011;
  - The corporate and administrative cost overheads of the Group have been restructured to achieve a reasonable level of cost reductions;
  - The company is reviewing opportunities to raise further equity from interested investors; and
  - The company is reviewing opportunities to joint venture the projects it currently holds.
- Having regard to these factors the directors are of the opinion that the basis upon which the financial statements are presented is appropriate in the circumstances. In the event that further capital cannot be raised, the Company may be required to realise its assets and extinguish its

liabilities other than in the normal course of the business and at amounts different from those stated in the financial statements. The financial statements do not include adjustments, if any, relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

### **Significant Accounting Policies**

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statement for the year ended 30 June 2011, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2011 as described in note 2 (c).

#### **(b) Basis of consolidation**

The half-year consolidated financial statements comprise the financial statements of Astro Resources NL and its controlled subsidiaries (the "Group").

#### **(c) New Accounting Standards and Interpretations**

##### **Accounting Standards not previously applied**

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this Financial Report on the basis that they represent a significant change in information from that previously made available.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 Related Party Disclosures (amendment) effective 1 January 2011
- AASB 132 Financial Instruments: Presentation (amendment) effective 1 February 2010  
AASB Int 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- Improvements to AASBs (May 2010)

The adoption of the standards or interpretations is described below:

##### **AASB 124 Related Party Transactions (Amendment)**

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

**AASB 132 Financial instruments: Presentation (Amendment)**

The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

**AASB Int 14 Prepayments of a Minimum Funding Requirement (Amendment)**

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

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

**3. FINANCIAL RISK MANAGEMENT**

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2011.

#### 4. SEGMENT INFORMATION

##### Identification of reportable segments

##### Operating Segments

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

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

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

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

The Group operates in now four operating segments being heavy minerals, diamond, uranium and gold exploration industry in one geographical location, being Australia. Therefore segment information for 2010 has been restated for comparison.

##### Types of Products and Services

###### *Heavy mineral Exploration.*

The Company is currently conducting exploration upon tenements considered prospective for heavy minerals. No income has been derived from the recovery of uranium in period ending 31 December 2011 (2010: N/A).

###### *Diamond exploration.*

The Company is currently conducting exploration upon tenements considered prospective for diamonds. No income has been derived from the recovery of diamonds in the period ending 31 December 2011 (2010: Nil).

###### *Uranium exploration.*

The Company is currently conducting exploration upon tenements considered prospective for uranium. No income has been derived from the recovery of uranium in period ending 31 December 2011 (2010: Nil).

###### *Gold exploration.*

The Company is currently conducting exploration upon tenements considered prospective for gold. Exploration activities are currently limited to aerial exploration due to the application status of the Tenements. No income has been derived from the recovery of gold in period ending 31 December 2011 (2010: Nil).

### Segment Information

The segment information provided to the Board of Directors for the reportable segments for the six months ended 31 December 2011 is as follows:

	Continuing Operations				Total	
	Diamond \$	Uranium \$	Gold \$	Heavy minerals \$	Unallocated \$	\$
<i>Six months ended 31 December 2011</i>						
<b>Revenue</b>						
Other revenues from external customers	-	-	-	-	30,480	30,480
Inter-segment revenue	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,480</b>	<b>30,480</b>
<b>Result</b>						
Segment result	-	-	-	-	(845,179)	(845,179)
(Loss) before income tax and non controlling interests	-	-	-	-	(845,179)	(845,179)
Income tax expense	-	-	-	-	-	-
<b>Net (loss) for the six months as Statement of Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(845,179)</b>	<b>(845,179)</b>
<b>Other segment information</b>						
Interest Revenue	-	-	-	-	25,980	25,980
Depreciation	-	-	-	-	(1,994)	(1,944)
<b>Assets and Liabilities</b>						
<b>Segment assets</b>						
- Exploration Expenditure	238,441	744,482	881,810	1,975,167	-	3,839,900
- Inventories	4,000	-	-	-	-	4,000
	<b>242,441</b>	<b>744,482</b>	<b>881,810</b>	<b>1,975,167</b>	<b>-</b>	<b>3,843,900</b>
<b>Unallocated assets</b>						
- Available for sale assets	-	-	-	-	4,200	4,200
- Cash and cash equivalents	-	-	-	-	469,650	469,650
- Trade and other receivables	-	-	-	-	106,668	106,668
- Other receivables (Bond)	-	-	-	-	80,366	80,366
- Plant and Equipment	-	-	-	-	8,183	8,183
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>669,067</b>	<b>669,067</b>
<b>Total assets as per the Statement of Financial Position</b>	<b>242,441</b>	<b>744,482</b>	<b>881,810</b>	<b>1,975,167</b>	<b>669,067</b>	<b>4,512,967</b>
<b>Segment liabilities</b>						
<b>Unallocated liabilities</b>						
- Trade and other Payables	-	-	-	-	960,105	960,105
- Other Creditors	-	-	-	-	200,000	200,000
<b>Total liabilities as per the Statement of Financial Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,160,105</b>	<b>1,160,105</b>

