

REVIEW OF THE GOVERNOR BROOME PROJECT PRELIMINARY STUDY AND NEXT STEPS

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

Outcome from review of 2018 Preliminary Study

- Re-evaluation of the results of the 2018 Preliminary Study (**2018 Preliminary Study**) of Astro's 100% Governor Broome Heavy Mineral Sands Project (**Project**) in Western Australia. An independent preliminary study by leading heavy mineral sand specialists TZ Minerals International Pty Ltd (**TZMI**) re-confirms economic viability of the Project, despite the South East area of the Project being declared sub-economic (**Revised Preliminary Study**). However, the results from the Revised Preliminary Study suggest that the likely value will be less than that previously indicated in the 2018 Preliminary Study.
- The Revised Preliminary Study is based on 22.9 million tonne (Mt) of Indicated Resources averaging 4.8% Heavy Minerals in the North and 7.9 Mt of Inferred Resources at 5.0% HM in the South.

Next Steps

- A program for upgrading Governor Broome South from Inferred to Indicated is to be developed in order to support the preliminary study development plan of this area.
- In addition to the work on Governor Broome South, proposed work programs in Governor Broome West, an area not previously drilled, and a section of Governor Broome East is to be undertaken.

Astro Resources NL (**ARO** or **Astro**) is pleased to advise the following:

Cautionary statement

The preliminary study results referred to in this announcement remain preliminary in nature, as the conclusions in the primary analysis are drawn from Indicated Resources and Inferred Resources. The preliminary study is based on low-level technical and economic assessments which are insufficient to support estimation of Ore Reserves, or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the preliminary study will be realised.

As set out below, Astro intends to undertake further work on the Governor Broome Project to convert specific portions of the Inferred Resource to Indicated Resources. There is a low level of geological confidence associated with Inferred Resources, and there is no certainty that further exploration work will result in the determination of Indicated Resources.

All JORC Code modifying factors have been sufficiently considered, including: mining studies, processing studies, laboratory scale metallurgical testwork, conceptual engineering and infrastructure assessments. Capital and operating costs were based on TZMI's database of global mineral sands projects with appropriate scaling and contingencies added. 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.

Both the 2018 Preliminary Study and the Revised Preliminary Study are based on the material assumptions outlined here within. Whilst Astro considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove correct or that the range of outcomes reported in the preliminary study will be achieved. As indicated in the 2018 Preliminary Study under the heading "Limitations on Publication", the Company is unable to satisfy the requirements of a reasonable basis with respect to funding and this limitation remains as at the date of this announcement.

Both the 2018 Preliminary Study and the Revised Preliminary Study have been completed to an overall -10%/+40% level of accuracy and examined all aspects of geology, mining, processing and supporting infrastructure at mineral prices and a long term foreign exchange rate of US\$0.75: A\$1. Given the uncertainties involved, investors should not make any investment decisions based solely on the basis of the preliminary study having been undertaken.

Completion of the Revised Preliminary Study

On the 28th June 2018, the Company announced details of its 2018 Preliminary Study. Following completion of that study, the Company undertook a campaign of the Governor Broome South-East Deposit Mineral Resources from the Project with a view of upgrading the resource from Inferred category to Indicated category. Unfortunately, following completion of that work, the Governor Broome South-East Deposit Mineral Resources was declared sub-economic (refer ASX announcement dated 14 June 2019).

As further announced by the Company, Astro had independent consulting company TZMI undertake a Revised Preliminary Study of the Project, following the removal of the Governor Broome South-East Deposit Mineral Resources and by applying modified project development and operational parameters.

The full details of the scope and limitation of the 2018 Preliminary Study can be found in the ASX announcement dated 28 June 2018. Accordingly, in considering the contents of this announcement, investors and shareholders should refer to that announcement in considering the outcomes of the Revised Preliminary Study.

Astro believes that results from the Revised Preliminary Study have shown that the development and mining of the Project's Heavy Mineral Resources would have an attractive financial outcome. However, principally due to the reduction in the level of resource to be processed, there has been a reduction in the value of the Project although the extent of the reduction has been partially offset by a change in certain parameters, such as capital expenditure.

The Revised Preliminary Study results are based on 22.9 million tonne (Mt) of Indicated Resources averaging 4.8% Heavy Minerals from Governor Broome North and 7.9 Mt of Inferred Resources at 5.0% HM from Governor Broome South.¹

Key factors which have been used by TZMI in the Revised Preliminary Study include:

- a downward revision to the project scale, which results in lower capital costs;
- previous mineral recovery assumptions were maintained for the Revised Preliminary Study;
- the assumption that the project product would be a heavy mineral concentrate, which would avoid toll treatment costs;
- an extension of the mine life to nine (9) years;
- updated mineral prices and mining and transport contractor information;
- the exchange rate improves from 2018 Preliminary Study of AU\$1.00 = US\$0.76 to AU\$1.00 = US\$0.75. and
- revision of expected landholder compensation costs.

Proposed work program

TZMI's optimised mine plan includes both Indicated Resources from Governor Broome North and Inferred Resources from Governor Broome North and South¹. Prior to any further Scoping or Pre-Feasibility work, Astro is planning to upgrade those portions of Governor Broome South that have been included in the revised mining schedule (highlighted as area **S** in Figure 1) – refer to **Appendix 1**.

