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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **CST Group Limited**, you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**(1) MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
AND THE LOAN PROVIDED TO  
CST MINERALS AUSTRALIA PTY LTD  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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All capitalized terms used in this circular have the same meanings set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 19 of this circular.

A notice convening the EGM of the Company to be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Monday, 17 June 2019 is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjourned meeting should you so wish and, in such event, the instrument appointing a proxy will be deemed to be revoked.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Agreement”	the share sale agreement dated 14 March 2019 entered into among the Seller, the Target Company, the Purchasers as well as CSTME and CSTMLA in relation to the Disposal
“Announcement”	the announcement of the Company dated 14 March 2019 in relation to, among other things, the Disposal
“Anthill Project”	the proposed open cut copper ore mine in the Anthill mining area (ML90233)
“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Business Day(s)”	a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made
“BVI”	the British Virgin Islands
“CAD”	Canadian dollars, the lawful currency of Canada
“Company”	CST Group Limited (stock code: 985), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Competent Person”	Golder Associates Pty Ltd
“Competent Person’s Report”	the competent person’s report issued by the Competent Person in accordance with the requirements of Chapter 18 of the Listing Rules, the text of which is set out in Appendix II to this circular
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Accounts”	the accounts of the Target Company prepared as at the Completion Date, which must be prepared and delivered by the Purchasers to the Seller as soon as possible and in any event within 20 Business Days after the Completion Date
“Completion Date”	5 Business Days after the date on which the last of the Conditions are satisfied or waived under the Agreement, or any other date agreed in writing by the Seller and the Purchasers

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## DEFINITIONS

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“Condition(s)”	condition(s) precedent as set out in the paragraph headed “Conditions” in the Letter from the Board contained in this circular
“connected person(s)” and “percentage ratio(s)”	each has the meaning ascribed to it under the Listing Rules
“CSTME”	CST Minerals Exploration Pty Ltd (ACN 612 119 123), being a company incorporated under the laws of Australia with limited liability, a wholly-owned subsidiary of the Target Company
“CSTMLA”	CST Minerals Lady Annie Pty Limited (ACN 136 930 222), being a company incorporated under the laws of Australia with limited liability, a wholly-owned subsidiary of the Target Company
“Customer Connection Agreement”	the customer connection agreement entered into between Ergon and Lady Annie Operations Pty Ltd in 2007 (as modified or supplemented by (A) the novation agreement entered into among (i) Ergon as consenting party, (ii) A.C.N.076 289 097 Pty Ltd (in liquidation) (receivers and managers appointed) (formerly known as Lady Annie Operations Pty Ltd) as outgoing party, and (iii) Cape Lambert Lady Annie Exploration Pty Ltd (now known as CSTMLA) in 2009; and (B) the deed of amendment entered into between Ergon and CSTMLA in 2011
“Directors”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Loan pursuant to the terms and conditions of the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things, the Disposal
“Ergon”	Ergon Energy Corporation Limited (ABN 50 087 646 062), being a company incorporated under the laws of Australia with limited liability, a supplier of the Target Group
“GBP”	British pound sterling, the lawful currency of the United Kingdom
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“Environmental Financial Assurance”	the environmental financial assurance assessed and required by the relevant governmental environment authority to be paid by the Target Group for the rehabilitation cost in the Lady Annie sites
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interim Report”	the interim report of the Company for the six months ended 30 September 2018
“Latest Practicable Date”	22 May 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan provided by the Seller to the Target Company, which as at 28 February 2019 had an aggregate principal and interest outstanding of AUD262,547,709 (equivalent to approximately HK\$1.45 billion)
“Loan Assignment Consideration”	the consideration payable by the Purchaser 2 to the Seller for the Loan, the particulars of which are set out in the section headed “Consideration and basis of determination — (b) Loan Assignment Consideration” in the Letter from the Board of this circular
“Long Stop Date”	the date that is 120 days after the date of the Agreement, as may be extended by agreement of the Seller and the Purchasers
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	AUD1.00 (equivalent to approximately HK\$5.54), being the consideration payable by Purchaser 1 to the Seller for the Sale Shares

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## DEFINITIONS

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“Purchaser 1”	Kombi Mining Pty Ltd (ACN 631 775 392) as trustee of the Lady Annie Trust
“Purchaser 2”	Bentley Resources Pte Ltd
“Purchaser Group”	each of the Purchasers and each related body corporate of the Purchasers, including after Completion each member of the Target Group
“Purchasers”	the Purchaser 1 and the Purchaser 2, or any of them, a “Purchaser”
“Sale Shares”	100 ordinary shares of the Target Company, being all shares on issue in its capital
“Seller”	Top Gallery Investment Limited, a company incorporated under the laws of the BVI with limited liability, and an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	CST Minerals Australia Pty Ltd (ACN 142 485 470), a company incorporated under the laws of Australia with limited liability, and as at the Latest Practicable Date, an indirect wholly-owned subsidiary of the Company
“Target Group”	Target Company, CSTME and CSTMLA
“Total Consideration”	the Purchase Price plus the Loan Assignment Consideration
“USD”	United States dollars, the lawful currency of the United States of America

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## DEFINITIONS

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“Working Capital”	the aggregate cash (excluding (a) any cash paid by any member of the Target Group (and not refunded) prior to Completion towards an increase in the existing Environmental Financial Assurance (to the effect that any such payment shall be added back to the cash balance in the calculation of Working Capital); and (b) cash in the deposit accounts, but including all accrual interest in the deposit accounts before Completion), accounts receivable (net of any impairment provisions), deposits and bonds, and other current or monetary assets of the Target Group, minus the aggregate current liabilities and other liabilities (excluding any payment due under a milestone payment deed dated 31 May 2010 and any increase in the existing environmental financial assurance payable (but not yet paid) by any member of the Target Group prior to Completion) in the nature of borrowings of the Target Group including, without limitation, accounts payable, tax, loans (and any interest thereon) and other current liabilities of the Target Group
“%”	per cent.

*For the purpose of this circular and for illustrative purpose only, AUD is converted into HK\$ at the rate of HK\$5.5381:AUD1.00, GBP is converted into HK\$ at the rate of HK\$10.2406:GBP1.00 and USD is converted into HK\$ at the rate of HK\$7.80:USD1.00, where appropriate.*

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LETTER FROM THE BOARD

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**CST GROUP LIMITED**  
**中譽集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 985)**

*Executive Directors*

Mr. Chiu Tao (*Chairman*)  
Mr. Hui Richard Rui (*General Manager*)  
Mr. Lee Ming Tung (*Chief Financial Officer*)  
Mr. Kwan Kam Hung, Jimmy  
Mr. Yeung Kwok Yu  
Mr. Tsui Ching Hung  
Mr. Wah Wang Kei, Jackie

*Independent Non-executive Directors*

Mr. Yu Pan  
Ms. Ma Yin Fan  
Mr. Leung Hoi Ying

*Registered Office*

Whitehall House  
238 North Church Street  
P.O. Box 1043  
George Town  
Grand Cayman KY1-1102  
Cayman Islands

*Head Office and Principal Place*

*of Business in Hong Kong*  
Rooms 4503–05, 45th Floor  
China Resources Building  
26 Harbour Road  
Wanchai, Hong Kong

24 May 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
AND THE LOAN PROVIDED TO  
CST MINERALS AUSTRALIA PTY LTD  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in relation to the Agreement entered into by the Seller, an indirect wholly-owned subsidiary of the Company, the Purchasers, the Target Company, CSTME and CSTMLA on 14 March 2019, pursuant to which (i) the Seller has agreed to sell and the Purchaser 1 has agreed to purchase the Sale Shares, representing the entire issued share capital of the Target Company, at the Purchase Price; (ii) the Seller has agreed to sell and the Purchaser 2 has agreed to purchase the Loan at the Loan Assignment Consideration; and (iii) each member of the Target Group has 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 (as defined hereinafter) to the Seller on the Production Payment Date (as defined hereinafter) under the Agreement.



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further details in relation to the Disposal; (ii) financial information of the Group; (iii) the Competent Person's Report; (iv) other information as required under the Listing Rules; and (v) the notice convening the EGM.

### THE AGREEMENT

The principal terms of the Agreement are as follows:

#### Date

14 March 2019

#### Parties

- (a) the Seller;
- (b) the Target Company;
- (c) the Purchaser 1;
- (d) the Purchaser 2;
- (e) CSTME; and
- (f) CSTMLA.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser 1, the Purchaser 2 and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected person(s).

The Group and the Purchasers were first introduced to each other through an intermediary, a partner of the Australian legal advisers previously acting for the Group in acquisition of the Lady Annie project, who was aware of the Group's intention to sell the Sale Shares and the Loan as well as the Purchasers' intention in acquiring mining assets.

#### Subject matter of the Disposal

The Sale Shares represent the entire issued share capital of the Target Company whereas the Loan represents the loan provided by the Seller to the Target Company which had an aggregate principal and interest outstanding of AUD262,547,709 (equivalent to approximately HK\$1.45 billion) as at 28 February 2019. Each of CSTME and CSTMLA is a wholly-owned subsidiary of the Target Company. While the Target Company, through CSTMLA, owns the Lady Annie operations, CSTME is the registered holder of certain exploration permits for conducting the business of the Target Group and hence the Lady Annie operations, as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### Consideration and basis of determination

#### *(a) Purchase Price*

Regarding the Sale Shares, the Purchaser 1 shall pay AUD1.00 (equivalent to approximately HK\$5.54) to the Seller on the Completion Date. Given the fact that Lady Annie operations have been in a loss making position, the Board, having considered its rehabilitation obligations and the dwindling resources, and advice of its accounting and tax consultants on the Disposal, determined and agreed to the adoption of a nominal amount of AUD1.00 (equivalent to approximately HK\$5.54) as the Purchase Price.

#### *(b) Loan Assignment Consideration*

In light of (a) the net liability position, and the loss-making situation, of the Target Group and (b) the Target Group's rehabilitation obligations in the Lady Annie sites, the Loan Assignment Consideration is determined after taking into consideration (I) the recovery by the Company of (1) the bank deposits of approximately AUD13.5 million (equivalent to approximately HK\$74.76 million), in aggregate, paid by the Target Group for issue of a bank guarantee in favour of its electricity supplier to secure its payment obligation on the committed electricity supply for its operation, and (2) the working capital of the Target Group as at the Completion Date; and (II) the payment of an agreed premium (the "**Agreed Premium**") of approximately AUD10 million (equivalent to approximately HK\$55.38 million) by the Purchaser 2 in two stages, subject to adjustment of (1) any deviation of the Target Group's working capital from its original estimation, (2) the Seller's indemnification for any increase of the Environmental Financial Assurance, and (3) the profit generated from sale of production from the Lady Annie mine prior to Completion. In this connection, it is agreed between the Seller and the Purchaser 2 that payment of the Loan Assignment Consideration shall be split into certain items as set out in the following formula and to be paid at different stages as set out below:

$$X = A + B + C + D, \text{ where}$$

- X is the Loan Assignment Consideration;
- A is the deposit of AUD1,000,000 (equivalent to approximately HK\$5.54 million) (the "**Deposit**") payable upon execution of the Agreement into the escrow agent's trust account in immediately available funds:
- (1) if Completion occurs, the escrow agent will be instructed to withdraw and pay the Deposit (together with all accrued interest on it from time to time, if any) to the Seller at Completion;

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## LETTER FROM THE BOARD

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- (2) on termination of the Agreement, the escrow agent will be instructed to withdraw and pay the Deposit (together with all accrued interest on it from time to time, if any) to the Seller, except where it has been terminated by a Purchaser due to the Seller's failure to comply with its material obligations under the Agreement, then the escrow agent will be instructed to withdraw and pay the Deposit (together with all accrued interest on it from time to time, if any) to the Purchaser 2;
- B is AUD17,500,000 (equivalent to approximately HK\$96.92 million), being the remaining sum after deducting A and D from the aforesaid AUD23.5 million (equivalent to approximately HK\$130.14 million), which shall be paid by the Purchaser 2 at Completion;
- C is the estimated Working Capital (the "**Estimated Working Capital**") of the Target Group as at midnight on the Completion Date, excluding any Benefit of Production (as defined hereinafter), in the amount of AUD389,579 (equivalent to approximately HK\$2.16 million) as determined with reference to the historical expenses and the forecast of sales and cost of sales of the Target Group, to be paid at Completion; and
- D refers to AUD5,000,000 (equivalent to approximately HK\$27.69 million) (the "**Anthill Production Payment**") payable 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 (the "**Production Payment Date**").

The Loan Assignment Consideration shall be subject to the following adjustments:

- (i) by reducing an amount of AUD1,226,437 (equivalent to approximately HK\$6.79 million) (the "**EA Adjustment**"), being the amount of the Environmental Financial Assurance in sum of AUD32,095,003 (equivalent to approximately HK\$177.75 million) as internally reviewed by the relevant environmental authority on 9 May 2019 and by a decision dated 17 May 2019 after application for review having been made by the Target Group (the "**EA Assessment**") (subject to appeal by the Target Group) prior to Completion, in excess of the agreed threshold sum of AUD30,868,566 (equivalent to approximately HK\$170.95 million) as at Completion to satisfy the Seller's indemnification for any increase of the Environmental Financial Assurance as mentioned in the section headed "Indemnities" below, which amount shall be deducted from those payments by the Purchaser 2 at Completion;

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## LETTER FROM THE BOARD

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- (ii) by adjusting for any excess or shortfall of the Working Capital of the Target Group as at midnight on the Completion Date (“**Completion Working Capital**”) as compared with the Estimated Working Capital payable on the date falling on the fifth Business Day after the Completion Accounts are settled, which adjustment is expected to be nil for the reason that the Completion Working Capital is estimated to be more or less the same as the Estimated Working Capital based on the current information of the Lady Annie operations; and
- (iii) by adjusting for the additional net profit after tax which the Seller shall benefit from the sale of the production from the Lady Annie mine delivered on ship prior to Completion that is received after Completion (the “**Benefit of Production**”), if any, payable within 5 Business Days after receipt of the proceeds after Completion, which adjustment should be nil for the reason that based on current production level and overall operating costs, the net profit after tax, if any, will be minimal.

Based on the foregoing information, after taking into account the EA Adjustment, it is estimated that the maximum aggregate amount of the Loan Assignment Consideration the Seller will receive from the Disposal at Completion is approximately AUD22,663,142 (equivalent to approximately HK\$125.51 million), AUD17,663,142 (equivalent to approximately HK\$97.82 million) of which will be received by the Seller on the Completion Date, with the Anthill Production Payment in the amount of AUD5 million (equivalent to approximately HK\$27.69 million) to be received by the Seller on the Production Payment Date.

