

28 October 2021

QUARTERLY REPORT – 30 September 2021

Key Highlights

> **Governor Broome Heavy Minerals Project, WA**

- 100% ownership of high-value Jack Track mineral sands deposit secured
- Acquisition significantly increases the Governor Broome Project JORC Total Resources to 77Mt at 4.6% Heavy Minerals (HM) (Indicated and Inferred), with further upside apparent
- Jack Track Acquisition should improve the viability of the Governor Broome Project and will assist Astro in moving the asset towards commercial production
- Mine Scoping Study to commence in parallel with drilling to upgrade current Jack Track JORC Resource to Indicated status
- New tenement granted to Astro with an application for another along strike of Jack Track to further increase Governor Broome footprint

> **Needles Gold Project, Nevada**

- Diamond drilling commenced for 2,000m drill programme
- Four drill holes planned to test DC/IP chargeability anomalies and Tomahawk
- Initial results expected later Q2
- Mapping and rock chip sampling program on new tenements completed

Astro Resources NL (ASX:ARO) (“ARO”, “Astro” or “the Company”) is pleased to release its quarterly report for the period ending 30 September 2021.

Governor Broome Heavy Minerals Project, WA

Jack Track Acquisition

In September the Company announced that it had acquired the 80% interest held by Iluka Resources Limited (“Iluka”) (the “Acquisition”) of the tenement (R 70-58) containing the high value Jack Track mineral sands deposit. Following Ministerial consent (ARO announcement dated 26 October 2021) and completion of the Acquisition, Astro now holds a 100% interest in the Jack Track tenement as well as an adjacent tenement (E 70/5200) (Figure 1), both of which directly adjoins to Astro’s wholly owned Governor Broome tenement (R 70-53) containing the Governor Broome HM deposits.

In addition, Astro has been granted two new exploration licences E70/5826, and has applied for ELA E70/5872 (granted, refer ASX release dated 25 October 2021) which together cover potential strike extensions of the known mineralisation from Jack Track (Figure 1). The Governor Broome Project now covers 171km² (Figure 1).

