

QUARTERLY REPORT – 30 June 2020

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:

- The Company updated its resource estimate for its 100% owned portion of the Governor Broome Project. The total Indicated Resources are 52Mt @ 4.6% HM.
- Further Mineral Resource estimates are to be completed and reported for the Inferred Resources within the Governor Broome South and East Deposit areas.

Needles:

- No work activity was undertaken during the quarter for the Needles Project.

East Kimberley Diamonds:

- No activity undertaken during the quarter. The proposed bulk sampling exercise has been postponed indefinitely due to Covid-19 restrictions.

Corporate:

- The Company continues to draw down on the loan facility from Gun Capital Management Pty Ltd with approximately \$429,000 available for draw down with a minimal amount outstanding to creditors, other than Director fees.
- The Company is currently considering placement and Entitlement Offer to all shareholders.

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 2020:

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 Governor Broome Deposits are contained within a granted Retention Licence, which the Company believes it has reasonable grounds to be able to convert to a Mining Lease, should it elect to do so.

The Governor Broome Heavy Mineral Project contains three separate areas of significant heavy mineral (**HM**) mineralisation. The largest contains the North and South Deposits, previously drilled by Metal Sands Australia Ltd (Metal Sands) in 2005 and 2006, and the West Deposit, drilled by Astro in 2020. The other two areas contain the East and South Deposits. The HM mineralisation occurs within a surficial Pleistocene sand unit, the Warren Sands, and in the immediately unconformably underlying Beenup Beds of the Cretaceous Warnbro Group.

Following the completion of a total of 289 air-core holes were drilled during February and March, the Company updated its Indicated Mineral Resource estimates of the Governor Broome Project, with following key highlights (refer to ASX announcement 3 June 2020):

- *New Indicated Resource Estimated Following Recent Drill Programme*
An **Indicated Resource Estimate** has been carried out for the Governor Broome South Deposit. The estimate is **11Mt @ 4.5% HM**, 15% Slimes, and 11% Oversize.
- Total Indicated Resources for the Project have increased to **52Mt @ 4.6% HM**, for an **increased tonnage of 75%** over that present before the recent 2020 drill programmes.

On 24 April 2020, the Company provided an interim announcement of the results from the work undertaken on the Governor Broome East and Governor Broome West areas. The 52Mt of Indicated Resources takes into account these two areas, plus the Governor Broome North and South areas.

In addition, the Company is to carry out further work on the South and East Deposits to re-estimate their contained Inferred Resources. This work was expected to be completed by late June. However, for reasons outside the control of the Company, the work is expected to be finished in the September 2020 quarter.

Full details of the JORC Mineral Resource estimate and drilling analysis are contained in the market announcements dated 24 April 2020 and 3 June 2020.

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

No activity was undertaken during the quarter for Needles Project.

Further work on the Needles Project will occur once the Company is able to secure additional funding.

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).

As previously advised, travel restrictions within Western Australia as a result of the State Government COVID-19 management strategy, has necessitated in postponement of planned work in the East Kimberley. Planned drilling and bulk sampling has been deferred indefinitely and is also subject to the Company being able to secure additional funding. The proposed program will test the residual diamondiferous palaeoterrace deposits along the northern side of the Smoke Creek. No other activity has been undertaken during the quarter.

Corporate Matters

Debt facility and funding

The Company has an existing debt facility with Gun Capital Management Pty Ltd (**GCM**), a company that is related to Chairman of the Company. The facility is for million to \$3.250 million and has been drawn to \$2.821 million as at 30 June 2020 with unused facility amount of \$429,000. The loan is repayable the earlier of a capital raising event or 31 October 2021. The Company continues to monitor its loan facility.

Capital raising

In order to improve the Company's financial position and reduce its dependency on GCM, the Company is considering a placement to parties who may be interested in funding the Company's short term objectives, predominately dealing with any remaining work to be undertaken on the Governor Broome Project and further work on the Needles Project.

In addition, the Company is also considering an Entitlement Offer to all shareholders. As part of that Entitlement Offer, the Company would consider taking steps to reduce the GCM debt facility.

US Tax liability

As announced on the 25th June 2020, the Company received a penalty notice for late filing of certain filing obligations. The Company's USA accountants have lodged an objection to this notice, noting that the Company did in fact comply with its obligations and for the penalty to be withdrawn in full.

Cashflow

During the quarter, the cash flow from operations continue benefited from the continued support from Messrs Jacob Khouri and Vince Fayad not receiving payment for their services. All other creditors are update to date and there is an immaterial amount owing to third party creditors.

Board approval

The quarterly activities and cash flow statement has been approved by the Board.

ENDS

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The information in this report as it relates to Mineral Resources and Exploration Results 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 Richard Newport, principal partner of Richard Newport & Associates – Consultant Geoscientists. Mr Newport is a member of the Australian Institute of Geoscientists 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. Newport 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 2020

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

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")

June 2020

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 (if expensed)	(295)	(908)
	(b) development		
	(c) production		
	(d) staff costs	(9)	(91)
	(e) administration and corporate costs	(4)	(106)
1.3	Dividends received (see note 3)		
1.4	Interest received		
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	(308)	(1,105)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		(18)
	(d) exploration & evaluation (if capitalised)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) investments		
	(f) other non-current assets		(13)
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 (provide details if material)		
2.6	Net cash from / (used in) investing activities	-	(31)

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	325	965
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Deposits in advance)		
3.10	Net cash from / (used in) financing activities	325	965

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11	199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(308)	(1,105)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(31)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	325	965
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	28	28

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	28	11
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)	28	11

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 (Director Fees)
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
9
-

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>	
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.
Loan facility from Gun Capital Management Pty Ltd (Gun) of \$3.250 million has been made available to the Company. The facility is subject to interest at the rate of 15% per annum. The facility is repayable by 31 October 2021.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(308)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(308)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	28
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	28
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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 operating cash flows reflected the substantial work undertaken on the Governor Broome Project. The Company does not expect to incur a similar level of operating cash outflows in the September 2020 quarter, the drilling work has been completed. Future work for the Needles and the East Kimberly Diamond Projects will be dependent upon the Company being able to raise fresh capital.	
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: As noted in section 7 above, the Company has been funded by Gun Capital Management Pty Ltd. As at the end of the quarter, there was \$390,000 of unused facilities. The Company is actively pursuing fund raising alternatives.	

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, based on the support from Gun Capital Management Pty Ltd, outlined in section 7 above.

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: 29 July 2020

Authorised by: By the Board

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.