

QUARTERLY REPORT – 31 December 2018

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, gold and other minerals.

Highlights

- **Needles:** - 2,500m reverse circulation (RC) drilling program is planned to commence in the middle of the March 2019 quarter, subject to permit confirmation.
- **Governor Broome:** - the Company has completed preparations to carry out an infill air-core drill programme at Governor Broome in order to enable the upgrade of the Southeast Deposit from Inferred Resource status to Indicated Resource status. A drilling program of 160 20 metre holes is commence in January 2019. No work was undertaken on the 20% owned Jack Track tenement.
- **Diamonds:** - Further progression including:
 - access for exploration reconnaissance work was agreed;
 - heritage survey over target areas of planned sampling work;
 - refurbishment plans for the HMS plant put into place; and
 - scoping plans for engineering works for sampling of GPR indicated palaeochannels, now in place.
- Completion of a successful capital raising for the amount of \$905,800. This together with the undrawn loan facility from Gun Capital Management of approximately \$428,000 provides the Company with capacity to undertake identified key works for the advancement of its projects.
- Settlement of the Western Australia stamp duty liability at lower amount than expectation.

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 December 2018:

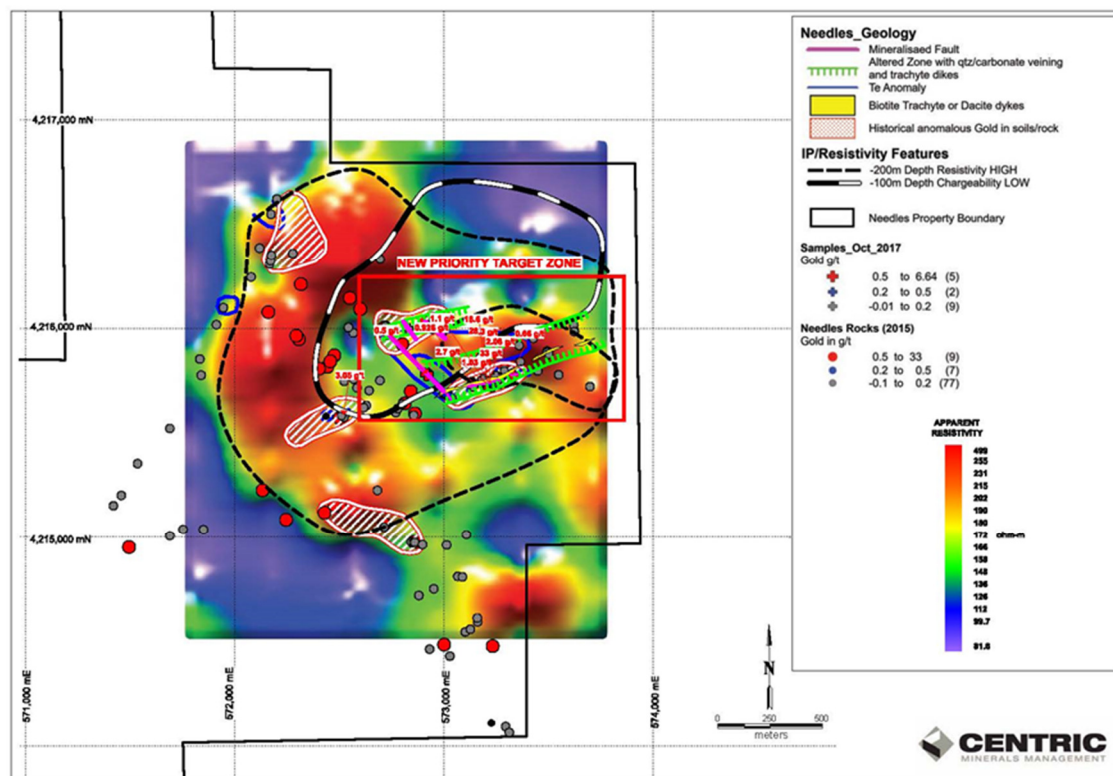
Needles Project

During the Quarter the Company began planning a 2,500m reverse circulation (RC) drilling program for the Needles Project in Nevada, USA. The drilling program is targeting high priority areas interpreted from the ground based geophysics program completed in 2018, which are coincident with previous mapping and sampling. The results from the geophysics survey strongly support the caldera style low sulphidation deposit model for the main target zone.