The Purchase Price and/or the Loan Assignment Consideration (as the case may be) may be further adjusted if any of the following event(s) occur(s):

- (i) should there be any breach of warranties given by the Seller under the Agreement (the “**Seller’s Warranties**”) relating to, among others, (a) the Seller and members of the Target Group, (b) the Sale Shares and the Loan, (c) the assets, material contracts, accounts and financing arrangements, employees of the Target Group, and (d) legal proceedings and compliance matters, the Seller will indemnify the Purchasers against any actual loss suffered by the Purchasers arising from or connected with a breach of any of the Seller’s Warranties;
- (ii) if at any time within 60 months from the Completion Date, the Commissioner of Taxation of Australia, the Commissioner of State Revenue of Australia or any other competent person or authority issues to any members of the Target Group an assessment in respect of a financial year or period ending on or prior to the Completion Date, or in respect of any event or transaction occurring prior to that date, in which the tax payable exceeds or is additional to the amount of tax on the same account previously paid, notified as payable or provided for in the Completion Accounts for that financial year or period or in respect of that event of transaction, then:

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## LETTER FROM THE BOARD

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- (1) the Purchasers must promptly (and in any case within 10 Business Days) provide or must cause the relevant member of the Group to promptly provide the Seller with a statement of the circumstances of the assessment; and
- (2) the Seller must pay to the Purchaser 2 the amount of that excess of additional tax within the time stipulated in the assessment,

where any amount paid by the Seller to the Purchaser 2 under paragraph (ii) above is an adjustment, and is merely a reduction, to the Loan Assignment Consideration.

If (for whatever reason) the Purchasers fail to pay any part of the Purchase Price or any other completion payments payable by the Purchaser 2 at the time of Completion which shall include the aggregate of the Deposit, AUD17,500,000 (equivalent to approximately HK\$96.92 million) and the Estimated Working Capital less the EA Adjustment, Completion will not occur and the liability of the Purchasers is limited to, and the maximum aggregate amount that the Seller may recover from the Purchasers is, the Deposit (together with all accrued interest on it from time to time, if any).

In light of the loss-making situation of the Target Group and the depletion of oxide copper ore reserves in Lady Annie's existing pits, the Group has expressed its intention to various intermediaries that the Group would consider any options such as disposal of the entire interests in the Target Group or any part thereof, or formation of any joint venture whatsoever in the interest of the Group and the Shareholders as a whole. Through these intermediaries, certain potential purchasers (including the Purchasers) had approached the Company, where the Group, in selecting the Purchasers, took into consideration their respective background information. The Group had entered into negotiations with a number of different potential purchasers other than the Purchasers. However, the Purchasers were the only potential purchasers which had made a solid offer consisting of the Agreed Premium. Such offer was the best among the offers provided by the potential purchasers with the highest price and the best payment terms to the Group for such acquisition.

Despite the fact that the Purchasers were introduced to the Group by the intermediary as mentioned above, whether or not the Purchasers would have the financial resources to complete the Disposal and make the Anthill Production Payment cannot be guaranteed. For this reason, the Seller requested (i) the Purchaser 2's payment of the Deposit into the escrow agent's trust account, and (ii) the Target Group's provision of the guarantee to secure performance of the Purchaser 2's obligation to make the Anthill Production Payment as mentioned below. In the event that the Purchasers fail to pay the Purchase Price or any relevant part(s) of the Loan Assignment Consideration at Completion, the Disposal will be terminated.

Accordingly, the Board considers that the Disposal and its associated terms (including but not limited to the Purchase Price and the Loan Assignment Consideration, which have been determined on normal commercial terms after arm's

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## LETTER FROM THE BOARD

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length negotiations between the Seller and the Purchasers as the best available terms for the Disposal) are fair and reasonable and in the interest of the Group and the Shareholders as a whole, with reference to a number of factors, including the decrease of oxide copper ore reserves in Lady Annie's existing pits and the rehabilitation obligations associated with the increase in operating costs of the Lady Annie mine site, as well as the negative net assets value as at 30 September 2018 and also net loss for the six months ended 30 September 2018 of the Target Group. Please refer to the section headed "Information on the Target Group" for details of its financial information.

### **Payment manner**

All payments in connection with the Agreement must be made by way of direct transfer of immediately available funds to the bank account nominated in writing by the party to whom the payment is due no later than 5 p.m. (Hobart time) on the due date for payment or in such other form of immediately available funds as may be agreed in writing between the Seller and the Purchasers.

### **Interest on overdue amounts**

If a party fails to pay an amount of money payable after the Completion under the Agreement on its due date, the party in default must pay to the party entitled to payment of that amount, interest at the default rate (i.e. the rate of 200 basis points above the Reference Rate (or its substitute or replacement) from time to time quoted by the Australia and New Zealand Banking Group Limited as published on its website at <http://www.anz.com/auxiliary/rates-fees-terms/interest-rates/> and in a major or national Australian newspapers), which was 8.78% per annum as at the Latest Practicable Date, on that amount computed from (but not including) the due date until (and including) the date the amount is paid in full. Such interest accrues daily, and is calculated on the basis of a 365-day year, and is payable on the last Business Day of each month.

### **Indemnities**

The Seller has agreed to indemnify the Purchasers against all loss directly arising from or connected with certain matters which include (i) any failure (or alleged failure) by the Target Group to comply with any environmental law or other applicable law or an authorisation applicable to an asset relating to the period before Completion; and (ii) any increase in the existing Environmental Financial Assurance above AUD30,868,566 (equivalent to approximately HK\$170.95 million) (the "**Threshold Amount**"), but subject to a maximum of (a) AUD5,000,000 (equivalent to approximately HK\$27.69 million); minus (b) any amount paid towards an increase in the existing Environmental Financial Assurance above the Threshold Amount by any member of the Target Group prior to Completion, as agreed with the Purchasers.

To the best knowledge of the Directors, as at the Latest Practicable Date, there is no failure (or alleged failure) by the Target Group to comply with any relevant applicable law or authorisation as mentioned above.

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## LETTER FROM THE BOARD

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In addition, the Target Group intends to lodge an appeal to reduce the amount under the EA Assessment, the outcome of which cannot be ascertained as at the Latest Practicable Date. If the amount under the EA Assessment is subsequently reduced (but not as a result of the effect of any rehabilitation work being undertaken or the commencement, recommencement or expansion of operations), the Target Company must refund the amount of the reduction to the Seller.

### Conditions

Completion is subject to and conditional upon satisfaction or waiver of the following Conditions:

- (a) Ergon consenting in writing to the transfer of the Sale Shares contemplated by the Agreement pursuant to the Customer Connection Agreement;
- (b) the Shareholders pass a resolution to approve the Agreement and all the transactions contemplated thereunder at the EGM in accordance with the Listing Rules; and
- (c) there has been no material adverse event in respect of the Target Group or its assets.

Regarding Ergon as referred to in the above Condition (a), it, being a third party independent of and not connected with the Company and its connected person(s), has been supplying electricity transmission service through its power grid to the Lady Annie operations in accordance with the Customer Connection Agreement.

Having consulted with the Australian legal advisers to the Group in the Disposal, the Group understands that the Disposal falls into the definition of “change in control”, and hence the consent of Ergon is required for the Disposal, under the provisions of the Customer Connection Agreement.

As at the Latest Practicable Date, the above Condition (a) has been satisfied.

The Purchasers may waive any of the Conditions (other than the above Condition (b)) by giving notice to that effect to the Seller.

If any of the Conditions is not satisfied or waived by the Long Stop Date:

- (i) if the Purchasers remain in discussions with any third party whose consent or approval is required to satisfy a Condition, the Seller and the Purchasers may agree in writing to extend the Long Stop Date by up to 30 days; or
- (ii) if the Long Stop Date is not extended under the above paragraph (i), then after the Long Stop Date either the Seller or the Purchasers may terminate the Agreement with immediate effect at any time before Completion by

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## LETTER FROM THE BOARD

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giving notice to the other, provided that the terminating party has complied with its obligations under the provisions in the Agreement governing the Conditions and is not otherwise in breach of the Agreement.

If the Agreement is terminated under the above paragraph (ii), each party is released from its obligations and liabilities under or in connection with the Agreement and the Agreement will have no further force of effect (other than under the provisions governing, *inter alia*, deposit, notices and governing law and jurisdiction), save for any past breach or any claim that has arisen before termination.

### **Guarantee**

Each member of the Target Group, namely the Target Company, CSTME and CSTMLA, has 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 on the Production Payment Date under the Agreement. In the event that the Purchaser 2 fails to make the Anthill Production Payment, the Target Company, CSTME and CSTMLA will, by way of a joint and several indemnity and principal obligation, pay to the Seller the amount of such Anthill Production Payment. In any event, the aggregate liability of, and due by, the Target Group to the Seller in this connection will not exceed the amount of the Anthill Production Payment.

The above guarantee provided by the Target Group to the Seller merely serves as an additional security and further protection to the Seller since the Purchaser 2 is already under an obligation to make the Anthill Production Payment on the Production Payment Date under the Agreement. In any event, this is the best security arrangement available to the Group since the Purchaser 2 is not prepared to provide any additional security.

### **Completion**

Completion shall take place on the Completion Date.

## **KEY SUMMARY OF THE COMPETENT PERSON'S REPORT**

The Competent Person's Report has been prepared by the Competent Person on the Lady Annie operations under the Disposal, based on the available data as at 31 December 2018.

Open pit mining was suspended at Lady Annie on 12 January 2016, and no mining took place in 2017 and 2018. However, copper cathode production has continued, where copper cathodes were produced by using surface stockpiled ores mined in previous years. In 2018, approximately 440,000 tonnes of stockpiled ores were moved onto leach pad for copper extraction, of which about 260,000 tonnes were classified as reserves, whereas the remaining stock movements were from low grade stockpiles.



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## LETTER FROM THE BOARD

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For details, please refer to the Competent Person's Report appearing in Appendix II to this circular.

### INFORMATION ON THE GROUP

The Group is principally engaged in (i) exploration, development and mining of mineral resources, (ii) investment in financial instruments, (iii) investment in properties, (iv) money lending and (v) operation of e-logistics platform.

The Seller, a company incorporated in the BVI with limited liability, is an indirect wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

### INFORMATION ON THE PURCHASERS

The Purchaser 1 has been incorporated under the laws of Australia with limited liability whereas the Lady Annie Trust has been settled pursuant to, and subject to, the laws of Australia. The Purchaser 2 has been incorporated under the laws of Singapore with limited liability. The principal business activities of the Purchasers are investment in, and ownership of, mining assets.

The Purchasers are both ultimately owned by the family of Mr. Nathan Tinkler, who has been involved as an owner and investor as well as a director of various mining companies in Australia. The Purchasers jointly carry on activities in relation to some of their investments in, and ownership of, mining assets.

### INFORMATION ON THE TARGET GROUP

Each member of the Target Group is incorporated under the laws of Australia with limited liability. The Target Group owns the Lady Annie operations, located in the Mount Isa district of north-western Queensland, Australia, which is principally comprised of the Lady Annie mining area, the Mount Kelly mining area and the Mount Kelly processing plant and tenements. The Mount Isa Inlier hosts several known copper-oxide and sulphide resources, and several notable copper and lead, zinc and silver mines.

The existing production facilities of the Lady Annie operations are designed to treat oxide copper ores to produce copper cathode. They cannot treat and process non-oxide copper ores. Because of approaching depletion of commercially viable oxide ore in existing pits, the Group has ceased mining activities of the Lady Annie operations since January, 2016. Copper production is continued by re-leaching of leached copper oxide ores at existing leaching pads, to minimize loss caused by the committed electricity capacity supplied by third party. Based on existing information, the Anthill Project, which is not mined yet, is the only oxide copper ore deposit with potential prospect of extending the operation of the Lady Annie operations. However, development of the Anthill Project requires substantial further capital investment on pre-strip and infrastructures, before the Anthill Project can be brought into production.

Apart from the Anthill Project under CSTMLA, the Target Company has no other particular ongoing or pipeline projects.

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## LETTER FROM THE BOARD

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Set out below is the financial information of the Target Group for the two financial years ended 31 March 2017 and 31 March 2018, and for the six months ended 30 September 2018, respectively:

	<b>For the financial year ended 31 March</b>		<b>For the six months ended 30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2018</b>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	(audited)	(audited)	(unaudited)
Revenue	13,468	12,527	7,202
Net profit/(loss) before taxation and extraordinary items ( <i>Note 1</i> )	(18,906)	2,523	(6,684)
Net profit/(loss) after taxation and extraordinary items ( <i>Note 1</i> )	(18,906)	2,523	(6,684)
	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 March</b>	<b>31 March</b>	<b>30 September</b>
	<b>2017</b>	<b>2018</b>	<b>2018</b>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	(audited)	(audited)	(unaudited)
Total assets	72,876	53,277	44,936
Total liabilities ( <i>Note 2</i> )	(266,931)	(245,370)	(232,416)
Net assets/(liabilities)	(194,055)	(192,093)	(187,480)

*Notes:*

1. Inter-company financial charges were included.
2. Inter-company loan was included.

The Target Group's net profit/(loss) fluctuated for the two financial years ended 31 March 2017 and 31 March 2018 as well as for the six months ended 30 September 2018 due to:

- (i) as disclosed in the annual report of the Company for the year ended 31 March 2017, the impairment loss recognised on exploration and evaluation assets and the loss on inventories written down to net realisable value for the financial year ended 31 March 2017, representing approximately 90% of the net loss on the Target Group during that financial year;
- (ii) as disclosed in the annual report of the Company for the year ended 31 March 2018, the impairment loss recognised on exploration and evaluation assets, as compared to the preceding financial year ended 31 March 2017, substantially decreased by approximately 95%, coupled with a loss on inventories written down

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## LETTER FROM THE BOARD

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to net realizable value decreased by 36% as well as a reversal of provision for an onerous contract, contributing to a net profit of the Target Group during the financial year ended 31 March 2018; and

- (iii) as disclosed in the Interim Report, a continuous loss and downscaling of the mining operations, without contribution by a reversal provision for an onerous contract during the period from April to September 2018, resulting in a net loss to the Target Group during the six months ended 30 September 2018.

### FINANCIAL IMPACT OF THE DISPOSAL

Upon Completion, each member of the Target Group will cease to be a subsidiary of the Company and the financial results of each member of the Target Group will no longer be consolidated into the financial statements of the Group.

The Group expects to record a gain of not less than AUD15 million (equivalent to approximately HK\$83.07 million) from the Disposal, which is calculated with reference to the Loan, the Total Consideration, the share capital of the Target Group, the unaudited net liabilities of the Target Group as at 28 February 2019 in the amount of approximately AUD263 million (equivalent to approximately HK\$1.46 billion), and the estimated increase in the Environmental Financial Assurance from the date of the Agreement to the Completion Date. In any event, the actual gain or loss as a result of the Disposal to be recorded by the Group is subject to review and audit by the auditors of the Group.

Upon Completion, it is estimated that the total assets of the Group would be decreased by approximately AUD51.91 million (equivalent to approximately HK\$287.48 million) and that the total liabilities of the Group would be decreased by approximately AUD52.37 million (equivalent to approximately HK\$290.03 million), which is calculated with reference to the unaudited consolidated financial statements of the Group as at 28 February 2019. The change in the total assets and total liabilities as a result of the Disposal to be recorded by the Group is subject to review and audit by the auditors of the Group. Further, it is considered that no material liabilities of the Target Group remain with the Group on the Disposal. In any event, the Board does not envisage that the Disposal will create any material adverse impact on the Group's financial position and earnings.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

Since oxide copper ore reserves in Lady Annie's existing pits are close to depletion, the Group has downscaled its operations and sought to identify other high-quality investment opportunities across the globe to complement the Group's mining business. It is the belief of the Board that expanding and diversifying the Group's mining portfolio is the right path for the Group's long-term sustainability. The Disposal will enable the Group to realise cash thereby improving liquidity and working capital condition of the Group. The Group will further explore more business opportunities to facilitate long-term development and create value for the Shareholders.