In addition to the above, Astro has also re-examined the results of all previous drilling within its licence and has recognised the potential of two other areas, being:

- *Governor Broome West* - this area, which has not been drill-tested, is immediately to the west of Governor Broome North. High-grade mineralisation within Governor Broome North is open to the west and is interpreted to be likely to extend along strike into the undrilled area, which is highlighted as area **W** in Figure 1 at Appendix 1.
- *Governor Broome East* – there is a section of which contains reasonable heavy mineral grades and thicknesses. This section has only been tested by widely spaced lines of drilling and has been flagged as a zone of possible interest by TZMI. It is highlighted as area **E** in Figure 1 in Appendix 1.

Any additional Indicated Resources from the above areas is likely to increase the value of Project.

Plans will be prepared to reflect the above development activities over the next six months, subject to the Company securing additional funding.

ENDS

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The information in this report as it relates to Mineral Resources and exploration results for the Governor Broome Deposit is based on information compiled by John Doepel (Director of Continental Resource Management Pty Ltd), 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 is qualified as a Competent Person as defined in the 2012 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.

¹ *Governor Broome North contains Indicated Resources of 30Mt @ 4.9% HM and Inferred Resources of 1.6 Mt @ 4.5% HM; Governor Broome South contains Inferred Resources of 26Mt @ 5.0% HM; Governor Broome East contains Inferred Resources of 70Mt @ 3.7% HM (ARO ASX Announcement July 8, 2019)*

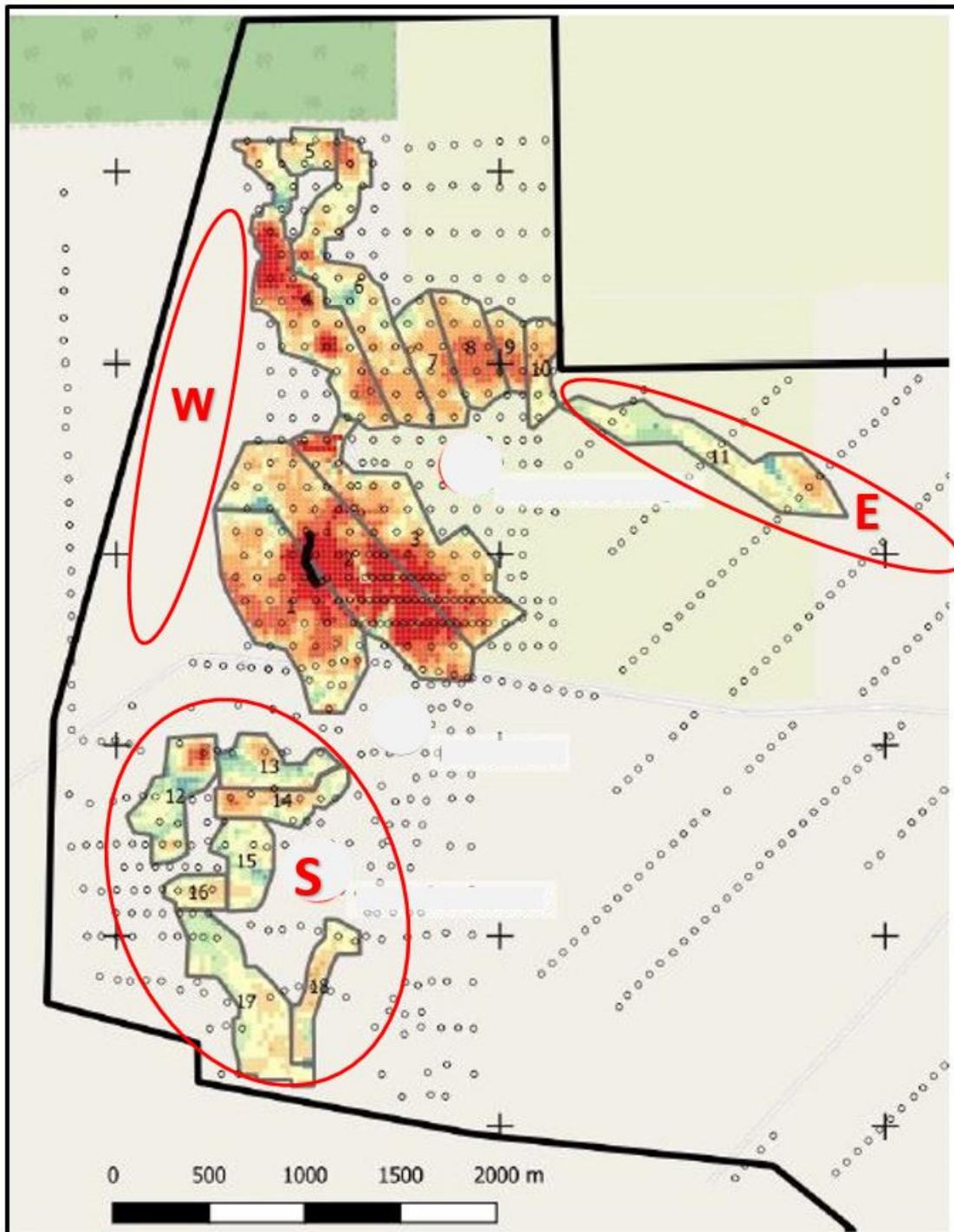


Figure 1 Western section of Governor Broome Retention Licence (black outline), existing drilling (circles), possible mine schedule strips coloured by revenue factor (after TZMI), and proposed areas of drilling (red ellipses)