

## REVISED TERMS OF THE GYMENY ACQUISITION AND RIGHTS ISSUE

### Executive Summary

- Heads of Agreement (“**HoA**”) to acquire two additional emerging, high-growth sports, health and wellness technology assets. The Gymeny transaction is to now include 24Carrot, ChildsPass, and Naturalgurus.
- Enlarged transactions accelerate focus on creating a socially driven, wellness lifestyle ecosystem targeting a US\$10 trillion dollar market opportunity in the sports, health and wellness industries<sup>1</sup>.
- Expedites mission to facilitate wellness as a state of complete physical, mental and social well-being – going beyond mere freedom from disease or infirmity and empowering the proactive maintenance and improvement of health and well-being to enhance quality of life.
- Transforms The Company to become a gold standard for options and offerings in this space by leveraging technology to make it easier for consumers of all ages and varying health and fitness statuses to adopt and maintain positive lifestyle choices to achieve their goals.
- Proposed acquisitions remain 100% scrip – total consideration 1.850 billion shares (pre consolidation for approximately 47% of Astro, post capital raising. A general public offer fund raising of a minimum of \$3 million and up to \$5 million which is to be underwritten by the major shareholder of Gymeny and a major shareholder of Astro.
- Proposed rights issue to be one new share for every five held and to be priced at \$0.004 per share, representing a 50% discount to the last traded price.
- Demerger of the Mineral Assets to proceed in an unlisted vehicle.

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The Directors of Astro Resources NL (“**ARO**”, “**the Company**” or “**Astro**”) are pleased to set out the revised terms of the proposed acquisition of Gymeny and its associated fund raising activities:

#### 1. Overview and background

Astro has reached a new key milestone in its negotiations regarding the proposed acquisition of Gymeny Limited (“**Gymeny**”; original ASX release 12<sup>th</sup> November 2015), and accelerated its recent focus on developing a scalable sports, health and wellness centered technology business addressing a large global addressable market with unique requirements.

To accelerate the business plan, the Gymeny vendors are introducing the following complimentary assets into the proposed transaction – 24carrot, ChildsPass and Naturalgurus (“**Gymeny Assets**”). Each of the properties share an aligned focus on the health, fitness and wellness industry while bearing distinct target markets and technological

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<sup>1</sup> Underarmour, Inc. Investor Day Presentation 16-September-2015



capabilities that could be highly scalable within a single corporate structure. Gymeny is a 100% owner of the Gymeny Assets.

Astro Chairman Jacob Khouri commented: *the acquisition of three businesses operating in the lifestyle and well-being markets, each with their own revenue stream and benefitting from cross selling and back office synergies, management and the vendors have planned to have a well-funded that is supported by both major shareholder of Gymeny and the current major shareholder of Astro, so as to create a long term and sustainable business model. This places the Company in a strong position moving forward and that this represents an exciting opportunity for Astro and its shareholders*".

## 2. Health is the New Wealth

Together, the proposed Gymeny transactions (the "**Transactions**") are scheduled to transform Astro into a consumer-focused technology company tailored to the fast-growing sports, health and wellness industries. With 73 per cent of millennials indicating they would rather be healthy than wealthy<sup>2</sup>, the overall market opportunity in these target industries is estimated to be US\$10 trillion which is several times greater than the worldwide pharmaceutical industry<sup>3</sup>.

The Transactions are scheduled to unite a suite of capabilities to service millennial families and accelerate the Company's push into emerging, high-growth wellness markets. Key highlights include:

- growing its network of brand and merchant partners to feature over 2000 consumer offerings and options, in addition to a high calibre network of professional experts across the sports, health and wellness categories
- enhances capabilities to include delivery of health and wellness services on demand, professional sports analytics and athlete insights, as well as enterprise management tools for a vast number of businesses operating in these industries - making access for consumers simple, convenient and more efficient;
- expands existing geographic footprint to 11 cities across the Asia Pacific, Middle East, and USA - accelerating The Company's aggressive international rollout plan and global consumer offering; and
- injects significant talent with extensive diversified experience across the technology, digital media, sports, health, and wellness industries – adding to an already outstanding team with distinguished backgrounds; as well as contributing to an exceptional company culture.

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<sup>2</sup> Cassandra Report Spring / Summer 2015

<sup>3</sup> Global Wellness Institute. <http://www.globalwellnessinstitute.org/statistics-and-facts/>



Below is a further overview of the Transactions.

