

28 January 2022

QUARTERLY REPORT – 31 December 2021

Key Highlights

Needles Project

- > Drilling programme commenced to test the robust DC/IP chargeability anomaly, targeting gold mineralisation between 250m to 500m below surface
- > Two holes completed by early January 2022
- > Both holes successfully intersected altered rocks containing moderate to high concentrations (3% to 20%) of disseminated and vein pyrite within the target zones
- > The alteration and accompanied pyrite mineralisation is consistent with the DC/IP chargeability anomaly
- > Assay results for first two holes are expected during February 2022.

Governor Broome Project

- > Acquisition of the Jack Track tenement containing the high-grade Jack Track mineral sands deposit was finalised
- > Resource tonnage for the Governor Broome Project has increased from 77Mt to 118Mt
- > Infill drilling program to be carried out Q1 2022 to upgrade the Jack Track Resource to the Indicated category.

East Kimberly Diamond

- > Licence successfully extended for two years.

Corporate

- > Mr Kurt Laney was appointed as Joint Company Secretary.

Astro Resources NL (ASX:**ARO**) (“ARO”, “Astro” or “the Company”) is pleased to provide its quarterly report for the period ended 31 December 2021.

Needles Gold Project, Nevada

A key focus for the Company during the quarter has been the drilling program at the Needles Project, Nevada USA (Figure 1).

Drilling activities

Drilling commenced in October 2021, to test the large, robust DC/IP chargeability anomaly defined at Needles (Figure 2), with the plan to drill up to three inclined core-holes, targeting mineralisation between 250m to 500m below surface. A fourth hole may be drilled targeting potential shallower, high-grade epithermal mineralisation as well as deeper Round Mountain type mineralisation beneath the Tomahawk Shaft (Figure 2).



Figure 1. Needles Project Location and active gold mines

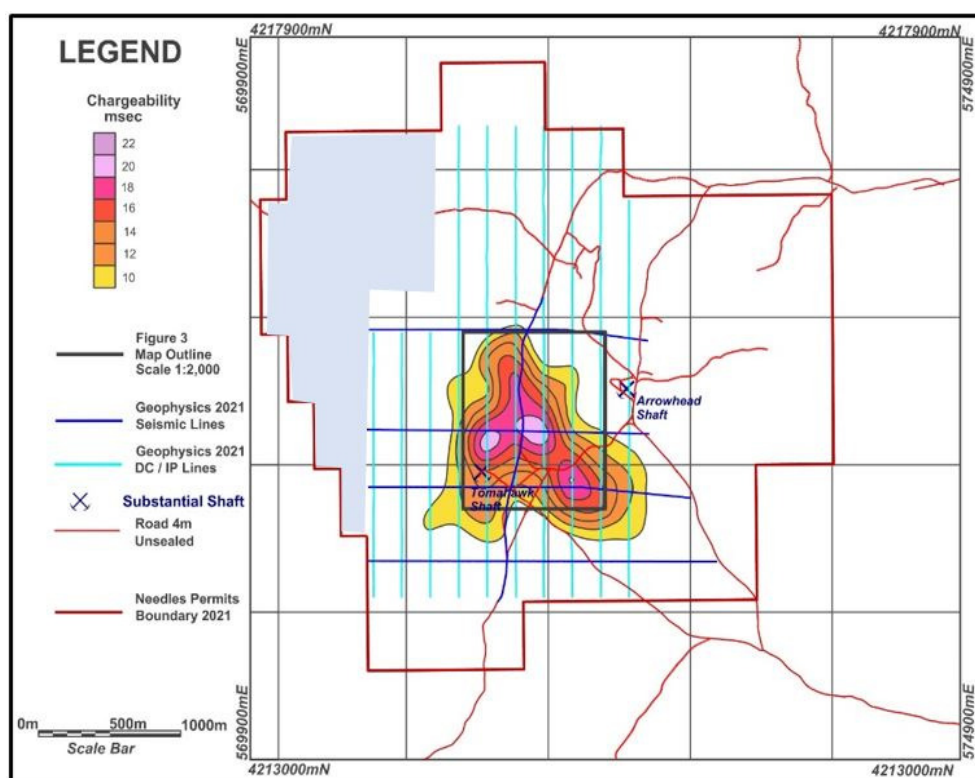


Figure 2. Needles Property with new claims in pale blue and the IP chargeability anomaly

