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EPC contract: Donald Mineral Sands Project Mining Unit Plant (MUP) and Wet Concentration Plant (WCP)

On 11 April 2014 **Astron Corporation Limited (ASX:ATR)** (“Astron” or “Company”) announced that its subsidiary Donald Mineral Sands Pty. Ltd., entered into a framework agreement with the China Machinery Engineering Corporation (“CMEC”).

After lengthy negotiations, DMS has now entered into an EPC (engineering, procurement and construction) contract with CMEC for the Astron Donald Mineral Sands titanium and zirconium mineral project (“Project”). The EPC contract sets out the process for supply and installation of equipment for the MUP/WCP for the Project and assistance with funding the Project. CMEC is the EPC contractor responsible for equipment procurement and funding the first phase of the Project.

The broad terms of the EPC contract specify the total contract price of US\$135 million. The EPC contract includes all design, procurement, civil engineering and construction, installation, training, commissioning, technical service and other works of the Project. DMS is required to contribute 15% to the costs of the project, being about US\$18 million.

CMEC’s funding will be in the form of seller’s credit from a Chinese bank or other channels.

The contract is subject to conditions precedent including:

1. Insurance application with Sinasure being approved and the premium paid;
2. DMS financing 15% of the costs of the Project; and
3. DMS acquiring all necessary rights and all regulatory approvals.

Under the contract, the parties have 10 months to satisfy these conditions, however the contract has a mechanism for extending this period up to 12 months.

DMS and CMEC will now work towards satisfying the conditions precedent.

Astron Corporation Limited