

QUARTERLY REPORT – 30 JUNE 2019

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

- *Governor Broome:* -
 - Initial examination of the heavy mineral concentrates from the drilling of the South East Deposit indicated that only approximately 25% of the heavy mineral suite is comprised of valuable heavy minerals (HVM), resulting in the mineralisation being sub-economic over most of the South East Deposit area.
 - ARO is currently reviewing the economics of the Governor Broome Project with its consultant, TZMI.
 - No work was undertaken on the 20% owned Jack Track tenement.
- *Needles:* -
 - Company announced (early July) completion of its approvals and preparation for an eleven hole RC drilling program, with results expected next quarter.
- *East Kimberley Diamonds:*
 - Aircore drilling program over the SG Anomaly will be extended to cover the other GPR targets indicated within the survey. Revised completion of this heritage work has delayed proposed drilling program until end of September.
 - Practical completion for the dense media separation plant refurbishment plant has been achieved.

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 30 June 2019:

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 and the latest update on the resources by area (including that belonging to the Iluka Farm-in and joint venture) was announced on the 8 July 2019.

The Company during the quarter received its preliminary conclusions from the resource upgrade drilling for the planned re-estimation of the Southeast Deposit. The initial examination of the heavy mineral concentrates of all of the samples taken from within the mineralised sections of the drill-holes indicated that only about 25% of the heavy mineral suite is comprised of valuable heavy minerals (**VHM**). Consequently, the Competent Person considered that the mineralisation within the deposit is unlikely to be economic and accordingly, be classified as a Mineral Resource. Detailed mineralogical and chemical examinations of composites of the heavy mineral concentrates are being carried out.

The Inferred Resource in the South East area was at the time investigated internally for assessment purposes only and was not reported in the announcement, other than by reference to the potential tonnage impact from conversion. The Board remains of the view that the highly prospective North area may be supplemented by smaller, higher grade resource tonnages such as occur in the East area in a future techno-economic assessment. The board is currently engaged in a process with TZMI to review the economics of the remaining resource areas.

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.

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

Needles Project

The Company completed its planning for a 2,500m reverse circulation (RC) drilling program for the Needles Project in Nevada, USA and on 15 July 2019 announced the commencement of 11 RC holes with a maximum depth of 250 metres.

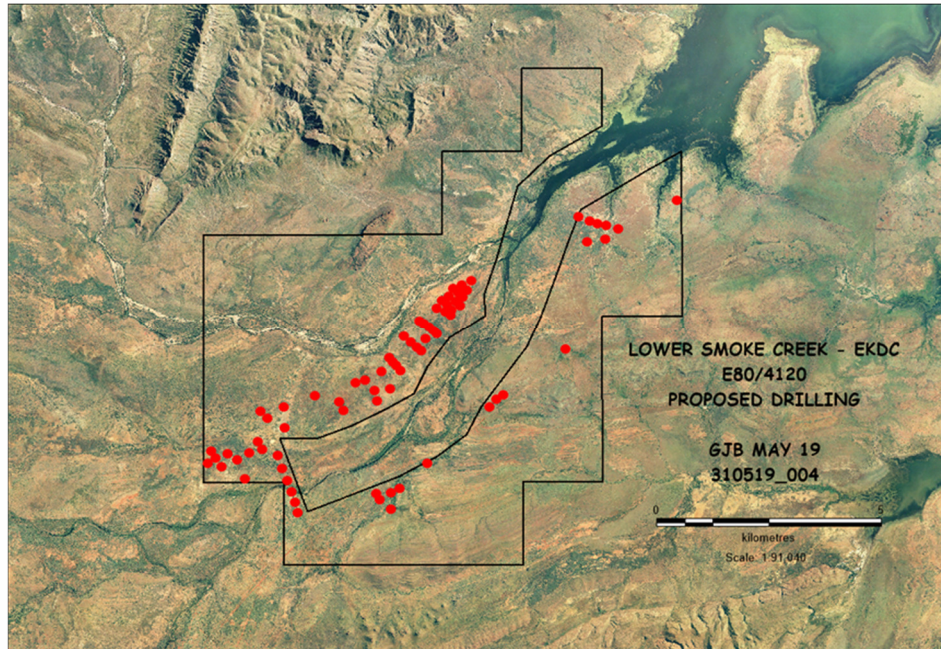
Results from this drilling campaign are expected in the next quarter.

