

Market Update

Highlights

- Key hurdle for the proposed Joint Venture arrangement for Governor Broome (tenement number E70/2464) has been resolved and the Company is ready to move to documentation
- The key requirement of the proposed joint venture partner was the cost of the royalty is borne by the Company
- An agreement has been entered into with the royalty owners capping the liability of the royalty obligation to the amount received from any future sale and reducing the royalty from 1.5% to 0.25%

Joint Venture

The Board of Astro Resource NL (“**the Company**” or “**Astro**”) is pleased to announce that as previously foreshadowed in its Quarterly Activities statements and 30 June 2014 annual report, Astro Resources NL that is resolved a key hurdle as outlined below in relation to the advancement of its proposed joint venture with a party, for the development of its 100% owned Governor Broome project for tenement number E70/2464 (“**Governor Broome Tenement**”).

By way of background, the Company has reached in-principle commercial terms with a third party and is subject to documentation for a proposed joint venture arrangement. The Board considers the selected joint venture party has the expertise and experience, market presence and financial capacity in which to explore and develop and potentially commercialise the Governor Broome Tenement. At this stage, the Board believes that it is too early to announce the terms of the proposed joint venture arrangement as such arrangement is incomplete and subject to negotiation.

As noted above, one of the key prerequisites of the proposed venture party before moving to documentation was that the royalty of 1.5% of gross revenue (less certain costs) be borne by the Company. Following negotiation with the royalty owners, the Company has entered into a Deed of Variation (“**Deed**”). Conditional upon the entering of a joint venture arrangement, the key terms of the Deed are:

- the royalty owners consent to the proposed joint venture party and that they waive their pre-emptive rights;
- the cost of the royalty is borne by Astro;
- in consideration for a total payment of \$140,000, the royalty obligation is reduced from 1.5% to 0.25% of gross revenues (less certain costs); and

- in the event that the Governor Broome Tenement is sold, the Company will pay the royalty owners the lesser of:
 - an amount representing the fair market value of the royalty (as agreed between the parties or, a value determined by an independent expert); or,
 - the amount received by the Company from the sale of its interest in the Governor Broome Project.

Full details of the joint venture arrangement, including terms and conditions will be provided to shareholders as soon as further information is available. However, the Board believes that the hurdle of dealing with the royalty owners is a major step forward to moving to negotiation and finalisation of a joint venture arrangement.

ENDS

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