astro resources nl

# QUARTERLY REPORT – 31 March 2017

**Astro Resources NL is an Australian-based mineral resources company focused on the commercial development and production of economically and environmentally sustainable mineral sands deposits, diamonds and other minerals.**

## Highlights

- No work on Governor Broome project, although options are being considered for the Jack Track project.
- Major shareholder, MIL has provided a $500,000 loan facility. Current level of funding needs under review, including a prior year stamp duty liability obligation.
- Prior year's stamp duty liability claim from OSR of approximately $166,000 and submission has been made for a lower amount. The Company is waiting for a response from the OSR

The board of Astro Resources NL (**Astro** or the **Company**) (ASX: **ARO**) is pleased to release the quarterly report and appendix 5B for the period ended 31 March 2017:

## Governor Broome

### *About Governor Broome*

Astro's Governor Broome mineral sands project is located in the southern-eastern region of Western Australia. The project is broken up into two parts, R70/53, 100% owned by Astro Resources, and E70/2464 which is the subject to the Farm-in & Joint Venture Agreement with Iluka Resources Limited (see below for further details).

### *Governor Broome (excluding Iluka Joint Venture)*

The R70/53 licence area subject to an Indicated Inferred JORC (2012) resource, details of which have been previously provided in the Company's quarterly activities and cash flow statement. The Retention Licence was formerly known as E70/2372. No field exploration activity has been undertaken by the Company during the quarter.

### *Iluka Joint Venture*

Exploration licence E70/2464, in the SW region of Western Australia, is subject to Farm-In and Exploration Joint Venture Agreement ("**Iluka JV")** between Iluka Resources and Governor Broome Sands Pty Ltd ("**GBS"),** a wholly owned subsidiary of the Company**.** Exploration drilling by Iluka has delineated a heavy minerals ("**HM**") sands resource within the licence, in an area known as the "Jack Track" deposit.

The Company has previously announced a Maiden Inferred Mineral Resource of 18.8 Mt @ 4.7% HM at a 3.0% HM lower cut-off grade, a resource reported in accordance with the guidelines outlined in the JORC Code (2012) for Exploration Results, Mineral Resources and Ore Reserves.

No work was completed on the Iluka JV during the quarter. Iluka continues to assess options for progression of this resource.

## East Kimberley Diamonds

The Company holds the Lower Smoke Creek (E80/4120) and the Carr Boyd (E80/4316) exploration licences that adjoin the Argyle, and the former Bow River Diamond Mines within the East Kimberley region of Western Australia.

During the December quarter, the Company completed a 57-line km ground penetrating radar (GPR) survey for the Lower Smoke Creek licence area to detect and delineate palaeo-stream channels as potential targets for alluvial diamond deposits.

In the main target area, where the survey lines were more closely spaced, a gravel accumulation infilling a relatively deep (>12M) bedrock sump was discovered and represents a compelling target for future exploration. The main alluvial area remains open towards the NW where the GPR survey was not undertaken.

On the south side of Smoke Creek another potential target area was been found where a palaeo-channel has deflected northwest probably in response to a bedrock barrier causing the channel to change direction.

During the quarter planning work was undertaken in order undertake a new higher resolution GPR survey to verify the GPR results and to provide a 3D GPR model of the main deep trap site in addition it is planned to extend the main target area northwards. The identified areas have significant potential for an undisturbed (in recent geological time). diamond trap site. The analysis and interpretation of the GPR data will (subject to the necessary DMP approvals and Heritage survey if required) then be bulk sampled utilising the Company's Mitchell and Cotts 10 tonne/hr HMS plant currently situated nearby at Lissadell Station.

Full details of the above exploration program can be found in the announcement dated 14 December 2016 and further amended on 22 December.

## Corporate

### *Debt facility and funding*

The Company has received a commitment for financial support from Mining Investments Limited (**MIL**) for the amount of up to $500,000. This amount is believed to enable the Company to continue is ordinary operations for a period of 12 months. The terms of the facility have been set out in note 1(b) of the Half Yearly Annual Report.

In addition to the above, the Company continues to asses other funding options for the Company.

*Stamp duty liability*

As announced on the 9th January 2017, the Company has received a draft assessment for stamp duty for an amount of approximately $166,000. The Company has completed its submission to the Office of State Revenue (**OSR**) for a lower sum and is waiting for a response. Further details will be made available as they come to hand.

*Acquisitions*

The Company continues to review acquisitions particularly in the diamond and mineral sands exploration area, both in Australia and overseas.

**ENDS**

*For enquiries, please contact:*

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Company Secretary
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The information in this report as it relates to Mineral Resources and Exploration Targets for the Governor Broome Deposit (excluding that of the Iluka JV is based on information compiled by John Doepel (Director of Continental Resource Management Pty Ltd (CRM), who is a member of the Australasian Institute of Mining and Metallurgy). Mr Doepel has sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration and are qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Doepel consents to the inclusion in the report of the information in the form and context in which it appears.

The information in this report as it relates to Iluka JV is based on information compiled by Shaun Seah under the review of Brett Gibson who is a member of The Australasian Institute of Geoscientists and a full time employee of Iluka. Brett Gibson has sufficient experience which is relevant to this style of mineralisation to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code and consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

The information in this report as it relates to Mineral Resources for the East Kimberley diamond deposits is based on information compiled by Michael Povey C.Eng who is a member of the Australasian Institute of Mining and Metallurgy). Mr Povey has sufficient experience in mineral resource estimation, which is relevant to the style of mineralisation and type of deposit under consideration and are qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Povey consents to the inclusion in the report of the information in the form and context in which it appears.