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## LETTER FROM THE BOARD

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Accordingly, the Board is of the view that the terms and conditions of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the best of interests of the Group and the Shareholders as a whole.

Save for the Disposal, there has not been any material change in the operation scale or status and financial performance of each of the Group's business segments since 30 September 2018, the date to which the Interim Report was made up. As at the Latest Practicable Date, save for the e-logistics platform business (to which, as disclosed in the announcement of the Company dated 27 October 2017 as well as its annual report for the year ended 31 March 2018 and interim reports for the six months ended 30 September 2017 and 2018, the Group will no longer allocate any resources) and the Disposal, the Group has no intention or negotiation (whether concluded or not), or has not entered or proposed to enter into any agreement, arrangement, understanding or undertaking (whether formal or informal, expressed or implied), to downsize, cease or dispose of any of its existing businesses, or to acquire other companies or businesses.

### USE OF PROCEEDS

The net proceeds from the Disposal (after deducting related transaction costs and expenses) are estimated to be approximately AUD21 million (equivalent to approximately HK\$116.30 million). The Group intends to apply such net proceeds for general working capital of the Group.

### IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### EGM

A notice convening the EGM to be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Monday, 17 June 2019, at which an ordinary resolution will be proposed to approve, among other things, the Agreement and the transactions contemplated thereunder, is set out on pages EGM-1 to EGM-2 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, since no Shareholder has any material interest in the Agreement and the transactions contemplated thereunder, no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

A proxy form is herewith enclosed for use at the EGM. Whether or not you intend to attend the EGM, you are requested to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions

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## LETTER FROM THE BOARD

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printed thereon not less than 48 hours before the time fixed for holding the EGM. Completion and delivery of the proxy form will not prevent Shareholders from attending and voting at the EGM or any adjournment thereof if they so wish and in such event, the instrument appointing a proxy will be deemed to be revoked.

### RECOMMENDATION

On the basis of the information set out in this circular, the Directors are of the opinion that the terms of the Agreement are fair and reasonable and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in the appendices to this circular.

**Completion of the Disposal is subject to the Conditions, including the approval of the Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed, and the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.**

By Order of the Board  
**CST Group Limited**  
**Chiu Tao**  
*Executive Director and Chairman*

**STATEMENT OF INDEBTEDNESS**

At the close of business on 31 March 2019, being the Latest Practicable Date for the purpose of this indebtedness statement of the Group prior to the printing of this circular, the Group had outstanding indebtedness of approximately HK\$3.28 billion comprising (i) a term loan facility of approximately USD409.41 million (equivalent to approximately HK\$3.19 billion) which was unsecured and unguaranteed, for the acquisition of coal business in Canada, and (ii) a term loan of approximately GBP 9.06 million (equivalent to approximately HK\$92.78 million), which was secured by an investment property of the Group and unguaranteed. Also, an equipment finance lease agreement was entered into with the agreed purchase price of the equipment amounting to approximately USD14.81 million (equivalent to approximately HK\$115.49 million), which is secured by the underlying equipment stated in that equipment lease agreement and unguaranteed.

Apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not, as at the close of business on 31 March 2019, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, after taking into account the financial resources available to and the internal resources of the Group and the estimated net proceeds from the Disposal, the Group will have sufficient working capital for at least the next 12 months from the date of this circular, in the absence of unforeseen circumstances.

**FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The global economy experienced slowdown in 2018. Despite new uncertainties in both political and economic policies, the Group remains cautiously optimistic about current business prospects. Going forward, the Group will continue to optimise its business portfolio, diversify its allocation of resources, and explore potential market opportunities to create greater value for Shareholders.

For the Group's mining business, since oxide copper ore reserves in Lady Annie's existing pits are close to depletion, the Group has downscaled its operations and sought to identify other high-quality investment opportunities across the globe to complement the Group's mining business. The Group believes that expanding and diversifying the Group's mining portfolio is the right path for the Group's long-term sustainability. The Disposal will enable the Group to realise cash thereby improving liquidity and working capital condition of the Group.

With regards to the coking coal business, this market has picked up in recent years and the demand for high-quality, hard coking coal has gradually grown. The development of emerging markets is expected to further boost demand and improve the price outlook for high-quality hard coking coal in the future. Since the completion of the acquisition of mining assets of Grande Cache Coal LP in July 2018, the Group has been working diligently to resume the site's production and operations. The first sale of coal after resumption of production was completed in December 2018.

Demand for the money lending business in Hong Kong is expected to remain robust and generate stable revenue for the Group. The Group will cautiously expand this business and bring in new credit-worthy customers.

The Group will actively seek diversified investments to increase the value of its financial instruments business, given the relative instability of the global economy. The Group will boldly face both opportunities and uncertainties in the investment environment, prudently adapt to unexpected market changes, monitor market risks, and explore new growth drivers. The Group is optimistic about the prospects for its property investments. The Group's properties in Scotland, Hong Kong and Mainland China are expected to continue generating stable rental income for the Group.

Going forward, the Group will continue to develop its major businesses to increase scale and revenue as well as to improve the Group's financial performance. Moreover, the Group will further explore more business opportunities to facilitate long term development and create value for Shareholders.

Meanwhile, as disclosed in the Company's profit warning announcement dated 3 May 2019, based on a preliminary review by the Company's management on the management accounts of the Group, the Group is expected to record an increase in net loss for its financial year ended 31 March 2019 (the "**Financial Year 2019**") as compared with the net loss recorded by the Group for its financial year ended 31 March 2018 (the "**Financial Year 2018**"). Comparing with the Financial Year 2018, the Board considers that the expected increase in net loss was primarily attributable to the combined effect of the following factors:

- (i) the increase in revenue of the Group of approximately 106% due to the increase in revenue from investments in financial instruments and money lending business and additional revenue contributed by the coal mining business which was acquired in July 2018;
- (ii) loss suffered by the newly acquired coal mining business (which was acquired in July 2018) due to the fact that the coal mining operation is still at ramping up stage and hence the overall operation costs are comparably high;
- (iii) the recognition of net loss on fair value changes of financial assets (current assets portion) at fair value through profit or loss for the Financial Year 2019 of approximately US\$29.0 million, as compared with the gain on that for the Financial Year 2018 of approximately US\$16.3 million; and

- (iv) the absence of a gain arising from the reversal of provision for an onerous contract regarding committed power supply expenses for the Financial Year 2019, as compared with that of approximately US\$13.19 million recorded in the Financial Year 2018.





**REPORT**

**CST Group Limited**  
**CST Minerals Lady Annie Pty Ltd**  
*Mineral Resource and Ore Reserve Statement – April 2019*

Submitted to:

**CST Group Limited**  
Rooms 4503-05, 45th Floor  
China Resources Building  
26 Harbour Road, Wanchai, Hong Kong

**CST Minerals Lady Annie Pty Ltd**

PO Box 8086  
CAIRNS QLD 4870

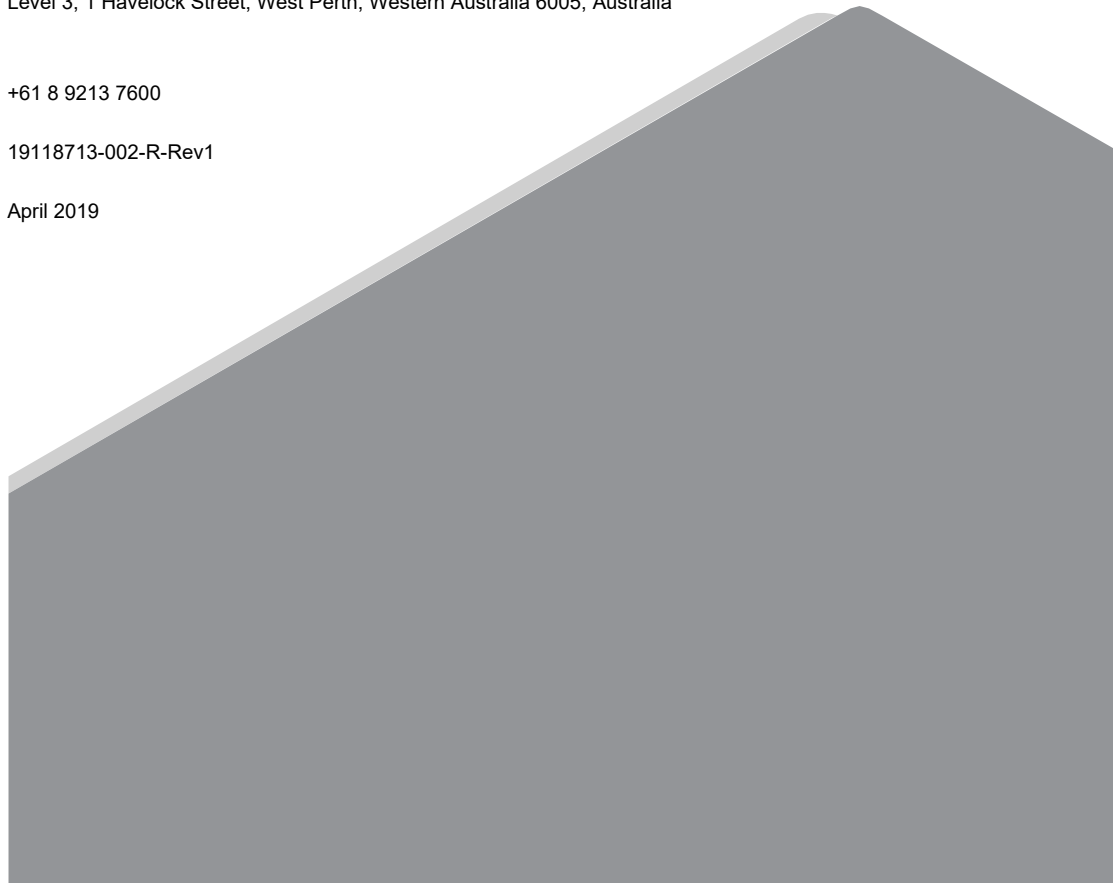
Submitted by:

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## Distribution List

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#### APPENDIX A

Important Information

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## 1.0 INTRODUCTION AND TERMS OF REFERENCE

### 1.1 Purpose of report

As requested by CST Lady Annie Pty Ltd (CST), Golder Associates Pty Ltd (Golder) has completed an update to the Mineral Resource and Ore Reserve Statement for the Lady Annie Copper Project (Lady Annie) in Queensland, Australia, using all available data as at 31 December 2018.

Lady Annie includes eight deposits – Lady Annie, Lady Brenda, Mount Clarke, Flying Horse, McLeod Hill, Swagman, Anthill, and Lady Colleen – for which Golder has previously estimated Mineral Resources and Ore Reserves. Historical open pit mining has taken place on Lady Annie, Lady Brenda, Mount Clarke, and Flying Horse deposits but there has been no further mining of these deposits during calendar year 2018.

The oxide mineralisation and low calcium + magnesium parts of the transition (partially oxidised) mineralisation are suitable for the acid leach recovery methods employed at Lady Annie. Some transition and fresh mineralisation contain copper sulphide minerals that may be suitable for processing via traditional flotation methods. Fresh mineralisation is not suitable for the existing copper heap leach treatment and none has been processed at Lady Annie since CST began operation.

Golder completed the most recent Mineral Resource and Ore Reserve update in June 2018 (Golder report “1776806-002-R-Rev2.pdf”, dated June 2018). Since then, CST has moved approximately 440 000 tonnes of ROM material onto the leach pad for copper extraction, of which about 260 000 tonnes are classified as Reserves. Remaining stock movements are from low grade stockpiles.

This update to the Mineral Resources and Ore Reserves for Lady Annie has been prepared in accordance with the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition).

### 1.2 Project location and land holding

The Lady Annie project is located 120 km north of the city of Mt Isa in north-western Queensland (Figure 1). Access to the site is by the sealed Mt Barkly Highway from Mt Isa, via the all-weather McNamara road to the plant, offices and Mt Kelly area and then another 18 km to the Lady Annie mine area.

CST Lady Annie holds 15 Mining Leases (“ML”) and 15 Exploration Permit for Minerals (“EPM”) around the Lady Annie Project. Mineral Resources, Ore Reserves, and all mining and processing infrastructure are located on MLs. Four of the EPMs are due to expire in 2019.

Another 21 EPMs are held by CST Minerals Exploration Pty Ltd, a 100% subsidiary of CST Group Ltd.

While we have made reference to tenement holdings comprising the exploration and mining tenements in this report, such reference is for convenience only and may not be considered complete or accurate. Golder is not expert in tenement management and the reader should not rely on information in this report relating to the current ownership and legal standing of the tenements or any encumbrances impacting on those tenements. This update is based on the assumption that all tenements and tenement applications are in good standing and free of all encumbrances other than those set out in this report.

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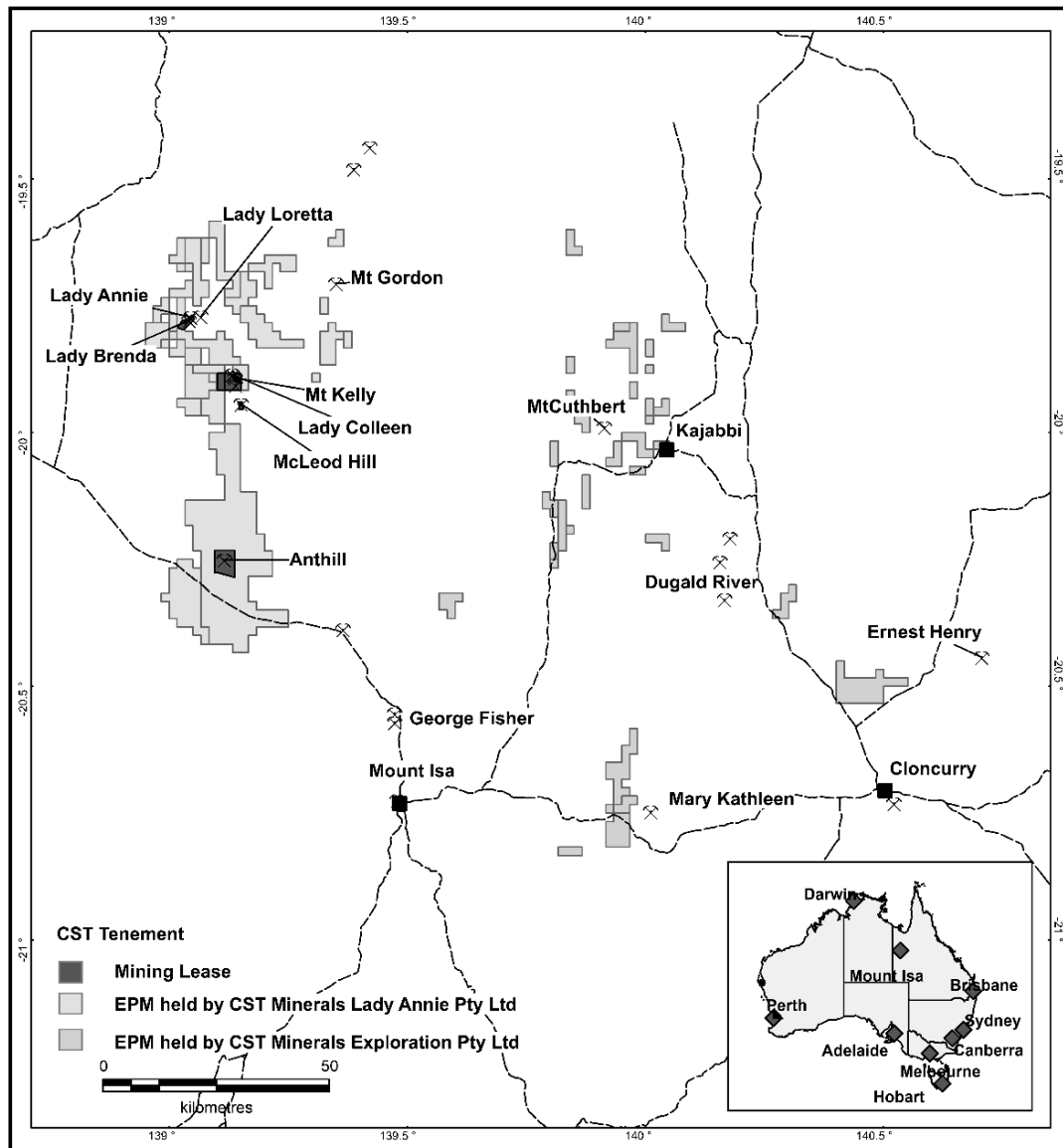


Figure 1: CST projects in Queensland with Lady Annie Copper Operations highlighted

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### 1.3 Background

Open pit mining was suspended at Lady Annie on 12 January 2016, but copper cathode production has continued. No detailed topographic survey exists of the mining surface at the time of suspension of mining.

