

Notes to the Financial Statements

For The Year Ended 30 June 2016

advanced to realise a joint venture and a letter of credit arrangement. The timing of the need and source of the funding is dependent on the issue of the mining licence which is now expected toward the end of the financial year.

Funding for the Donald project is advancing with Chinese sources, with a capital expenditure agreement having been signed, subject to various provisions. There will be a need for additional funding over and above this, which will be pursued when the definitive feasibility study is complete and the timing of the Chinese funding becomes clearer. Options available to the Group include a mixture of equity and debt funding and the directors believe that such funding will be forthcoming. There can be no assurance that the Group will be able to obtain, or access additional funding when required, or that the terms associated with the funding will be acceptable to the Group. Similarly, there are risks that the timeline developed for the completion of the plant, subsequent commissioning, economically sufficient production, and subsequent sales will not be achieved as planned.

This financial report does 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.

(x) 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.

(y) Dividends/Return of Capital

No dividends were paid or proposed for the years ended 30 June 2016 and 30 June 2015. There is no Dividend Reinvestment Plan in operation.