

## QUARTERLY REPORT – 31 March 2019

**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 has completed an infill air-core drill programme at its Governor Broome Southeast Deposit. The drilling program comprised 171 holes for a total of 2,863 m. A revised resource is expected in July 2019. No work was undertaken on the 20% owned Jack Track tenement.
- *Needles*: - 2,500 m reverse circulation (RC) drilling program is planned to commence in the middle of the June 2019 quarter. The Company currently awaits permit confirmation, which is expected imminently.
- *East Kimberley Diamonds*:
  - in-field activity commenced and the SC GPR Geophysical Anomaly was detailed in preparation for Air Core drilling. The proposed drilling program (1,200 metres) to commence in May will verify the interpreted thickness of the palaeochannels and determine sites for bulk testing using the DMS Plant later in July-August
  - HMS plant refurbishment has been undertaken to make it ready for the bulk sampling

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 March 2019:

### 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 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. During the March 2019 quarter the Company completed an infill air-core drill programme at Governor Broome in order to enable the upgrade of the Southeast Deposit from Inferred Resource status to Indicated Resource status. An Inferred Resource of 32Mt @ 4.6% HM, 15% Slimes and 12% Oversize has previously been reported for the Southeast Deposit (ARO ASX Announcement 12 February 2015). The decision to upgrade the resource category follows the Company's positive feedback from the preliminary study conducted by TZMI.

As announced on 29 March 2019, the drilling programme comprised 171 air-core holes for a total of 2,863 m. Heavy mineral separation has commenced of more than 2,000 samples. Splits of these samples have been retained for later use for bulk test-work. The resource upgrade will include a mineralogical study of the intersected heavy mineral mineralisation. A re-estimation of the Southeast Deposit resources will be carried out as soon as all results have been received; and, at this stage, the Board is anticipating the announcement of the revised JORC resource early in July 2019.

### 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.

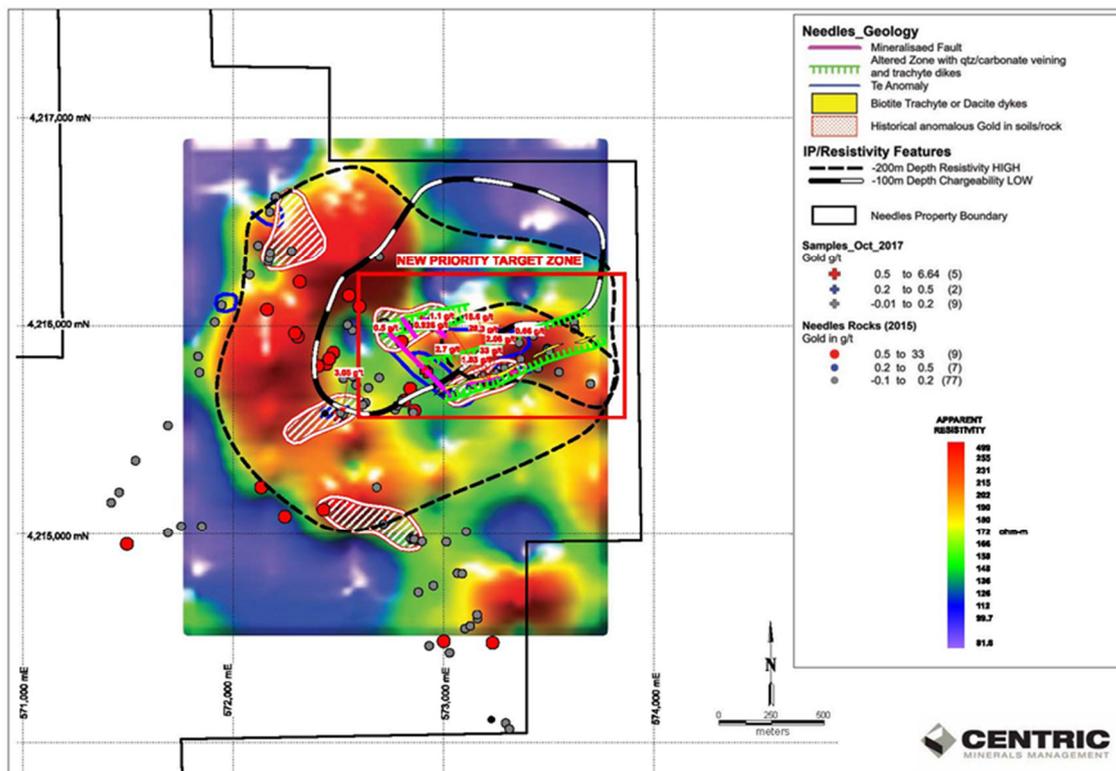
Exploration drilling by Iluka delineated a heavy mineral (“HM”) sands deposit, the Jack Track Deposit, for which the Company has previously announced a Maiden Inferred Mineral Resource of 18.8 Mt @ 4.7% HM at a 3.0% HM lower cut-off grade, a resource estimated in accordance with the guidelines outlined in the JORC Code (2012), the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

No activity was undertaken during the quarter for the Iluka JV.