Mineral Resource and Ore Reserve depletion of the end of December 2015 was constrained by detailed topographic surfaces constructed by mine surveyors. Given the shallow nature of the deposit, Mineral Resources were reported unconstrained by any optimised pit shell. Ore Reserves were based on open pit mine designs in use at the time of suspension of mining.

Depletion of Mineral Resources and Ore Reserves for 2016 statements (Golder report "1776806-001-L-Rev3.pdf", dated 21 April 2017) was estimated by subtracting January 2016 ex-pit production figures from in ground components of the resources and reserves. The Lady Brenda and Lady Annie pits were the only areas where ore was mined during January 2016, but waste was also mined from the Flying Horse pit.

No mining took place during 2017 but approximately 45 kt of stockpiled ROM material, comprising 32 kt of Ore Reserve material and 13 kt of low grade non-reserve material, was placed on the heap leach pad and copper cathode production was continued under a site operation arrangement with North Line Copper Pty Ltd.

Depletion of Mineral Resources and Ore Reserves for 2017 statements (Golder report "1776806-002-R-Rev2.pdf", dated 5 June 2018) was estimated by ROM stockpile reconciliation to account for Ore Reserve material placed on the heap leach pad.

Again in 2018 no open pit mining took place but a further 440 kt of stockpiled ROM material, including 260 kt of Ore Reserves and 180 kt of low grade stockpile, was placed on the heap leach pad for copper extraction and cathode production under the site operation arrangement (Table 1). For this purpose, the ore from Lady Annie and Lady Brenda in ROM stockpiles adjacent to the respective pit was loaded and hauled by road trains to the Mt Kelly processing plant area where it was again stockpiled on the Mt Kelly ROM pad and subsequently loaded onto the heap leach pads.

The surface stockpile balances as at end of December 2018 are based on accumulated mine production and haulage tonnage estimates with grades assigned from blast hole samples. Original tonnages are reconciled against detailed survey volumes measured by mine surveyors. Subsequent depletion of ROM during 2017 was based on survey estimates whilst in 2018 it was based on daily front-end loader bucket tallies, bucket weightometer measurements and moisture analyses. The "Load Rite" system was employed for bucket payload weight measurement. Daily moisture analyses have been incorporated to provide estimates on a dry tonnage basis. The depleted remaining Ore Reserve contained in ROM stockpiles at the end of December 2018 has been reported to the nearest 10 kt to reflect the level of accuracy of the measurement system and stockpile reconciliation.

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Table 1: Stockpile Surveys

Location	Stockpile	Type	*In Reserves	Opening Stocks	Closing Stocks at 31 Dec 2018			Change kt
				Kt	Kt	Cu%	Ca%**	
Lady Annie	1	Oxide	Y	0	0	1.30	0.50	0
	2	Oxide	Y	30	30	0.84	0.5	0
	3	Oxide	N	230	230	0.38	-	0
	4	Transition	N	620	620	0.69	-	0
	6	Oxide	N	200	200	0.34	-	0
	7	Transition	Y	30	30	1.70	6.0	0
Lady Annie on Mt Clarke ROM	9	Oxide	Y	20	20	1.52	-	0
	1 (T1)	Oxide	Y	10	0	0.90	0.6	-10
	2 (LG)	Oxide	N	10	0	0.34	-	-10
Mt Clarke	3 (T3)	Transition	Y	0	0	1.55	7.7	0
	1	Oxide	Y	10	0	0.92	0.4	-10
	5	Oxide	N	140	50	0.30	-	-90
	6	Oxide	Y	20	0	0.44	-	-20
	7	Transition	Y	210	0	0.86	5.2	-210
Total Stocks	8	Oxide	N	710	640	0.35	-	-70
	11	Oxide	N	10	0	0.38	-	-10
				<b>2,270</b>	<b>1,830</b>	<b>0.51</b>	<b>-</b>	<b>-430</b>
Stocks in Reserves*	Oxide			90	50	1.11	0.3	-40
	Transition			250	30	1.70	6.0	-220
	<b>Total</b>			<b>340</b>	<b>80</b>	<b>1.36</b>	<b>2.7</b>	<b>-260</b>

Notes: \*Low grade stockpiles are excluded from Reserves based on price, processing, cost, haulage cost, and metallurgical recovery assumptions provided in the Ore Reserve section of Table 6.

\*\*Due to the sparseness of Ca assays the Ca estimates are indicative only

## 1.4 Liabilities

CST has informed Golder that there are no material liabilities associated with the Lady Annie Copper Project beyond those set out in this report.

## 1.5 Sources of information and responsibility

The report relies upon various reports and other material prepared by Golder, CST and CST's staff and consultants. The directors of CST have informed Golder that they have provided full access to all data available to them and have provided a guarantee of Golder's independence prior to issue of the report. Further, CST has warranted to Golder that all material information is, to the best of CST's knowledge and belief (including where it would reasonably be expected to be aware, even if it does not have actual knowledge) is complete and accurate in all material respects.

While Golder has reviewed the data and other information contained in the reports and other material provided to it and is not aware of any reason to doubt that such data and information is complete and accurate, Golder was not responsible for the preparation of those reports and other material. CST has reviewed a draft version of this report and advised Golder that all information contained herein fairly and accurately reflects the information provided to Golder by CST.

The report is also based on statutory tenement reports and information in the public domain. That information and the reports and other material provided by CST has been combined with information gathered independently by Golder during the course of preparing previous estimates and site visits by Vicki Woodward and other Golder consultants.

No site visit was undertaken for this update.

Golder has taken reasonable care to ensure that the information contained in this report is in accordance with the facts and information available to it and is unaware of any omission likely to affect its import. Subject to the information provided above in this section and the statement of Important Information in Section 2.3 of the report, Golder accepts responsibility for the report provided that Golder does not accept responsibility for any loss or damage suffered by any person other than Golder's client as a result of any reliance (whether actual or claimed) upon any part of this report, decisions made based upon this report or any other use of it. In this regard, the attention of any reader of this report is specifically drawn to Section 2.3 and Appendix A of the report.

## 2.0 QUALIFICATIONS AND BASIS OF OPINION

### 2.1 Competent person and corporation

The information in this report that relates to Mineral Resources is based on information provided to and compiled by Mr David Reid who is a full-time employee of Golder Associates Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy. Mr Reid has sufficient relevant experience to the style of mineralisation and type of deposits under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition).

The information in this report which relates to Ore Reserves is based on information provided to and compiled by Mr Allan Blair, who is a full-time employee of Golder Associates Pty Ltd, and a Member of the Australasian Institute of Mining and Metallurgy. Mr Blair has sufficient relevant experience to the style of mineralisation and type of deposits under consideration and to the activity for which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 Edition).

### 2.2 Statement of independence

Golder is an independent consulting company that provides a range of services to the minerals industry, including resource and reserve estimates. Our integrated consulting, design and construction solutions can be applied to every stage of a mining project and are provided by teams with experience in mine planning and ore evaluation, integrated tailings and waste management, rock mechanics and mine geotechnical engineering, mine environment, mine water, and mine infrastructure. We round out our technical capability by partnering with carefully selected infrastructure, metallurgical and process engineering consultants.

The authors do not hold any interest in CST or their subsidiaries and/or associated parties or in any of the assets which are the subject of this report.

Fees for the preparation of this report are being charged at Golder's standard schedule of rates, with expenses being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions of this report.

Based on the information provided to Golder and to the best of its knowledge, Golder has not become aware of any material change or matter affecting the validity of the report.



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### 2.3 Important information

Your attention is drawn to the document titled – “Important Information Relating to this Report”, which is included in Appendix A of this report. The statements presented in that document are intended to inform a reader of the report about its proper use. There are important limitations as to who can use the report and how it can be used. It is important that a reader of the report understands and has realistic expectations about those matters. The Important Information document does not alter the obligations Golder Associates has under the contract between it and its client.

### 3.0 GEOLOGY

The Lady Annie deposits are located within the Western Mount Isa Block, which consists of a north-trending belt of Proterozoic rocks (the Kalkadoon-Leichardt Belt), flanked by two belts of Middle Proterozoic rocks, known as the Eastern and Western Succession. The tenements are within the Western Succession with its most distinctive feature being the Mount Gordon fault Zone (MGFZ).

The MGFZ is a 5 km wide, 120 km long, north north-east trending, zone of faulting with associated shears, folds and extensive alteration plus localised base metal and gold mineralisation. In its central section the MGFZ bifurcates to form the subparallel Esperanza Fault while it truncates a series of major east-west fault sets including the Investigator and Redie Creek Fault.

A brief description of the main deposits is below.

The Lady Annie mining area is contained within the north trending Lady Loretta High Strain Zone. The Lady Annie deposit is hosted by fault bounded blocks of gently folded Paradise Creek and Upper Gunpowder Creek Formations. The Lady Brenda deposit is located approximately 300 m to the south-west of the Lady Annie deposit.

Copper mineralisation at Lady Annie and Lady Brenda is hosted in dolomitic, carbonaceous and argillaceous sandstones and siltstones. Oxidation of these units has removed the dolomitic material leaving behind ferruginous silty sandstones or kaolinitic sandy siltstones. The primary copper sulphide mineralisation appears to be structurally controlled, being commonly associated with well-defined fault-related silicification.

The Mount Kelly mining area is dominated by early to mid-Proterozoic siltstones and dolomitic siltstones of the McNamara Group. Copper mineralisation occurs within units of the McNamara Group and is reportedly related to the north-west-trending Mount Kelly and Spinifex Faults, which intersect and cut the McNamara Fault. The known mineralisation is associated with multiple phases of brecciation and veining along the fault zones. The copper oxide mineralisation appears to be shear and fault controlled.

The Swagman and McLeod Hill deposits occur within a few kilometres of the Mt Kelly mining area and have similar rock types and mineralisation styles. The mineralisation at both deposits is controlled by structural features such as shear zones and faults.

The Anthill deposit is hosted predominately within the Esperanza Formation. The host lithology of the ore body is mostly inferred to be dolomitic siltstones, but the strong weathering and oxidation process has resulted in the near complete loss of dolomite from the rock in the upper oxide zone. The mineralisation appears to be controlled by a combination of steep structural elements and broad dome features. The Anthill transition is commonly hosted in structurally controlled silicified zones as well as in silicified sedimentary breccia in dolomite, which appear to have been a preferred permeability horizon for mineralising fluids.

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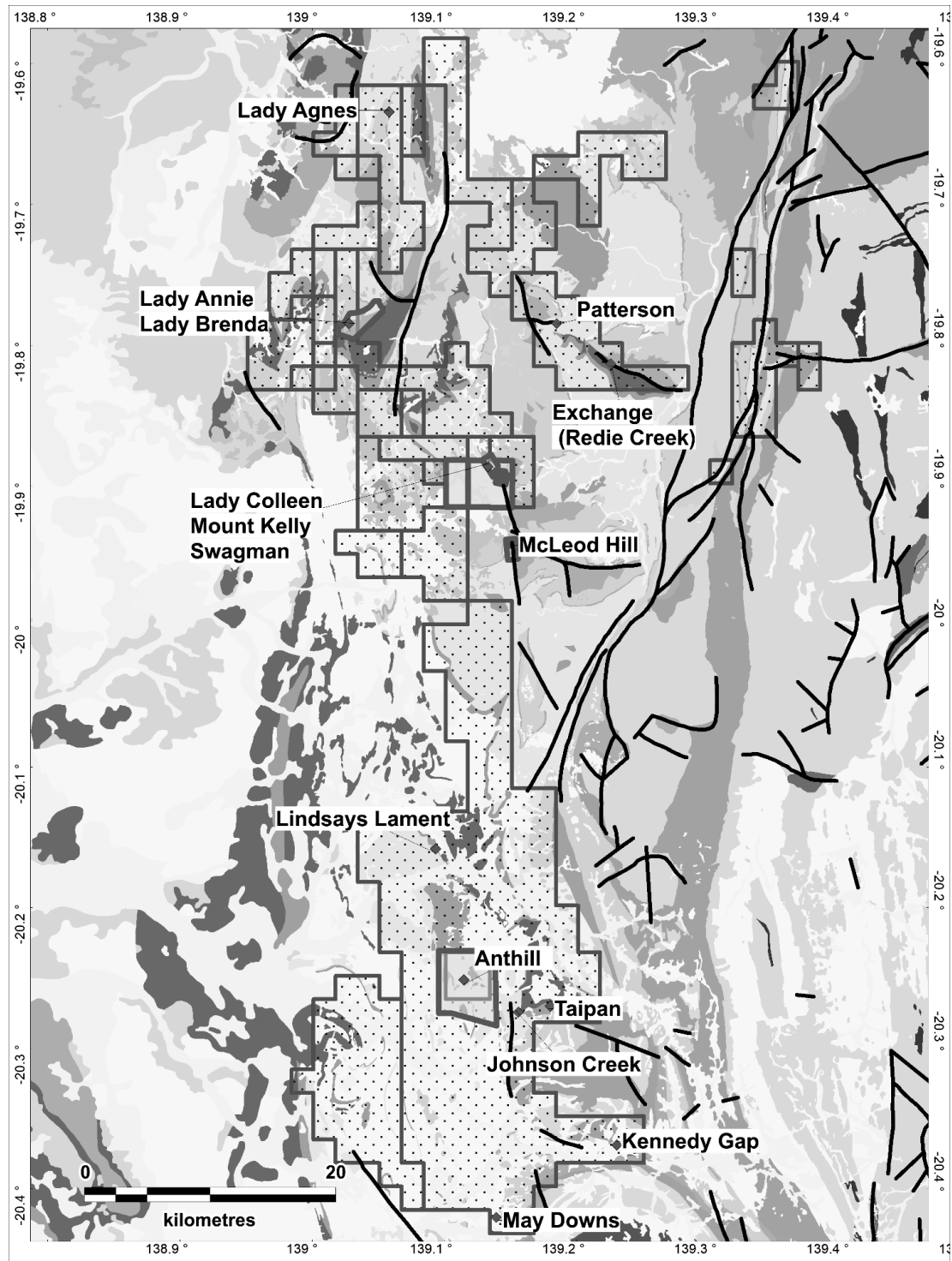


Figure 2: Location plan showing outlines of CST's Lady Annie EPMS, mining lease application, identified copper prospects, and Geological Survey of Queensland geology

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#### 4.0 MINERAL RESOURCE STATEMENT

The Mineral Resource estimate is based on block models interpolated using Ordinary Kriging (OK) and are reported on a Cu% head grade basis. Key information about the underlying data and geology model, methods for estimating tonnages and grades, and assumptions regarding prospects for economic extraction are provided against criteria set out in Table 1 of JORC, 2012 (Section 6.0).