East Kimberley Diamonds

The Company holds the Lower Smoke Creek (E80/4120) exploration licence that adjoins the Argyle, and the former Bow River diamond Mines within the East Kimberley region of Western Australia (East Kimberley Diamonds Project).

Preparations for drilling gravels interpreted from the 2016 Ground Penetrating Radar (**GPR**) geophysical survey continued with the receipt of the full geophysical raw data and additional historical geological pitting information. This information, when integrated into the geological model, indicates a more complex basement geology than previously interpreted. The aircore drilling program over the SG Anomaly will be extended to cover the other GPR targets indicated within the survey.

This revised information has impacted on the completion of the heritage work and pushed the proposed drilling program out until September.



Map 1 Lower Smoke Creek – Proposed drilling program

Practical completion of the refurbishment of the dense media separation plant has been achieved. Bench top testing of electrics and hydraulic circuits was successfully completed.

Corporate Matters

Debt facility and funding

As previously announced, the Company has in place loan facilities with Gun Capital Management Pty Ltd (**Gun Capital Management**) totalling \$1.8 million of which \$1.468 million (which includes capitalised interest) was drawn as at 30 June 2019. Since 30 June 2019, the Company announced on 22 July 2019, a further increase to the above facilities of \$300,000. This takes the amount available for re-draw of approximately \$632,000.

In the same announcement, the Company noted that in the event that the new facility is drawn to \$250,000, the Gun Capital Management Facilities would convert from unsecured to secured. Full details are set out in the announcement dated 22 July 2019.

Capital raising

As also announced on the 22 July 2019, the Company is making plans for a capital raising process.

Cash flow

During the quarter, the cash flow from operations continue benefited from the continued support from Messrs Jacob Khouri and Vince Fayad from not receiving payment for their services.

ENDS

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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. Mr 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 who is a Director of Sardonyx Pty Ltd and 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 30 June 2019

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
Needles Holdings	Needles		Nevada - USA	Granted

Astro Resources NL

ABN

Quarter ended ("current quarter")

96 007 090 904

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(103)	(539)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(25)	(277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (refund of council bonds paid for expired tenement)	-	7
1.9 Net cash from / (used in) operating activities	(127)	(808)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(149)	(149)
(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 (12 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(149)	(149)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	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)
3.5	Proceeds from borrowings	-	312
3.6	Repayment of borrowings (previous amount owing to the Director)	-	(35)
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	-	1,151

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	476	6
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(127)	(808)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(149)	(149)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,151
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	200	200

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	Curent quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances		
5.2	Call deposits	200	476
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)	200	476

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
10
-

Payments made during the quarter were in relation to Directors Fees (\$9,900).

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

Curent quarter \$A'000
-
-

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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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
2,100	1,468
-	-
-	-

Loan facility from Gun Capital Management Pty Ltd (Gun) of up to \$1,800,000 has been made available to the Company. The facility comprises of two different terms (unsecured facility), which are as follows:

- Tranche 1 (\$1,100,000): 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;
- Tranche 2 (\$700,000): 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.

On 22 July 2019, the Company announced a further loan facility with Gun for \$300,000. The facility is subject to documentation. The terms of the facility are interest rate of 15% per annum and repayable 13 months from the date of the first drawdown – unless the amount drawn is in excess of \$250,000, in which case the amount – plus the unsecured facility balance will be restructured as a loan.

The terms of the restructured loan facility are interest 10% per annum and repayable within 24 months.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	432
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	47
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	479

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: 26 July 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.