

Further to an announcement made by the Company on 1 March 2013, a circular (“Circular”) relating to the proposed new investing policy and associated disposal of existing assets and a fundraise of £336,000, has been posted to shareholders of the Company today.

The Circular includes notice convening a General Meeting of shareholders to be held at the offices of Adams & Remers LLP, Dukes Court, 32 Duke Street, St James’s, London, SW1Y 6DF at 11.00 a.m. on 25 April 2013.

A copy of the Circular is available at [www.astarminerals.com](http://www.astarminerals.com). Further information extracted from the Circular is set out below.

**Astar Minerals plc**

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**Extract from Circular posted to Shareholders earlier today**

**Introduction**

On Monday 12 November 2012, the Company announced that it was unable to proceed with the operating contract to manage the operations of Aggregates West Inc. and Valley Sand and Gravels Inc. (collectively “Aggregates West”). Due to the Company’s financial position, it was also unable to make the final payment of £250,000 due in December 2012, under the company voluntary arrangement dated July 2011. Astar therefore requested suspension in the trading of its shares to enable the Directors to evaluate the Company’s options going forward.

On 27 February 2013, the Company agreed a revised arrangement under the CVA whereby the amount payable in full and final settlement would be £75,000 and this would be payable by 6 May 2013.

The Company has also entered into agreements, conditional upon Shareholder approval, for the sale of its Canadian Assets for a nominal consideration. The Disposal will result in the Company disposing all of its tangible operating assets and becoming an investing company. As a consequence, Rule 15 of the AIM Rules requires the Company to obtain the approval of the Shareholders for the Disposal and its Investing Policy going forward.

Peterhouse Corporate Finance has conditionally raised £336,000 before expenses, by way of a subscription for 224,000,000 Ordinary Shares at a price of £0.0015 per share. The proceeds of the Placing will be used to fund the final payment of £75,000 due to creditors, pursuant to the CVA with the balance being used to provide the Company with working capital to allow it to fulfil the proposed investing policy, further details of which are set out below.

A General Meeting of the Company has been convened to seek the approval of Shareholders for the Proposals and will be held at the offices of Adams & Remers LLP, Dukes Court, 32 Duke Street, St James's, London, SW1Y 6DF at 11.00 a.m. on 25 April 2013.

The Directors consider the Proposals to be in the best interests of the Company and the Shareholders as a whole, as the only alternative will be liquidation which the Directors believe would deliver very little or no value to its Shareholders. The Directors therefore recommend that Shareholders vote in favour of the Proposals, as they intend to do themselves in respect of their direct and indirect shareholdings totalling 15,301,805 shares representing approximately 21.06 per cent. of the share capital of the Company.

**Should the Resolutions not be passed at the General Meeting and the Proposals not be implemented, the Company would have insufficient working capital available to it to continue to trade and would need to be refinanced immediately to enable it to continue trading. There can be no assurance that such refinancing would be forthcoming and in these circumstances the Board will be forced to take steps to protect the interests of creditors which may include placing the Company into administration or liquidation.**

#### **Background to and reasons for the Proposals**

Astar was admitted to trading on AIM in December 2005, and was originally established to consolidate the mineral claims over a land package situated on the Sechelt Peninsula, British Columbia, Canada and to develop these claims in order to produce industrial minerals and construction aggregates.

The Company currently holds interests in a sand and gravel pit, Shaw Pit and Sechelt and operates the Quadling Quarry in British Columbia.

On 17 January 2011, the Company announced that it was in discussions regarding a potential transaction, which if completed would have constituted a Reverse Takeover. Due to reasons beyond the Company's and its advisers' control, the Company was unable to raise the funds necessary to complete the Reverse Takeover and so the proposed transaction was terminated.

As part of this proposed transaction, the Company incurred a high level of fees and costs which it was then unable to raise the funds to settle and so the directors of Astar, at the time, saw no alternative but to enter into a company voluntary arrangement. On 18 May 2011, the Board made a proposal, through Kingston Smith & Partners LLP (the "Supervisor"), to its creditors for a company voluntary arrangement in satisfaction of its debts. The CVA terms required, amongst other things, that an amount of £500,000 be paid to the Supervisor within 18 months of the approval of the CVA, to settle professional and creditor claims, including fees due to the Supervisor. The final payment of £250,000 was due to be paid to creditors on 5 December 2012.

As reported in the half year results for the period ended 30 June 2012, despite increased volumes at Quadling Quarry and a reduction in operating costs, the Company remained loss making, reporting a loss before tax of £771,000 (H1 2011: £1,016,000). The principal reason for this loss, however, is that the revenues generated from the quarry operations were insufficient to cover the Company's centralised costs. In an attempt to add greater scale to its operations, Astar signed a heads of agreement with Aggregates West on 27 September 2012,

to operate a number of quarries based in an area between the US/Canadian border and Seattle. It was agreed that Astar would purchase additional equipment and inventory, build up working capital and invest in developing further some of Aggregates West's existing sites. Despite the attractiveness and the commercial logic of this opportunity, it was not possible for the Company to raise sufficient equity funding on appropriate terms to complete this transaction.