The Mineral Resources are classified as either Measured, Indicated or Inferred Resources based on data density and geological confidence with consideration given to economic criteria by constraining reporting to only those blocks at a 0.30% Cu cut-off grade.

Mineral Resource estimates are reports from the OK block model constrained below a detailed topographic surface surveyed by mine surveyors at the end of 2015. Mining depletion during January 2016 has subtracted from the 2015 figures.

No further mining or exploration activity has taken place since 2016 and the Mineral Resources remain unchanged from the 2017 Mineral Resource statement.

Mineral Resources are inclusive of open-pit Ore Reserves, but exclude surface stockpiles.

Mineral Resources for the Lady Annie deposits at a 0.30% Cu cut-off grade are summarised in Table 2 and listed by deposit in Table 3.

**Table 2: Summary of Lady Annie Mineral Resources at 0.30% Cu cut-off at end of December 2018**

Classification	Mt	Cu%	Ca%*	Mg%*
Measured	10.95	0.72	3.5	2.1
Indicated	36.35	0.72	4.8	2.9
Inferred	14.43	0.64	4.4	2.6
<b>Total**</b>	<b>61.73</b>	<b>0.7</b>	<b>4.5</b>	<b>2.7</b>

Notes: \*Due to the sparseness of Ca and Mg assays the Ca and Mg estimates are indicative only.

\*\*Totals may not add up due to rounding.

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Table 3: Lady Annie Mineral Resources by Deposit at 0.30% Cu cut-off at end of December 2018

Deposit	Material Type	Measured			Indicated			Inferred			Total						
		Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*				
Anthill	Oxide	2.70	0.77	0.3	0.2	6.1	0.71	0.3	0.3	0.1	0.37	0.3	0.3	8.9	0.73	0.3	0.3
	Transition	0.30	0.90	5.8	3.3	1.8	0.76	5.6	3.2	0.3	0.47	5.5	3.3	2.4	0.74	5.6	3.2
	Sulphide	0.02	0.70	5.9	3.4	0.8	0.61	5.5	3.1	1.7	0.54	6.5	3.9	2.5	0.57	6.2	3.7
	<b>Total**</b>	<b>3.00</b>	<b>0.79</b>	<b>0.8</b>	<b>0.5</b>	<b>8.7</b>	<b>0.71</b>	<b>1.9</b>	<b>1.2</b>	<b>2.1</b>	<b>0.52</b>	<b>6.0</b>	<b>3.6</b>	<b>13.8</b>	<b>0.7</b>	<b>2.3</b>	<b>1.4</b>
Flying Horse	Oxide	0.82	0.51	0.7	0.6	0.62	0.44	0.6	0.6	0.01	0.34	0.1	0.1	1.45	0.48	0.6	0.6
	Transition	0.87	0.64	4.9	2.7	1.42	0.61	4.3	2.5	0.06	0.56	2.7	1.5	2.35	0.62	4.5	2.6
	Sulphide	0.95	1.16	5.1	2.9	5.75	0.85	5.9	3.4	4.01	0.77	5.2	3.1	10.71	0.85	5.5	3.2
	<b>Total**</b>	<b>2.64</b>	<b>0.79</b>	<b>3.6</b>	<b>2.1</b>	<b>7.79</b>	<b>0.77</b>	<b>5.2</b>	<b>3.0</b>	<b>4.08</b>	<b>0.77</b>	<b>5.1</b>	<b>3.1</b>	<b>14.51</b>	<b>0.77</b>	<b>4.9</b>	<b>2.9</b>
Lady Annie	Oxide	0.51	0.56	1.0	0.6	1.35	0.44	0.5	0.5	0.03	0.4	0.4	0.7	1.89	0.47	0.6	0.5
	Transition	1.94	0.68	8.0	4.7	3.33	0.83	8.1	4.9	0.12	0.57	9.2	5.8	5.39	0.77	8.1	4.8
	Sulphide	0.55	0.91	8.3	4.9	3.84	0.89	9.7	5.9	0.49	0.58	10.4	6.5	4.88	0.86	9.6	5.9
	<b>Total**</b>	<b>3.00</b>	<b>0.70</b>	<b>6.9</b>	<b>4.0</b>	<b>8.52</b>	<b>0.8</b>	<b>7.6</b>	<b>4.6</b>	<b>0.64</b>	<b>0.57</b>	<b>9.7</b>	<b>6.1</b>	<b>12.16</b>	<b>0.76</b>	<b>7.5</b>	<b>4.6</b>
Lady Brenda	Oxide	0.66	0.49	1.1	0.7	3.2	0.43	1.1	0.8	0.16	0.35	2.2	1.4	4.02	0.44	1.2	0.8
	Transition	0.35	0.59	8.9	5.2	3.09	0.53	8.8	5.2	0.65	0.46	7.4	4.6	4.09	0.52	8.6	5.1
	Sulphide	0.02	0.42	2.6	1.3	0.45	0.56	10.4	6.2	0.37	0.45	7.1	4.2	0.84	0.51	8.7	5.2
	<b>Total**</b>	<b>1.03</b>	<b>0.52</b>	<b>4.0</b>	<b>2.3</b>	<b>6.74</b>	<b>0.48</b>	<b>5.2</b>	<b>3.2</b>	<b>1.18</b>	<b>0.44</b>	<b>6.6</b>	<b>4.0</b>	<b>8.95</b>	<b>0.48</b>	<b>5.3</b>	<b>3.2</b>
Lady Colleen	Oxide	-	-	-	-	0.1	0.63	1.0	0.4	0.1	0.52	0.7	0.3	0.2	0.58	0.9	0.4
	Transition	0.10	0.93	5.7	3.2	1.3	0.84	4.5	2.5	0.7	0.55	2.2	1.2	2.1	0.75	3.8	2.1
	Sulphide	0.10	1.08	0.7	0.4	1.9	1.14	6.1	3.3	3.6	0.75	3.5	2.0	5.6	0.89	4.4	2.4
	<b>Total**</b>	<b>0.10</b>	<b>1.00</b>	<b>3.3</b>	<b>1.9</b>	<b>3.3</b>	<b>1.01</b>	<b>5.3</b>	<b>2.9</b>	<b>4.4</b>	<b>0.72</b>	<b>3.2</b>	<b>1.8</b>	<b>7.9</b>	<b>0.84</b>	<b>4.1</b>	<b>2.3</b>
Mt Clarke	Oxide	0.15	0.46	0.4	0.6	0.35	0.43	0.2	0.5	0.02	0.48	0.3	0.8	0.52	0.44	0.3	0.5
	Transition	0.41	0.55	1.5	1.0	0.16	0.47	2.2	1.3	0.003	0.46	6.4	2.8	0.57	0.53	1.7	1.1
	Sulphide	0.36	0.61	1.2	0.8	0.69	0.57	1.9	1.2	0.5	0.55	2.4	1.4	1.55	0.57	1.9	1.2
	<b>Total**</b>	<b>0.92</b>	<b>0.56</b>	<b>1.2</b>	<b>0.8</b>	<b>1.2</b>	<b>0.52</b>	<b>1.5</b>	<b>1.0</b>	<b>0.52</b>	<b>0.55</b>	<b>2.4</b>	<b>1.4</b>	<b>2.64</b>	<b>0.54</b>	<b>1.6</b>	<b>1.0</b>
McLeod Hill	Oxide	-	-	-	-	-	-	-	-	0.48	0.35	-	-	0.5	0.35	-	-
	Transition	-	-	-	-	-	-	-	-	0.55	0.57	-	-	0.6	0.57	-	-
	Sulphide	-	-	-	-	-	-	-	-	0.39	0.56	-	-	0.4	0.56	-	-
	<b>Total**</b>	-	-	-	-	-	-	-	-	<b>1.42</b>	<b>0.49</b>	-	-	<b>1.4</b>	<b>0.49</b>	-	-

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Deposit	Material Type	Measured			Indicated			Inferred			Total				
		Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*	Mt	Cu%	Ca%*	Mg%*		
Swagman	Oxide	0.14	0.67	-	-	0.03	0.62	-	0.02	0.53	-	-	0.2	0.65	-
	Transition	-	-	-	-	0.07	0.6	-	0.04	0.45	-	-	0.1	0.55	-
	Sulphide	-	-	-	-	-	-	-	0.03	0.45	-	-	0.0	0.45	-
	<b>Total**</b>	<b>0.14</b>	<b>0.67</b>	-	-	<b>0.10</b>	<b>0.61</b>	-	<b>0.09</b>	<b>0.47</b>	-	-	<b>0.3</b>	<b>0.6</b>	-
Total	Oxide	4.98	0.66	0.5	0.4	11.75	0.58	0.6	0.92	0.38	0.5	0.4	17.65	0.59	0.5
	Transition	3.97	0.67	6.5	3.8	11.17	0.70	6.8	2.42	0.52	3.8	2.3	17.56	0.67	6.4
	Sulphide	2.00	0.98	5.0	2.9	13.43	0.86	6.9	11.09	0.69	4.8	2.9	26.52	0.8	5.9
	<b>Total**</b>	<b>10.95</b>	<b>0.72</b>	<b>3.5</b>	<b>2.1</b>	<b>36.35</b>	<b>0.72</b>	<b>4.8</b>	<b>14.43</b>	<b>0.64</b>	<b>4.4</b>	<b>2.6</b>	<b>61.73</b>	<b>0.7</b>	<b>4.5</b>

Notes: \*Due to the sparseness of Ca and Mg assays the Ca and Mg estimates are indicative only.

\*\*Totals may not add up due to rounding.

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## 5.0 ORE RESERVE STATEMENT

The Ore Reserve estimate is based on pit designs and includes modifying factors with mining dilution of 5% at an assumed 0.2% Cu average grade and mining losses of 2.5%. Cut-off grades are variable as they are dependent on calcium grade and oxidation type. Key information about the underlying tonnages and grade model, modifying factors, price and costs assumptions, and design parameters are provided against criteria set out in Table 1 of JORC, 2012 (Section 6.0).

The Ore Reserve estimate relates specifically to the conversion of Measured and Indicated oxide and transition Mineral Resources within the Lady Annie Project pit designs and surface stockpiles. The ore within the pit designs is mostly oxide with some transition also encountered as pits get deeper. The proportion of calcium increases with depth and results in increased acid consumption and processing cost. The statement of Ore Reserves for transitional material is dependent on the systematic blending of transition and oxide material types to even out acid consumption for the remaining life of mine.

The Ore Reserves are classified as either Proven or Probable Reserves based on confidence of the underlying resource model and accuracy of the modifying factors.

Ore Reserve estimates are block reports from the OK resource block model constrained below a detailed topographic surface surveyed by mine surveyors at the end of 2015 and above the pit designs in operation at the time of suspension of mining. Mining depletion during January 2016 is subtracted from the 2015 figures.

No further mining activity has taken place since suspension of mining other than relocation of 440 kt of reserve oxide and transition ore from the ROM to the leach pad during 2018 (Section 1.3 and Table 1).

The operation of the heap leach pad and copper cathode production during 2018 was reviewed in terms of ROM stockpile reconciliation of physical quantities and summary financial data for the calendar year inclusive of operating costs, capital costs, revenue, overheads, and selling costs. Inspection confirmed economic viability of the heap leach operation.

Golder recommends a site inspection and mining survey of ROM stockpiles to confirm depletion and reconciliation for any future update of the Ore Reserves.

Ore Reserves for the Lady Annie deposits are summarised in Table 4 and listed by deposit in Table 5.

**Table 4: Summary of Lady Annie Ore Reserves at end of December 2018, including surface stockpiles**

Classification	kt	Cu%	Ca%*
Proven	1,187	0.72	2.6
Probable	536	0.83	3.5
<b>Total**</b>	<b>1,725</b>	<b>0.75</b>	<b>2.9</b>

Notes: \*Due to the sparseness of Ca assays the Ca estimates are indicative only.

\*\*Totals may not add up due to rounding.

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Table 5: Lady Annie Ore Reserves by Deposit at end of December 2018, including surface stockpiles

Deposit	Material Type	Proven			Probable			Total		
		kt	Cu%	Ca%*	kt	Cu%	Ca%*	kt	Cu%	Ca%*
Lady Annie	Oxide	7	0.66	0.5	13	0.85	0.6	21	0.78	0.5
	Transition	92	0.72	8.7	67	1.16	8.1	159	0.9	8.5
	<b>Sub-total</b>	<b>99</b>	<b>0.71</b>	<b>8.1</b>	<b>80</b>	<b>1.11</b>	<b>6.8</b>	<b>179</b>	<b>0.89</b>	<b>7.5</b>
Lady Brenda	Oxide	341	0.55	0.7	65	0.76	5.1	407	0.59	1.4
	Transition	65	0.76	5.1	145	0.78	5.9	210	0.77	5.6
	<b>Sub-total</b>	<b>407</b>	<b>0.59</b>	<b>1.4</b>	<b>210</b>	<b>0.77</b>	<b>5.6</b>	<b>617</b>	<b>0.65</b>	<b>2.9</b>
Mt Kelly	Oxide	237	0.66	0.3	79	0.5	0.4	315	0.62	0.3
	Transition	365	0.76	4	167	0.92	0.6	533	0.81	2.9
	<b>Sub-total</b>	<b>602</b>	<b>0.72</b>	<b>2.5</b>	<b>246</b>	<b>0.78</b>	<b>0.5</b>	<b>848</b>	<b>0.74</b>	<b>1.9</b>
ROM Stockpiles	Oxide	50	1.11	0.3				50	1.11	0.3
	Transition	30	1.70	6.0				30	1.70	6.0
	<b>Total</b>	<b>80</b>	<b>1.36</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>1.36</b>	<b>2.7</b>
Total	Oxide	635	0.63	0.5	157	0.64	2.4	793	0.64	0.9
	Transition	552	0.81	5.0	379	0.91	4.0	932	0.85	4.6
	<b>Total</b>	<b>1,187</b>	<b>0.72</b>	<b>2.63</b>	<b>536</b>	<b>0.83</b>	<b>3.5</b>	<b>1,725</b>	<b>0.75</b>	<b>2.9</b>

Notes: \*Due to the sparseness of Ca assays the Ca estimates are indicative only.