Two holes were completed by early January 2022, with the third still in progress. Results for the first two drill holes are described below:

Drill hole 1 (21ND_001)

Drill hole 21ND_001 was completed to a depth of 1259 feet or 384 metres on 4 December 2021.

From about 150m down-hole the volcanics display weak to strong propylitic alteration with variable pyrite mineralization both disseminated and locally concentrated in veins accompanying silicification. The overall intensity of alteration and concentration of pyrite generally appears to be increasing down-hole to TD. Within this zone, the pyrite tenor is often 3-5% and up to 10% in the veins (Figure 3). This level of pyrite mineralization is consistent with the main DC/IP chargeability. Aside from pyrite and minor marcasite, initial logging has not found other sulphide minerals and, without assays, it is too early to determine if these rocks contain gold.



Figure 3. Core photo from 924ft to 934ft (281.6m to 284.7m) in hole 21ND_001 showing silicified and propylitically altered andesites containing disseminated and vein-hosted pyrite (dark grey).

Drill hole 2 (21ND_002)

Hole 2 was completed on 11th January 2022, reaching a total depth of 1525ft (464.8m). As reported in ASX market release on 10th January 2022, the hole intersected 80m of andesite between 1005 and 1268ft (306 to 386m) containing generally 5 to 10% of pyrite (Figure 4) and a further 33m of brecciated andesitic volcanics containing up to 10 to 20% pyrite between 1268 and 1375ft (386 to 419m). Within these pyritic intervals, propylitic alteration intensity was generally moderate to strong, with argillic and /or phyllic alteration encountered in the deepest intercepts. The hole then passed into a strongly broken zone of clay and rock fragments of andesite and of dolomite from the underlying basement between 1375 and 1381ft (419 to 421m). The hole was completed in Devonian dolomite basement rocks to 1,525 feet (464.8m).

As for hole 1, the strong pyrite content of hole 2 is consistent with the strong DC/IP chargeability anomaly but, until assays are received, the Company cannot know whether gold mineralisation is present or not within the target zone.



Figure 4. Brecciated unit in hole 21ND_002 showing altered andesite clasts within a pyrite-rich matrix (from 1155 to 1164ft (352 to 354.8m))

The Company has arranged for fast tracking of the assays and has delivered core from both holes to a laboratory in Tucson, Arizona. At this stage, the Company expects initial assay results around early to mid-February 2022 with further results anticipated later in February 2022.

Governor Broome Heavy Minerals Project, WA

Jack Track Acquisition

Following the receipt of Ministerial Consent, Astro finalised the acquisition of Iluka Resources Limited's (ASX:ILU "Iluka") 80% interest in the Jack Track tenement containing the high-grade Jack Track mineral sands deposit on 26 October, 2021. Astro has 100% ownership of the entire Governor Broome Project, which now covers 171km².

The Governor Broome Project (Figure 5) incorporates the Governor Broome Deposits within R70/53, the Jack Track Deposits within R70/58, and the newly granted tenements E70/5826 and E70/5872. The two new exploration licences cover potential strike extensions of known mineralisation.

