

12 December 2022

MARKET UPDATE

Astro Resources NL (ASX: ARO) (“**ARO**”, “**Astro**” or “**the Company**”) provides the following update in regards to its operations:

Acquisition of Georgina Basin Project

Following shareholder approval at the Company’s General Meeting held on 16 November 2022, the Company has, as at 28 November 2022, successfully finalised the 80% acquisition of Knox Resources Pty Ltd (**Knox**) from Greenvale Energy Ltd (ASX:GRV) (**Knox Transaction**). Knox is the 100% owner of the Georgina Basin Iron Oxide Copper Gold (IOCG) project located in the Northern Territory, Australia.

Under the terms of the Knox Transaction, the Company will issue 46,000,000 ordinary shares (**Shares**) to Greenvale Energy Ltd. The allotment of the Shares has occurred today.

Joint Venture Lithium Portfolio

Galactic Lithium Joint Venture

As announced on 19 September 2022 (**September Announcement**), the Company entered a non-binding letter of intent with an unlisted Canadian public company known as Luna Lithium Limited (**Luna**). The purpose of the letter of intent (**Lol**) was to incorporate a joint venture entity called “Galactic Lithium, LLC” (**Galactic**), which would serve the purpose of sourcing, identifying, and exploring lithium brine and lithium clay assets across the United States of America.

As set out in the September Announcement, under the terms of the Lol:

1. Luna was to contribute its 100% interest in the Columbus Basin Project (which was subject to a separate transaction, see below for further details). The Columbus Basin Project is a lithium brine project located in Nevada, USA;
2. the Company was to contribute its 100% interest in the Kibby Basin Project - a lithium clay project located in the Kibby Basin, Nevada;
3. each party would be responsible for the funding of their respective projects contributed to Galactic;
4. the board of Galactic would comprise of 2 persons from Astro and 1 person from Luna; and
5. each party is to contribute cash funding for exploration work of US\$0.5 million in the first year, with a further US\$0.7 million in the second year.

Since the September Announcement, the long form documentation concerning the Galactic Joint Venture has significantly advanced and finalisation remains subject to further consultation on certain key commercial terms. Further updates concerning Galactic will be provided when available.

Columbus Transaction

As also announced in the September Announcement, Galactic, had entered into a non-binding heads of agreement (**HoA**) for the acquisition of the Columbus Basin Project with Luna to fund the proposed acquisition. However, shortly after HoA was entered into, a dispute arose with the vendor on a number of transactional matters (**Dispute**).

A concerted effort was made by Galactic to resolve the Dispute and achieve the outright acquisition of the Columbus Basin Project. Unfortunately, an agreement could not be reached between both parties, which was largely due to issues on warranties and representations surrounding confirmation of ownership of the project. As a consequence, Galactic withdrew from negotiations for the acquisition of the Columbus Basin Project.

Diamond spin-off

The Company has continued to work on the proposed spin-off of its East Kimberly Diamond project, which will form part of a collection of other diamond assets to be acquired. The Company's wholly owned subsidiary, Argyle Resources Limited (**Argyle**) is expected to be the spin-off vehicle that will acquire such projects and list on the Australian Securities Exchange (ASX).

During the December 2022 quarter, the Company was notified by one of the Argyle vendor parties that they were not prepared to incur their project's minimum expenditure costs, as required under the relevant mining legislation. The Company is currently assessing whether it will proceed with the inclusion of this project within the Argyle portfolio.

In addition to the above, the Company is currently reviewing its strategy - including the quantum of capital raising, to ensure that Argyle and the East Kimberly Diamond project are sufficiently funded.

The proposed listing of Argyle remains subject to shareholder approval, satisfying ASX admission requirements and the successful completion of a public fund raising to meet the requirements of the ASX Listing Rules.

Authorisation

This announcement has been authorised for release by the Board.

More Information

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