

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.

QUARTERLY REPORT – 30 JUNE 2014

29 July 2014

Highlights

- Company progressing negotiations for a strategic partner for a joint venture arrangement in relation to its Governor Broome project;
- Company is also advancing an application for Retention Licence for one of the tenements in the Governor Broome project;
- Bulk sampling work programme for the East Kimberly diamond project is in its advanced state;
- Desktop review of the previous exploration and geophysical survey data flown over the Carr Boyd/Lower Smoke Creek confirms that four significant magnetic anomalies are potential drill targets for primary diamond mineralisation;
- 2.1 million options with an exercise price of \$0.005 per option were exercised raising approximately \$10,000, balance forfeited; and
- Company continues to seek out potential acquisition opportunities.

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 2014.

Governor Broome

The Company's Governor Broome deposit contains an Inferred Resource of 185.7Mt @ 4.35% Heavy Minerals with a grade of between 4% and 6% HM (as previously announced on 6th Dec 2012 and 10th January 2013).

The deposit also contains a further Exploration Target estimated to contain between 90Mt and 130Mt Heavy Minerals at a grade of between 4% and 6% HM. [Notes: the Exploration Target was announced on the 10 January 2013 and was estimated by Continental Resource Management Pty Ltd (CRM) using ID2 methodology. CRM estimated the target within wireframes that were limited by a minimum 2% HM and a maximum of 30% Slimes. The estimation of the main area was based upon results from a line of 22 holes drilled at the southern end of the Governor Broome South Deposit by Astro through the centre of the area and from drill results from a line of 25 holes drilled across the northwest end of the southern

extension of the Governor Broome East Deposit. The estimation of the smaller target area was based upon two lines of 80 metre spaced drill-holes immediately to the northwest and southeast of the area. The potential quantity and quality of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.]

As previously announced (subject to a separate competent person statement), the mineral assemblages at Governor Broome are dominated by a high quality, high FeO ilmenite highly suitable for global pigments market. Zircon levels within the ore bodies average 5% and attain levels of in excess of 7% in the Governor Broome East section.

During the quarter, the Company progressed an application for a Retention Licence on the Governor Broome resource. The application, if successful, will provide relief from the standard Exploration Licence Statutory reporting and expenditure requirements and secure the resource whilst the Company pursues opportunities to advance the project.

In addition, the Company was in active negotiations with a third party for a joint venture arrangement of its Governor Broome project. The joint venture negotiations are expected to be finalised during the September 2014 quarter.

No ground exploration work was undertaken with respect to this project during the quarter.

East Kimberley Diamonds

The Company holds the Carr Boyd/Lower Smoke creek and Macphee projects adjoining the Argyle and Bow River Diamond Mines within the East Kimberley region of Western Australia. These recently granted lease areas lie in a region rich in diamond history where diamond production has reached 40% of the world's annual total, including, as reported, 90% of the world's rare and expensive pink diamonds. Argyle Diamonds undertook alluvial mining along the Smoke Creek channel during the period 1983 to 2002, when alluvial mining was stopped at the tenement boundary that abuts the Company's lease.

During the quarter the Company undertook a desktop review of the previous exploration and geophysical survey data flown over the Carr Boyd/Lower Smoke Creek area in 2001. The review of the high-resolution data confirms that four significant magnetic targets exist on the west side of the tenement and none have been drill tested by previous workers. These low level magnetic signatures represent potential drill targets for primary lamproite pipes. It is proposed to do further detailed geochemical sampling over the magnetic targets with either a RAB drill rig or with auger soil sampling. A programme of work for both these drill targets and bulk sampling sites has been compiled.

A search of Native Title sites database indicates that although Heritage sites exist within the tenement boundary the proposed drill program area will not affect these sites and an additional Heritage survey will not be required for this work. However, the proposed bulk sampling programme areas lie along different structures and the current indications are that the sites of interest may require an additional Heritage Survey. Further work will be required to analyse these particular sites.

Corporate

Future Direction

As noted above, The Board is continuing with its review of the flagship Governor Broome and East Kimberley diamond projects. The Company is also seeking new potential acquisition opportunities with a view of transforming the Company and maximising shareholders wealth.

Options

During the quarter, the Company made a final call for options with an exercise price of \$0.005 per option which expired on 30 June 2014. A total of 2,133,535 options were exercised raising \$10,667.98, with the balance of the options totalling 737,371,575 expiring. The proceeds were banked in early July and as such will be reflected in next quarter's cash flow.

Appendix 5B

Attached is the Appendix 5B for the quarter ending 30 June 2014.

ENDS

For enquiries, please contact:

Mike Povey

Director

P: +61 2 9237 6525

Vince Fayad

Company Secretary

P: +61 2 8346 6055

The information in this report as it relates to Mineral Resources and Exploration Targets for the Governor Broome Deposit 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 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 30 June 2014

Holder	Project	Lease	Location	Lease Status
Governor Broome	Governor Broome	E70/2372	Nannup - Southern WA	Granted
Governor Broome	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	P70/1583	Nannup - Southern 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

Appendix 5B

Mining 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

Name of entity

Astro Resources NL

ABN

96 007 090 904

Quarter ended ("current quarter")

June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for evaluation		
	(a) exploration &	(40)	(174)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(46)	(434)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income tax refund (2013 R&D)	-	134
1.7	Other (payment of stamp duty in relation to acquisition of 20% of Governor Broome)	-	(33)
	Net Operating Cash Flows	(84)	(499)
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)	(84)	(499)

+ See chapter 19 for defined terms.

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(84)	(499)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	500
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (transaction costs in relation to the issue of the convertible notes)	-	(67)
Net financing cash flows		-	433
Net increase (decrease) in cash held		(84)	(66)
1.20	Cash at beginning of quarter/year to date	366	348
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	282	282

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	17
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions:

This includes payments to directors, serviced office and bank office administration services.

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:

During the year, the Company issued the following convertible notes:

- \$750,000 of convertible notes in relation to the acquisition of the remaining 20% interest in its Governor Broome Project; and
- \$150,000 for the acquisition of plant and equipment in relation to be used for its diamond operations.

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:

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	96
4.2 Development	-
4.3 Production	-
4.4 Administration	131
Total	227

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	32	66
5.2 Deposits at call	250	300
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	282	366

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

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.

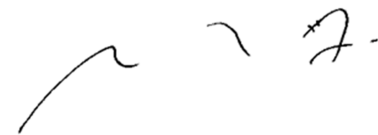
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities (description)	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	*Ordinary securities	3,490,195,959	3,490,195,959	-	-
7.4	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
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)	-	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 29 July 2014

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 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, 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.

== == == == ==

+ See chapter 19 for defined terms.