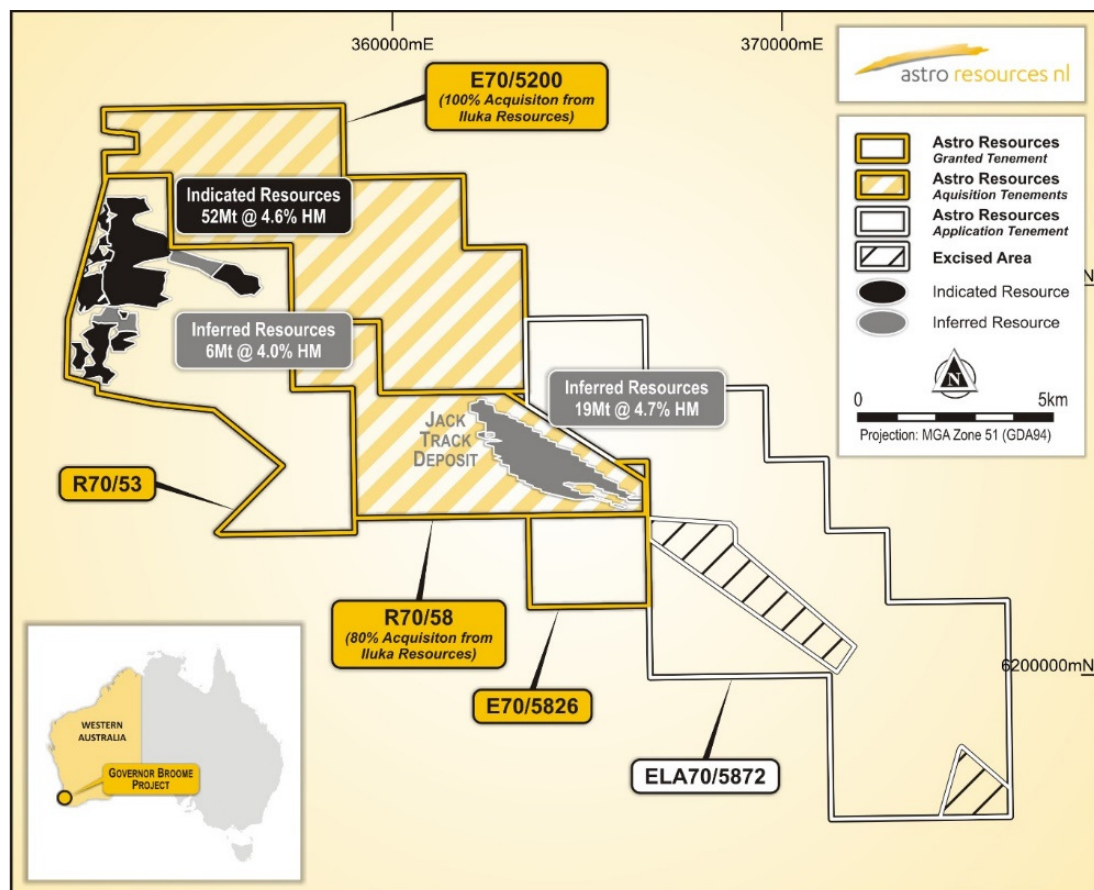


Figure 5. Governor Broome Project – tenements and JORC Resources

Re-estimation of Jack Track Tenement Resources

As announced on 8 November 2021, revised Mineral Resource estimates were completed for four deposits: Jack Track, Jack Track Northwest, Jack Track West, and Jack Track Southwest.

The Resource estimates were based on results from air-core drilling carried out by Metal Sands in 2007, by Astro in 2012, and by Iluka in 2015. The Resources have been estimated at a 2% heavy mineral (“HM”) block-cut-off grade, the same as applied to the Company’s other deposits in the Governor Broome Project.

The estimations were carried out by Astro’s independent consultant, Mr John Doepel, Principal Geologist of Continental Resource Management Pty Ltd (“CRM”). These revised project Resources, reported in accordance with the 2012 Edition of the JORC Code, are summarised in Table 1 below (note full details are set out in ASX release 8 November 2021).

Astro intends completing an infill drilling program during Q1 2022 to upgrade the Jack Track Resource to the Indicated category as part of a plan to complete a Mine Scoping Study to assess the viability of the Governor Broome project.