Given the financial position of the Company it was not possible to make the final payment of £250,000 under the CVA on 5 December 2012, and so the CVA creditors agreed for this payment to be postponed for three months to see whether the Company could raise additional funds through asset disposals. Subsequently on 27 February 2013, a revised CVA proposal to pay £75,000 was accepted by creditors as full and final settlement of the CVA.

Against this background, the Board believes that the only option to achieve value for shareholders is to pursue an alternative strategy, namely to dispose of the Company's existing assets, become an investing company focused on natural resources and to raise new funds for the implementation of this strategy. Upon such disposal, Astar would be treated as an investing company and would have to make an acquisition or acquisitions which constitute a Reverse Takeover or implement its investing policy within 12 months of the passing of the Resolutions.

#### **Disposal of Assets**

As a consequence of the Company's financial position, the Company is no longer able to finance the operations of its Canadian Assets. Therefore, as part of the Proposals, the Company intends to divest its operations in Canada, so as to allow the Directors to focus on the implementation of the Investing Policy. As stated above, over the past year, the Company has looked at a number of ways to make the Canadian operations sufficiently profitable to support Astar but without success. The Company has now signed, conditional upon Shareholder approval, sale and purchase agreements to sell its Canadian assets, including related debt funding of approximately CAN\$1.6 million and other trading liabilities, for a nominal sum ("Disposal"). If for any reason, the sale does not take place, the Canadian operations may have to be placed in administration, liquidation or other insolvency procedure.

#### **Placing and dis-application of pre-emption rights**

The Company, through its broker Peterhouse Corporate Finance Limited, has conditionally raised £336,000 (before expenses) through the placing of 224,000,000 Ordinary Shares at a price of £0.0015 per share conditional on the Proposals being approved by Shareholders at the General Meeting. The net proceeds of the Placing are estimated at £316,000. The Placing Price represents an 86 per cent. discount to the closing mid-market price of £0.0105 on 12 November 2012, the day on which the trading of the shares was suspended on AIM. Conditional upon the approval of the Resolutions at the General Meeting and as a result of completion of the Placing, the Placees will, in aggregate, hold approximately 75.5 per cent. of the then Enlarged Share Capital.

Approximately £120,000 from the funds to be raised will be used to make the final payment of £75,000 under the CVA as approved on 27 February 2013 and to settle outstanding liabilities of the Company to date. The remaining funds raised as part of the Placing, will be

used to implement the Investing Policy and provide the Company with working capital going forward.

Nicholas Lee, Non-Executive Director of the Company, is executive chairman of Paternoster Resources plc, a company that is subscribing for 74,000,000 new Ordinary Shares under the Placing at £0.0015 per share. Paternoster Resources Plc's participation in the Placing is classified as a related party transaction under the AIM Rules. Where a company enters into a related party transaction the independent directors of the Company are required by the AIM Rules to consult with the Company's Nominated Adviser. The Independent Directors, having consulted with Zeus Capital, consider the related party transaction to be fair and reasonable, in so far as the Shareholders are concerned. Following the Placing Nicholas Lee will be indirectly interested in 86,000,000 Ordinary Shares representing 29 per cent of the Enlarged Issued Share Capital.

In order to facilitate the proposed Placing, as described above and to enable the Company to raise further funds to implement its intended Investing Policy with minimal limitations, it is necessary for the Company to increase its authority to issue ordinary shares and dis-apply pre-emption rights. Resolution 2 seeks the authority to allot shares and to grant rights to subscribe for or to convert any security into such shares up to a nominal value of £500,000. It is proposed, in Resolution 4 that the Directors should be able to (i) allot shares and equity securities to complete the Placing, (ii) conduct rights issues and (iii) otherwise allot further shares and equity securities up to an additional nominal amount of £276,000 other than on a pre-emptive basis.

In each case, the authorities conferred by Resolution 2 and 4 shall expire fifteen months after the passing of the relevant resolutions or at the conclusion of the next annual general meeting of the Company following the passing of these resolutions, whichever occurs first. The Directors may look to raise additional funds for the Company following the General Meeting subject to the resolutions being approved by Shareholders.

#### **Investing policy**

Resolution 1 to be proposed at the General Meeting proposes the adoption of the Investing Policy.

The Company will seek to invest in opportunities within the natural resources sector that the Directors believe either are of strategic value or represent a significant value opportunity. The Company is prepared to take an active role in its investments where it is deemed to be appropriate.