The key feature interpreted from the geophysics is a large circular feature 2km x 1.6km in size and is identified in both the resistivity and chargeability models which is postulated to be a collapsed caldera. This feature has coincident gold anomalism on its margins (Map 1), consistent with this deposit model. The gold/silver mineralisation and alteration identified by the Company's consultants (Centric Minerals Management Pty Ltd) occur on the south-eastern edge of the circular feature, and as such the unmapped portions of this feature will be mapped and sampled as a priority during the March 2019 Quarter prior to drilling.

Given the coincident nature of these features plus the location of the gold mineralisation and alteration along the margins of the circular feature the hypothesized caldera style low sulphidation epithermal model has more credence and further exploration is warranted focussed in this part of the property.

Details of the proposed drilling program will be detailed in a further announcement. It is anticipated that the drilling will commence towards the middle of the March Quarter with permits expected to be lodged shortly.



Map 1 – 200m depth resistivity grid with gold in rocks and mapped alteration zone. Features identified in the chargeability and resistivity have been highlighted.

Governor Broome

Astro's Governor Broome Mineral Sands Project is located in the southwestern region of Western Australia. The project is broken up into two parts, R70/53, 100% owned by Astro Resources, and R70/58 which is the subject to the Farm-in and Joint Venture Agreement with Iluka Resources Limited (**Iluka Joint Venture**), (see below for further details).

Governor Broome (excluding Iluka Joint Venture)

The R70/53 licence area contains Indicated and Inferred Mineral Resources (JORC 2012), details of which have been previously provided in the Company's quarterly activities and cash flow statement.

During the December 2018 quarter the Company completed preparations to carry out an infill air-core drill programme at Governor Broome in order to enable the upgrade of the Southeast Deposit from Inferred Resource status to Indicated Resource status. An Inferred Resource of 32Mt @ 4.6% HM, 15% Slimes and 12% Oversize has previously been reported for the Southeast Deposit (ARO ASX Announcement 12 February 2015). The decision to upgrade the resource category follows the Company's positive feedback from the preliminary study conducted by TZMI.

The drilling programme will comprise approximately one hundred and sixty (160) 20m holes. All necessary approvals have been obtained and it is expected that the programme will commence in January 2019.

The resource upgrade will include a mineralogical study of the intersected heavy mineral mineralisation and a re-estimation of the resource. The Company expects to report the upgraded resource in April or May 2019.

Iluka Joint Venture

The Jack Track Heavy Mineral Sand Deposit is located on Retention licence R70/58. The Iluka Joint Venture is between Iluka Resources Limited (80%) and Governor Broome Sands Pty Ltd (20%), a wholly owned subsidiary of the Company.