**SEGMENT INFORMATION (Cont.)**

	Continuing Operations				Total
	Diamond \$	Uranium \$	Gold \$	Unallocated \$	\$
<i>Six months ended 31 December 2010</i>					
<b>Revenue</b>					
Other revenues from external customers	-	-	-	92,777	92,777
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	-	-	92,777	92,777
<b>Result</b>					
Segment result	-	-	-	(278,389)	(278,389)
(Loss) before income tax and non controlling interests	-	-	-	(278,389)	(278,389)
Income tax expense	-	-	-	-	-
Net (loss) for the six months as Statement of Comprehensive Income	-	-	-	(278,389)	(278,389)
Other segment information					
Interest Revenue	-	-	-	59,138	59,138
Depreciation	-	-	-	(6,862)	(6,862)
<b>Assets and Liabilities</b>					
Segment assets					
- Exploration Expenditure	474,683	679,960	891,824	-	2,046,467
- Inventories	4,000	-	-	-	4,000
	478,683	679,960	891,824	-	2,050,467
Unallocated assets					
- Available for sale assets	-	-	-	23,400	23,400
- Cash and cash equivalents	-	-	-	2,471,784	2,471,784
- Trade and other receivables	-	-	-	79,708	79,708
- Plant and Equipment	-	-	-	10,590	10,590
	-	-	-	2,585,482	2,585,482
Total assets as per the Statement of Financial Position	478,683	679,960	891,824	2,585,482	4,635,949
Segment liabilities					
Unallocated liabilities					
- Trade and other Payables	-	-	-	444,378	444,378
Total liabilities as per the Statement of Financial Position	-	-	-	444,378	444,378

**5. REVENUE, INCOME AND EXPENSES FROM CONTINUING OPERATIONS**

<i>Revenue</i>	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
Finance revenue	25,980	59,138
Total revenue	25,980	59,138

*Breakdown of finance revenue*

Interest		
Other Entity	25,980	59,138
	25,980	59,138

*Other income*

Income from sourcing out labour	4,500	-
Rent and administration fees received	-	33,639
Total other income	4,500	33,639

*Finance costs*

Bank loans and overdrafts	-	-
Total finance costs	-	-

**6. NON-CURRENT LIABILITIES**

Other creditors of \$200,000 is the value of the contingent consideration of the issue of 20 million shares for the acquisition of MacPhee Resources Pty Ltd on the following basis:

- 10 million Shares to be issued on the commencement of drilling.
- 10 million shares to be issued on achieving an inferred JORC resource of 5 million pounds.

The contingent consideration is dependant upon heritage and other statutory approvals and is anticipated that this will not be finalised within the next 12 months.

## **7. ACQUISITION OF GOVERNOR WELL MINERALS PTY LTD**

On the 13 July 2011, the Company extended its exclusivity over the Scott Coastal Plain Mineral Sands Project held by Governor Well Minerals Pty Ltd (GWM).

On the 2 August 2011, the Company announced it had paid a \$150,000 option fee for the rights to acquire (subject to a 45 day due diligence period), 80% of the issued share capital of GWM for an agreed cash and share consideration (as detailed below).

On the 20 September 2011, the Company announced the completion of the acquisition an 80% equity interest in GWM. The final terms of the acquisition;

### **Cash Consideration**

1. \$500,000 payable on completion, \$500,000 payable in 6 months from completion or upon the cumulative raising of \$2million by the Company (all paid or accrued as at 31 December 2011).
2. \$100,000 to be paid within 21 days after the date of Ministerial approval of the conversion of E70/2372 to a mining lease (refer to note 7); and
3. \$250,000 shall be paid within 21 days of a decision being made by the Company to mine any minerals from any Tenement (refer to note 7).

### **Share Consideration**

1. 80 million fully paid ordinary shares (Shares) issued on completion with a further 120 million shares following Shareholder approval at the Company's AGM 30 November 2011 .(All issued prior to 31 Dec 2011)
2. 150 million Shares shall be issued to the Seller within 21 days after the date of Ministerial approval of E70/2372 to a mining lease (refer below); and
3. 100 million Shares shall be issued to Seller within 21 days of a decision being made by the Company to mine any minerals from any Tenement within the Project.

The Company accounted for the probability (25%) that the 150,000,000 shares would be issued (at a deemed 4 cents each) (\$150,000) and a 75% probability that \$100,000 cash would need to be paid (\$75,000). The \$175,000 is disclosed as a deferred purchase consideration and is part of trade creditors and accruals as at 31 December 2011.

### **Net Revenue Royalty**

The Vendor is to retain a 1.5% per cent net revenue royalty on any minerals produced from the project.

