

QUARTERLY REPORT – 30 SEPTEMBER 2016

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

- *Company has finalised plans to undertake an approximate 50-75 line km GPR survey over the Lower Smoke Creek licence areas of interest commencing in early October and those areas assessed as having diamond trap potential by the analysis and interpretation of the GPR data will (subject to approvals) be bulk sampled in the 2017 field season utilising the Company's HMS plant.*
- *No work or exploration activities on either the Jack Track exploration deposit on E70/2464, which is subject to the Farm-in & Joint Venture Agreement with Iluka Resources Limited, or the 100% owned Retention Licence R70/53 was undertaken during the quarter. Options are being assessed for the progression of the Jack Track project.*
- *Company completes renounceable rights issue of seven (7) new shares for every one (1) share held expected at a price of \$0.004 per share, plus one free attaching option with an exercise price of \$0.004 resulting in a re-capitalisation of its financial position raising \$1.033 million in fresh equity as well as retiring Convertible Notes.*
- *Company reviewed a potential acquisition in the exploration sector and the Company has made good progress with the advancement of a potential transaction*

*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 2016:*


Governor Broome

About Governor Broome

Astro's Governor Broome mineral sands project is located in the southern-eastern region of Western Australia. The project is broken up into two parts, R70/53 100%, owned by Astro Resources, and E70/2464 which is the subject to the Farm-in & Joint Venture Agreement with Iluka Resources Limited (see below for further details).

Governor Broome (excluding Iluka Joint Venture)

No field exploration activity has been undertaken by the Company during the quarter.



As previously announced, a Retention Licence R70/53 was granted by the Western Australian Department of Mines and Petroleum. This licence area covers all the Indicated and the majority of the Inferred Mineral Resources, as previously reported by the company in compliance with JORC (2012), of the Governor Broome deposit. The Retention Licence was formerly known as E7/2372. The grant of the Retention licence recognises the work done by the Company in establishing and identifying a JORC mineral resource and that mining of that resource is for the time being impracticable for various reasons.

Iluka Joint Venture

Exploration licence E70/2464, in the SW region of Western Australia, is subject to Farm-In and Exploration Joint Venture Agreement (“**Iluka JV**”) between Iluka Resources and Governor Broome Sands Pty Ltd (“**GBS**”) a wholly owned subsidiary of the Company. Exploration drilling by Iluka has delineated a heavy minerals (“**HM**”) sands resource within the licence, in an area now known as the “Jack Track” deposit. The Company has previously announced a Maiden Inferred Mineral Resource estimated at 18.8 Mt @ 4.7% HM at a 3.0% HM lower cut-off grade, and reported in accordance with the guidelines outlined in the JORC Code (2012) for the reporting of Exploration Results, Mineral Resources and Ore Reserves.

No work was completed on the Jack Track JV during the quarter. Options for progression are currently being assessed.


East Kimberley Diamonds

The Company holds the Lower Smoke Creek (E80/4120) and the Carr Boyd (E80/4316) exploration licences that adjoin the Argyle and the former Bow River Diamond Mines within the East Kimberley region of Western Australia. Previous work in the area has included limited bulk sampling, airborne magnetics, geochemical soil sampling, and drilling.

During the quarter, the Company acquired and reviewed the relevant detailed GIS and sampling data for the bulk and geochemical soil sampling undertaken on Lower Smoke Creek by previous workers between the calendar years 2000 to 2004.

The bulk-sampling programme undertaken in 2003 in the form of pits and trenches sampled a small area of 0.5 square kilometres on the northern side of the present Smoke Creek. Nine pits were successful in proving diamondiferous gravels and approximately 960 tonnes of gravel were excavated and processed through an HMS plant. A total of 222 diamonds weighing 12.86 carats were recovered. Although this exploration demonstrated the occurrence of diamondiferous gravels the bulk sampling essentially retested areas sampled during the 1980s, with basically the same outcome of sub-economic grades.