### Needles Project

As previously announced, the Company began planning a 2,500m reverse circulation (RC) drilling program for the Needles Project in Nevada, USA. The drilling program is targeting high priority areas interpreted from the ground based geophysics program completed in 2018, which are coincident with previous mapping and sampling. The results from the geophysics survey strongly support the interpretation of a caldera style low sulphidation deposit model for the main target zone.

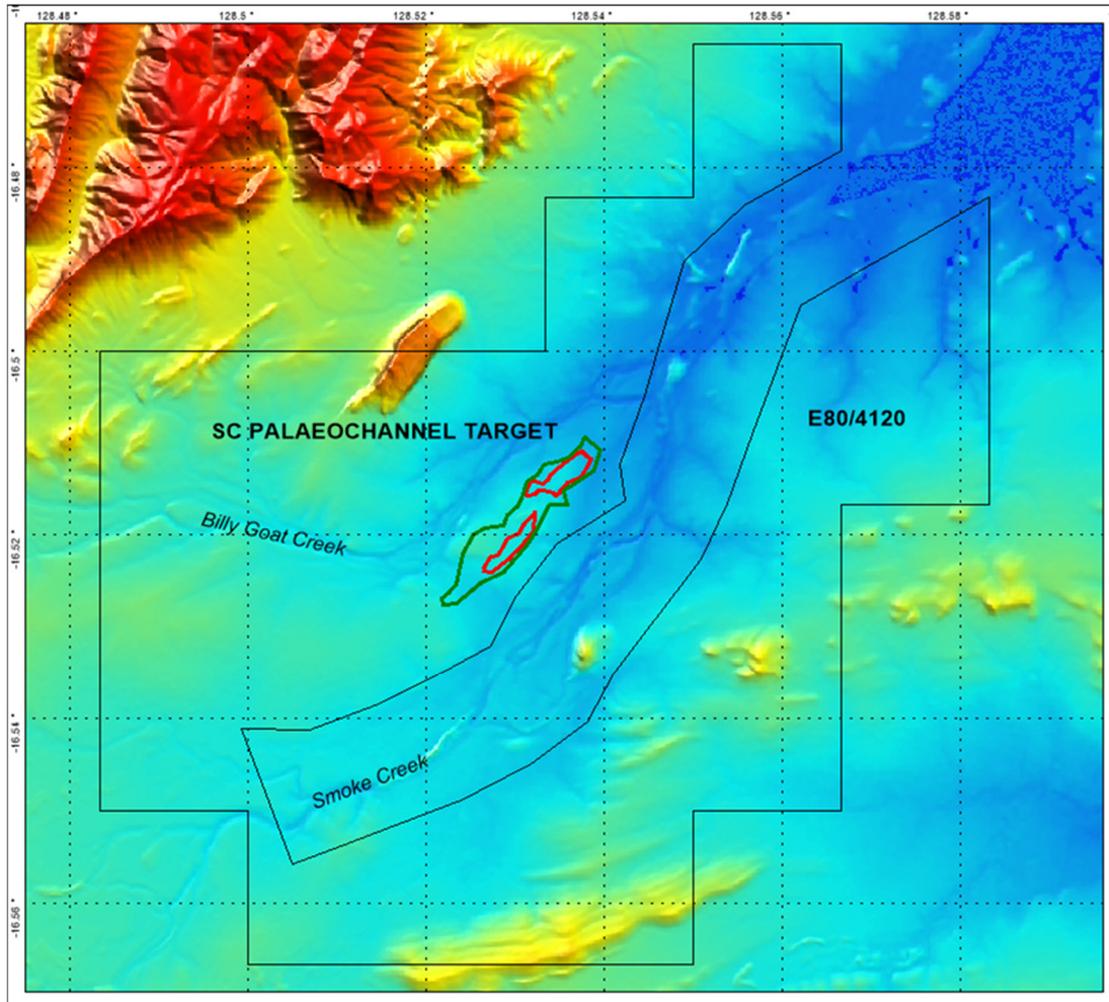
As announced on 29 March 2019, due to unexpected delays from the US Government shutdown earlier in the quarter as well as poor weather restricting access to the site, the Company is expecting that the permits for the RC Drilling programme will be received in late April, with drilling to commence shortly thereafter.



