

ASTRO SECURES STRATEGIC INVESTOR

ARO secures a major strategic investor and extinguishes Gun Capital loan

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

- Company enters into Convertible Notes with a major strategic investor – HPG for approximately \$2.3 million with additional private group.
- Gun Capital, a major shareholder in the Company, is to capitalise the remaining amount of its debt facilities and therefore leaving the Company debt free.

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

Convertible Note

As indicated in the Company's ASX announcement dated 26 August 2020, the Company has been in discussions with a third party in relation to taking a strategic stake in the Company. The Board is pleased to advise that it has entered into a Convertible Note Subscription Agreement, which includes a Convertible Note Deed Poll (**Convertible Note**) with HPG Urban Developments Pty Ltd (**HPG**) and Agam Nominees No. 1 Pty Ltd (**Agam**) for the issue of Convertible Notes to a face value of \$1,841,721 and \$500,000 respectively (that is, each Convertible Note is \$1.00). Completion of the issue of the Convertible Notes is on Friday, 11 September 2020.

The proceeds of \$2,341,721 are to be used to retire a substantial part of the \$2.97 million of the current unsecured loan from Gun Capital Management Pty Ltd (**GCM**). This will occur on completion of the issue of the Convertible Notes. The balance of the unsecured loan from GCM will be converted into equity and therefore extinguishes the GCM debt – see below.

The key terms of the Convertible Notes with HPG and Agam are as follows:

- Interest rate: - 15% per annum.
- Term - six months.
- Conversion price - \$0.0035 per ordinary share.

The Company intends to seek shareholder approval to the issue of ordinary shares on conversion of the Convertible Notes. Notice of a General Meeting of shareholders will be dispatched in the next week or so, subject to the receiving the appropriate approvals.

HPG is part of the Holdmark Property Group which is a privately-owned property development and investment organisation with over thirty years' experience in the building and construction sector, based in Sydney, and led by CEO, Mr Sarkis Nassif. Holdmark specialises in commercial, retail, and residential developments while handling investment and management. Holdmark is a substantial group and its strong financial backing, together with its strong management team as well as an excellent reputation in the banking and finance industry, provides the Company with an investor committed to the continued success of the Company's asset portfolio.

Agam is backed by Dr Peter Nakhle, a successful medical practitioner and investor and is also an existing investor in the Company.

ARO's Chairman, Jacob Khouri commented "We are delighted to have a quality investor like HPG taking a strategic stake in the Company. This follows the recent successful capital raising of \$2.745 million (refer ASX announcement dated 26 August 2020) and is a further major milestone for the Company allowing it to move forward in a positive manner."

Both HPG and Dr Nakhle are existing shareholders of the Company and who participated in the capital raising in December 2018. We look forward to a successful relationship with the HPG and Dr Nakhle.

Gun to capitalise its remaining amount of debt facilities

The Company announced on the 26 August 2020 that the loan with GCM as of 31 August 2020 was \$2.97 million and that as support for the capital raising it would capitalise its loan to the Company of approximately \$264,000 at a price of \$0.0035. However, assuming that the conversion of the Convertible Notes is approved, by shareholders, GCM intends to increase the above amount to be converted by a further \$367,000 at a price of \$0.0035 and that such amount would extinguish its debt to the Company. This would take the total amount that will be converted by GCM to \$631,000.

Director bonuses

The Board also propose to seek approval at the Annual General meeting for bonuses to directors for services that they have performed which are over and above their roles as directors of the Company. The bonuses are for the following amounts:

Name	Amount
Jacob Khouri	150,000
Vince Fayad	150,000

The above fees are to be satisfied as to 50% by the issue of ordinary shares at a price of \$0.0035 per share and as to 50% by payment in cash. This consideration is to be paid following completion of the next capital raising after the next General Meeting of the Company.

The above bonuses were discussed and agreed with the major shareholder, Leo Khouri.

Capital structure

Assuming that:

- the "Tranche 2" share issue (as outlined in the ASX announcement dated 26 August 2020);
- the conversion of the Convertible Notes; and
- the bonuses to the Directors,

are approved by shareholders, below is a summary of the capital structure of the Company:

Item	Number
Shares on issue	1,462,911,912
Proposed Tranche 2 issue	593,781,159
Conversion of Convertible Notes	669,063,143
Director bonuses	76,571,429
GCM Conversion	180,220,571
Total expanded capital	2,982,548,214

In addition to the above, there will be 100 million unlisted options on issue, subject to shareholder approval.

The key substantial shareholders (inclusive of associates) would be:

Name	Existing no of shares	Increase	Total number of shares assuming all approvals	Percentage
GCM/Mining Investments	348,876,522	180,220,571	529,097,093	17.74%
HPG	52,083,333	526,206,000	578,289,333	19.61%
Agam	20,833,333	142,857,143	163,690,476	5.49%

ENDS

This announcement has been approved for release by the Board of Astro.

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