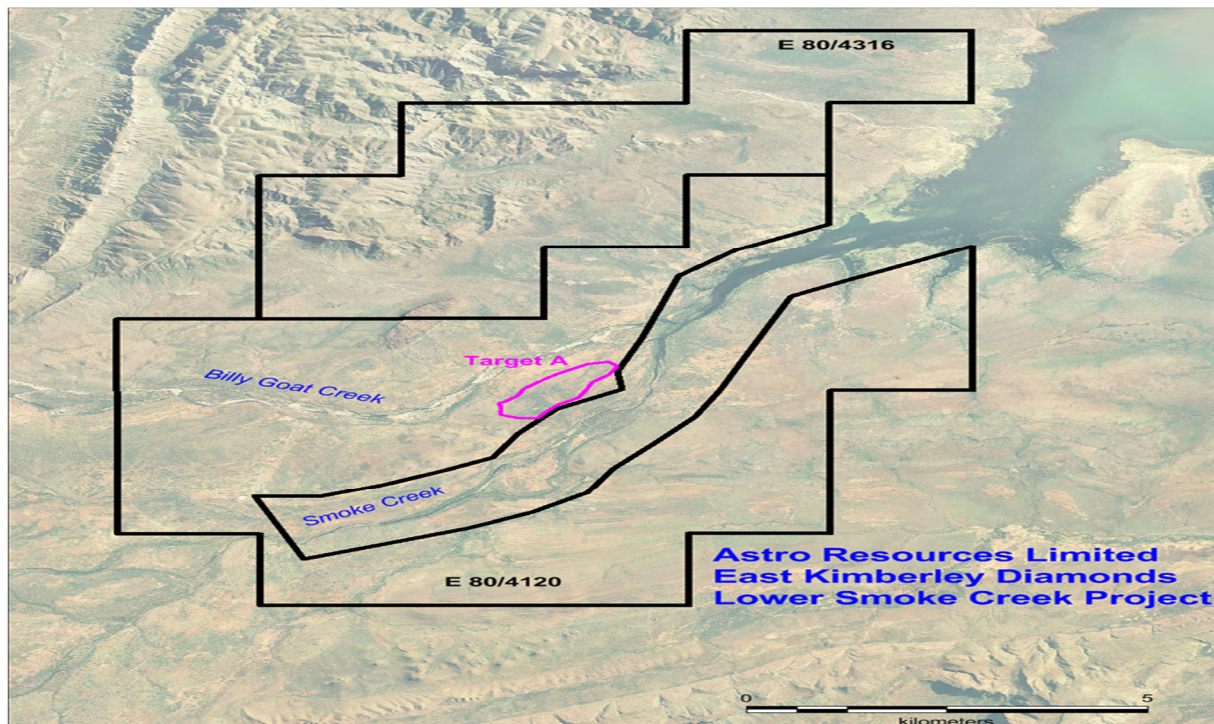
Exploration drilling by Iluka delineated a heavy mineral (“**HM**”) sands deposit, the Jack Track Deposit, for which the Company has previously announced a Maiden Inferred Mineral Resource of 18.8 Mt @ 4.7% HM at a 3.0% HM lower cut-off grade, a resource estimated in accordance with the guidelines outlined in the JORC Code (2012), the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

No activity was undertaken during the quarter for the Iluka JV.

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 (**Diamonds Project**).

Figure 1 is a map of the Diamonds Project:



Activities during the Quarter advanced towards a detailed program during the 2019 field season.

- ongoing liaison with the local NTO group resulted in an expanded agreement the project area. Access for exploration reconnaissance work was agreed and date set for heritage survey over target areas of planned sampling work. The survey is scheduled to occur during January;

- detailed plans were developed for the refurbishment of the Company's DMS plant early in the New Year. A team has been assembled, budgeting undertaken and a highly experienced works consultant/manager engaged;
- preparatory field reconnaissance of the area was undertaken for the commencement of the 2019 exploration program. Geotechnical data assembly is ongoing; and
- detailed development of the 2019 plan and budget included scoping of engineering works for sampling of GPR indicated palaeochannels.

In addition to the above, as a result of the ongoing review and management of the Company's tenements, a decision was made subsequent to 31 December 2018 to surrender the lease at Carr Boyd Range E80/4316. This lease was assessed to be of low exploration potential.

Corporate Matters

Placement

On the 31st December 2018, the Company announced the completion of a successful capital raising of 386,419,463 shares at \$0.0024 per share of which 9,002,800 shares were used to pay for introductory fees. As a result, an amount of \$905,800 was raised before costs (mainly legal fees and regulatory costs and expenses) (**Placement**).

The funds raised from the Placement will be used to undertake the work set out in the Prospectus dated 13 December 2018, notably the resource upgrade for Governor Broome and the drilling at the Nevada project.

Debt facility and funding

As previously announced, the Company has in place loan agreements with Gun Capital Management Pty Ltd (**Gun Capital Management**) for a working capital facility of up to \$700,000. This facility is in addition to a previous working capital facility for the funding of the Needles project.

