

QUARTERLY REPORT – 30 JUNE 2018

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

- The Company has issued its positive preliminary study and that the results from the preliminary study demonstrated strong cash flows. The Board is currently reviewing the future funding options for the advancement of the project as well as undertaking an upgrade of current Inferred Resources.
- Work on the Company's diamond leases focussed on re-establishing the project with the acquisition and registration of past data, the development of appropriate data bases and the planning of future sampling.
- The Company completed a ground Induced Polarisation (IP) and Resistivity survey covering the Needles Project. The data is to be used for formulating drilling targets.
- Company to commence draw down from new loan facility of \$700,000 in the first quarter of the financial year ending 30 June 2019.

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 2018:

Governor Broome

About Governor Broome

Astro's Governor Broome mineral sands project is located in the South West 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)

The R70/53 licence area contains Indicated and Inferred Mineral Resources (JORC 2012), details of which have been previously provided in the Company's quarterly activities and cash flow statement. The Retention Licence was formerly known as E70/2372.

On the 28 June 2018, the Company issued an announcement in relation to a preliminary study with respect to its minerals sands project undertaken by independent consultants TZMI Minerals International Pty Limited (TZMI) on the Governor Broome Project

The key points noted in the above announcement were:

- potential for a simple, low capital cost, mineral sands operation at Astro's Governor Broome Project;
- the potential to generate strong positive cash flows using current and long term mineral sands price forecasts;
- the preliminary study was based on a 22 million tonne (Mt) Indicated Resource averaging 4.8% Heavy Minerals, which is a subset of the Mineral Resources totalling 200 Mt (30 Mt Indicated and 170 Mt Inferred) averaging 4.2% Heavy Minerals; and

- the mining and processing concept is based on conventional techniques which are widely adopted within the mineral sands industry.

Full particulars of the preliminary study are set out in the announcement dated 28 June 2018.

The full particulars of the preliminary study were unable to be disclosed given that the Company was unable to demonstrate that it has a reasonable basis in which to fund to the development of the project. The Board of Astro will look at this issue going forward. In addition, the Board is currently preparing plans to upgrade Inferred Resources to Indicated Resources, so as to further enhance the economic viability of this project.

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 mineral (**HM**) sands resource within the licence, in an area known as the "Jack Track" deposit.

The Company has previously announced a Maiden Inferred Mineral Resource of 18.8 Mt @ 4.7% HM at a 3.0% HM lower cut-off grade, a resource estimated 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 undertaken on E70/2464 during the quarter. Iluka has lodged an application for Retention Licence R70/58 and is waiting for a response. Additional information on the mineralisation hosted by the Retention Licence application was recently provided by Iluka to the Department of Mines, Industry Regulation and Safety (**DMIRS**) and a response is anticipated imminently.

Iluka continues to assess options for progression of this resource.

Needles Project

The Company announced on the 4th October 2017 the acquisition of the property located in Nevada, United States (**Needles Property**). The Needles Property is situated in northern Nye County, Nevada, approximately 127 kilometres (79 miles) by road east of Tonopah, approximately 336 road kilometres northwest of Las Vegas. The project area consists of mineral rights over one hundred and thirteen (113) unpatented lode mining claims, covering approximately 2,335 acres.

Epithermal gold-silver deposits have been the largest producing deposits in northern Nye County since discovery of silver-rich veins in the Tonopah district in 1900, and numerous exploration programs for epithermal deposits are currently underway. The Round Mountain Mine is the largest producer in the district with over 20 million ounces of gold contained within the deposit and it has produced more than 373,000 kg (>12million ounces) of gold and 311,000 kg of silver since 1907.

During the quarter the Company completed a ground Induced Polarisation (IP) and Resistivity survey. A total of six lines were surveyed using a standard 9-electrode dipole-dipole array with a dipole length (a-spacing) of 200 metres covering a total of 19.2 line km.

The data collected is currently being modelled in conjunction with available geochemical and geological data with a view of delineating drilling targets as soon as possible.

The Company expects to release the results and interpretation, including the planned follow up work programs, as soon as they come to hand in the very near term.

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 (**Diamonds Project**).

During the quarter, work focussed on re-establishing the project with the acquisition and registration of past data, the development of appropriate data bases and the planning of future sampling. Heritage studies are progressing with the Miriuwung Gajerrong people. In the meantime, mapping and sampling on both licences is awaiting heritage clearance.

The key to the program is the Ground Penetrating Radar survey carried out in 2016 that indicates additional gravel deposits within the Smoke Creek flood plain. Mapping and sampling is planned to bring these into the current regolith model. It is expected that mapping will commence late in the September 2018 quarter or early in the December 2018 quarter.

The Company is well positioned with a significant untested GPR gravel target defined in 2017 at the intersection of the Smoke Creek with Billygoat Creek (E80/4120).

During the quarter, the Company commenced the review of the Mitchell Cotts diamond pan for the purpose of refurbishment to test this target.

Corporate Matters

Debt facility and funding

As previously announced, the Company has entered formal loan agreements with Mining Investments Limited (**MIL**) for a working capital facility of up to \$600,000 and an acquisition facility for a further \$500,000; totalling \$1.1 million. As at 30 June 2018, the Company has fully drawn these facilities. In addition, as previously announced, the Company has also entered into a further \$700,000 facility and this facility is expected to be drawn down in the first quarter of the 2019 financial year.

Cash flow

The cash flow from operations continue to benefit from the continued support from Messrs Jacob Khouri and Vince Fayad Directors during the quarter not receiving payment for their services.

Stamp duty liability

The Company is still waiting for a response to its submission to the Office of State Revenue.

ENDS

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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, 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. 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 "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 Charles Straw, a Director of Centric Minerals Management Pty Ltd. Mr Straw is a member of the Australasian Institute of Mining and Metallurgy 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. Straw 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 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 2018

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
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
Needles Holdings	Needles		Nevada – USA	Granted

Astro Resources NL

ABN

Quarter ended ("current quarter")

96 007 090 904

30 June 2018

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	(129)	(397)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(14)	(135)
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 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating Activities	(143)	(532)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(400)
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(400)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	11
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	150	1,028
3.6	Repayment of borrowings	(2)	(108)
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	148	931

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of Period	1	7
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(143)	(532)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(400)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	148	931
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of Period	6	6

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	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances		
5.2 Call deposits	6	1
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)	6	1

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
10
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Curent quarter \$A'000
-
-

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan facility from Mining Investments Limited (MIL) of up to \$1,100,000 has been made available to the Company. The terms of the facility are interest rate of 12% per annum and is repayable 13 months from the date of draw down, with a right to extend for a further 13 months if agreed by the parties.

In addition to the above, the Company reached terms MIL for a further facility of \$700,000.

The amount drawn down includes interest and loan facility costs accrued on the loan of \$65,701 as at 30 June 2018.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,800	985
-	-
-	-

9. Estimated cash outflows for next quarter

\$A'000

9.1 Exploration and evaluation

223

9.2 Development

-

9.3 Production

-

9.4 Staff costs

-

9.5 Administration and corporate costs

114

9.6 Other (provide details if material)

-

9.7 Total estimated cash outflows

337

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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.

Sign here:



(Director/Company Secretary)

Date: 26 July 2018

Print name: Vincent J Fayad, Company Secretary and Director

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.