\*\*Totals may not add up due to rounding.

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## 6.0 THE JORC CODE ASSESSMENT CRITERIA

The JORC Code, 2012 Edition describes a number of criteria that must be addressed in the Public Reporting of Mineral Resource and Ore Reserve estimates. These criteria provide a means of assessing whether or not parts of or the entire data inventory used in the estimate are adequate for that purpose. The Mineral Resource and Ore Reserve estimates stated in this document were based on the criteria set out in Table 1 of that Code. These criteria are discussed in Table 6.

**Table 6: JORC 2012 – Table 1 Assessment Criteria**

JORC Code Assessment Criteria	Comment
<b>Section 1 Sampling Techniques and Data</b>	
<p><b>Sampling Techniques</b></p> <p><i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p>	<ul style="list-style-type: none"> <li>■ RC drilling was sampled on 1 m intervals to collect 2 to 3 kg samples. The splitter was cleaned at the end of each rod, the cyclone was cleaned at the start of each hole.</li> <li>■ Diamond core drilling was used to sample half core in 1 m lengths based on mineralisation. Samples were sent to ALS lab for sample preparation and analysis. The laboratory conforms to Australian Standards ISO 9001 and ISO 17025.</li> </ul>
<p><b>Drilling Techniques</b></p> <p><i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.), and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i></p>	<ul style="list-style-type: none"> <li>■ Reverse circulation and percussion methods were used to test near surface oxide mineralisation while diamond drilling (HQ) was used for evaluating deeper sulphide mineralisation.</li> <li>■ RC drilling used standard face sampling hammers, high pressure compressor and a riffle splitter.</li> <li>■ Diamond drilling was HQ size using standard/triple tubing.</li> <li>■ Drill holes considered unreliable such as water bore, percussion holes, RAB holes, were excluded from the resource estimate.</li> </ul>
<p><b>Drill Sample Recovery</b></p> <p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p>	<ul style="list-style-type: none"> <li>■ For RC samples the weight of the recovered sample was recorded as high, medium or low or as a number from 1 to 5. The drill hole database indicates that 35% of the samples have a high sample recovery weight and 51% with medium sample recovery weights.</li> </ul>



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JORC Code Assessment Criteria	Comment
<p><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></p>	<ul style="list-style-type: none"> <li>■ For diamond drilling the sample recovery averages 95.39%.</li> <li>■ RC and diamond sampling methods are appropriate for the style of mineralisation. The CST RC drilling procedures include adequate measures to control sample contamination and minimise sample loss.</li> </ul>
<p><b>Logging</b></p> <p><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.), photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<ul style="list-style-type: none"> <li>■ Geological logging entered into a Microsoft SQL database includes: lithology, oxidation, grain size, colour, rock texture, dominant copper minerals, fracture angle and bedding angle (DD).</li> </ul>
<p><b>Sub-Sampling Techniques and Sample Preparation</b></p> <p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc., and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></p>	<ul style="list-style-type: none"> <li>■ Diamond core is sawn longitudinally with half core taken for sampling.</li> <li>■ The RC drilling has an attached cyclone and riffle splitter from which 2 to 3 kg samples were collected.</li> <li>■ Field duplicates were collected for the RC samples from a bucket containing the rejects using a spear.</li> <li>■ Duplicates for diamond core samples were taken from the crushed rejects at ALS laboratory.</li> </ul>
<p><b>Quality of Assay Data and Laboratory Tests</b></p> <p><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></p> <p><i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p>	<ul style="list-style-type: none"> <li>■ Standards and blanks were inserted at rate of 1 in 25 and a minimum of 2 standards per batch. Standards were picked to match the expected grade of the mineralised interval.</li> <li>■ Blanks were inserted immediately after the standard.</li> <li>■ Field duplicates were inserted with the blanks and standards.</li> <li>■ Prior to 2008 there was minimal QAQC, but some check sampling and production reconciliation indicated no problems with assaying.</li> </ul>

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JORC Code Assessment Criteria	Comment
<p><i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i></p>	<ul style="list-style-type: none"> <li>■ Available QAQC data was assessed and there were no significant sampling and assaying issues noted.</li> <li>■ The frequency of standards, blanks and duplicates is considered adequate.</li> </ul>
<p><b>Verification of Sampling and Assaying</b></p> <p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p> <p><i>The use of twinned holes.</i></p> <p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p> <p><i>Discuss any adjustment to assay data.</i></p>	<ul style="list-style-type: none"> <li>■ A twinning program was conducted by CopperCo of selected Buka drilling at the Lady Annie deposit and assessed by FinOre. The assessment showed that the CopperCo twinned drilling within 7.5 m (81 drill holes) of existing Buka drilling showed a higher mean copper grade while comparison with drilling within 10 m (296 drill holes) showed a lower mean copper grade. However, the older Buka and CopperCo drilling is overwhelmed by the more recent drilling by CST.</li> <li>■ There are a small number (19) of closed spaced drilling (within 10 m) that intersect the Anthill copper mineralisation. Comparison of the close spaced drilling show that in most cases the trend and magnitude of the copper mineralisation is consistent between the paired drill holes.</li> <li>■ The drill hole database is maintained on site in digital (Microsoft SQL database) and hard-copy format. A designated database administrator maintains the database and is tasked with adding data and making any corrections to the database.</li> <li>■ Negative assay values indicate half detection limit (typically 0.005).</li> <li>■ Unsamped intervals within the mineralised envelope were assigned a value of 0.01% Cu.</li> </ul>
<p><b>Location of Data Points</b></p> <p><i>Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></p> <p><i>Specification of the grid system used.</i></p> <p><i>Quality and adequacy of topographic control.</i></p>	<ul style="list-style-type: none"> <li>■ Majority of the drill hole locations are reported to be by differential GPS which provides sub-metre accuracy for regional AMG coordinates.</li> <li>■ All drilling is in Australian Map Grid (AMG84) coordinates Zone 54.</li> <li>■ Down hole surveys were collected using a range of methods with the majority of the drill holes surveyed using a single-shot or multi-shot camera on approximately 30 m intervals. 16% of samples at Lady Annie were surveyed by compass and 3% were vertical. For 34% of the Lady Annie drill holes (15% at Anthill) the survey method is not recorded in the database.</li> <li>■ Topography for Lady Annie is provided by a detailed survey by CST, which is continuously updated with sub-metre accuracy. The current topography surfaces have been updated to the end of December 2014.</li> <li>■ A LiDAR topography surface was provided by CST for Anthill.</li> </ul>

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<p><b>Data Spacing and Distribution</b></p> <p><i>Data spacing for reporting of Exploration Results.</i></p> <p><i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <p><i>Whether sample compositing has been applied.</i></p>	<ul style="list-style-type: none"> <li>■ Lady Annie: drill spacing varies from 10 m by 10 m to 100 m by 100 m, averages 20 m by 10 m to 20 m by 20 m.</li> <li>■ Mt Kelly: drill spacing varies from less than 20 m by 20 m to 100 m by 50 m, averages approximately 50 m.</li> <li>■ Swagman: drill spacing on oblique grid of 20 m by 20 m.</li> <li>■ McLeod Hill: drill spacing is approx. 50 m by 25 m.</li> <li>■ Anthill drill spacing varies from 20 m to over 100 m and averages approximately 20 m by 40 m.</li> <li>■ Drill hole data was composited to 3 m intervals by mineralisation domain for Lady Annie, Mt Kelly and Anthill, and 1 m intervals by mineralisation and oxide domain for Swagman and McLeod Hill.</li> <li>■ The drill spacing is sufficient to capture the salient geological features controlling the mineralisation and is sufficient, in places, to define Measured and Indicated Mineral Resources.</li> </ul>
<p><b>Orientation of Data in Relation to Geological Structure</b></p> <p><i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></p> <p><i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></p>	<ul style="list-style-type: none"> <li>■ Lady Annie: drilling is oriented on average 60° toward an azimuth of 090° and 270°, copper mineralisation shallow dipping in the near surface oxide.</li> <li>■ Mt Kelly: drilling is oriented 60° toward azimuths of both 040° and 220°, copper mineralisation is flat dipping near surface oxide and steeper mineralisation is dipping 35° to 40° with a strike of 120° to 170°.</li> <li>■ Swagman: drilling gridlines are orientated towards the north-east, mineralisation is flat lying in the oxide and dips approximately 50° towards 200° for the transition and sulphide mineralisation.</li> <li>■ McLeod Hill: drilling is oriented toward the east to north-east, mineralisation strikes at 170° and dips approximately 60° toward the west.</li> <li>■ Anthill: drilling is oriented on average 60° toward azimuths 090° and 270° in Anthill west and 035° and 215° for Anthill east and link zone, Copper mineralisation is generally shallow dipping in the near surface oxide, Anthill west there is steep mineralisation that dips 40 to 65° and strikes 300°.</li> <li>■ Drilling is appropriately oriented to intersect the mineralisation across dip to avoid any sampling bias.</li> </ul>

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<p><b>Sample Security</b></p> <p><i>The measures taken to ensure sample security.</i></p>	<ul style="list-style-type: none"> <li>■ Samples are collected by CST field staff. Sample numbers are recorded on the sample sheet and the data is later entered into the corresponding drill log. Once the hole/log is complete the file is sent to the database manager and checked by a geologist. Samples are placed in numbered sample dispatch 'bins' prior to being sent to the laboratory. The sample number, bin and date-time are recorded in the sample dispatch sheet which is signed by the operating field technician.</li> <li>■ Each sample bin or approximately every 300 samples are allocated a batch number and a separate laboratory submission sheet. Samples are then dispatched by truck to the ALS Townville laboratory weekly.</li> <li>■ The assay results are sent from the laboratory to the manager and geologist by email and loaded directly into the drill hole database.</li> </ul>
<p><b>Audits and Reviews</b></p> <p><i>The results of any audits or reviews of sampling techniques and data.</i></p>	<ul style="list-style-type: none"> <li>■ FinOre Mining Consultants undertook an audit of the drill hole QAQC including an audit of the laboratory in 2005 for the CopperCo Lady Annie Feasibility Study.</li> <li>■ In 2007 and 2008 Maxwell GeoServices assessed the CopperCo QAQC data.</li> <li>■ Snowden in 2010 assessed the QAQC data collected since 2008.</li> <li>■ Golder undertook a brief data review in 2012, including undertaking a small number of checks of the hard-copy data with the digital data and rudimentary checks of the drill hole database.</li> <li>■ No major issues with the sampling and assaying were identified by the reviews. The RC and diamond drilling data are appropriate for Mineral Resource estimation.</li> </ul>
<b>Section 2 Reporting of Exploration Results</b>	
<p><b>Mineral Tenement and Land Tenure Status</b></p> <p><i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></p>	<ul style="list-style-type: none"> <li>■ Golder has not independently verified the ownership and current standing and status of CST's tenements and is not qualified to make any representations in this regard.</li> <li>■ CST Lady Annie holds 15 Mining Leases ("ML") and 15 Exploration Permit for Minerals ("EPM") around the Lady Annie Project. Mineral Resources, Ore Reserves and all mining and processing infrastructure are located on MLs. Another 21 EPMs are held by CST Minerals Exploration Pty Ltd.</li> <li>■ During 2019 four EPMs held by CST Lady Annie are due to expire and four EPMs held by CST Minerals Exploration Pty Ltd are due to expire. EPM25235 held by CST Lady Annie is not being renewed while applications to extend the granted tenure are still to be submitted to the Queensland Department of Natural Resources.</li> </ul>

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<p><b>Exploration Done by Other Parties</b></p> <p><i>Acknowledgment and appraisal of exploration by other parties.</i></p>	<ul style="list-style-type: none"> <li>■ Buka Minerals Limited (Buka) purchased the Lady Annie and Lady Loretta deposits in 1996 and commissioned a pre-feasibility study into the development of a standalone cathode copper operation at Lady Annie.</li> <li>■ In June 2004, Avon Resources was renamed to CopperCo Limited (CopperCo) and acquired 100% of the Lady Annie Project from Buka. The Lady Annie Project was developed by CopperCo and mining commenced at Mount Clarke with pre-stripping in April 2007 and at Lady Annie in October 2008. The Mount Kelly process plant was commissioned in October 2007.</li> <li>■ Exploration primarily utilised RC and diamond drilling to test the Lady Annie, Mt Kelly and Anthill areas.</li> <li>■ Drilling at Lady Annie and Mt Kelly was conducted from 1964 to present day with majority of the drilling completed in 2004 using predominantly modern reverse circulation (61% of drilling) and diamond drilling (11% of drilling) methods. The rest of the drilling is predominately rotary air blast (RAB – 12% of drilling) and unspecified drilling methods (10%).</li> <li>■ Drilling at the Anthill deposit was conducted from 1972 to 2012 with the majority completed in 2010 to 2012. Drilling is by predominantly modern reverse circulation (70% of drilling) and diamond drilling (14% of drilling) plus RC with diamond tail (12%) methods.</li> </ul>
<p><b>Geology</b></p> <p><i>Deposit type, geological setting and style of mineralisation.</i></p>	<ul style="list-style-type: none"> <li>■ The Lady Annie mining area is contained within the north trending Lady Loretta High Strain Zone. The Lady Annie deposit is hosted by fault bounded blocks of gently folded Paradise Creek and Upper Gunpowder Creek Formations. The Lady Brenda deposit is located approximately 300 m to the south-west of the Lady Annie deposit.</li> </ul>

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	<ul style="list-style-type: none"> <li>■ Copper mineralisation at Lady Annie and Lady Brenda is hosted in dolomitic, carbonaceous and argillaceous sandstones and siltstones. Oxidation of these units has removed the dolomitic material leaving behind ferruginous silty sandstones or kaolinitic sandy siltstones. The primary copper sulphide mineralisation appears to be structurally controlled, being commonly associated with well-defined fault-related silicification.</li> <li>■ The Mount Kelly mining area is dominated by early to mid-Proterozoic siltstones and dolomitic siltstones of the McNamara Group. Copper mineralisation occurs within units of the McNamara Group and is reportedly related to the north-west-trending Mount Kelly and Spinifex Faults, which intersect and cut the McNamara Fault. The known mineralisation is associated with multiple phases of brecciation and veining along the fault zones. The copper oxide mineralisation appears to be shear and fault controlled.</li> <li>■ The Swagman and McLeod Hill deposits occur within a few kilometres of the Mt Kelly mining area and have similar rock types and mineralisation styles. The mineralisation at both deposits is controlled by structural features such as shear zones and faults.</li> <li>■ The Anthill deposit is hosted predominately within the Esperanza Formation. The host lithologies of the ore body are mostly inferred to be dolomitic siltstones, however, the strong weathering and oxidation process have resulted in the near complete loss of dolomite from the rock in the upper oxide zone. The mineralisation appears to be controlled by a combination of steep structural elements and broad domal features. The Anthill transition is commonly hosted in structurally controlled silicified zones as well as in silicified sedimentary breccias in dolomite, which appear to have been a preferred permeability horizon for mineralising fluids.</li> </ul>
<p><b>Drill hole information</b></p>	<ul style="list-style-type: none"> <li>■ Not applicable for this Mineral Resource statement.</li> </ul>
<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> <li>■ <i>Easting and northing of the drill hole collar</i></li> <li>■ <i>Elevation or rl (reduced level – elevation above sea level in metres) of the drill hole collar</i></li> <li>■ <i>Dip and azimuth of the hole</i></li> <li>■ <i>Downhole length and interception depth</i></li> <li>■ <i>Hole length.</i></li> </ul>	

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<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	
<b>Data aggregation methods</b> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>  <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>  <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	■ Not applicable for this Mineral Resource statement.
<b>Relationship between mineralisation widths and intercept lengths</b> <i>These relationships are particularly important in the reporting of Exploration Results.</i>  <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>  <i>If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').</i>	■ Drill intersections are reported as downhole intersections and may not reflect true widths.
<b>Diagrams</b> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	■ All diagrams contained in this document are generated from spatial data displayed in industry standard mining and GIS packages.
<b>Balance reporting</b> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	■ Not applicable for this Mineral Resource statement.
<b>Other substantive exploration data</b> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations, geophysical survey results, geochemical survey results, bulk samples – size and method of treatment, metallurgical test results, bulk density, groundwater, geotechnical and rock characteristics, potential deleterious or contaminating substances.</i>	■ Not applicable for this Mineral Resource statement.

