

11 August 2016

Dear Shareholder,

Astro Resources NL Pro Rata Renounceable Entitlement Offer – Notice to Eligible Shareholders

On 10 August 2016 and 22 July 2016, Astro Resources NL (**Astro** or **Company**) announced a seven (7) for one (1) pro rata renounceable entitlement offer of seven (7) new shares (each a **New Share**) for each existing share held by eligible shareholders at the 'Record Date', at an issue price of \$0.004 per New Share to raise approximately \$3,090,245 (**Entitlement Offer**). Shareholder approval is not required for the Entitlement Offer.

For each New Share applied for under the Entitlement Offer, the applicant will also receive one (1) free attaching option (**New Option**) exercisable at \$0.004 per New Option within one and a half years of issue.

Capitalised terms used but not defined herein have the meanings assigned to them in the Prospectus (defined below).

Eligible Shareholders

The Entitlement Offer comprises an offer to eligible shareholders who are the registered holders of Astro shares as at 7pm (Sydney time) on 15 August 2016, being the 'Record Date' for the Entitlement Offer and have a registered address in Australia or New Zealand (**Eligible Shareholders**).

New Shares issued under the Entitlement Offer will rank equally with existing Astro shares in all respects. Fractional Entitlements will be rounded up to the nearest whole number of shares.

Shareholders of Astro who are not Eligible Shareholders as at 7.00pm (Sydney time) on the Record Date are not entitled to participate in the Entitlement Offer (**Ineligible Shareholders**). However, Astro has appointed Bell Potter Securities Limited (AFSL No. 243480) as the nominee to subscribe for and sell the New Shares which Ineligible Shareholders would otherwise have been entitled to, as described in the Prospectus. Astro reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Underwriting and sub-underwriting arrangements

The Entitlement Offer is fully underwritten by Bell Potter Securities Limited (AFSL No. 243480) and sub-written by Mining Investments Limited (**MIL**), Consolidated Equity Partners LLC (**Consolidated Equity**), Kafta Enterprises Pty Limited (**Kafta**), Carakho Holdings Pty Limited (**Carakho**) and Mr David Gibbs in the priority set out below:

Sub-underwriter	Amount (\$)	%
Mr David Gibbs	\$60,000	1.94%
Consolidated Equity	\$1,000,000	32.36%
MIL	\$1,820,008	58.90%
Carakho	\$105,323	3.41%
Kafta	Balance	3.39%
	\$3,090,245	100.00%

a level 8, 1 o'connell street
sydney nsw 2000
w www.aro.com.au

p gpo box 5446
sydney nsw 2001
e admin@aro.com.au

ph +61 2 9237 6525
fx +61 2 8346 6099
asx aro



Astro will pay the Underwriter an underwriting fee of \$66,295 (plus GST) on completion of the Entitlement Offer. A further management fee of \$15,000 (plus GST) is also payable to the Underwriter (irrespective of whether the Entitlement Offer completes). Astro will also pay reasonable out of pocket expenses of the Underwriter and all legal costs that the Underwriter incurs in respect of the Entitlement Offer up to \$20,000 (plus GST).

Use of funds

The funds raised under the Entitlement Offer will be used to:

- (1) repay all Convertible Notes and all existing unsecured loans outstanding to MIL for provision of working capital and funding for the Company (approximately \$1.576 million);
- (2) repay existing unsecured loan outstanding to Carakho Holdings for provision of working capital for the Company (approximately \$0.105 million);
- (3) repay various creditors (approximately \$0.375 million as at 30 June 2016);
- (4) repay amounts owing to MIL for the provision of advisory services and amounts owed for its royalty in the royalty related the tenement for the farm-in and joint venture arrangement (approximately \$0.243 million);
- (5) repay amounts owing to a service provider, Mr David Gibbs, for the provision of geological services in relation to exploration activities (approximately \$0.060 million);
- (6) meet the remaining unpaid costs of the Entitlement Offer (approximately \$0.112 million to be paid out of total costs estimated at approximately \$0.217 million); and
- (7) provide working capital for the Company (approximately \$0.624 million).

Funds raised from the exercise of New Options will be used for the provision of further working capital and development of Astro's mineral assets. There is no guarantee that any of the New Options will be exercised.

The Board reserves the right to alter the way in which funds are applied.

Market for Entitlements

Your Entitlement is renounceable and may be tradeable on the ASX. Entitlements will commence trading on 12 August 2016 and Entitlement Trading will end at 5pm (Sydney time) on 29 August 2016. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell your Entitlement on the ASX and the price you may be able to achieve.

Before taking up your Entitlement, seeking to trade your entitlement or choosing to do nothing in respect of your Entitlement, you should seek your own tax advice.