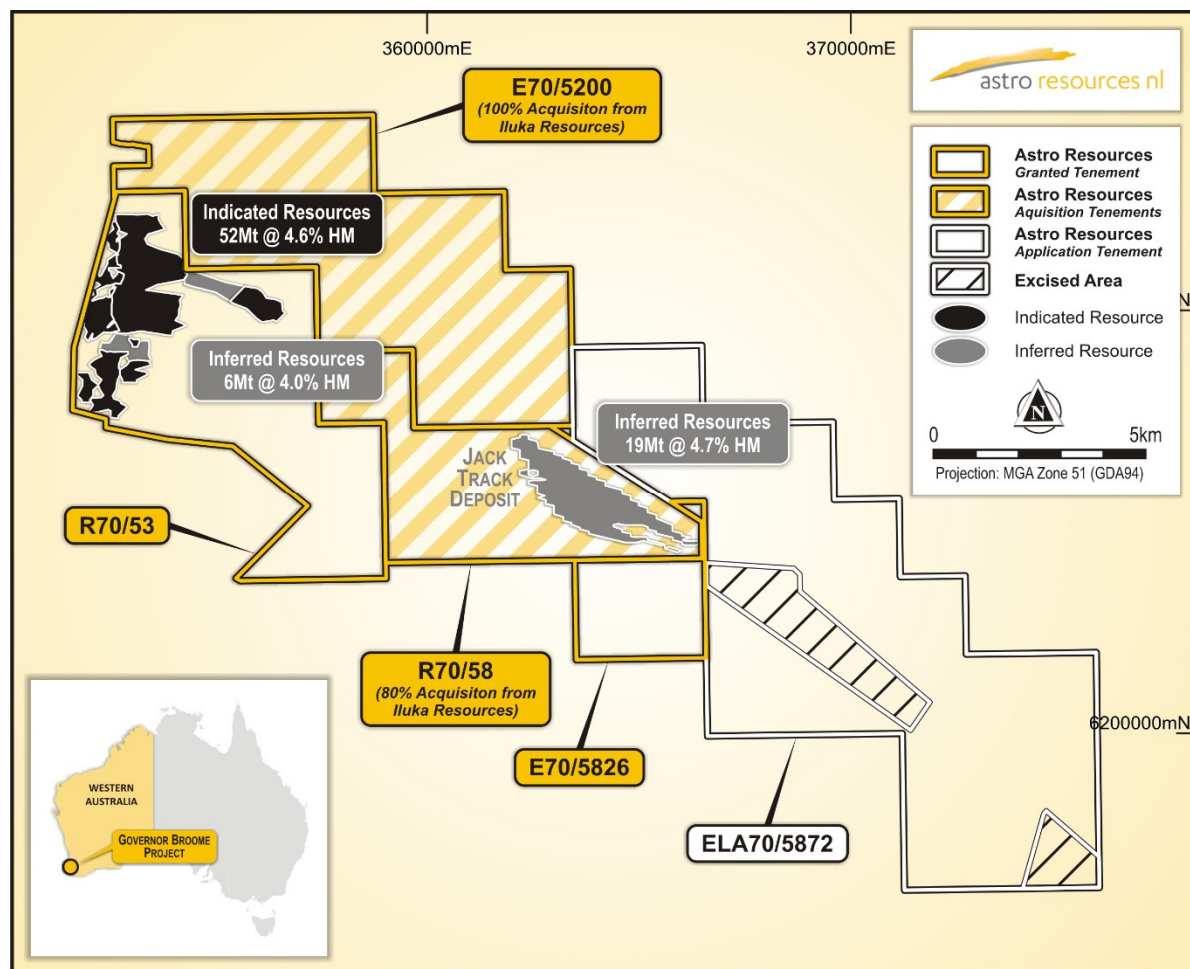


Figure 1. Governor Broome Project – tenements and JORC Resources

Governor Broome Resource

Previous work by Iluka had outlined an Inferred JORC Resource at Jack Track of 18.8Mt at 4.7% HM. The addition of the Jack Track deposit significantly increases Astro’s wholly owned Resources for the Governor Broome Project to 77Mt (Indicated plus Inferred) at 4.6% HM (Table 1).

Astro’s Governor Broome HM deposits were estimated at a cut-off grade of 2% HM (Astro ASX announcement 26th April 2021), whereas those for the Jack Track deposit were estimated at a cut-off grade of 3% HM. Astro intends to re-estimate the Jack Track deposit’s resources at the lower cut-off grade of 2% HM, which TZ Minerals International Pty Ltd (“TZMI”) has indicated is potentially an

economic cut-off grade for the Governor Broome Project's North Resource (Astro ASX announcement 16th October 2019).

Table 1; 100% owned Governor Broome Project (including Jack Track) Resources

Deposit	Category	Tonnage (Mt)	HM (%)	HM Adj ¹ (%)	Slimes (%)	Oversize (%)	Ilmenite % (53% TiO ₂)	Secondary Ilmenite % (63% TiO ₂)	Leucoxene % (85% TiO ₂)	Rutile %	Zircon %
West	Indicated	8	5	4.2	13	7.5	n/a	n/a	n/a	n/a	n/a
East	Indicated	3.5	4.2	4.2	12	3.7	n/a	n/a	n/a	n/a	n/a
	Inferred	3	3	3	14	3	n/a	n/a	n/a	n/a	n/a
South	Indicated	11	5.6	4.4	15	11	44.2	2.5	2.2	1.2	4.4
	Inferred	2.5	6	4.5	16	9					
North	Indicated	30	4.9	4.9	12	8.1	51.8	5.4	5	1.6	4.7
Jack Track	Indicated	-	-	-	-		n/a	n/a	n/a	n/a	n/a
	Inferred	18.8	4.7	4.7	7.7	n/a	75	-	6.8	2.4	10.8
Total	Indicated	52	5	4.6	13	8.5	n/a	n/a	n/a	n/a	n/a
Total	Inferred	25	4.5	4.5	15	6	n/a	n/a	n/a	n/a	n/a