#### (a) 24carrot

**About:** 24carrot is a technology platform that empowers consumers to adopt and maintain healthy lifestyle choices in a fun and socially interactive environment. The mobile app features expertly curated health, fitness and wellness lifestyle experiences, services and products that users can discover and purchase in seconds.

24carrot is the go-to service for any discerning, health-conscious consumer who's low on time but keen to access the very best their city has to offer. It provides the ultimate insider, specialist and localised knowledge – plus a host of unique incentives, preferential rates and exclusive packages. Relationships with global “best in category” brands including Fitbit, Garmin and Bellabeat have been established to make their products available to consumers directly through the 24carrot platform.

In an environment where nine out of ten US consumers are exposed to contradictory nutrition information in the media<sup>4</sup> – 24carrot's unparalleled network of vetted fitness, nutrition and recovery experts ensures that users can unearth the most effective, high-calibre options to achieve their goals – no matter where they are in the world.

**Technology:** 24carrot's ability to deliver highly contextual, quality user content is driven by its algorithmic personalisation software. Its seamless, socially cued, discovery and purchase capabilities are a critical enabler for engagement and monetisation of its user content. Proximity based outreach and curation tools provide cutting edge merchandising solutions for maintaining a highly contextual user interface and attracting quality merchants.

#### (b) ChildsPass

**About:** ChildsPass is a technology company focused on youth recreation. It supplies enterprise software to more than 450 merchants of youth recreation services in eleven cities around the world. During 2016, parents will be able to easily discover and connect with these businesses via the ChildsPass lifestyle app that facilitates healthy and productive ‘kids’ fun on demand’.


“By the age of seven a child born in Britain or the US today will have spent a full year of 24-hour days watching recreational screen media...”<sup>5</sup> Founded in September 2015, ChildsPass has gained momentum on the back of its mission to ‘get kids out of the living room and into the real world’, and is fast becoming the ‘go-to’ destination for parents seeking positive social, physical, creative, and educational activities for their children.

**Technology:** ChildsPass operates a seamless, mobile enabled discovery and purchase platform for consumers, and has developed proprietary enterprise management software

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<sup>4</sup> Rebekah H. Nagler. Adverse Outcomes Associated With Media Exposure to Contradictory Nutrition Messages. Journal of Health Communication, 2014; 19 (1): 24 DOI: 10.1080/10810730.2013.798384

<sup>5</sup> Dr Aric Sigman - Health Education Lecturer, Fellow of the Society of Biology, Associate Fellow of the British Psychological Society.



for its merchant partners. The complimentary merchant software as a service enables partners to optimise the management of their business and facilitate online bookings and promotions.

### **(c) Naturalgurus**

**About:** Naturalgurus is a technology company focused on natural, preventative and therapeutic medical services. Its video conferencing and payments platform enables patients to access professional health services and expert practitioners via two-way video calling capabilities using highly encrypted and secure private virtual consultations – without the need for downloading plugins.

Offering ultimate flexibility and ease of use, patients are able to access on demand health expertise across 18 categories including mental health, maternity, diet, and chronic conditions from the comfort of their homes.

**Technology:** Utilising WebRTC technology, Naturalgurus is one of the first platforms globally to integrate video technology for in-browser P2P video calls with cross time-zone and real-time scheduling, instant payment processing, and a two-way ratings and review system. Within the next two years, Gartner predicts that 20 per cent of Global 500 companies, and 5 per cent of all businesses will introduce video-based chat by 2018 for customer-facing interactions<sup>6</sup>.

## **3. Monetisation Strategies**

Following the transactions, Astro is scheduled to become a sports, health and wellness technology company with multiple, scalable, near term revenue opportunities. Each of its acquired capabilities are the product of a detailed period of industry consultation identifying genuine unmet needs amongst consumers and merchants in the sports, health and wellness fields. When united under a single wellness franchise, the acquired capabilities service consumers of all ages and varying health and fitness statuses, encouraging repeat customers without the need for subscriptions or minimum financial commitments.

The Company's remuneration will be linked directly to utilisation. The more healthy products, services, and experiences transacted via our ecosystem, the greater revenues for the group. This approach is designed to foster user engagement and create a 'fly wheel' demand effect.

Multiple, scalable opportunities are being pursued to deliver near term revenue, including the facilitation of third party service and experience bookings, e-commerce product sales, administration of corporate wellness programs, as well as the development and distribution of original experiences and products. Together, these initiatives represent the opportunity to benefit from a diversified, capital efficient revenue pool, driven by a demographic cross section of recurring users and high growth markets.