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<p><b>Further work</b></p> <p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<ul style="list-style-type: none"> <li>■ Detailed topographic and stockpile surveys is recommended.</li> </ul>
<b>Section 3 Estimation and Reporting of Mineral Resources</b>	
<p><b>Database Integrity</b></p> <p><i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i></p> <p><i>Data validation procedures used.</i></p>	<ul style="list-style-type: none"> <li>■ Database validation was performed during the previous resource update carried out by Golder Associates in 2012.</li> <li>■ During the current resource depletion no database validations were performed.</li> </ul>
<p><b>Site Visits</b></p> <p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></p> <p><i>If no site visits have been undertaken indicate why this is the case.</i></p>	<ul style="list-style-type: none"> <li>■ A site visit was carried out by Vicki Woodward (MAusIMM) Senior Mining Engineer at Golder, to the Lady Annie Project during the period 17 to 19 March 2015.</li> <li>■ No site visit was carried out by the resource geologist.</li> </ul>
<p><b>Geological Interpretation</b></p> <p><i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i></p> <p><i>Nature of the data used and of any assumptions made.</i></p> <p><i>The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation.</i></p> <p><i>The factors affecting continuity both of grade and geology.</i></p>	<ul style="list-style-type: none"> <li>■ The Lady Annie and Mt Kelly interpretations were carried out by Golder. The McLeod Hill interpretation was carried out by CST and the Swagman interpretation by Snowden.</li> <li>■ Domaining used a nominal 0.2% Cu cut-off grade to distinguish between mineralisation and waste.</li> <li>■ Oxidation surfaces were interpreted from drill hole geological logging of weathering and drill hole copper sequential assays where available.</li> <li>■ The interpretation was performed in cross sections parallel to the dominant drilling direction and evenly spaced according to drill spacing. Solid wireframes were constructed from the sectional interpretations.</li> <li>■ Copper mineralisation shows good continuity between drill holes along strike and down-dip.</li> </ul>
<p><b>Dimensions</b></p> <p><i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i></p>	<ul style="list-style-type: none"> <li>■ Lady Annie: approximately 1050 m by 850 m, thickness ranges from less than 10 m to 50 m, broad open anticline that plunges to the south and dips approximately 20° on the eastern limb and 30° on the western limb, limited vertically down to 174 m RL as this is the limit of the CST tenement.</li> <li>■ Lady Brenda: approximately 950 m by 750 m, thickness ranges from less than 10 m to up to 35 m in thickness, ranges from 10° to 40° toward the west and 30° toward the east with flat dipping near surface oxide mineralisation, limited vertically down to 174 m RL as this is the limit of the CST tenement.</li> </ul>



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	<ul style="list-style-type: none"> <li>■ Mt Kelly mining area: Mt Clarke – approximately 1150 m by 330 m by 250 m, Flying Horse – 1600 m by 500 m by 500 m, Lady Colleen – 600 m by 370 m by 280 m, range in thickness from several metres to up to 50 m, mineralisation consists of flat dipping near surface oxide mineralisation and steeper mineralisation dipping 35° to 40° toward 030° to 080°.</li> <li>■ Swagman: 65 m wide by 150 m in length with a depth extent of 155 m, mineralisation is flat lying in oxide and dips approximately 50° toward 200° for the transition and sulphide mineralisation.</li> <li>■ McLeod Hill: 1-25 m wide by 600 m in length with a depth extent of 120 m, mineralisation strikes at 170° and dips approximately 60° towards the west.</li> <li>■ Anthill: approximately 1700 m by 770 m and ranges in thickness from less than 10 m to approximately 40 m, mineralisation is subdivided into three areas: Anthill east, Anthill west and Anthill link (low-grade).</li> </ul>
<p><b>Estimation and Modelling Techniques</b></p> <p><i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters, and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i></p> <p><i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i></p> <p><i>The assumptions made regarding recovery of by-products.</i></p> <p><i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i></p> <p><i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i></p> <p><i>Any assumptions behind modelling of selective mining units.</i></p> <p><i>Any assumptions about correlation between variables.</i></p>	<ul style="list-style-type: none"> <li>■ The resource model updated from 2012 was used for the current study to apply the resource depletion.</li> <li>■ Golder carried out the resource estimation using CAE Studio's Datamine software using standard three-dimensional block modelling approach. The 0.2% Cu interpreted mineralisation envelopes, interpreted oxidation surfaces and surveyed topography were used to build the models.</li> <li>■ Grade estimation was conducted using ordinary kriging (OK) for copper and inverse distance squared (ID2) for calcium and magnesium. Grades were assigned using a three pass approach and parent cell estimation. Search distances were based on the variogram. Dynamic anisotropy was used to orient the search and variograms during grade estimation. High-grade cuts were applied to the drill hole samples prior to estimation.</li> <li>■ Contact analysis was performed to determine the style of the grade trends across the copper domains and oxide domains. Copper was estimated using hard boundaries between mineralisation domains and soft boundaries between oxide domains for Lady Annie and Mt Kelly and Anthill. Calcium and magnesium estimated per oxide domain using hard boundaries for Lady Annie, Mt Kelly and McLeod Hill.</li> <li>■ Density estimated for Lady Annie and Mt Kelly only while density assigned for Swagman and McLeod Hill models based on the Mt Kelly area.</li> </ul>

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<p><i>Description of how the geological interpretation was used to control the resource estimates.</i></p> <p><i>Discussion of basis for using or not using grade cutting or capping.</i></p> <p><i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i></p>	<ul style="list-style-type: none"> <li>Validation was undertaken on the model estimates using visual and statistical methods.</li> </ul>
<p><b>Moisture</b></p> <p><i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i></p>	<ul style="list-style-type: none"> <li>All tonnage and density are reported on a dry basis.</li> </ul>
<p><b>Cut-off Parameters</b></p> <p><i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i></p>	<ul style="list-style-type: none"> <li>A cut-off grades 0.3% Cu is considered appropriate for reporting a Mineral Resource for open pit mining. This approximates the marginal operating cost for copper production of oxide and low calcium-magnesium transition material through an acid heap leach process as currently used by CST for the Lady Annie and Mt Kelly mining areas.</li> <li>Both the Swagman and McLeod Hill deposits are close enough to Mt Kelly that trucking distance is unlikely to be a major factor in the economics of mining the deposits.</li> </ul>
<p><b>Mining Factors or Assumptions</b></p> <p><i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution.</i></p> <p><i>It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i></p>	<ul style="list-style-type: none"> <li>Open cut mining is assumed. Block model cell dimensions were selected on the basis of the mining method with respect to the current smallest mining unit (SMU). Internal dilution is incorporated into the mineralisation domains. No edge dilution was considered.</li> </ul>
<p><b>Metallurgical Factors or Assumptions</b></p> <p><i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i></p>	<ul style="list-style-type: none"> <li>Low calcium-magnesium oxide and transition material was mined at the Lady Annie mine and processed by acid heap leach.</li> <li>There is currently no capability to process the sulphide material and blended high calcium-magnesium transition material. However, this material is likely to be amenable to conventional flotation.</li> </ul>

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<p><b>Environmental Factors or Assumptions</b></p> <p><i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i></p>	<ul style="list-style-type: none"> <li>■ There are no known environmental factors that restrict or impact on the current Mineral Resource.</li> </ul>
<p><b>Bulk Density</b></p> <p><i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i></p> <p><i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</i></p> <p><i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i></p>	<ul style="list-style-type: none"> <li>■ The following description is part of the last resource update performed by Golder:</li> <li>■ Lady Annie and Mt Kelly: estimated dry bulk density from dry bulk density sample measurements, measured using water immersion method on core, both sealed (wax) and unsealed, 6177 samples at Lady Annie and 2551 samples at Mt Kelly, density measurements can be subject to sample selection bias and porosity, estimated density is reduced by a factor of 5% to account for porosity that is not adequately measured.</li> <li>■ Swagman and McLeod Hill – assigned density based on Mt Kelly area.</li> </ul>
<p><b>Classification</b></p> <p><i>The basis for the classification of the Mineral Resources into varying confidence categories.</i></p> <p><i>Whether appropriate account has been taken of all relevant factors, i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data.</i></p> <p><i>Whether the result appropriately reflects the Competent Person(s)' view of the deposit.</i></p>	<ul style="list-style-type: none"> <li>■ Lady Annie, Mt Kelly and Anthill classification was assigned only within the interpreted 0.2% copper grade envelope using drill spacing: <ul style="list-style-type: none"> <li>■ Measured – at least four drill holes within a radius of 30 m,</li> <li>■ Indicated – at least four drill holes within a radius of 60 m,</li> <li>■ Inferred – less than four drill holes within a radius of 60 m.</li> </ul> </li> <li>■ Swagman classification was assigned based on: geological confidence, the integrity of the data, the spatial continuity of the mineralisation as demonstrated by the variography, and the quality of the estimation.</li> <li>■ McLeod Hill Resources were all classified as Inferred due to: drill hole spacing and geological confidence.</li> </ul>
<p><b>Audits or Reviews</b></p> <p><i>The results of any audits or reviews of Mineral Resource estimates.</i></p>	<ul style="list-style-type: none"> <li>■ No audits or reviews have been undertaken on this Mineral Resource estimate.</li> </ul>

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<p><b>Discussion of Relative Accuracy/Confidence</b></p> <p><i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p> <ul style="list-style-type: none"> <li>■ <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></li> <li>■ <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></li> <li>■ <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i></li> </ul> <p><i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	<ul style="list-style-type: none"> <li>■ The following description is part of the last resource update performed by Golder:</li> <li>■ No studies of relative confidence have been carried out for Swagman or McLeod Hill.</li> <li>■ For Lady Annie, Mt Kelly and Anthill no statistical or geostatistical method was used to quantify the relative accuracy of the estimate within confidence limits.</li> <li>■ The accuracy of the estimate is strongly dependent on: accuracy of the drill hole data (location and values), accuracy of the interpretation and geological domaining, orientation of anisotropy and grade estimation parameters. There is moderate to high confidence in the location of the drill hole samples. There were no major issues or bias detected with sampling and assaying.</li> <li>■ Copper mineralisation shows good continuity between drill holes along strike and down-dip. 70% to 90% of spatial grade variability is within the range of the average drill spacing. Grades can be correlated up to a range of four times the average drill spacing (two times for Anthill). Where the drill spacing is &lt;30 m the grade continuity is sufficient to define either Measured or Indicated.</li> <li>■ The orientation of anisotropy is defined locally therefore estimated grade better reflects the local continuity.</li> <li>■ Swath plots show good reproduction of grade trends. A simulation and test estimate exercise for the Lady Annie deposit was used to select estimation parameters, showed estimated grade is insensitive to changes in estimation parameters.</li> <li>■ Historic workings exist within Lady Annie, the extent is unknown. Golder has not accounted for the historic workings in the mineral resource estimate. The impact assumed to be insignificant.</li> </ul>

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<b>Section 4 Estimation and Reporting of Ore Reserves</b>	
<p><b>Mineral Resource estimate for conversion to Ore Reserves</b></p> <p><i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i></p> <p><i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i></p>	<ul style="list-style-type: none"> <li>■ Ore Reserves were only estimated for Lady Annie, Lady Brenda, and Mt Kelly deposits.</li> <li>■ Mineral Resource estimates were prepared by Golder, CST and Snowden and reported at a cut-off grade of 0.3% Cu.</li> <li>■ Only Measured and Indicated Mineral Resources were considered for conversion to Ore Reserves.</li> <li>■ The Mineral Resources were reported inclusive of the Ore Reserves.</li> </ul>
<p><b>Site visits</b></p> <p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></p> <p><i>If no site visits have been undertaken indicate why this is the case.</i></p>	<ul style="list-style-type: none"> <li>■ Ross Bertinshaw (FAusIMM), a Principal Mining Engineer at Golder carried out a site visit to the Lady Annie Project during the period 2 to 4 July 2013.</li> <li>■ Vicki Woodward (MAusIMM) a Senior Mining Engineer at Golder carried out a site visit to the Lady Annie Project during the period 17 to 19 March 2015.</li> <li>■ Limited mining has been carried out subsequent to Ms Woodward's visit and a further site visit has not been undertaken.</li> </ul>
<p><b>Study status</b></p> <p><i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i></p> <p><i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i></p>	<ul style="list-style-type: none"> <li>■ The Lady Annie project is currently an operating mine with copper production (leaching and SXEW) continuing during 2018. Mining operations are presently suspended pending a CST decision on resumption.</li> <li>■ The majority of the Ore Reserves are part of the four presently available pits (Lady Annie, Lady Brenda, Mt Clarke and Flying Horse). There are also some additional Reserves available from high grade stockpiles at Lady Annie and Mt Kelly.</li> </ul>
<p><b>Cut-off parameters</b></p> <p><i>The basis of the cut-off grade(s) or quality parameters applied.</i></p>	<ul style="list-style-type: none"> <li>■ The cut-off grades were estimated based on processing and heap leach recoveries based on CST experience at the site.</li> <li>■ The cut-off grade varied by calcium content due to additional acid required and the recovery varied by copper grade with cut-off grades varying by pit.</li> <li>■ For Lady Annie the cut-off is estimated by: <math display="block">Cu_{cutoff} = \begin{cases} 0.38\% + 0.06\% * Ca, &amp; Ca \leq 2\% \\ 0.45\% + 0.06\% * Ca, &amp; Ca &gt; 2\% \end{cases}</math> </li> <li>■ For the Mt Kelly area the cut-off is estimated by: <math display="block">Cu_{cutoff} = \begin{cases} 0.33\% + 0.06\% * Ca, &amp; Ca \leq 2\% \\ 0.40\% + 0.06\% * Ca, &amp; Ca &gt; 2\% \end{cases}</math> </li> </ul>
<p><b>Mining factors or assumptions</b></p> <p><i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i></p>	<ul style="list-style-type: none"> <li>■ During 2012 open pit optimisations were completed for the three operating pits within the two areas as well as the undeveloped Lady Brenda deposit. For each optimisation a pit was selected that gave maximum value at USD3.24/lb copper price. All designs have been carried out within the ultimate pit shell as per industry standard.</li> </ul>

