

18 February 2015

Anjuli Sinniah  
ASX Compliance Pty Limited  
Level 40 Central Park  
152 – 158 St Georges Terrace  
PERTH WA 6000

Dear Anjuli

### Response to ASX Letter

We refer to your letter dated 17 February 2015 (the “**ASX Letter**”) and respond to the questions raised as follows:

1. Astro Resources Limited (“**Astro**” or the “**Company**”) is expected to have sufficient cash to fund its activities in the coming quarter. The Board has undertaken a number of fund raising initiatives which are detailed in a Fund Raising Activities announcement on 30 October 2014 (the “**October 2014 Announcement**”) and the 31 December 2014 Quarterly Activities and Cashflow Report on 30 January 2015 (the “**31 December 2014 Quarterly Activities and Cashflow Report**”).

The October 2014 Announcement sets out a number of capital initiatives including:

- a. obtaining a temporary cash facility of up to \$500,000 from a substantial shareholder, Mining Investments Limited (“**MIL**”);
- b. an intention to perform a rights issue to raise a minimum of \$500,000 (“**Rights Issue**”), which is to be partially sub-underwritten by MIL;
- c. entering into an extension of time for a further one year with all Convertible Note holders and agreeing to waive their entitlement to a rollover fee; and
- d. an intention to invite all Convertible Note holders to convert their Notes into ordinary shares.

As noted in the 31 December 2014 Quarterly Activities and Cashflow Report, the Company had received a cash advance of \$200,000 from MIL (the “**Advance**”) post 31 December 2014. Further, this was clearly set out in Section 3.1 of the Appendix 5B report – “Financing Facilities”. These funds, together with the proposed Rights Issue, should provide the Company with sufficient capital to fund its activities.



2. The Company is expected to have negative operating cash flows associated with its exploration activities. As noted above, Astro has received an Advance from MIL since 31 December 2014, so as to fund its immediate obligations. This Advance, supplemented by the Rights Issue should provide a sufficient amount of cash to fund the Company's business activities for the coming 12 months.
3. The Company has undertaken the following steps to meet its business objectives:
  - a. *reduced exploration overhead costs* – as announced on 23 December 2014 (the "**Iluka JV Announcement**"), a subsidiary of the Company had entered into a farm-in and joint venture arrangement with Iluka Resources Limited ("**Iluka**") for one of its Governor Broome tenements - tenement number E70/2464. We would note that this farm-in and joint venture arrangement is expected to reduce the amount of cash outlaid by Astro to continue exploring tenement E70/2464.

Further, as announced in the 31 December 2014 Quarterly Activities and Cashflow Report, the Company lodged an application for a retention licence in relation to its Governor Broome tenement – tenement number E70/2372. This will have the effect of reducing exploration overhead costs going forward;
  - b. *extended the conversion date of all outstanding Convertible Notes and obtained a waiver to pay rollover fees* – as announced in the 30 October 2014 Announcement, the effect of this is to defer the payment obligation; and
  - c. *cash advance and Rights Issue* – as noted above, the Company has received an Advance and is in the process of undertaking a Rights Issue.
4. The Company confirms that it is in compliance with the Listing Rules and in particular, Listing Rule 3.1.
5. In accordance with the requirements of Listing Rule 12.2, Astro believes that its financial condition is adequate to warrant the continued quotation of the entity's securities and its continued listing. The Company is confident that it has sufficient cash to meet its immediate commitments and continue with its strategy outlined above. Further, the Company is confident that the proposed Rights Issue and capital management initiatives outlined in the October 2014 Announcement will enable the continuing of its business activities.

We trust that the above adequately addresses the questions raised.

Yours sincerely

**Vince Fayad**  
Company Secretary



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17 February 2015

Mr Vincent Fayad  
Company Secretary  
Astro Resources NL  
Level 9, 1 O'Connell Street,  
SYDNEY NSW 2000

By email: [vfayad@pkflawler.com.au](mailto:vfayad@pkflawler.com.au)

Dear Vincent

**Astro Resources NL("Company")**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2014 released to ASX Limited ("ASX") on 30 January 2015 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$89,000.
3. Cash at end of quarter of \$35,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number +61 8 9221 2020 or email [anjuli.sinniah@asx.com.au](mailto:anjuli.sinniah@asx.com.au). It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5.00 pm WST on Friday 20 February 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Anjuli Sinniah

**Adviser, Listings Compliance (Perth)**