During the quarter, the Company drew down \$312,500. As at 31 December 2018, the Company had facilities with Gun Capital Management totalling \$1.8 million of which \$1.372million was drawn (which includes capitalised interest) leaving an undrawn amount of \$428,000.

On 12 December 2018, the Company announced that Gun Capital Management would not seek repayment of the loan and that, subject to Jacob Khouri remaining on the board, the loan can extend beyond the maturity date.

Cash flow

During the quarter, the cash flow from operations benefited from the continued support from Directors of not receiving payment for their services. However, as announced on 12 December during the quarter the amount owing to former director Michael Povey was assigned to a substantial shareholder as part of a debt offset. This liability has been paid subsequent to 31 December 2018.

Stamp duty liability

As announced on 12 December 2018, the Company announced that it has received from the Western Australia Office of State Revenue (WA OSR) the final assessment of \$91,894.80 in relation to the acquisition of the Governor Broome project. This liability was lower than that provided for in the 30 June 2018 financial report of \$94,870. The liability has subsequently been settled and the balance will be reflected in the half year earnings.

ENDS

For enquiries, please contact:

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Director and 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, a 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 relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Doepel consents to the inclusion in this announcement 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 Australian 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and consents to the inclusion in the report of the information in the form and context in which it appears.

The information in this report that relates to Exploration Results for the Needles Property is based on information compiled by Charles Straw, a Director of Centric Minerals Management Pty Ltd. Mr Straw is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Straw consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this report as it relates to Exploration Results for the East Kimberley diamond deposits is based on information compiled by Greg Bromley, a director of Sardonyx Pty Ltd, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Bromley has sufficient experience 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 Bromley 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 December 2018

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	Retention Licence R70/58 (formerly E70/2464)	Nannup - Southern WA	Granted
East Kimberley Diamond Mines	Lower Smoke Creek	E80/4120	Kimberley - Northern WA	Granted
East Kimberley Diamond Mines	Carr Boyd Range	¹ E80/4316	Kimberley - Northern WA	Granted
Governor Broome	Governor Broome	P70/1584	Nannup - Southern WA	Granted
Needles Holdings	Needles		Nevada - USA	Granted

Notes

¹This has been now surrounded in January 2019.

Astro Resources NL

ABN

96 007 090 904

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(172)	(222)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(29)	(59)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(201)	(281)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	905	905
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(31)	(31)
3.5	Proceeds from borrowings	227	312
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,101	1,186

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11	6
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(201)	(281)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,101	1,186
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	911	911

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances		
5.2	Call deposits	911	11
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	911	11

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
12
-

Payments made during the quarter were in relation to Directors Fees (\$11,823).
Included in the above, is a final payment of \$5,223 for services rendered by an ex-director of the Company.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan facility from Gun Capital Management Pty Ltd (Gun) of up to \$1,100,000 has been made available to the Company. The terms of the facility are interest rate of 12% per annum and is repayable 13 months from the date of draw down, with a right to extend for a further 13 months if agreed by the parties. In addition to the above, the Company reached terms Gun for a further facility of \$700,000. The terms of the facility are interest rate of 15% per annum and is repayable 13 months from the date of draw down, with a right to extend for a further 13 months if agreed by the parties.

Refer to the market announcement dated 12 December 2018 in relation to the requirement for repayment of the loan.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,800	1,372
-	-
-	-

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

473

9.2 Development

-

9.3 Production

-

9.4 Staff costs

-

9.5 Administration and corporate costs

121

9.6 Other (provide details if material) – Stamp duty (\$92k and settlement of the amount owing to the former director (\$33k) and HMS Plant (140k)

265

9.7 Total estimated cash outflows

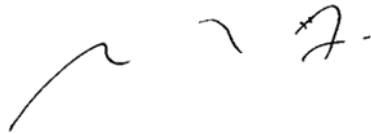
859

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 23 January 2019

Print name: Vincent J Fayad, Company Secretary and Director

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.