

## Astro enters into a Farm-in and JV Arrangement with Iluka Resources Limited

**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 and other minerals.**

### Key Points

- Farm-in and Exploration Joint Venture Agreement entered into with Iluka Resources, a major Australian mineral sands mining company, for E 70/2464;
- Iluka to undertake minimum expenditure to earn initial interest of 51%, at which time an unincorporated joint venture is established;
- Iluka can undertake further expenditure to increase interest to 80%;
- Astro is free carried until identification of a JORC compliant resource and after that it must participate in spending or dilute its interests; and
- Iluka to act as manager in advancing the tenement.

The Board of Astro Resources NL (“**Astro**”, the “**Company**” or “**ARO**”) is pleased to announce that Astro’s wholly owned subsidiary, Governor Broome Sands Pty Ltd (“**GBS**”) has entered into a farm-in and joint venture arrangement for one of its Governor Broome tenements, tenement number E70/2464, with Iluka Resources Limited (“**Iluka**”). A summary of the key terms of the farm-in and joint venture arrangement is set out in Appendix 1.

Iluka is an Australian publicly listed company with a market capitalisation of over approximately \$2 billion and has a strong balance sheet.

The above attributes will prove to be invaluable to the exploration of E70/2464 and potentially the rest of the Governor Broome project.

Astro’s Chairman Kris Knauer commented:

*“The entering into the Farm-in and Exploration Joint Venture Agreement with Iluka, a major Australian publicly listed company, is considered by Astro to be an endorsement for the Governor Broome project and more importantly provides Astro with a partner who has the technical and financial capability to take this project potentially all the way to resource identification and quantification. The Board believes that this arrangement should create shareholder value in the medium term.”*

In addition to the above, the Company now plans to proceed with its exploration program on the exploration of its diamond projects and look for a new strategic asset.



**ENDS**

*For enquiries, please contact:*

**Mike Povey**

Director

P: +61 2 9237 6525

Email: [mike.povey@aro.com.au](mailto:mike.povey@aro.com.au)

**Vince Fayad**

Company Secretary

P: +61 2 8346 6055

Email: [vfayad@lawlercf.com.au](mailto:vfayad@lawlercf.com.au)

### Summary of the terms of the Farm-in and Exploration Joint Venture Agreement

Set out below is a summary of the key terms of the farm-in and joint venture arrangement:

- prior to the formation of the joint venture, Iluka is to meet a minimum of \$70,000 exploration expenditure in each of the first 2 years. Iluka can withdraw at each annual anniversary date during the above period;
- GBS is to remain responsible up to the first anniversary date for all rent and rates for E70/2464;
- if Iluka spends a minimum amount of \$160,000, it will then receive an initial interest in E70/2464 of 51% and GBS will own the remaining 49%, and an unincorporated joint venture between Iluka and GBS will be formed;
- upon the spending of a further \$160,000 (i.e. after the initial period), Iluka will earn a further 29% interest in E70/2464 and other joint venture property and at that time, Iluka will have a 80% interest and GBS, the remaining 20%;
- should a JORC compliant resource be identified, GBS will need to contribute to spending towards the joint venture, otherwise it will dilute at the rate of 1% for every \$50,000. Up to that point in time, GBS will hold a “free carried interest”;
- a Management Committee comprising of Iluka and GBS is to be established and this committee is to be responsible for the management of the joint venture. Iluka is to be the Manager of the joint venture and as the Manager; it will be responsible for reporting and otherwise. The Manager will have the sole right to make the decision to mine for the purposes of the mine development;
- if GBS’s interest is diluted to 10% or less, it must sell its interest to the Iluka for an agreed cash amount (or failing that an amount determined by an independent expert) or that remaining interest is converted into a royalty based on a pre agreed formula;
- the agreement is subject to pre-emptive rights which means that any party wishing to sell their interest must first offer to sell that interest to the other party; and
- Iluka will have the responsibly for all rehabilitation obligations related to exploration or mining activities for mineral sands on E70/2464.