The Directors plan to adopt a flexible approach, both as to the form of the Company's investments and the subject of its investments. This includes making investments in other quoted investment companies focused on the natural resources sector, including those with no significant assets other than cash. The Directors believe that investing in other natural resources focused investing companies will provide the Company with greater scope to make and support investments in the natural resources sector.

The Company's investments may take the form of equity, debt, convertible instruments and licence rights. Possible investments could include direct or indirect investments in permits

and licences, exploration, mining and production operations and processing and development projects.

The Company may make indirect investments via quoted companies, unquoted companies seeking a public quotation and candidates for reverse transactions into quoted investment companies. The Company may invest in these types of opportunities through acquisitions, partnerships, joint venture arrangements, as finance for management buy-outs or buy-ins, as finance for pre-IPO, seed and underwriting positions.

Such investments may result in the Company acquiring the whole or part of a company or project. The Company will consider opportunities anywhere in the world, with a particular focus on Africa, the Americas, Australasia, Central and Eastern Europe and Russia and the former Soviet Union republics.

The Company expects to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment. In respect of other, principally more substantial opportunities, the Company expects to be a passive investor.

The Company intends to invest for the medium to long-term. However, should an opportunity arise to realise its investments, the Company will consider these on a case-by-case basis and seek to maximise value for shareholders. The Directors intend to hold all investments for a minimum of 30 days. Other than set out above, there are no restrictions on the Company's investment policy.

The Company intends to utilise industry experts in the analysis of proposed investments, and it is intended that the decision making process will be a collegiate, team-based approach, driven by intrinsic value or informed opinion.

#### **Suspension of trading in the Ordinary Shares on AIM**

On 12 November 2012, trading in the Company's Ordinary Shares was suspended at the request of the Company pending clarification of the Company's financial position. The Company, conditional upon the Resolutions being approved by Shareholders and the Disposal and Placing becoming unconditional in all respects, will seek the suspension to be lifted. Conditional upon the passing of the Resolutions, it is anticipated that dealings in the Company's Ordinary Shares will recommence on 26 April 2013.

### **DEFINITIONS**

The following definitions apply throughout the Circular unless the context requires otherwise:

“Act”	the Companies Act 2006
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM Rules”	the AIM rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange from time to time

“AIM”	the market of that name operated by the London Stock Exchange
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company at the date of this document whose names and addresses are set out on page 6 of this document
“Canadian Assets”	these comprise Shaw Pit, Sechelt and Quadling Quarry
“Circular”	this document dated 8 April 2013
“Company” or “Astar”	Astar Minerals plc, a company registered in England and Wales with the registered number 05311866
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form, which is administered by Euroclear UK & Ireland Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended
“CVA”	The company voluntary arrangement approved by shareholders and creditors on 7 June 2011 details of which are set out in the letter from Kingston Smith and Partners LLP dated 11 May 2011 as subsequently amended and approved by creditors on 5 December 2012 and on 27 February 2013
“Disposal”	the proposed disposal of the Company’s Canadian Assets, conditional upon Shareholder approval
“Enlarged Share Capital”	the issued ordinary share capital of the Company following completion of the Placing
“Exchange”	The London Stock Exchange plc
“FCA”	Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document for use at the General Meeting
“General Meeting”	the General Meeting of Shareholders to be held at the offices of Adams & Remers LLP, Dukes Court, 32 Duke Street, St James’s, London, SW1Y 6DF at 11.00 a.m. on 25 April 2013 and including any adjournment thereof
“Independent Directors”	Lynda Chase-Gardener and Euan McAlpine
“Investing Policy”	the proposed investing policy to be adopted by the Company at the General Meeting as required by the AIM Rules details of which are set out in this Circular
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of £0.001 par value each in the share capital of Company
“Peterhouse Corporate Finance”	Peterhouse Corporate Finance Limited (registered in England and Wales under

“Placees”	company number 02075091) (authorised by the FCA with firm reference number 184761) the placees conditionally subscribing for the Placing Shares
“Placing”	the conditional placing of the Placing Shares at the Placing Price
“Placing Price”	£0.0015 per Ordinary Share
“Placing Shares”	the 224,000,000 Ordinary Shares issued at the Placing Price to the Placees
“Proposals”	the proposals set out in this Circular, comprising the approval of: (i) the Disposal; (ii) the Investing Policy and (iii) the placing of the Placing Shares
“Resolutions”	the resolutions as set out in the Notice of General Meeting contained within this Circular and “Resolution” shall mean any one of them as appropriate
“Reverse Takeover”	a reverse takeover under the AIM rules
“Shareholders”	holders of Ordinary Shares of the Company
“Zeus Capital”	Zeus Capital Limited (registered in England and Wales under company number 4417845) (authorised by the FCA with firm reference number 224621)