

UPDATE CORPORATE MATTERS

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.

Astro Resources NL (**ARO** or the **Company**) advises on the following updates:

WA Stamp Duty

The Company has received from the Western Australia Office of State Revenue (**WA OSR**) a final draft of its determination of the stamp duty liability. The final amount that has been assessed is \$91,894.80. The Company has accepted the WA OSR final determination and is waiting upon receipt of the assessment. Pending assessment, no decision has been made by the ARO Board as to whether application will be made to have the outstanding liability paid in instalments. The WA OSR has indicated that upon assessment any outstanding amount will be subject to interest at the rate of 10.2% per annum.

The Company notes that it has made provision for this stamp duty liability in its books of account for the amount of \$94,870. The difference will be adjusted in the half year financial report for the 6 months ending 31 December 2018.

Capital raising

As previously advised, the Company is seeking to raise further capital by way of a placement of fully-paid ordinary shares in the issued capital of ARO, in order to fund its business plan. The Company intends to issue a Prospectus in connection with that placement. The Prospectus will be made publicly available when the placement offer is made. The timing for the placement is expected to occur by late December 2018.

The Prospectus will be lodged with the Australian Securities & Investments Commission and ASX, and will be available to any person invited by the Board to participate in the placement from the Company's website <http://aro.qdv.cz/wp-content/uploads/aro.pdf>. A hard copy of the Prospectus will also be provided to invitees, free of charge, upon request. Prospective investors should consider the Prospectus before deciding whether or not to apply for shares under the placement. Any person wishing to apply for shares under the placement will need to complete the application form that will be in or will accompany the Prospectus.

Loan from Gun Capital Management

The Company advises that, as at 31 October 2018, the Company has drawn the amount of \$1,331,214 under its existing loan facilities from Gun Capital Management Pty Ltd (**GCM**) and that as at 31 October 2018 there is approximately \$450,000 available for further draw-down. The loan is due for repayment by 31 October 2019. The Company has sought confirmation from GCM, and GCM has agreed, that:

- it consents to the conduct by the Company of an equity capital raising to raise up to \$927,407, and will not require, accept, demand or take other action to enforce repayment any of its loans from the proceeds of the raising;

- despite the fact that the loan facilities are repayable in full on 31 October 2019, subject to Jacob Khouri remaining on the ARO Board, it will not call the repayment of all or any part of GCM's loans to the Company on their maturity date, to the extent the repayment of such amount (if made) would, in the opinion of the Board, acting in good faith, place the Company at risk of becoming insolvent; and
- it will continue to provide support to assist the Company in meeting its business plan, and in particular, not demand the repayment of its loans to the Company, subject to Jacob Khouri remaining on the board of the Company.

Loan to former director – Michael Povey

As previously advised, Messrs Khouri, Fayad and former director, Michael Povey have agreed not to require payment for their directors' fees for the financial year ended 30 June 2018, in cash or otherwise, until a mutually agreeable future date. The Company has now settled the amount owing to Mr Povey of \$38,500 plus interest of \$1,348 calculated at 5.5% per annum (totalling \$39,938) by:

- agreeing to take an assignment of a \$34,715 loan owing by Mr Povey to SEK Investments Limited (**SEK**), a substantial shareholder of ARO, with the effect that Mr Povey's debt to SEK is extinguished and the Company is liable to repay the outstanding amount to SEK; and
- making a cash payment to Mr Povey of the balance \$5,223.

SEK has agreed to treat the amount now owing from ARO as interest free and unsecured, and payable in the event of a capital raising by the Company of \$400,000 or more (before costs).

Further information will be provided as and when available.

ENDS

For enquiries, please contact:

Vince Fayad

Company Secretary

P: +0414 752 804

E: vince.fayad@vfassociates.com.au