The assets acquired and liabilities assumed at the date of acquisition are as follows:

	<b>Recognised on Acquisition</b>
	<b>\$</b>
Cash	182,874
Capitalised Exploration	204,131
Other Assets	110,797
Liabilities	(248,428)
<b>Net Assets</b>	249,374
<b>Cost of acquisition</b>	1,815,000
<b>Mineral Tenements acquired</b>	1,565,626

## 8. COMMITMENTS AND CONTINGENCIES

### Exploration

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

	<b>Consolidated</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
No Later than one year	394,723	165,812
	394,723	165,812
	394,723	165,812

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

Astro Resources NL	-
Macphee Resources Pty Ltd	88,792
East Kimberley Diamond Corporation Pty Ltd	51,880
North Doolgunna Metals Pty Ltd	80,771
Governor Well Minerals Pty Ltd	173,280
	394,723
	394,723

There is a contingent liability for Astro deciding to mine on Governor Well Minerals Pty Ltd's tenements. This is based on the probability of having to pay \$250,000 cash and issuing 100 million ARO shares valued at \$0.004 as noted above.

**9. CONTRIBUTED EQUITY**

		<b>Consolidated</b>	
		<b>31 December</b>	
		<b>2011</b>	<b>30 June 2011</b>
		<b>\$</b>	<b>\$</b>
	Ordinary shares (i)	6,483,475	5,843,054
<i>(i) Ordinary shares</i>			
Fully paid ordinary shares carry one vote per share and carry the right to dividends.			
<i>Movement in ordinary shares on issue</i>			
Date	Details	No.	\$
1 July 2011	Opening Balance	1,730,034,572	5,843,054
*20 September 2011	GWM acquisition	80,000,000	320,000
*2 December 2011	GWM acquisition	120,000,000	384,000
	Transaction costs	-	(704,000)
		1,930,034,572	5,843,054
<i>*Fully paid ordinary shares issued, voluntarily escrowed to 19-Sep-2012</i>			
<i>Movement in options expiring 30 April 2012 (Ex \$0.25)</i>			
01-Jul-2010	Opening Balance	13,565,356	1,255,912
		13,565,356	1,255,912
<i>Movement in options expiring 19 October 2011 (Ex \$0.004)</i>			
01-Jul-2009	Opening Balance	250,000	563
19 - Oct-2011	Options Expiring	(250,000)	(563)
		-	-
<i>Movement in options expiring 31 March 2012 (Ex \$0.02)</i>			
01-Jul-2011	Opening Balance	11,000,000	44,000
		11,000,000	44,000
<i>Movement in options expiring 30 June 2012 (Ex \$0.01)</i>			
01-Jul-2011	Opening Balance	130,000,000	-
		130,000,000	-
<i>Movement in options expiring 30 November 2012 (Ex \$0.05)</i>			
01-Jul-2009	Opening Balance	319,163,322	-
		319,163,322	-
<i>Movement in options expiring 31 July 2013 (Ex \$0.01)</i>			
01-Jul-2009	Opening Balance	47,500,000	164,178
		47,500,000	164,178
<i>Movement in options expiring 31 July 2013 (Ex \$0.01)</i>			
07-Oct-10	Issued re NDM acquisition	5,500,000	22,000
		5,500,000	22,000

**10. EVENTS AFTER THE BALANCE SHEET DATE**

Since the balance sheet date, the following significant events have occurred:

As announced to the ASX dated 29 February 2012, the company has successful completion of a \$500,000 capital raising. The 250,000,000 fully paid ordinary shares were issued with 1:4 free-attaching options (exercisable \$0.005 (0.5c) expiring 30 June 2014) ("Options") to be issued subject to Shareholder approval, which will be sought at an upcoming meeting of shareholders.

As announced to the ASX on 23 February 2012, the Company notified it's intention to raise a \$2,600,000 via a fully underwritten, non-renouncable 3:5 Rights Issue, with 1 free-attaching Option for each 4 Shares issue pursuant to the Rights Issue. A mandate has been agreed between the Company and Pareto Capital Pty Ltd ("Pareto" ) and subsequent Underwriting Agreement detailing the terms of the Rights Issue and underwriting including a 6% underwriting fee.

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Astro Resources NL, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - i. give a true and fair view of the financial position as at the 31 December 2011 and the performance for the half-year ended on that date; and
  - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporation Regulations 2001.
- (b) in the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts, as and when they fall due and payable.

Signed in accordance with a resolution of the Board of Directors.



Mr Peter Jermyn  
Chairman

Perth, 15 March 2012

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ASTRO RESOURCES NL**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Astro Resources NL, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Astro Resources NL (the consolidated entity). The consolidated entity comprises both Astro Resources NL (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Astro Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Astro Resources NL on 15 March 2012.

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.


*Inherent Uncertainty Regarding Going Concern and Capitalised Exploration Cost*

Without qualification to the opinion expressed above, attention is drawn to the following matters:

The financial statements have been prepared on the going concern basis. At 31 December 2011 the consolidated entity had net working capital deficiency of \$379,787 and had incurred a loss for the year of \$845,179. The ability of the consolidated entity to continue as a going concern is subject to the successful recapitalisation of the consolidated entity. In the event that the Board is not successful in recapitalising the consolidated entity and in raising further funds, the consolidated entity may not be able to continue in its present form and may not be able to meet its planned commitments.

The recoverability of the Group's carrying value of capitalised exploration costs (\$3,839,900) is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate profits at amounts in excess of the book values. In the event that the Group is not successful in commercial exploitation and/or sale of the assets, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**John Van P Dieren**  
**Director**

West Perth, Western Australia  
15 March 2012