



ASX Announcement

18 March 2022

Cleansing notice under section 708A(12C) of the Corporations Act 2001 (Cth)

Astron Corporation Limited ARBN 154 924 553 (ASX:ATR) (**Astron** or **Company**) gives this cleansing notice (**Cleansing Notice**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by the ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (the **Instrument**).

The Company hereby gives notice that:

- a) the convertible notes (**Convertible Notes**) (issued with the consent of security holders given at a meeting of security holders on 7 March 2022 as an issue of equity securities approved in accordance with Listing Rule 7.1) were issued without disclosure to investors under Part 6D.2 of the Corporations Act; and
- b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act as amended by the Instrument.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the Convertible Notes issued by the Company on the terms described below, to be on-sold to retail investors without further disclosure.

The Cleansing Notice is important and should be read in its entirety.

The Company has entered into a Convertible Note Deed with Collins Street Asset Management Pty Ltd ACN 601897 974 AFSL 468935 in its capacity as the trustee of the Collins Street Value Fund ABN 72 216 927 424 (**CSVF**) dated 1 February 2022 (the **Agreement**) as announced to ASX on 1 February 2022. Pursuant to the Agreement, the Company has issued CSVF with 50,000 convertible notes (with a face value of \$100 each) under a convertible note deed, together with 10,000 supplementary convertible notes (with a face value of \$100 each) by way of payment of interest of 10% p.a., capitalised in advance.

1 Contents of this Cleansing Notice

The Cleansing Notice sets out the following:

- a) in relation to the Convertible Notes:
 - i. the effect of the issue on the Company;
 - ii. a summary of the rights and liabilities attaching to the Convertible Notes;
 - iii. a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Convertible Notes; and
- b) any information that:

- i. has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
- ii. is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - B. the rights and liabilities attaching to the Shares; and
 - C. other information relating to the Company's status as a disclosing entity.

2 The effect of the issue on the Company

The principal effect of the issue of the Convertible Notes on the Company will be to:

- a) increase the number of unquoted Convertible Notes on issue from zero to 50,000 convertible and 10,000 supplementary convertible notes;
- b) give rise to the Company having a liability for the aggregate amount of the Face Value of the Convertible Notes (A\$6,000,000); and
- c) if the Convertible Notes are converted, either wholly or in part to Shares increase the number of Shares as a consequence of the issue of Shares on such conversion as set out in section 3 of this notice.

3 Potential effect on capital structure

As at the date of this Cleansing Notice, the issued capital of the Company is 122,479,784 ordinary shares (in respect of which there are 122,476,777 Chess Depository Interests (CDIs) which are listed on ASX), 3,900,000 unlisted options and 60,000 unlisted Convertible Notes (which are convertible to some 185.85 Conversion Securities per convertible note, so if all of the 60,000 Notes were converted for shares, the Company would issue 11,111,111 shares to CSVF.).

The capital structure of the Company will be affected by the conversion of the Convertible Notes to Conversion Securities as follows:

Shares on issue before conversion		Percentage	Shares on issue following conversion		Percentage
Existing holders	122,479,784	100%	122,479,784	91.7%	
CSVF	0	0%	11,111,111	8.3%	
Total issued share capital	122,479,784	100%	133,590,895	100%	

The maturity date of the Convertible Notes is 2 years after the Issue Date (unless all Convertible Notes are redeemed or converted earlier).

Upon conversion, the number of Shares to be issued to CSVF will be calculated on the following basis: Face Value / Conversion Price.

The “Face Value” is the face value of the Convertible Notes (being A\$100 per each Convertible Note).

The “Conversion Price” is the initial conversion price of A\$0.54 adjusted for certain corporate actions of the Company during the term of the Convertible Notes in accordance with certain adjustment rules.

4 Rights and liabilities attaching to the Convertible Notes

A broad summary of the rights, privileges and restrictions attaching to the Convertible Notes is set out in Schedule 1 of this Cleansing Notice. The summary is not exhaustive and does not constitute a definite statement of the rights and liabilities of the Convertible Notes.

5 Rights and liabilities attaching to Shares issued under the Convertible Notes

The Shares issued to CSVF on the conversion of the Convertible Notes will rank equally in all respects with all of the Company’s existing Shares. The rights and liabilities attaching to the Shares, including new Shares to be issued to CSVF on the conversion of the Convertible Notes, are set out in the Company’s constitution, and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law. The Company’s constitution can be inspected free of charge, at the Company’s registered office during normal business hours. This is also available on request.

If CSVF seek to convert any Shares issued on conversion of any Convertible Notes into CDIs, the Company intends to apply to ASX for quotation of the CDIs.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of rights and liabilities of Shareholders.