Table 1. Governor Broome Project Resources – at 2% HM lower block-cut-off grade

| Reported | Deposit | Category | ¹ Tonnage (Mt) | HM (%) | Slimes (%) | Oversize (%) |
|--------------------------------|------------------------|------------------|---------------------------|------------|------------|--------------|
| 24 th May 2021 | West | Indicated | 8.0 | 4.2 | 13 | 7.5 |
| 24 th May 2021 | East | Indicated | 3.5 | 4.2 | 12 | 3.7 |
| 24 th May 2021 | East | Inferred | 3.2 | 3.1 | 14 | 2.9 |
| 24 th May 2021 | South | Indicated | 11 | 4.4 | 15 | 11 |
| 24 th May 2021 | South | Inferred | 2.5 | 4.6 | 16 | 9.1 |
| 12 th February 2015 | North | Indicated | 30 | 4.9 | 12 | 8.1 |
| Total | Governor Broome | Indicated | 52 | 4.6 | 13 | 8.5 |
| Total | Governor Broome | Inferred | 6 | 4 | 15 | 6 |
| November 2021 | Jack Track | Inferred | 28 | 4.1 | 7.6 | 1.5 |
| November 2021 | Jack Track Northwest | Inferred | 3.8 | 4.5 | 11 | 4.2 |
| November 2021 | Jack Track West | Inferred | 5.0 | 3.9 | 10 | 2.7 |
| November 2021 | Jack Track Southwest | Inferred | 24 | 3.8 | 10 | 4.3 |
| Total | Jack Track | Inferred | 61 | 4.1 | 9.1 | 2.9 |
| Total | Project | Indicated | 52 | 4.6 | 13 | 8.5 |
| Total | Project | Inferred | 66 | 4.0 | 9.6 | 3.1 |
| Total | Project | Resources | 118 | 4.4 | 10 | 5.5 |

¹Note that the above figures have been appropriately rounded

East Kimberly Diamond Project

No work was undertaken during the quarter for the East Kimberly Diamond Project. However, on 25 October 2021, the Company announced that the term for its E80/4120 had been extended for a period of a further two years.

Corporate

Results of the Annual General Meeting

The Annual General Meeting was held on 30 November 2021. All resolutions were passed.

Appointment of Joint Company Secretary

In October, Mr Kurt Laney was appointed as Joint Company Secretary. Mr Laney is an experienced Chartered Accountant (CAANZ) who has worked alongside with Mr Vincent Fayad in the CFO and Company Secretarial roles of the Company since 2014. Mr Laney is an Associate Director of Vince Fayad and Associates Pty Ltd. Following Mr Laney's appointment, both Mr Vincent Fayad and Mr Laney will act as Joint Company Secretaries for the Company.

Performance Plan

As announced on the 29 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).

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.

As approved at the AGM, 63 million ordinary shares were issued under the Plan to Directors and Consultants, which is equivalent to 1.67% of the current issued share capital of the Company.

ASX Additional Information

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

- ASX Listing Rule 5.3.1:** Exploration and Evaluation Expenditure spend during the quarter was \$457,367. In addition, the Company paid \$812,875 (plus transactions costs) to acquire the Jack Track tenement.

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

Table 2: Breakdown of the expenditure incurred

| Property | Nature of expenses | Amount (\$) |
|--|---|----------------|
| Governor Broome (Mineral Sands) | | |
| | Council rates and rent | 18,940 |
| | Geology and geophysics | 43,106 |
| | Mining administration and environmental | 5,809 |
| Needles (Gold) | | |
| | Geology and geophysics | 176,300 |
| | Mining administration and environmental compliance cost | 11,565 |
| | Drilling costs (prepayment of the initial sum) | 194,955 |
| East Kimberley (Diamonds) | | |
| | Council rates and rent | 1,327 |
| | Mining administration and environmental | 5,365 |
| Total Exploration costs | | 457,367 |