Importantly, the HM assemblage of the Jack Track deposit mineralisation is of high value, containing 75% ilmenite, 10.8% zircon, 2.4% rutile, and 6.8% leucoxene. The ilmenite contains 59.4% TiO₂ (Astro ASX announcement 26th April 2016) and as such, is classified as chloride ilmenite, which sells at a premium to sulphate ilmenite.

Astro intends to carry-out an infill drilling program as soon as possible to upgrade the Jack Track deposit's resource to the Indicated category. This drilling is expected to occur early in 2022. In the meantime, preparations will be made to secure the necessary landowner consents and other regulatory approvals.

Drilling is also planned to test lightly drilled areas to the west and south of the Jack Track deposit within R70/58.

Scoping Study

A Scoping Study will now be completed incorporating both the Governor Broome and Jack Track deposits. The study will update the previous analysis of the Project which was based upon 30Mt at 4.9% HM of Indicated Resources, against the present total of all Resources in the Project of 77Mt at 4.6% HM. The new study will also incorporate the encouraging metallurgical results recently received from test-work on a bulk-sample of mineralisation from the Governor Broome Project (ARO Announcement 6 June 2021).

The Acquisition is expected to positively impact the potential development of the Governor Broome Project which will be reflected in the Scoping Study, due to the following:

1. significantly increased resources will enable longer mine-life and/or increased mining rate;
2. high-value Jack Track mineralisation will potentially enable a reduced capital payback time; and
3. increased resources will result in lower capital expenditure and overheads per tonne mined.

Exploration Upside

Within the newly granted tenements and those acquired from Iluka, there is potential to discover additional mineralisation to support a possible mine. This potential includes:

- > The Jack Track deposit, where drilling to date has not closed off the mineralisation to both the northwest along the trend of the mineralised strands and to the south;
- > E70/5200, the southern portion of which is along strike from the Jack Track deposit and the Governor Broome Project's East deposit within R70/53. This area has not been fully explored by drilling;
- > E70/5826, the northern portion of which is along strike from the Jack Track deposit. This area has not been drill-tested other than along the two bounding road-sides; and
- > ELA70/5872, which has had minimal drill-testing, but which is along a strike from known mineralisation.

As soon as the necessary approvals have been granted, Astro intends to air-core drill test these areas.

Terms of the Acquisition from Iluka

Set out below are the key terms of the Acquisition:

- > Consideration for the ASX's listed entity's interest in the Jack Track tenement (R70/58) and adjacent tenement EL70/5200:
 - cash payment of \$700,010; and
 - 1% royalty on gross revenue with the only deduction for Goods and Services Tax for any Heavy Mineral Concentrate or saleable product;
- > A Last Right of Refusal (LROR) in favour of Iluka's as follows:
 - applies only to product produced from R70/58 and EL70/5200;
 - it has ten (10) business days in which to accept or reject Astro's market price offer;
- > Sale and purchase agreement is subject to customary terms and conditions;
- > Completion is to occur upon Ministerial consent (now received).

The royalty agreement is also subject to customary terms and conditions, including rights in favour of Iluka to request information and audit and dispute resolution clauses.

Funding

Funding of the Acquisition and the work outlined above will be covered by Astro's existing cash reserves. Specifically, the Company advised the market on 22 February 2021 that it would invest \$1.3 million on the pre-feasibility study as part of the program for the Governor Broome Project. The Company will use those funds to effect the Acquisition, undertake drilling for the Resource upgrade and exploration work and progress the mine scoping study for the Project.