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<sup>6</sup> Gartner. Predicts 2015: Weak Mobile Customer Service Is Harming Customer Engagement.



#### 4. The Rise Of Social Commerce And The Sharing Economy

The sharing economy will be central for execution of these strategies. With its acquired technological capabilities, Astro is positioned to deliver a seamless user experience linking discovery with purchase in an intuitive, social and enjoyable way. The Company intends to build these capabilities into a highly personalised engagement process, driven by a combination of social signals, professional, industry sourced analytics, and both human and algorithmically-led curation.

Three decades after the advent of the internet, socially driven consumption represents the next wave in the evolution of e-commerce. Whereas e-commerce trends have historically been characterised by one-way and two-way information flows between merchants and consumers, the social commerce era will be defined by three directional information flows also incorporating influence from the consumers' community and social networks.

The Company's health and wellness franchise is therefore being engineered around the individual, their influencers, and their suppliers. By servicing demands across all phases of an individual's health and fitness status – extending from reactive to proactive approaches – the ecosystem is positioned to nurture highly engaged, repeat customers; thus becoming a gold standard for wellness intelligence and positive lifestyle purchases that empower consumers to achieve their goals and increasingly optimum levels of well-being.

#### 5. Proposed consideration

Subject to shareholder and other approval, together with fund raising, the consideration for the proposed acquisition of Gymeny for the Gymeny Assets is expected to be 1.850 billion Astro share (pre consolidation). Some of the Gymeny shareholders may be subject to an escrow period.

#### 6. Board and Management Changes

As previously announced, Mr David Astill will join the board of Astro (**"Board"**). Further details as to board structure will be made available as soon as they come to hand.

#### 7. Immediate Rights Issue

As previously advised, Astro intends to undertake a rights issue. Based on the last traded price of \$0.008 per share, the Board of Astro intends to undertake a 5:1 renounceable rights issue of ordinary shares of Astro (**"Shares"**) to all current shareholders to raise approximately \$2.2 million. Eligible Astro shareholders (being those shareholders who will hold Astro shares at the record date (to be announced with the rights issue) of Astro will be able to subscribe for 5 new Shares for every Share held as at the record date at an issue price of \$0.004 per Share plus each one new share taken up, one option with a \$0.004 exercise price and a three year expiry date (**"First Option"**).

The majority of funds raised under this rights issue will be used to:

- (a) repay existing unsecured loans and convertible notes (\$1.4 million);

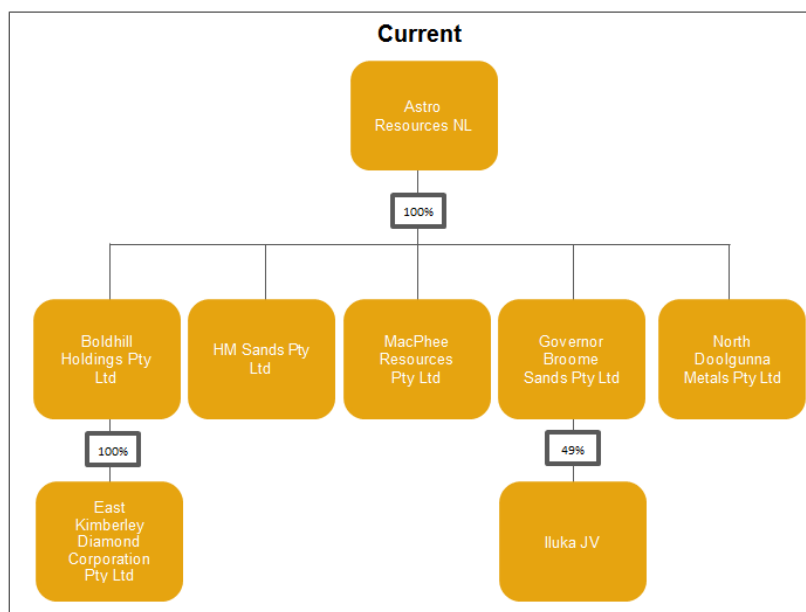
- (b) to fund professional fees until such time for Astro to obtain shareholder approval for the Acquisition (\$0.5 million); and
- (c) for general working capital purposes and to maintain Astro's existing mining business (\$250,000).

The announcement, timetable and details of the immediate rights issue will be disclosed as soon as they are finalised.