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 \$52,895 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 3: Director's remuneration

| Name of Director | Nature of Payment | Amount (\$) |
|------------------------|--|---------------|
| Jacob Khouri | Ongoing Director fees | 2,045 |
| Gregory Jones | Ongoing Director fees | 14,850 |
| Vincent J Fayad | Ongoing Director fees and Company Secretarial services | 36,000 |
| Total | | 52,895 |

Tenements

In accordance with Listing Rule 5.3.3, Astro provides the following Information concerning its exploration licences. The following table lists the Company's exploration licences held at the end of the quarter, and their location:

Table 4: List of Tenements

| Holder | Project | Lease | Location | Lease Status |
|-------------------------------------|-------------------|--|-------------------------|--------------|
| Governor Broome | Governor Broome | Retention Licence R70/53 (formerly E70/2372) | Nannup - Southern WA | Granted |
| Governor Broome 100% | 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 | 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 |

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:

- 8 October 2021, "Appointment of Joint Company Secretary
- 25 October 2021, Diamond Drilling Commences at the Needles Project"
- 25 October 2021, "Tenement Update"
- 26 October 2021, "Completion of Jack Track Acquisition"
- 8 November 2021, "Re-estimation of Jack Track Tenement Resources, at Governor Broome Project
- 29 November 2021, 'Pyrite Mineralisation Intersects at Needles Gold Project'
- 30 November 2021, "Results of the Annual General Meeting"
- 17 December 2021 "Drilling Update at Needles Gold Project"
- 10 January 2022 "Drilling Update at Needles Gold Project
- 25 January 2022 "Drilling Update at Needles Gold Project

Authorisation

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

More Information

Vince Fayad

Executive Director

Vince.fayad@vfassociates.com.au

+61 (0) 414 752 804

Victoria Humphries

Media & Investor Relations

victoria@nwrcommunications.com.au

+61 (0) 431 151 676

Appendix 5B

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

Name of entity

ASTRO RESOURCES NL

ABN

Quarter ended ("current quarter")

96 007 090 904

December 2021

| 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 | | |
| | (b) development | | |
| | (c) production | | |
| | (d) staff costs | (53) | (88) |
| | (e) administration and corporate costs | (405) | (565) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | - | 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 | (458) | (652) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | | |
| | (b) tenements (including transaction costs) | (812) | (812) |
| | (c) property, plant and equipment | | |
| | (d) exploration & evaluation | (457) | (895) |
| | (e) investments | | |
| | (f) other non-current assets | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 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) |
| 2.6 | Net cash from / (used in) investing activities | (1,269) | (1,757) |

| | | | |
|-----------|---|----------|----------|
| 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 | 2,599 | 3,281 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (458) | (652) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1,269) | (1,757) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 872 | 872 |

| 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 | 872 | 2,599 |
| 5.2 | Call deposits | - | - |
| 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) | 872 | 2,599 |

| 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 | 53 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <p><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></p> <p>Note: The above payments reflect fees rendered by the directors during the quarter. More information concerning the breakdown of the above payments to directors and their related parties can be found within the accompanying Quarterly Activities Report.</p> | | |

| | | | |
|-----------|---|---|--|
| 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) | (458) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (457) |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (915) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 872 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 872 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 0.95 |
| <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: The Company will continue to incur exploration costs (including drilling) in relation to its Nevada project, along with the commencement of the exploration program (also including drilling) at the Governor Broome Sands project - during Quarter 3 2022 (January 2022 – March 2022). These costs will be funded through the Company's \$3.35 million (before costs) capital raising as announced to the ASX on 19 January 2022 ('Astro secures binding commitments of \$3.35 million'). | | |

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:

Yes – refer to the Company's response provided under item 8.8.1.

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:

Yes – refer to the Company's response provided under item 8.8.1 and Company's investor presentation announced to the ASX on 18 January 2022.

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 January 2022**

Authorised 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.