Needles Gold Project, Nevada, USA

Drilling Update

In August, the Company announced that a diamond drill rig has been secured for Astro's initial 2,000m diamond drilling program to be carried out at the Needles Gold Project, Nevada USA (Figure 2) in November 2021. However, due to the unexpected availability of the drill rig, drilling commenced at Needles on 25 October. As previously advised in the Company's ASX release dated 18 August 2021, the driller selected is well conversant and highly experienced in the area, having completed a drilling campaign for a Canadian listed entity whose tenement is approximately 5km from the Needles Project.

Astro plans to drill three diamond core holes to test a large and strong IP chargeability anomaly which the Company defined earlier this year in the centre of the tenement block (Figure 3). Astro believes that the IP anomaly is due to the presence of disseminated pyrite which may be associated with gold mineralisation of a similar type to the Round Mountain Gold Deposit, located 100 km to the north. In addition, the Company plans to drill a fourth hole that will target mineralisation beneath the Tomahawk Shaft and workings at the western margin of the IP anomaly.

Of the three holes planned to test the chargeability anomaly, two will test the central portion of the anomaly in two directions, which will maximise the possibility of intersecting higher-grade structures, irrespective of their orientations (Figure 4). The third will test a second chargeability high centred about 500m to the southeast.

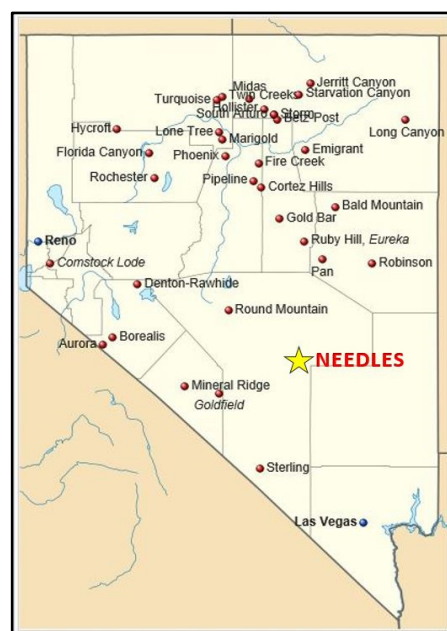


Figure 2. Needles Project location and active gold mines in Nevada

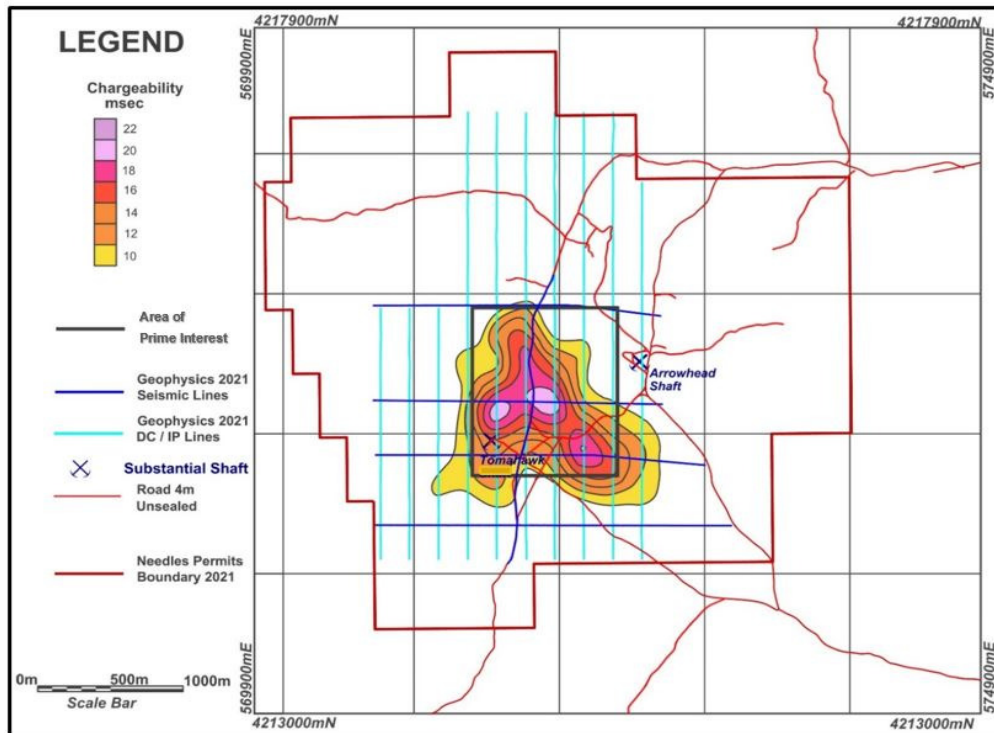


Figure 3. Detail of 200m depth slice of chargeability anomaly showing planned drill-holes

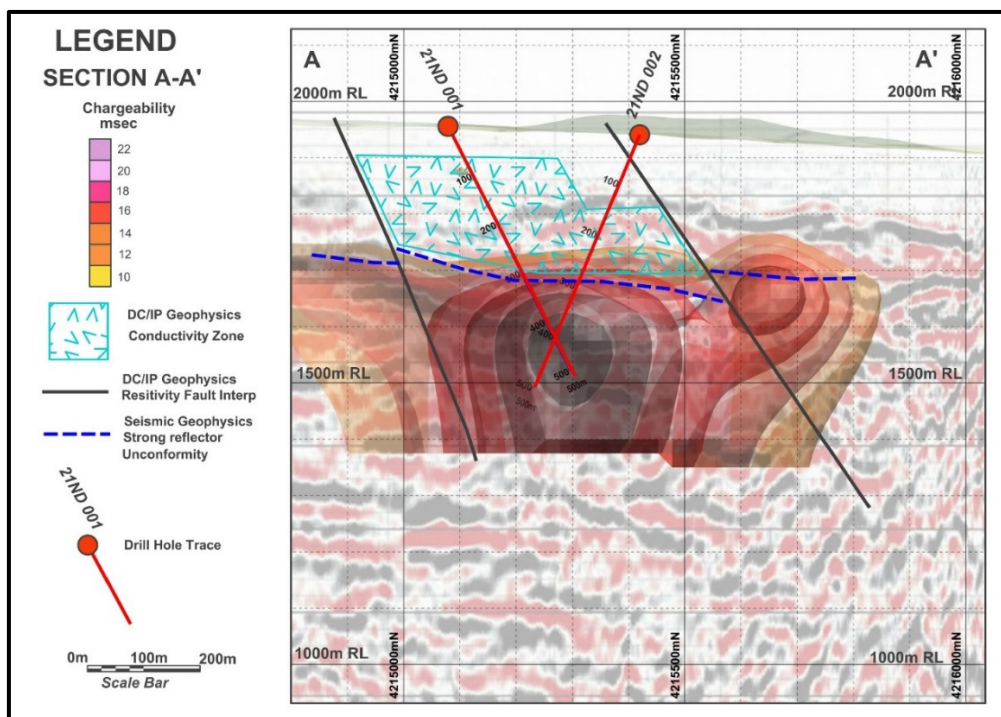


Figure 4. Seismic section looking north-west, with chargeability anomaly overlain, interpreted faults (black), major sub-horizontal break (blue dashes), and conductive zone (pale blue patterned). Planned holes are shown in red.

Astro will be seeking to provide expedited preliminary assay results as they become available. Further updates on timing will be provided once the program has been put into place.

Mapping and Sampling

As reported to the ASX on 13 October 2021, geological mapping and rock-chip sampling were completed over Astro's recently pegged mining lode claims. Astro engaged consultant geologist Mr Elliott Crist to oversee and perform the exploration.

Mr Crist has previously worked with Astro, having carried out the successful field mapping and sampling program for the Company in September 2020 that led to Astro commissioning the DC/IP and seismic geophysical surveys in January 2021. Those very encouraging survey results prompted Astro to accept Mr Crist's recommendation to peg a further 26 mining lode claims adjacent to the northwest of the existing 113 claims.

