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**UPDATE ON MAJOR TRANSACTION IN
RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
AND THE LOAN PROVIDED TO
CST MINERALS AUSTRALIA PTY LTD
(NOW KNOWN AS AUSTRAL RESOURCES AUSTRALIA PTY LTD)**

Reference is made to the announcements of CST Group Limited (the “**Company**”) respectively dated 14 March 2019, 30 April 2019, 17 May 2019, 17 June 2019 and 19 July 2019 and the circular of the Company dated 24 May 2019 (the “**Circular**”) in relation to, amongst other things, the Disposal. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Circular.

As disclosed in the announcement of the Company dated 19 July 2019, Completion of the Disposal took place on 19 July 2019 and each member of the Target Group ceased to be a subsidiary of the Company upon Completion.

Meanwhile, the obligation to make the Anthill Production Payment has been assigned from the Purchaser 2 to the Target Company and Yellow Gear Pty Ltd (ACN 603 148 072) (“**Yellow Gear**”) as trustee for Super Snake Trust (ABN 50 828 804 399) (the “**New Guarantor**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Yellow Gear (being incorporated under the laws of Australia with limited liability) is the registered owner of, and Super Snake Trust is the beneficial owner of, the entire issued shares of the Target Company, as at the date of this announcement.

On 23 July 2021, the Seller, the New Guarantor, Austral Resources Australia Pty Ltd (ACN 142 485 470) (formerly known as the Target Company), together with its wholly-owned subsidiaries, namely, Austral Resources Exploration Pty Ltd (ACN 612 119 123) (formerly known as CSTME) and Austral Resources Lady Annie Pty Ltd (ACN 136 930 222) (formerly known as CSTMLA) entered into a deed of acknowledgement and variation (the “**Deed**”) to vary, among others, the payment manner of the Anthill Production Payment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the New Guarantor, the members of the Target Group and their respective ultimate beneficial owner(s) is a third party independent of and not connected with the Company and its connected person(s).

As disclosed in the Circular, the Anthill Production Payment in the amount of AUD5,000,000, which formed part of the Loan Assignment Consideration, should be made payable by the Purchaser 2 to the Seller on (a) the date that is 5 Business Days after the first date on which the proceeds of sale of any mineral or metallic product derived from minerals extracted from the Anthill Project is received by any member of the Purchaser Group (or its nominees); (b) the date of any insolvency event in respect of the Purchaser 1, the Purchaser 2, the Target Company, CSTME or CSTMLA; and (c) 36 months after the date of Completion, whichever is the earliest. In addition, each member of the Target Group agreed to jointly and severally guarantee to the Seller regarding the Purchaser 2's prompt and complete observance and performance of its obligations to make the Anthill Production Payment to the Seller. As at the date of this announcement, none of the foregoing events triggering the Anthill Production Payment has occurred.

In light of the change in the shareholding structure of the Target Company and at the request of the New Guarantor and the Target Group, it is acknowledged and agreed among the parties to the Deed that:

- (i) The Target Company will assume the obligation to make the Anthill Production Payment to the Seller (or such party as nominated by the Seller in writing) in the following manner:
 - (a) AUD1,000,000.00 plus the Seller's legal fees incurred on the Deed (up to AUD3,000 plus Goods and Services Tax) as invoiced to the Target Company within 3 business days of the date of the Deed;
 - (b) AUD1,300,000.00 on or before 31 March 2022;
 - (c) AUD1,300,000.00 on or before 31 May 2022; and
 - (d) AUD1,400,000.00 on or before 20 July 2022.
- (ii) Each of the members of the Target Group (except the Target Company) and the New Guarantor, by way of a joint and several indemnity and principal obligation, guarantees to the Seller regarding the Target Company's prompt and complete observance and performance of its obligations to make the Anthill Production Payment.

Save as disclosed above, all other principal terms and conditions of the Agreement remain unchanged and shall continue to be binding and effective, where appropriate.

Having considered that (i) the revised payment schedule of the Anthill Production Payment will not have any adverse impact on the operational and financial aspects of the Group and (ii) the provisions of the Deed, having been arrived at after arm's length negotiation between the parties to the Deed, are fair and reasonable and on normal commercial terms, the Directors are of the view that the terms and conditions of the Deed and the transactions contemplated thereunder are in the interests of the Group and the Shareholders as a whole.

By Order of the Board
CST Group Limited
Yeung Bik Shan
Company Secretary

Hong Kong, 23 July 2021

As at the date of this announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Kwan Kam Hung, Jimmy, Mr. Tsui Ching Hung and Mr. Wah Wang Kei, Jackie as executive Directors; and (ii) Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying as independent non-executive Directors.