

COMPLETION OF CAPITAL RAISING

ARO completes a capital raising of \$2.745¹ million, enabling it to now proceed with the next stage of the development of its portfolio of assets

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.

Highlights

- Completion of a capital raising of 190.8M shares at \$0.0035 per share raising \$668,000 from sophisticated investors (**Tranche 1**).
- The Company proposes to seek shareholder approval to the issue of an additional 534.7 million shares to sophisticated investors at \$0.0035 per shares to raise a further \$2.078 million (**Tranche 2**).
- The capital raised will allow the Company to advance its work programs, as outlined in its investor presentation on 21 August 2020. The capital raised will be partially used for working capital purposes (including the payment of outstanding director and company secretarial fees).
- The Company is moving towards clearing its debt facility with Gun Capital Management by capitalising part of that facility. The Company intends to repay via the issue of approximately 75.4 million shares to Gun Capital Management reducing the existing loan amount by approximately \$264,000.
- The Company is in discussions with a third-party investor about a placement which will substantially reduce the Company's exposure under that facility.

Astro Resources NL (**ARO** or the **Company**) is pleased to advise the following:

Capital raising

Following the lodgement of ARO's market investor presentation on Friday 21 August 2020 (**Presentation**), the Company received an overwhelmingly positive response from various investors in relation to the Company's current status in relation to its diverse asset portfolio. As a result, through the efforts of various market participants, existing shareholders and other contacts of the Directors and its advisers, the Company was able to:

- issue approximately 190,814,597 shares at \$0.0035 per share raising \$667,851, using its existing capacity under ASX Listing Rule 7.1 – "Tranche 1"; and
- received further firm bids for another 593,781,159 shares to raise approximately \$2,078,234.06 (**Tranche 2**). Tranche 2 will be subject to shareholder approval at a proposed general meeting which the Company is planning to hold as soon as possible. The Company has received part of the Tranche 2 the funds from investors which are being held in trust pending the General Meeting.

The 190,814,597 shares issued under Tranche 1 were issued at a price of \$0.0035 per share, which is a discount of approximately 48% to the Company's share price at the close of trading on 21 August 2020, the last trading day prior to the Company being placed into trading halt. However, excluding the extraordinary volume of shares traded on Friday 21 August, the volume weighted average price of ARO's shares over the last 12 months is set out in the following table:

¹ \$2.078 of the \$2.750 involves the issue of 593.7 million shares which require the approval of shareholders before they can be issued.

Period	Price (Low)	Price (High)	Price VWAP	% Premium
1 week	\$0.0020	\$0.0020	\$0.0000	75.00%
1 month	\$0.0020	\$0.0030	\$0.0022	16.67%
3 months	\$0.0020	\$0.0030	\$0.0021	16.67%
6 months	\$0.0020	\$0.0050	\$0.0030	-30.00%
12 months	\$0.0010	\$0.0050	\$0.0026	-30.00%

Source: Thomson Reuters

The above table highlights that the issue price of both the Tranche 1 and 2 placements is at a premium to the last three months' trading in the Company's shares. The trading volume of the shares has been minimal, apart from the trading which took place last Friday, 21 August 2020.

Use of funds

Assuming that shareholder approval is received for the Tranche 2 placement, the expected use of funds from the Tranche 1 and 2 placements is as follows:

	\$'000
Nevada Gold Project	1,300
Mineral sands	200
East Kimberly Diamond Projects	550
Outstanding director and company secretarial fees	250
Working capital	445
Total	2,745

Capital raising fees

The Company was partly assisted with various financial institutions with the capital raising in consideration of:

- a cash fee 6.0%; and
- the issue of 100 million unlisted options – see below for the terms.

The terms of the options are:

- Term – 18 months
- Exercise price – 1 cent (\$0.01) per option.

It is noted that all of Tranche 1 was totally placed by a financial institution. Tranche 2 was partially supported by financial institutions.

Loan from Gun Capital Management (GCM)

The Company has been funded for sometime by GCM. As part of its commitment towards the Company, GCM has agreed that subject to shareholder approval, to capitalise approximately \$264,000 of its loan facility to the Company by the issue of approximately 75.4 million shares at an issue price of \$0.0035. The issue of these share will:

- reduce the outstanding balance of GCM's loan facility to the Company from \$2.97 million (as at 31 August 2020) to approximately \$2.7 million; and

- assuming the Tranche 2 placement is approved by shareholders at the upcoming general meeting, GCM and its associates shareholders, Mining Investments Limited (MIL) and Carakho Holdings Pty Ltd, shareholding of 424,289,005 to 19.90%.²

In addition to the above, the Company has commenced discussions with a third party sophisticated investor about a further placement with the proceeds of the placement used to further reduce the outstanding balance of the loan facility from GCM. Should the Company be successful with the above, GCM/MIL have indicated that they will agree to capitalise the remaining balance of their loan facility if this is possible without leading to a breach of any takeover regulations. The Company notes that the abovementioned discussions with the third party sophisticated investor remain incomplete as at the date of this announcement and circumstances may change.

Capital structure

Based on the above and assuming that all the resolutions for Tranche 2 and the capitalisation of the loan from GCM is approved, set out below is the proposed capital structure of the Company:

Shares on issue prior to the capital raising	1,272,097,315
Tranche 1	190,814,597
Tranche 2	593,781,159
Shares to be issued to GCM	75,412,483
Total capital	2,132,105,555

In addition, the Company is expected to have 100 million unlisted options on issue.

Entitlement Offer

The Company notes that in its 30 June 2020 quarterly activities and cash flow statement mention was made of a possible Entitlement Offer to shareholders. However, given the overwhelming response to the capital raising program undertaken over the last few days, the Company is not now considering an Entitlement Offer.

Shareholders meeting

The Company is currently arranging a General Meeting of shareholders to seek approval for:

- ratification of Tranche 1;
- the issue of shares under Tranche 2;
- part capitalisation of the GCM loan facility; and
- if applicable, the approval of any issue to a third party sophisticated investor as mentioned above.

The Company's Chairman, Jacob Khouri, commented *"I am overwhelmed by the support for the Company shown by the market, which endorses the Company's strategy and recognises the value created by the Company's 100% mineral sands asset and the upside that may come from its Nevada Gold and East Kimberly Diamond projects. The Board looks forward to unlocking the value in these assets for shareholders. In addition, the Board is focused on repaying or capitalising the GCM loan facility so that the Company become debt free and has a clear path to long term success."*

² GCM/MIL's shareholding before the Tranche 1 and 2 placements was 27.43%. The placements will reduce that shareholding to 16.96%. The proposed partial capitalisation of the GCM's loan facility will increase that shareholding to 19.90%.

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ENDS

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