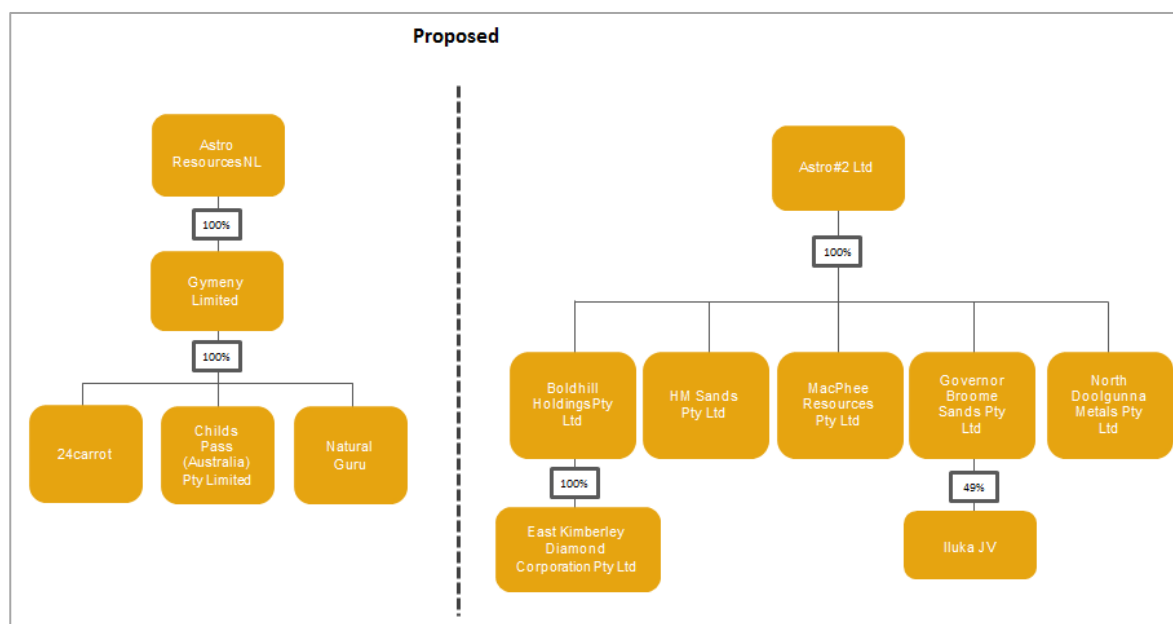
## 8. Internal Restructure and Demerger

In addition, as previous advised, the Board of Astro confirms its desire to “spin out” into an unlisted public company (“**Astro #2**”) its mineral related assets, that is, Governor Broome (which includes the Iluka Farm-in and joint venture arrangement – Iluka Farm-in and Joint Venture arrangement) and the East Kimberly Diamond project (together, the “**Mineral Assets**”) as part of the overall acquisition

The current corporate structure of Astro is illustrated below:



On the basis that the spin-off/demerger and Acquisitions occurs, set out below is an overview of the proposed Astro and Astro # 2 corporate structure:



## 9. Consolidation

Based on the expected rights issue price of \$0.004 per each Astro share, a consolidation of for every 50 Shares held after the second rights issue, one new share will be issued. The consolidation will form part of the Acquisition and Demerger. In addition, an introduction fee of 210 million Astro shares (pre consolidation) is expected to be paid to those involved with the proposed Transaction. This fee is also subject to shareholder approval.

## 10. Capital Raise

In order to fund the Gymeny Assets, the Board intends to conduct a public fund raising under a prospectus to raise between \$3 million and \$5 million at a consolidated price of \$0.004 per share (pre consolidation) plus one option with an exercise price of \$0.004 (pre consolidation) for every new share subscribed to under the capital raise and a three year expiry date. The funds raised from the capital raising will be used to run the Gymeny business going forward. The Board will look to a priority offer to those shareholders who participate in the rights issue.

Astro's major shareholder, Mining Investments Limited and the major shareholder Gymeny, Incipient Capital Limited are expected to underwrite at least \$3 million of the total fund capital raising.

The above is a change in approach to that previously envisaged in the announcement of 4 January 2016 where a second rights issue was envisaged. However, to ensure the success of the fund raising process, the Board has considered that in the best interests of the Company to undertake a general public offer.