## List of tenements as at 31 March 2017

| Holder | Project | Lease | Location | Lease Status |
|---|---|---|---|---|
| Governor Broome | Governor Broome | Retention Licence R70/53 (formerly E70/2372) | Nannup - Southern WA | Granted |
| Governor Broome (20%), Iluka Resources Limited (80%) | Governor Broome | E70/2464 | Nannup - Southern WA | Granted |
| Governor Broome | Governor Broome | E70/3681 | Nannup - Southern WA | Granted |
| Governor Broome | Governor Broome | E70/4418 | Nannup - Southern WA | Granted |
| East Kimberley Diamond Mines | Lower Smoke Creek | E80/4120 | Kimberley - Northern WA | Granted |
| East Kimberley Diamond Mines | Carr Boyd Range | E80/4316 | Kimberley - Northern WA | Granted |
| Governor Broome | Governor Broome | P70/1584 | Nannup - Southern WA | Granted |
| Governor Broome | Governor Broome | P70/1639 | Nannup - Southern WA | Granted |
| Governor Broome | Governor Broome | P70/1640 | Nannup - Southern WA | Granted |
| East Kimberley Diamond Mines | Argyle Dykes | P80/1615 | Kimberley - Northern WA | Granted |
| East Kimberley Diamond Mines | Argyle Dykes | P80/1616 | Kimberley - Northern WA | Granted |
| East Kimberley Diamond Mines | Argyle Dykes | P80/1617 | Kimberley - Northern WA | Granted |

*Rule 5.3*

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Astro Resources NL

| ABN | Quarter ended ("current quarter") |
|---|---|
| 96 007 090 904 | 31 March 2017 |

## Consolidated statement of cash flows

| | **Cash flows related to operating activities** | | Current quarter $A'000 | Year to date (six-months) $A'000 |
|---|---|---|---|---|
| 1.1 | Receipts from product sales and related debtors | | - | - |
| 1.2 | Payments for | (a) exploration & evaluation | (25) | (685) |
| | | (b) development | - | - |
| | | (c) production | - | - |
| | | (d) administration | (7) | (199) |
| 1.3 | Dividends received | | - | - |
| 1.4 | Interest and other items of a similar nature received | | - | - |
| 1.5 | Interest and other costs of finance paid | | - | - |
| 1.6 | Income taxes paid | | - | - |
| 1.7 | Other (provide details if material) | | - | - |
| | **Net Operating Cash Flows** | | (32) | (884) |
| | **Cash flows related to investing activities** | | | |
| 1.8 | Payment for purchases of: | | - | - |
| | | (a) prospects | - | - |
| | | (b) equity investments | - | - |
| | | (c) other fixed assets | - | - |
| 1.9 | Proceeds from sale of: | | - | - |
| | | (a) prospects | - | - |
| | | (b) equity investments | - | - |
| | | (c) other fixed assets | - | - |
| 1.10 | Loans to other entities | | - | - |

| | | | |
|---|---|---|---|
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (provide details if material) | - | - |
| | **Net investing cash flows** | - | - |
| 1.13 | Total operating and investing cash flows (carried forward) | (32) | (884) |
| 1.13 | Total operating and investing cash flows (brought forward) | (32) | (884) |
| | **Cash flows related to financing activities** | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 1,100 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) – transaction costs (costs of the rights issue) | (77) | (157) |
| | **Net financing cash flows** | (77) | 942 |
| | **Net increase (decrease) in cash held** | (109) | 58 |
| 1.20 | Cash at beginning of quarter/year to date | 188 | 21 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | **Cash at end of quarter** | 79 | 79 |

## Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

| | | Current quarter<br>$A'000 |
|---|---|---|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | (34) |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Included in the other expenses is the costs of the rights issue completed in September 2016. The costs comprise mainly of share registry, legal and broker fees.

## Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Loan facility from Mining Investments Limited of up to $500,000 has been made available to the Company. The terms of the loan are interest rate of 12% per annum and is repayable 13 months from the date of draw down.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

## Financing facilities available

*Add notes as necessary for an understanding of the position.*

| | | Amount available $A | Amount used $A |
|---|---|---|---|
| 3.1 | Loan facilities | 500,000 | Nil |
| 3.2 | Credit standby arrangements | | |

## Estimated cash outflows for next quarter

| | | $A'000 |
|---|---|---|
| 4.1 | Exploration and evaluation | (75) |
| 4.2 | Development | - |
| 4.3 | Production | - |
| 4.4 | Administration | (74) |
| | **Total** | **(149)** |

## Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Current quarter $A'000 | Previous quarter $A'000 |
|---|---|---|---|
| 5.1 | Cash on hand and at bank | 79 | 188 |
| 5.2 | Deposits at call | - | - |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other (provide details) | - | - |
| | **Total: cash at end of quarter** (item 1.22) | 79 | 188 |

## Changes in interests in mining tenements and petroleum tenements

| | | Tenement reference and location | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|---|---|---|---|---|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | | | | |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased | | | | |

## Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

| | | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|---|---|---|---|---|---|
| 7.1 | **Preference +securities** *(description)* | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | **+Ordinary securities** | 882,927,320 | 882,927,320 | | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 772,551,405 | 772,551,405 | $0.004 | $0.004 |
| 7.5 | **+Convertible debt securities** *(description)* | | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | **Options** *(description and conversion factor)* | 772,551,405 | - | Exercise price of $0.004 | Expiry date one and half years from 8 September 2016 |
| 7.8 | Issued during quarter | 772,551,405 | - | Exercise price of $0.004 | Expiry date one and half years from 8 September 2016 |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | **Debentures** *(totals only)* | | | | |
| 7.12 | **Unsecured notes** *(totals only)* | | | | |

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date 19 April 2017
Print name: Vincent J Fayad, Company Secretary

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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