

MARKET UPDATE

Funding of Astro Resources

Astro Resources NL (ASX: **ARO** or the **Company**) provides the following update with respect to its funding requirements following the announcement of the proposed acquisition of the Needles Project.

The Company notes that it intends to borrow from its major shareholder, Mining Investments Limited (**MIL**) an amount of \$1.0 million for the purposes of general working capital and funding of the proposed Needles Project. The key details of the terms of the MIL loan have been summarised as follows:

- total facility available is \$1.0 million;
- interest at the rate of 12% per annum to be capitalised on a quarterly basis;
- unsecured loan;
- loan is to be repaid in cash and can be repaid anytime by Astro at anytime without penalty; and
- the term of the loan is to be 13 months – with a right to extend for a further period of 13 months, if agreed to by the parties.

For the sake of clarification, there are no conversion rights attaching to the above loan.

The Board of Astro notes that as at 30 June 2017, there were no borrowings and that all creditors were largely paid, with the only material amount owing being a potential liability to the Western Australia Office of State Revenue, as previously advised.

The Board of Astro have considered the future funding obligations of the Company and the Company is currently engaged in a number of initiatives which could lead to an increase in shareholder value. It is anticipated that such initiatives should make it sufficiently attractive to those shareholders who hold an option with an expiry date of 8 March 2018 and an exercise price of \$0.004 per option (**Options**). There are 772.5 million Options on issue and if all were to be exercised, this would result in approximately \$3.1 million being raised by the Company. Moreover, it is noted that the top 20 Option holders hold some 579.5 million options. Included in the top 20 option holders is MIL with some 139.9 million Options with a value of some \$550,000. Accordingly, if those Options have been exercised it is anticipated that there should be more than sufficient funding for the Company

The Board has also considered a number of other options to fund the Company in the event that it is unsuccessful in the achievement of its goal of receiving an amount at least equal to that of the MIL loan. These options will be pursued after the expiry of the term of the Options.

The Board of Astro is confident that given MIL's substantial shareholding in the Company and based on this past relationship that it will be able to formulate an alternative solution to deal with the repayment of the MIL loan.

The Board of Astro is conscious of any dilution to its shareholders and at this stage, there are no immediate plans to raise capital under Listing Rule 7.1 or 7.1A. Moving forward, the Board will only consider such funding tool where there is a strategic reason to do so.

Further updates on the Company's funding will be provided as and when details are made available.

ENDS

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