Further information in relation to the Entitlement Offer has been disclosed on ASX.

Actions required by Eligible Shareholders

As an Eligible Shareholder, you may choose any of the options below.

- (1) **Subscribe for all of your Entitlement**

If you wish to subscribe for all or part of your Entitlement, please complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.



(2) **Subscribe for part of your Entitlement and allow the remaining part of your Entitlement to lapse**

To subscribe for part of your Entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) in accordance with the instructions set out on that form.

If you do not wish to sell the balance of your Entitlement, any remaining Entitlements that are not being subscribed will lapse.

(3) **Subscribe for part of your Entitlement and sell the balance on ASX**

To subscribe for part of your Entitlement, please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) in accordance with the instructions set out on that form.

To sell the balance of your Entitlement, please contact your stockbroker personally as soon as possible. Entitlement trading will commence on ASX on 12 August 2016. Sale of your Entitlement must be completed by 29 August 2016 when Entitlement trading is expected to cease.

(4) **Sell all of your Entitlement**

Please contact your stockbroker personally as soon as possible if you wish to sell all of your Entitlement. Entitlement trading will commence on ASX on 12 August 2016. Sale of your Entitlement must be completed by 29 August 2016 when Entitlement trading is expected to cease.

(5) **Transfer all or part of your Entitlement other than on ASX**

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Share Registry) together with your personalised Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate application money to reach the Astro's share registry (at the postal address shown below), by 5pm (Sydney time) on 5 September 2016.

(6) **Allow all of your Entitlement to lapse**

If you take no action you will not be allocated New Shares and your Entitlement will lapse. Shareholders who do not take up, or dispose of, their Entitlements will not receive any payment or value for those Entitlements they do not take up.

Eligible Shareholders who do not participate fully in the Entitlement Offer will have their percentage holding in Astro diluted.



Timetable

The timetable for the Offer is as follows*:

Event	Date
Announcement of Entitlement Offer and lodgement of Appendix 3B	10 August 2016
Lodgement of Prospectus with ASIC and copies given to ASX	10 August 2016
Notice to Eligible Shareholders and Ineligible Shareholders	11 August 2016
Ex Date – Shares trade ex-Entitlement	12 August 2016
Entitlement trading starts on a deferred settlement basis	12 August 2016
Record date to determine Entitlement	7pm 15 August 2016
Prospectus with Entitlement and Acceptance Form dispatched	18 August 2016
Entitlement Offer opens for receipt of Applications	18 August 2016
Entitlement trading ends at 5pm (Sydney time)	29 August 2016
Closing date for acceptances (Closing Date)	5pm 5 September 2016
Notify ASX of number of Shortfall Securities	7 September 2016
Issue of New Securities	8 September 2016
Deferred settlement trading ends and dispatch of shareholding statements	8 September 2016
Normal trading of New Shares expected to commence	9 September 2016

The Directors may extend the Closing Date by giving at least three (3) Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than three (3) months after the date of the Prospectus. As such, the date the New Shares are expected to commence trading on ASX may vary.

*Subject to the Listing Rules, the above timetable is indicative only and subject to change. Astro reserves the right to vary these dates or to withdraw the Entitlement Offer at any time.

Capital Structure


At the close of the Entitlement Offer, the capital structure of Astro will be:

Shares	Number of Shares	Number of Options
On issue as at 30 June 2016	110,365,915	–
Offered under the Entitlement Offer	772,561,405	772,561,405
Total on issue on close of the Entitlement Offer (assuming the New Options are not exercised)	882,927,320	772,561,405

Application will be made to ASX for official quotation of the New Shares, but not the New Options.

Prospectus

The Entitlement Offer is being conducted under a transaction specific prospectus pursuant to section 713 of the *Corporations Act 2001* (Cth) (**Prospectus**). This letter is not a disclosure



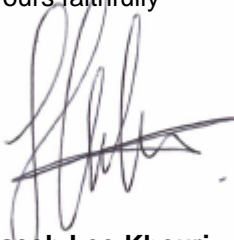
document, but an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer are set out in the Prospectus, copies of which will be available on the Australian Securities Exchange (**ASX**) website www.asx.com.au.

Eligible Shareholders will be mailed the Prospectus, together with a personalised Entitlement and Acceptance Form (which contains details of your Entitlement) on or around 18 August 2016. You should read the entire Prospectus carefully before deciding whether or not to participate in the Entitlement Offer.

If you have any further questions, you should contact your stockbroker, account or other professional adviser.

On behalf of Astro, I thank you for your continued support.

Yours faithfully



Jacob Leo Khouri
Chairman