Neither the 2003 investigations or the investigations undertaken prior to that in the 1990's attempted to widen the search area for palaeochannels beyond the environs of the present course of Smoke Creek or use GPR (Ground Penetrating Radar) surveying techniques to detect bedrock undulations or potential basal gravel traps within known areas of diamondiferous gravel.



Further exploration of the alluvial diamond environment will use GPR as the first stage to attempt to identify these potential basal traps as these environments may be expected to offer elevated diamond grades compared with those encountered so far. A GPR survey will also help to identify the extent and location of the known and potentially unknown palaeochannels within the licence.

The Company has finalised plans to undertake an approximate 50-75 line km GPR survey over the Lower Smoke Creek licence areas of interest commencing in early October. The search criteria in terms of line spacing is flexible and has been designed to intersect known palaeochannels and those areas thought to be logical drainage courses of the palaeo Smoke Creek. The work will be completed prior to the start of the Kimberley wet season (usually late October- early November)

Areas identified as having diamond trap potential by the analysis and interpretation of the GPR data will (subject to the necessary DMP approvals and Heritage survey if required) then be bulk sampled in the 2017 field season utilising the Company's Mitchell and Cotts 10 tonne/hr HMS plant currently situated nearby at Lissadell Station.

Corporate

Rights Issue

On the 8th September 2016, the Company successfully completed the renounceable issue for seven (7) new shares for every one (1) share held at a price of \$0.004 per share, plus one free attaching option with an exercise price of \$0.004 (**Entitlement**) with a one and a half year term. The cash of approximately \$1.033 million was raised from the above with over half of those funds being used to retire amounts due to creditors. In addition, the Entitlement has enabled the Company to retire significant amount of debt, namely the various Convertible Notes that were on issue.

Acquisitions

During the quarter, the Board also reviewed a potential acquisition opportunity in the exploration sector. Discussions are progressing with a vendor as well the Company is seeking appropriate regulatory approvals in relation to the potential acquisition.

ENDS



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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 (excluding that of the Iluka JV) 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 Iluka JV is based on information compiled by Shaun Seah under the review of Brett Gibson who is a member of The Australasian Institute of Geoscientists and a full time employee of Iluka. Brett 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 JORC Code and consents to the inclusion in the report of the matters based on 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 30 September 2016

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	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	P70/1584	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 2016

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	(89)	(89)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(407)	(407)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income tax refund (2013 R&D)	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(496)	(496)
Cash flows related to investing activities			
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)	-	-
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(496)	(496)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(496)	(496)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,472	1,472
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(439)	(439)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	1,033	1,033
	Net increase (decrease) in cash held	537	537
1.20	Cash at beginning of quarter/year to date	21	21
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	558	558

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Curent quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	57
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

During the quarter, the Company retired all of its Convertible Notes. A significant proportion of the Convertible Notes were repaid by way of sub-underwriting in the renounceable entitlement to subscribe for shares in accordance with the Prospectus dated 10 August 2016.

- 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

N/A

+ 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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	60
4.2 Development	-
4.3 Production	-
4.4 Administration	120
Total	180

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.

	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	558	21
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	558	21

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	Preference securities (description)	-	-	-	-
7.2	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	882,927,320	882,927,320	-	-
7.4	Changes during quarter				
	(a) Increases through issues	772,561,405	772,561,405	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)	772,551,405	-	Exercise price of \$0.004 Expiry date three years from 8 September 2016	-
7.8	Issued during quarter	772,551,405	-	Exercise price of \$0.004 Expiry date three years from 8 September 2016	-
7.9	Exercised during quarter	-	-	-	-

+ See chapter 19 for defined terms.

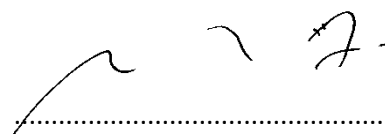
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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: 25 October 2016

(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* applies 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.