



## QUARTERLY REPORT – 30 SEPTEMBER 2014

**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

- Advancement made to progressing the joint venture with an external party, for the development of Governor Broome project E70/2464
- Joint venture arrangement anticipated to be announced in the December 2014 quarter
- Drilling exercise for the diamond project to undertaken in the March 2015 quarter
- Capital initiatives including announced:
  - temporary facility put into place
  - rights issue for a minimum amount of \$500,000 to be undertaken
  - partial extension of convertible notes and proposed conversion

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 September 2014.

### Governor Broome

#### Joint Venture

As previously announced, the Company has been seeking a joint venture partner to progress this project. A key hurdle to progressing the joint venture arrangement was the royalty and that the joint venture partner requires that Astro take 100% responsibility for the royalty arrangements, irrespective of its lesser economic interest in the tenement. On 23 October 2014, the Company announced that it has reached agreement with its royalty owners with respect to varying the terms of the current arrangements by entering into a Deed of Variation ("**Deed**"). Conditional upon the entering of a joint venture arrangement, the key terms of the Deed are:

- the royalty owners consent to the proposed joint venture party and that they waive their pre-emptive rights;
- the cost of the royalty is borne by Astro;
- in consideration for a total payment of \$140,000, the royalty obligation is reduced from 1.5% to 0.25% of gross revenues (less certain costs); and

- in the event that the Governor Broome Tenement is sold, the Company will pay the royalty owners the lesser of:
  - an amount representing the fair market value of the royalty (as agreed between the parties or, a value determined by an independent expert); or,
  - the amount received by the Company from the sale of its interest in the Governor Broome Project.

The board is pleased that this hurdle has been resolved and it is anticipated that during the December 2014 quarter full terms of the joint venture including the identity of the partner can be announced. The Board remains of the view that the proposed arrangement is in the best interests of the Company and its shareholders.

#### About the Governor Broome Project

The Company's Governor Broome deposit contains an Inferred Resource of 185.7Mt @ 4.35% Heavy Minerals with at 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.

#### Exploration activities

During the quarter, no exploration work was undertaken with respect to this project.

## East Kimberley Diamonds

### About the East Kimberly Diamonds Project

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 between 1983 to 2002 when alluvial mining was stopped at the tenement boundary that abuts the Company's lease.

### Exploration activities

The Company is finalising arrangements for a drilling exercise and has been deferred until the March 2015 quarter.

## Corporate

### Capital management initiatives

On the 30 October 2014, the Company announced the following key capital management initiatives:

- extension of time to repay all Convertible Note Holders for a further twelve months;
- temporary facility from MIL of up to \$500,000;
- a rights issue to raise a minimum of \$500,000 with that minimum to be supported by the amounts advanced by MIL; that is, the advance will be converted into shares;
- actions to convert all existing Convertible Notes into ordinary shares, with MIL indicating its intention to participate in this process.

In addition to the above, the Company has advised that it intends to seek shareholder approval for the consolidation of its shares at a ratio of every 100 shares will convert into one new share.

The above initiatives if successful, this will result in a simplified capital structure particularly if a new project (see below) is identified and funding position for the Company.

### Future Direction

The Company continues to seek out new potential acquisition opportunities with a view of transforming the Company and maximising shareholders wealth.

## Appendix 5B

Please find the following Appendix 5B for the quarter ending 30 September 2014.

### ENDS

*For enquiries, please contact:*

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Director

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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 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 31 October 2014

Holder	Project	Lease	Location	Lease Status
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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	Forfeited
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")

September 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(50)	(50)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(121)	(121)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Income tax refund (2013 R&D)	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(168)</b>	<b>(168)</b>
<b>Cash flows related to investing activities</b>			
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)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(168)</b>	<b>(168)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(168)	(168)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	11	11
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	-	-
	<b>Net financing cash flows</b>	11	11
	<b>Net increase (decrease) in cash held</b>	(157)	(157)
1.20	Cash at beginning of quarter/year to date	281	281
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	124	124

**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	21
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

- 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	500,000	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	52
4.2 Development	-
4.3 Production	-
4.4 Administration	70
<b>Total</b>	<b>122</b>

## 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	124	32
5.2 Deposits at call		250
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>124</b>	<b>282</b>

## 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	<b>Preference securities</b> (description)	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	<b>+Ordinary securities</b>	3,488,062,324	3,488,062,324	-	-
7.4	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	<b>+Convertible debt securities</b> (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> (description and conversion factor)				
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> (totals only)	-	-		

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes (totals only)</b>	-	-
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## 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: ..... Date: 31 October 2014  
(Director/Company secretary)

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.

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+ See chapter 19 for defined terms.