The geological mapping within the new claims identified areas of alteration within sub-horizontal porous volcanic ash-flow tuffs, the target lithology for Round Mountain type gold mineralisation that the Company believes maybe present in the area. In addition, impervious, welded volcanic units were identified, consistent with the Round Mountain model where these units help dam rising fluids, depositing gold mineralisation within more porous volcanics.

The altered rocks within the tuffs were rock chip sampled and a total of 32 samples were submitted to ALS Global at Reno Nevada for assay. Of the results received, five of the samples returned low but anomalous values of gold, silver and other pathfinder elements (Table 1). The remaining samples contained only background values for these elements.

Table 1 Anomalous Rock Chip Assays

WGS84_Z11N_mE	WGS84_Z11N_mN	SAMPLE	Au_ppm	Ag_ppm	As_ppm	Sb_ppm
569973	4216533	5131	0.007	0.9	277	5
570208	4216575	5129	0.012	0.4	358	12
570310	4216612	5300	0.006	0.4	132	5
570679	4216275	5145	0.014	0.6	170	2
570775	4216225	5144	0.008	0.2	426	13

Samples are sorted in the above table from west to east

This new area was not included in the IP and seismic surveys carried out earlier this year. However, Astro intends to carry out similar surveys over the area in due course.

Analysis of the structural data that was collected will be reviewed once the report on this new exploration is complete.

CORPORATE

On 29th September 2021 Astro recommended that subject to ASX and shareholder approval, the establishment of a Loan Funded Share Plan (Plan) to provide an incentive to current or prospective employees, contractors, directors and/or advisory board members of the Company or any of its subsidiaries (Eligible Persons).

As the Company's limited cash resources are allocated to advancing the Company's exploration and development initiatives, the Plan will provide a way to incentivise and remunerate key persons to assist the Company achieve its objectives.

The purpose of the Plan is to:

- > align the interests of participants with those of Shareholders
- > retain participants and create stability for the Company and the Board (as applicable)
- > appropriately compensate participants for their work for the Company and its subsidiaries.

A summary of the Plan Rules will be included in the forthcoming notice of annual general meeting (NOM) for approval at the Company's 2021 annual general meeting (AGM).

It is proposed that a maximum of 63 million ordinary shares will be issued under the Plan to Directors and Consultants, which is equivalent to 1.67% of the current issued share capital of the Company.

At the upcoming Astro AGM, in addition to approving the Plan Rules, shareholders will be asked to approve the first issue under the Plan to two non-executive directors of the Company – Gregory Jones and Jacob Khouri. Further details of the terms of issue and hurdles can be found Appendix 1 of the Announcement for the non-executive Directors.

The Company will provide a non-recourse loan to the Directors and other employees to take up the initial allocation. The loan will be interest free. Full details of the Plan and the non-recourse loan will be set out in the NOM.

The Directors have formed the view that the Plan is reasonable to help incentivise key employees and Directors and compensate them for the extra work they will be required to undertake to help Astro achieve its goals and objectives and to maximise value for all shareholders. The Company's Executive Director, Mr Vince Fayad has agreed not to participate in the Plan on the basis that he is suitably remunerated for the services that he provides to Astro.

ASX Additional Information

The Company provides the following information pursuant to ASX Listing Rule requirements:

1. **ASX Listing Rule 5.3.1:** Exploration and Evaluation Expenditure spend during the quarter was \$437,501.

Full details of exploration activity during the September 2021 quarter are set out in this report. Below is the breakdown of the expenditure incurred:

Table 1: Breakdown of the expenditure incurred

Property	Nature of expenses	Amount (\$)
Governor Broome (Mineral Sands)		
	Council rates and rent	40,799
	Geology and geophysics	52,872
	Mining administration and environmental compliance cost	4,645
	Legal and compliance costs – associated with the acquisition of Jack Track and E70/5200 tenements	42,339
Needles (Gold)		
	Council rates and rent	31,884
	Geology and geophysics	37,730
	Mining administration and environmental compliance cost	12,761
	Drilling costs (prepayment of the initial sum)	176,882
East Kimberley (Diamonds)		
	Council rates and rent	15,571
	Geology and geophysics	8,752
	Mining administration and environmental compliance cost	5,956
	Legal and compliance costs	7,310
Total Exploration costs		437,501

2. **ASX Listing Rule 5.3.2:**

The Company confirms that there was no mine production and development activities for the quarter.