## 11. Indicative Capital Structure of Astro upon Completion of the Acquisition

Set out below is a capital structure pre and assuming a consolidation ratio of 1 new share for every 50 shares held:

	Number of Shares		%
	Pre Consolidation	Post Consolidation	
Shares as at 31 December 2015	110,365,915	2,207,318	2.78%
Shares issued in First Rights Issue	551,829,573	11,036,591	13.89%
<b>Total Shares following First Rights Issue</b>	<b>662,195,487</b>	<b>13,243,910</b>	
Shares Issued in Capital Raising	1,250,000,000	25,000,000	31.47%
Shares Issued on Acquisition of Gymeny	1,850,000,000	37,000,000	46.57%
Shares Issued for Introduction Fee	210,000,000	4,200,000	5.29%
<b>Total Shares Post Acquisition</b>	<b>3,972,195,487</b>	<b>79,443,910</b>	<b>100.00%</b>

## 12. Indicative timetable

Set out below is the indicative timetable:

Event	Date
Signing of Sale and Purchase Agreement with Gymeny shareholders	6 May 2016
Lodge notice of meeting with ASIC and ASX	8 May 2016
Despatch notice of meeting and Explanatory Memorandum	26 May 2016
Shareholders Meeting	28 June 2016
Lodgment of Prospectus for Capital Raising	28 June 2016
Closing Date of Prospectus Offer	4 August 2016
Allot Astro Shares, Issue of all Gymeny Consideration Shares	8 August 2016
Listing of All Astro Shares issued	11 August 2016





### 13. Pro forma balance sheet

The pro forma balance sheet is set out in **Appendix 1**. Shareholders are reminded of the implications of the accounting implications set out in the announcement of the 4 January 2016.

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## Appendix 1 – Pro forma Balance Sheet

	As at 31 December 2015 (Reviewed)	Impact of First Rights Issue (Note 1)	Demerger (Note 2)	Astro Post Demerger	Capital Raising (Note 3)	Gymeny Acquisition (Note 4)	RTO by Gymeny of Astro (Note 5)	Pro Forma
<b>Current Assets</b>								
Cash & Cash Equivalents	5,150	590,000	( 250,000)	345,150	4,475,000	157,635	-	4,977,785
Trade & Other Receivables	74,788	-	-	74,788	-	-	-	74,788
Inventories	4,000	-	( 4,000)	-	-	-	-	-
Other Assets	44,120	-	-	44,120	-	-	-	44,120
<b>Total Current Assets</b>	<b>128,058</b>	<b>590,000</b>	<b>( 254,000)</b>	<b>464,058</b>	<b>4,475,000</b>	<b>157,635</b>	<b>-</b>	<b>5,096,693</b>
<b>Non-Current Assets</b>								
Available for Sale Investments	5,600	-	-	5,600	-	-	-	5,600
Property, Plant & Equipment	150,000	-	( 150,000)	-	-	-	-	-
Exploration, Evaluation & Development Assets	2,243,733	-	( 2,243,733)	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	1,294,199	1,294,199
Deferred Tax Asset	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>2,399,333</b>	<b>-</b>	<b>( 2,393,733)</b>	<b>5,600</b>	<b>-</b>	<b>-</b>	<b>1,294,199</b>	<b>1,299,799</b>
<b>TOTAL ASSETS</b>	<b>2,527,391</b>	<b>590,000</b>	<b>( 2,647,733)</b>	<b>469,658</b>	<b>4,475,000</b>	<b>157,635</b>	<b>1,294,199</b>	<b>6,396,491</b>
<b>Current Liabilities</b>								
Trade & Other Payables	453,544	( 49,824)	-	403,720	-	-	-	403,720
Borrowings	1,425,162	( 1,407,494)	-	17,668	-	-	-	17,668
<b>Total Current Liabilities</b>	<b>1,878,706</b>	<b>( 1,457,318)</b>	<b>-</b>	<b>421,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421,388</b>
<b>Non-Current Liabilities</b>								
Other Liabilities	-	-	-	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>1,878,706</b>	<b>( 1,457,318)</b>	<b>-</b>	<b>421,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>421,388</b>
<b>NET ASSETS</b>	<b>648,685</b>	<b>2,047,318</b>	<b>( 2,647,733)</b>	<b>48,270</b>	<b>4,475,000</b>	<b>157,635</b>	<b>1,294,199</b>	<b>5,975,103</b>
<b>Equity</b>								
Issued Capital	10,357,729	2,047,318	( 2,647,733)	9,757,314	4,475,000	1,621,141	( 8,414,845)	7,438,610
Reserves	1,609,252	-	-	1,609,252	-	53,449	( 1,609,252)	53,449
Accumulated Losses	( 11,318,296)	-	-	( 11,318,296)	-	( 1,516,956)	11,318,296	( 1,516,956)
<b>TOTAL EQUITY</b>	<b>648,685</b>	<b>2,047,318</b>	<b>( 2,647,733)</b>	<b>48,270</b>	<b>4,475,000</b>	<b>157,635</b>	<b>1,294,199</b>	<b>5,975,104</b>