General meetings

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Hong Kong Companies Ordinance or the Listing Rules.

Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her.

A poll may be demanded by the chairman of the meeting, by any two Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the Shares of all those Shareholders having the right to vote on the resolution.

Dividends

Dividends may be paid to Shareholders as declared by the Board at its discretion.

Liquidation

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as s/he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Rights on winding up

If the Company is wound up, the right of a Shareholder to participate in the distribution of the surplus assets of the Company is dependent upon the class of shares they hold.

Transfer of Shares

A Shareholder may transfer Shares by an instrument in writing in a form approved or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, where the Shares are not fully paid or are not accompanied by all documents required to register a transfer of Shares.

Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied by following the procedure set out in the Hong Kong Companies Ordinance, which may be with the consent in writing of the holders of 75% of the issued shares of that class or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6 Compliance with disclosure obligations

The Company is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review.

Copies of documents lodged with ASX in relation to the Company may be obtained from, or inspected at, an ASX office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2021;
- b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to above and before lodgement of this Cleansing Notice with ASX; and
- c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to above and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the financial report referred to in (a) and before the lodgement of this Cleansing Notice with ASX is set out in the table below. All of these documents will be provided, free of charge, to any person on request.

Name of ASX announcement	Date of ASX announcement
Disclosure Document Short Form Prospectus	2 July 2021
Supplementary Prospectus	21 July 2021
Second Supplementary Prospectus	18 August 2021
Appendix 3A.5	13 September 2021
Third Supplementary Prospectus	16 September 2021
Full year statutory accounts	30 September 2021
Decision not to proceed with planned demerger	21 October 2021
Suspension from quotation	1 November 2021
Quarterly Appendix 5B Cash Flow Report	1 November 2021
Quarterly Activities Report	1 November 2021
Delays in lodging annual financial report	4 November 2021
Annual Report to Shareholders including Statutory Accounts	4 November 2021
Appendix 4G	4 November 2021
Corporate Governance Statement	5 November 2021
Reinstatement to quotation	5 November 2021

Appointment of chairman	5 November 2021
Notice of Annual General Meeting / Proxy Form	9 November 2021
Annual Report to Shareholders with corrections	10 November 2021
Closing date for director nominations for 2021 AGM	15 November 2021
Appointment of Project Director for the Donald Project	29 November 2021
Results of meeting	30 November 2021
Corporate Presentation December 2021	8 December 2021
Quarterly Activities / Appendix 5B Cash Flow Report	31 January 2022
Quarterly Activities / Appendix 5B Cash Flow Report	1 February 2022
Astron secures convertible note funding to advance Donald	1 February 2022
Notice of Extraordinary General Meeting / Proxy Form	1 February 2022
Results of meeting	7 March 2022
Results of meeting updated	14 March 2022
Half Yearly Report and Accounts	17 March 2022

7 Information Excluded from Continuous Disclosure Notices

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- b) the rights and liabilities attaching to the Convertible Notes under the Agreement and the Shares.

This ASX announcement has been authorised for release by the Board of Astron.

For further information, please contact: tiger.brown@astronlimited.com

Schedule 1

Summary of the rights, privileges and restrictions attaching to the Convertible Notes

Face Value

The total Issue Price of the Convertible Notes is \$6,000,000. The Company will issue 60,000 Notes (comprising 50,000 principal interest bearing notes and 10,000 supplementary non-interest bearing notes) with a face value of A\$100 per Convertible Note.

Maturity Date

The maturity date of the Convertible Notes is 2 years after the Issue Date (unless all Convertible Notes are redeemed or converted earlier) (**Maturity Date**)

Rights

Prior to conversion, the noteholder has no rights as a shareholders of the Company, including any:

- (a) beneficial entitlement to or interest in any share of any class in the capital of the Company;
- (b) right to vote at a meeting of members of the Company;
- (c) beneficial or other right to be paid or credited a dividend declared or determined by the Company or any other right to participate in a distribution of profits of the Company; or
- (d) proprietary interest in any asset or cash flow of the Company

Conversion at Collin St Asset Management's election

CSVF may elect to convert the Convertible Notes at any time prior to the Maturity Date. At each conversion event, the noteholder may only convert Notes above the minimum parcel of A\$250,000.

Restrictions on conversion

Astron must not convert a Convertible Note if the Company would be in breach by of any applicable law by doing so including to the extent conversion of a Convertible Note would result in:

- (a) a person acquiring a relevant interest in the voting shares in the Company in breach of s 606(1) of the Corporations Act (or any equivalent provision); or
- (b) a "foreign person" (within the meaning given to that term in the Foreign Acquisitions and Takeovers Act 2015 (Cth)) acquiring Shares in breach of the Foreign Acquisitions and Takeovers Act 2015 (Cth).

