



11 April 2014

EPC framework agreement including the project funding signed for phase 1 of Donald Mineral Sands Project (Mining Unit Plant - MUP and Wet Concentration Plant - WCP)

Donald Mineral Sands Pty. Ltd., a subsidiary of **Astron Corporation Limited (ASX:ATR)** ("Astron" or "Company") has entered into a framework agreement with the China Machinery Engineering Corporation ("CMEC").

The framework agreement sets out the parties' intentions and the process for agreeing on an EPC (engineering, procurement and construction) contract for supply and installation of equipment for the MUP/WCP for the Donald Mineral Sands Project ("Project") and assistance with funding the Project. CMEC will be the EPC contractor responsible for equipment procurement and funding for phase 1 of the Project.

The first phase is expected to require funding of approximately US \$100 million, of which CMEC will provide 85% in the form of seller's credit from a Chinese bank or other channels, with the balance (together with insurance fees and other costs) to be provided by Astron. Actual funding will be determined by the parties, together with the financing bank and Sinosure. Repayment under the EPC contract is anticipated to commence after the 2 year construction phase, with repayment during the following 2 years thereafter.

The full project is expected to require funding of US \$500 million, comprising the first phase (which is dealt with under the framework agreement) and the second phase. The framework agreement does not deal with the second phase.

On a basis of the announced DFS, capital expenditure for phase 1 has been optimised in this Framework Agreement to suit the market situation and project features.

While the framework agreement is legally binding under Chinese law, it is subject to conditions including regulatory approvals (for Chinese export permissions, any visas required and any other Chinese or Australian approval) and a formal EPC contract, which is to be negotiated between the parties to determine definitive terms.

Astron and CMEC agree to work towards finalising the formal EPC contract by the end of July 2014, with funding arrangements within 4 months after the EPC contract is executed.

Astron Corporation Limited

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