3. **ASX Listing Rule 5.3.5:** Payment to related parties of the Company and their associates during the quarter was \$34,850 in cash.

The Company advises that this relates to remuneration of Directors only. Please see the Remuneration Report in the Company's Prospectus for further details on Directors' Remuneration. Set out below is the following additional information in relation to the cash flow statement:

Table 2: Director's remuneration

Name of Director	Nature of Payment	Amount (\$)
Jacob Khouri	Ongoing Director fees	20,000
Gregory Jones	Ongoing Director fees	14,850
Vincent J Fayad	Ongoing Director fees	-
Total		34,850

Tenements

In accordance with Listing Rule 5.3.3, Astro provides the following Information concerning its exploration licences.

As noted below, the Company acquired from Iluka Resources Limited its 80% interest in the Jack Track Project and 100% of EL 70/5200. In addition, the Company was granted Exploration Licences E70/5872 and E70/5826.

The following table lists the Company's exploration licences held at the end of the quarter, and their location:

Holder	Project	Lease	Location	Lease Status
Governor Broome	Governor Broome	Retention Licence R70/53 (formerly E70/2372)	Nannup - Southern WA	Granted
Governor Broome 100% , Note 1)	Governor Broome	Retention Licence R70/58 (formerly E70/2464)	Nannup - Southern WA	Granted
Governor Broome	Governor Broome	Exploration Licence, EL70/5872	Nannup - Southern WA	Granted
Governor Broome	Governor Broome	Exploration Licence, EL70/5826	Nannup - Southern WA	Granted
Governor Broome (Note 2)	Governor Broome	Exploration Licence, EL70/5200	Nannup - Southern WA	Granted
East Kimberley Diamond Mines	Lower Smoke Creek	E80/4120	Kimberley - Northern WA	Granted
Needles Holdings	Needles		Nevada - USA	Granted

Note 1 - Acquired 80% from Iluka Resources Limited, subject to Ministerial consent (obtained in the subsequent quarter).

Note 2 - Acquired 100% from Iluka Resources Limited during the quarter.

End Notes

The information contained in this announcement related to the Company's past exploration results is extracted from, or was set out in, the following ASX announcements which are referred to in this Quarterly Activities Report:

- 15 July 2021, 'Needles – Geological Mapping & Drill Availability'
- 18 August 2021, 'Drilling Update - Needles Gold Project'
- 27 September 2021, 'Acquisition of high value Jack Track Deposit'

Authorised for Release

This announcement has been authorised for release by the Board of Astro.

More Information

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ASTRO RESOURCES NL

ABN

96 007 090 904

Quarter ended ("current quarter")

September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	(35)	(35)
	(e) administration and corporate costs	(160)	(160)
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	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(194)	(194)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation	(438)	(438)
	(e) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets		
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (bond payment – mining tenement)	(50)	(50)
2.6	Net cash from / (used in) investing activities	(488)	(488)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,281	3,281
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(194)	(194)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(488)	(488)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,599	2,599

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	2,599	1,881
5.2	Call deposits	-	1,400
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)	2,599	3,281

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	35
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Note : The above payments to directors reflect fees for services rendered during the current quarter. More information concerning the breakdown of the relevant director payments can be found within the accompanying Quarterly Announcement.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(194)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(488)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(682)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,599
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,599
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.81
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A as item 8.7 is greater than 2.	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A as item 8.7 is greater than 2.	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A as item 8.7 is greater than 2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 28 October 2021

Authorised by: By the Board of Astro Resources NL
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.