**Map 1** – 200 m depth resistivity grid with gold in rocks and mapped alteration zone. Features identified in the chargeability and resistivity have been highlighted.

## 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).



Activities during the Quarter were as follows.

- The budget for the 2019 program was prepared and approved.
- Heritage work was planned, to be carried out in April.
- In-field activity commenced at the end of March. The SC GPR Geophysical Anomaly was detailed in preparation for Air Core drilling. The drilling program (1,200 metres) during May will verify the interpreted thickness of the palaeochannels and determine sites for bulk testing using the DMS Plant later in July-Augus.
- Refurbishment of the DMS Plant was commenced in January and is expected to be completed by May. The electrics have been refurbished. Pumps have been stripped and refitted and reassembly is about to commence.

## Corporate Matters

### Placement

#### Debt facility and funding

As previously announced, the Company has in place loan agreements with Gun Capital Management Pty Ltd (**Gun Capital Management**) for a working capital facility of up to \$700,000. This facility is in addition to a previous working capital facility for the funding of the Needles project.

During the quarter, the Company did not draw any further amount of debt. As at 31 March 2019, the Company had facilities with Gun Capital Management totalling \$1.8 million of which \$1.425 million was drawn (which includes capitalised interest) leaving an undrawn amount of \$375,000.

As announced on 12 December 2018, the Company announced that Gun Capital Management would not seek repayment of the loan and that, subject to Jacob Khouri remaining on the board, the loan can extend beyond the maturity date.

#### Cash flow

During the quarter, the cash flow from operations benefited from the continued support from Messrs Jacob Khouri and Vince Fayad for not receiving payment for their services rendered during the quarter. However, an amount of \$71,000 was paid to the above individuals or entities associated with them as part payment for the last 18 months of fees owing to them.

During the quarter, the Company received a refund of approximately \$7,000 in relation to historical bonds.

The Company expended considerable funds on the Governor Broome project during the quarter and this is reflected in the exploration costs for the quarter.

#### Stamp duty liability

As announced on 12 December 2018, the Company announced that it has received from the Western Australia Office of State Revenue (WA OSR) the final assessment of \$91,894.80 in relation to the acquisition of the Governor Broome project. This liability was paid during the quarter and has been included in the administrative costs.

## ENDS

*For enquiries, please contact:*

### **Vince Fayad**

Director and Company Secretary

P: +61 28046 2799

M: +0414 752 804

E: [vince.fayad@vffassociates.com.au](mailto:vince.fayad@vffassociates.com.au)

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. 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 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 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 31 March 2019

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

Astro Resources NL

**ABN**

96 007 090 904

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(214)	(436)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(193)	(252)
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 (refund of council bonds paid for expired tenement)	7	7
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(400)</b>	<b>(681)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(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 (9 months) \$A'000
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	-	-

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	905
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(31)
3.5	Proceeds from borrowings	-	312
3.6	Repayment of borrowings (previous amount owing to the Director)	(35)	(35)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(35)</b>	<b>1,151</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	911	6
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(400)	(681)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(35)	1,151
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>476</b>	<b>476</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Curent quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances		
5.2 Call deposits	476	911
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>476</b>	<b>911</b>

**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

<b>Current quarter \$A'000</b>
31
-

Payments made during the quarter were in relation to Directors Fees (\$30,642).

**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

<b>Curent quarter \$A'000</b>
40
-

Payments made during the quarter were in relation to the provision of accounting and taxation services provided by a related party of the Company Secretary.

**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 Gun Capital Management Pty Ltd (Gun) 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 Gun for a further facility of \$700,000. The terms of the facility are interest rate of 15% 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.

Refer to the market announcement dated 12 December 2018 in relation to the requirement for repayment of the loan.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,800	1,425
-	-
-	-

**9. Estimated cash outflows for next quarter****\$A'000**

9.1 Exploration and evaluation

356

9.2 Development

-

9.3 Production

-

9.4 Staff costs

-

9.5 Administration and corporate costs

15

9.6 Other (provide details if material)

-

**9.7 Total estimated cash outflows****371**

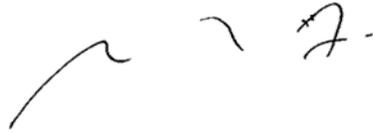
10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E80/4316 Western Australia	Exploration licence, relinquished	100.00%	0.00%
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:

Date: 24 April 2019



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.