Conversion Price and adjustments

Upon conversion, the number of Shares to be issued to Collin St Asset Management will be calculated on the following basis:

Face Value / Conversion Price.

Where:

Face Value is the face value of the Convertible Notes (being A\$100 per each Convertible Note).

Conversion Price is the initial conversion price of A\$0.54 which may be adjusted for certain corporate actions of the Company during the term of the Convertible Notes (so that the number of Shares issued to CSVF on conversion is the same as the number of Shares CSVF would have received if not for the corporate action).

Redemption at Company's election

The Company may elect to redeem and repay the Notes at any time prior to the maturity date, however, in the event the Company elects to redeem the Notes, the Company will issue to the noteholder options to subscribe for shares in the capital of the Company determined in accordance with following formula:

$$O = FV / A\$0.54$$

Where;

O = the number of options to be issued

FV = the Face Value of the Notes redeemed

The options shall:

- (a) have an expiry date being the Maturity Date (unless the redemption option is exercised in the 10 business days prior to the maturity date, in which case the expiry date will be 10 business days after the maturity date);
- (b) be transferable;
- (c) not be listed on ASX;
- (d) not participate in any further issue of securities by the Company unless exercised prior;
- (e) be subject to adjustment in accordance with the usual terms and conditions applicable to options issued by ASX listed companies; and
- (f) be subject to such other usual terms and conditions applicable to options issued by ASX listed companies.

On exercise of options, the Company will issue fully paid ordinary shares, represented by CDIs, with the same terms as all of the other paid ordinary shares on issue by the Company and ranking pari passu with existing CDIs on issue. If all of the Notes are redeemed, the Company would issue 11,111,111 options to Collins Street (each exercisable for 1 share).

Mandatory redemption on maturity

To the extent that the Convertible Notes have not yet been converted on or before the applicable maturity date, then the Convertible Notes will be redeemed by the Company for cash, for the total of the full face value of the Notes, expenses payable on the Notes and any other amounts owing to the noteholder are immediately payable to the noteholder.

Events of Default

The Note Deed contains a typical event of default regime for a financing agreement. The events / circumstances which constitute an event of default include non-payment, insolvency, change of control and suspension of trading from the ASX.

Following an event of default, Astron can cancel the convertible loan note facility. This will require the facility to be repaid, which would mean the Convertible Notes are redeemed by the Company.

Representations and Warranties

The Company gives customary representations and warranties including in relation to registration, power and capacity, solvency, authorisations and compliance with law.

New Securities

The Company must seek CSVF's consent to issue any securities if the Company would be required to obtain the approval of holders of its ordinary shares pursuant to ASX LR 7.1, if immediately following that issuance, CSVF elected to convert its Convertible Notes.

Security

To secure the noteholder's rights under the Notes, the Company's wholly owned subsidiary, Donald Mineral Sands Pty Ltd ACN 087 469 707 will guarantee the obligations of the Company under the Notes, grant a first ranking security over its assets and undertakings and a registered mortgage over its real property.

If the Company progresses financing for its Donald Mineral Sands project, the noteholder must use all reasonable endeavours to agree appropriate terms for the subordination of the security interest to satisfy the senior debt funding terms.

Transfer of Convertible Notes

The Notes are not transferable without the Company's prior written consent.

Other material terms

The agreement for the issue of the convertible notes comprises a Convertible Note Deed, Conditions of Issue and a Subscription Letter, all dated 1 February 2021. Under these documents:

- (a) the Company undertakes to ensure that the prime focus of the Company and DMS remains the development of the Project;
- (b) the Company undertakes to progress obtaining the project financing for the Project as soon as is reasonably practicable, and progress the Project as soon as is reasonably practicable;
- (c) the Company undertakes to use the funds raised by the Note issue only for the development of the Project and related working capital, including for the definitive feasibility study for the Project proposed to be undertaken during the first half of 2022;
- (d) the Company agrees not to incur financial indebtedness in excess of \$5,000,000 without the consent of CSVF, which consent shall not be unreasonably withheld;

- (e) the Company agrees not to create or allow and of its Australian subsidiaries (including DMS) to create a security interest of any of its assets (with certain conventional exceptions);
- (f) the Company agrees not to pay a dividend or return of capital or allow any of its subsidiaries to do so;
- (g) The Company is entitled to require CSVF to enter into a voluntary escrow agreement in conventional form if the Company makes arrangements for a capital raising.

The undertakings referred to above cease when the Notes are converted, expire or a paid out on maturity.