**Note 1 - Impact of First Rights Issue:** Pro forma adjustments have been taken up to reflect the impact of the first rights of 5 for 1 to raise \$2.2 million to be settled as follows:

- cash in the amount of \$750,000. On 18 February 2016, the Company received \$250,000 as an unsecured advance from Mining Investments Limited as part of its contribution to the First Rights Issue; and
- the conversion of outstanding consulting fees and royalties, loans and convertible notes outstanding to related parties to Mining Investments Limited for the amount of \$1.5 million.

The proposed rights issue price is expected to be \$0.004 for each new share to be issued.

The number of Shares calculated for the first rights issue has been calculated as follows:

Rights Issue will be paid for as follows:

Cash		750,000
Repay loans and interest ex Pure Steel	344,814	
Repay loans and interest ex Reliance	340,814	
Repay loans and interest ex Mining Investments	619,826	
Repay loans and interest ex Carkaho Holdings	102,041	
Royalty Payable	49,824	
	<b>1,457,318</b>	<b>1,457,318</b>
<b>Total</b>		<b>2,207,318</b>



Costs of the first rights issue for accounting, legal and other have been estimated to be \$160k.

**Note 2- impact of the demerger** – this involved the in specie distribution of the Mineral Assets into the unlisted public company. Below are the assets expected to be spun into Astro #2:

The following Mineral Assets are to be transferred to Astro #2:

Cash	250,000
Inventories	4,000
Property plant and equipment	150,000
Exploration assets	2,243,733
	<b>2,647,733</b>

**Note 3 – Impact of the Capital Raise** – Pro forma adjustment reflects the impact of the proposed capital raising on the Company. The following assumptions have been adopted in taking up the pro forma adjustments relating to the Capital Raising:

- the placement will be fully-subscribed (i.e. the full 1,250 million shares on offer will be taken up at an issue price of \$0.004); and
- costs of the capital raising have been estimated to be \$525,000 and is made up of commission in the amount of \$300k (being 6% of the proceeds raised) and \$225,000 for other costs associated with the Offer, including legal, accounting and other miscellaneous costs.

**Note 4 – Impact of the Gymeny Acquisition and RTO by Gymeny:** The consideration for the acquisition of Gymeny is to be settled by the issue of 1.850 billion shares in Astro at the issue price of \$0.004.

Based on the above, Astro's capital structure immediately after completion of the first rights issue, de-merger, Acquisition and Capital Raising would be as follows:

	Number of Shares		%
	Pre Consolidation	Post Consolidation	
Shares as at 31 December 2015	110,365,915	2,207,318	2.78%
Shares issued in First Rights Issue	551,829,573	11,036,591	13.89%
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<b>Total Shares Post Acquisition</b>	<b>3,972,195,487</b>	<b>79,443,910</b>	<b>100.00%</b>



Given that Gymeny shareholders would own 46.57% of Astro immediately after the completion of all transactions, this would be considered to be a reverse takeover or “**RTO**” for the purposes of Australian Accounting Standards – AASB3. Accordingly, under AASB3, Gymeny would be deemed to be the acquirer of Astro. This means that Gymeny and its shareholders would be “deemed to be the holding company of Astro for the purposes of Accounting Standards.

Based on the above, Gymeny shareholders have notionally exchanged 53.43% (that is, 100% less 46.57%) of their shares to the Astro shareholders prior to the Capital Raising. Below is a summary of the workings used to affect the fair value of the “Astro shareholding acquired by Gymeny shareholders” and the consideration paid, together with the elimination of the pre-acquisition capital, reserves and profits:

Gymeny shareholders have been deemed to have acquired	46.6%
Number of Astro shares on issue as at the date of the first rights issue	2,722,195,487
Notional number of shares issued	1,454,367,238
Assumed share price (pre consolidation) of Astro	0.004
<b>Fair value of shares issued to Astro</b>	<b>5,817,469</b>
Less: Net cash from Capital Raising	( 4,475,000)
Less: Net assets of Astro pre the second rights issue and acquisition of Gymeny	( 48,270)
<b>Goodwill paid</b>	<b>1,294,199</b>

In determining the pro forma adjustments relating to the Gymeny acquisition, the Directors have relied upon provisional estimates in accordance with Paragraph 45 of AASB 3 *Business Combinations*.