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<p><i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i></p> <p><i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.</i></p> <p><i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i></p> <ul style="list-style-type: none"> <li>■ <i>The mining dilution factors used.</i></li> <li>■ <i>The mining recovery factors used.</i></li> <li>■ <i>Any minimum mining widths used.</i></li> <li>■ <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i></li> <li>■ <i>The infrastructure requirements of the selected mining methods.</i></li> </ul>	<ul style="list-style-type: none"> <li>■ The optimisations were based on the Mineral Resource estimates prepared by Golder (2012), CST (2010) and Snowden (2010) and reported at a cut-off grade of 0.3% Cu.</li> <li>■ The overall haul road width is 25 m based on current mine design. The road width is three trucks wide allowing for dual lane access. Additional allowances to the road width have been made for drainage and windrowing purposes. For single lane traffic roads 15 m wide are permitted including access to the final two benches. The maximum haul road gradient is designed to be 11% based on current mining practices.</li> <li>■ Pit designs were completed for each pit based on the optimised pit shells. Pit slope angles used in the design were based on geotechnical reports and reviews by a number of previous geotechnical engineering companies and site experience. An overall slope angle of 40° was used for all pit walls. This assumption is based on the current pit CST mine development practise.</li> <li>■ A dilution of 5% at an assumed average grade of 0.2% Cu and mining recovery of 97.5% were considered for pit optimisation.</li> <li>■ Mining is by conventional open pit methods using 6.7 m<sup>3</sup> backhoes and 80 t trucks. The benches are 10 m high and mined in three flitches of 3.0 to 3.5 m. The equipment is suitable for the size of operation and selectivity required.</li> <li>■ Inferred Resources were considered as waste for pit optimisation and there are insignificant tonnages of Inferred Resource contained within the current designed pits.</li> <li>■ This is an operating mine with no new infrastructure required for the oxide operation.</li> </ul>
<p><b>Metallurgical factors or assumptions</b></p> <p><i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i></p> <p><i>Whether the metallurgical process is well-tested technology or novel in nature.</i></p> <p><i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i></p> <p><i>Any assumptions or allowances made for deleterious elements.</i></p>	<ul style="list-style-type: none"> <li>■ The ore process is by heap leaching followed by Solvent Extraction and Electrowinning (SX-EW) to produce LME Grade A equivalent copper cathode. The SX-EW plant has been running successfully since restarting in late 2010 producing around 17.9 kt of copper in the last full year of production (2014).</li> <li>■ As the pits get deeper, and oxide material changes to transitional material, there is an increase in calcium. This requires extra acid leaching which therefore requires careful monitoring for best process control and to maintain appropriate cut-off grades. Blending or parallel processing of ore types is required to balance the acid consumption rate.</li> <li>■ A variable heap leach recovery has been applied for the cut-off depending on copper and calcium grades.</li> </ul>

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<p><i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i></p> <p><i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i></p>	
<p><b>Environmental</b></p> <p><i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i></p>	<ul style="list-style-type: none"> <li>■ Environmental licences and permits are in place for existing operations and exploration.</li> <li>■ Environmental monitoring and reporting is undertaken in accordance with requirements set out in relevant licences and permits.</li> <li>■ A third party audit of Environmental Authority review has been undertaken, with all actions raised closed out within required timeframes.</li> <li>■ Several site inspections have been undertaken by representatives from the Department of Environment and Science (formerly the Department of Environment and Heritage Protection), with all actions raised closed out within required timeframes.</li> <li>■ Waste characterisation undertaken during previous periods on various lithology's and leach pad materials. Further waste rock dump characterisation studies are required in line with future changes to mine rehabilitation guidelines.</li> </ul>
<p><b>Infrastructure</b></p> <p><i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation, or the ease with which the infrastructure can be provided, or accessed.</i></p>	<ul style="list-style-type: none"> <li>■ The existing operating mine has the required infrastructure in place to process oxide and ore type currently in the mine plan.</li> <li>■ Additional infrastructure would be required if sulphide ore were to be processed on site, however, this is not in the current mine development plan.</li> </ul>
<p><b>Costs</b></p> <p><i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i></p> <p><i>The methodology used to estimate operating costs.</i></p> <p><i>Allowances made for the content of deleterious elements.</i></p> <p><i>The source of exchange rates used in the study. Derivation of transportation charges.</i></p> <p><i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i></p> <p><i>The allowances made for royalties payable, both Government and private.</i></p>	<ul style="list-style-type: none"> <li>■ Capital costs are those planned for exploration and on-going sustaining capital purposes.</li> <li>■ The operating mine physicals and costs used are derived from actual reports or budgetary estimates. The calcium content is monitored carefully as it affects the metal recovery and processing costs.</li> <li>■ There are no significant deleterious elements in the copper cathode.</li> <li>■ The pricing and Forex assumptions are provided by CST.</li> <li>■ Royalties are payable to the Queensland government based on a sliding scale dependent on copper price when sold. As an example, at a price of AUD6960/t copper the royalty is 4%.</li> </ul>

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<p><b>Revenue factors</b></p> <p><i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i></p>	<ul style="list-style-type: none"> <li>■ The basic economic parameters as provided by CST were revised in 2016 following the continued downturn in the copper price and are: a copper price of US\$2.38/lb, an exchange rate of AUD1:00 to USD0.700 and selling costs of AU\$436/t Cu (including shipping, royalty etc.) No adjustments have been made for this update.</li> </ul>
<p><b>Market assessment</b></p> <p><i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i></p> <p><i>A customer and competitor analysis along with the identification of likely market windows for the product.</i></p> <p><i>Price and volume forecasts and the basis for these forecasts.</i></p> <p><i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i></p>	<ul style="list-style-type: none"> <li>■ Golder is not an expert in metal pricing and forex projections and estimates are based on CST corporate forecasts. They assume that the copper is sold to Marubeni at LME average monthly spot prices.</li> </ul>
<p><b>Economic</b></p> <p><i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <p><i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i></p>	<ul style="list-style-type: none"> <li>■ Economic inputs are described above. The economics of the CST operation have been tested and shown to be sound.</li> <li>■ CST is an operating entity, economic analysis is not required to be furnished.</li> </ul>
<p><b>Social</b></p> <p><i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i></p>	<ul style="list-style-type: none"> <li>■ This is an operating mine with all its mining titles, licenses and approvals in place.</li> </ul>
<p><b>Other</b></p> <p><i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <p><i>Any identified material naturally occurring risks.</i></p> <p><i>The status of material legal agreements and marketing arrangements.</i></p>	<ul style="list-style-type: none"> <li>■ Other relevant factors for classification of the Ore Reserves include:</li> <li>■ The oxide Mineral Resources are nearing depletion and the proportion of higher calcium content transitional material is increasing. There is increasing requirement to schedule and blend all material carefully to realise all of the current Ore Reserves.</li> <li>■ The base of the Lady Annie pit is at the top of the water table and water in the base of the operating pit will need additional control to ensure safe efficient operations.</li> </ul>



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<p><i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	
<p><b>Classification</b></p> <p><i>The basis for the classification of the Ore Reserves into varying confidence categories.</i></p> <p><i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></p> <p><i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i></p>	<ul style="list-style-type: none"> <li>■ The Measured Resources have been converted to Proven Ore Reserves and the Indicated Resources to Probable Ore Reserves. No Measured material has been downgraded to Probable.</li> <li>■ Increased cut-off grades are required for the transitional material reducing the rate of conversion of the stated Mineral Resources to Ore Reserves.</li> <li>■ Sulphide material is not currently considered for Ore Reserves as it cannot be practically processed with the existing heap leach processing method.</li> </ul>
<p><b>Audits or reviews</b></p> <p><i>The results of any audits or reviews of Ore Reserve estimates.</i></p>	<ul style="list-style-type: none"> <li>■ The last overall review was Snowden (2010) as part of an Independent Technical Review of the project by CST prior to its acquisition from Cape Lambert.</li> </ul>
<p><b>Discussion of relative accuracy/confidence</b></p> <p><i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i></p>	<ul style="list-style-type: none"> <li>■ The 2018 Mineral Resource and Reserve depletion was carried out using the mining summary information provided by CST in reports: <ul style="list-style-type: none"> <li>▪ "ROM Reconciliation 20190402.xlsx", received 3 April 2019</li> <li>▪ "2018 stacked accounting for Golders.xlsx", received 3 April 2019.</li> <li>▪ "JV allocation 2018 – R1 (4).xlsx", received 28 March, 2019</li> </ul> </li> <li>■ Golder carried out the resource and reserve update by subtracting the material moved to the leach pad during 2018. Material movements were based on front-end loader bucket payload measurements ("Load Rite" system) with correction for daily moisture content analysis to correct to dry tonnes. The CST-provided mining summary has only included the Copper grade mined. Therefore, Calcium and Magnesium grades have been assumed to remain at the average previously reported respective grades.</li> </ul>

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JORC Code Assessment Criteria	Comment
<i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i>	

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## Signature Page

### Golder Associates Pty Ltd



David Reid  
*Principal Geologist*



Allan Blair  
*Principal Mining Engineer*

DR/AB/hn

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**APPENDIX A**

## Important Information

**GOLDER ASSOCIATES PTY LTD  
IMPORTANT INFORMATION RELATING TO THIS REPORT**

The document ("Report") to which this page is attached and which this page forms a part of, has been issued by Golder Associates Pty Ltd ("Golder") subject to the important limitations and other qualifications set out below.

This Report constitutes or is part of services ("Services") provided by Golder to its client ("Client") under and subject to a contract between Golder and its Client ("Contract"). The contents of this page are not intended to and do not alter Golder's obligations (including any limits on those obligations) to its Client under the Contract.

This Report is provided for use solely by Golder's Client and persons acting on the Client's behalf, such as its professional advisers. Golder is responsible only to its Client for this Report. Golder has no responsibility to any other person who relies or makes decisions based upon this Report or who makes any other use of this Report. Golder accepts no responsibility for any loss or damage suffered by any person other than its Client as a result of any reliance upon any part of this Report, decisions made based upon this Report or any other use of it.

This Report has been prepared in the context of the circumstances and purposes referred to in, or derived from, the Contract and Golder accepts no responsibility for use of the Report, in whole or in part, in any other context or circumstance or for any other purpose.

The scope of Golder's Services and the period of time they relate to are determined by the Contract and are subject to restrictions and limitations set out in the Contract. If a service or other work is not expressly referred to in this Report, do not assume that it has been provided or performed. If a matter is not addressed in this Report, do not assume that any determination has been made by Golder in regards to it.

At any location relevant to the Services conditions may exist which were not detected by Golder, in particular due to the specific scope of the investigation Golder has been engaged to undertake. Conditions can only be verified at the exact location of any tests undertaken. Variations in conditions may occur between tested locations and there may be conditions which have not been revealed by the investigation and which have not therefore been taken into account in this Report.

Golder accepts no responsibility for and makes no representation as to the accuracy or completeness of the information provided to it by or on behalf of the Client or sourced from any third party. Golder has assumed that such information is correct unless otherwise stated and no responsibility is accepted by Golder for incomplete or inaccurate data supplied by its Client or any other person for whom Golder is not responsible. Golder has not taken account of matters that may have existed when the Report was prepared but which were only later disclosed to Golder.

Having regard to the matters referred to in the previous paragraphs on this page in particular, carrying out the Services has allowed Golder to form no more than an opinion as to the actual conditions at any relevant location. That opinion is necessarily constrained by the extent of the information collected by Golder or otherwise made available to Golder. Further, the passage of time may affect the accuracy, applicability or usefulness of the opinions, assessments or other information in this Report. This Report is based upon the information and other circumstances that existed and were known to Golder when the Services were performed and this Report was prepared. Golder has not considered the effect of any possible future developments including physical changes to any relevant location or changes to any laws or regulations relevant to such location.

Where permitted by the Contract, Golder may have retained subconsultants affiliated with Golder to provide some or all of the Services. However, it is Golder which remains solely responsible for the Services and there is no legal recourse against any of Golder's affiliated companies or the employees, officers or directors of any of them.

By date, or revision, the Report supersedes any prior report or other document issued by Golder dealing with any matter that is addressed in the Report.

**Any uncertainty as to the extent to which this Report can be used or relied upon in any respect should be referred to Golder for clarification**



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## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### **Directors' and chief executive's interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code, were disclosed as follows:

#### *Long positions in shares and underlying shares of the Company*

Name of Director	Number of *shares/underlying shares			Approximate % of the issued share capital of the Company
	Personal interests	Share options	Total	
CHIU Tao	3,900,000,000	—	3,900,000,000	10.08%

\* Ordinary shares unless otherwise specified

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions

which were taken or deemed to have under such provisions of the SFO) or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### Interests of substantial Shareholders

As at the Latest Practicable Date, so far as known to the Directors or the chief executives of the Company, the following persons are the shareholders (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### *Long positions in shares and underlying shares of the Company*

Name of Shareholder	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital
WONG Howard ("Mr. Wong")	Beneficial owner	5,186,920,000 (Note 1)	13.40%
CHEUNG Chung Kiu ("Mr. Cheung")	Beneficial owner/Interest of a controlled corporation	2,125,861,856 (Note 2)	5.49%
LO Ki Yan Karen ("Ms. Lo")	Beneficial owner/Interest of a controlled corporation	2,036,793,817 (Note 3)	5.26%

#### *Note 1:*

According to the individual substantial shareholder notice filed by Mr. Wong on 13 November 2015, these securities represent relevant interests in respect of 5,186,920,000 shares held by Mr. Wong as the beneficial owner.

#### *Note 2:*

According to the individual substantial shareholder notice filed by Mr. Cheung on 14 July 2017, these securities represent relevant interests in respect of:

- (a) 1,950,840,000 shares held by Bondic International Holdings Limited, directly and solely owned by Mr. Cheung; and
- (b) 175,021,856 shares held by Bookman Properties Limited, directly wholly-owned by Ferrex Holdings Limited, which is directly wholly-owned by Yugang International (B.V.I.) Limited ("Yugang BVI"). Yugang BVI is directly wholly-owned by Yugang International Limited. Yugang International Limited is directly owned by Chongqing Industrial Limited as to 34.33% of the entire issued share capital. Chongqing Industrial Limited is directly and solely owned by Mr. Cheung.

As such, Mr. Cheung is deemed to be interested in the shares held by Bondic International Holdings Limited and Bookman Properties Limited.



*Note 3:*

According to the individual substantial shareholder notice filed by Ms. Lo on 24 January 2019, these securities represent relevant interests in respect of:

- (a) 1,861,771,961 shares held by Ms. Lo as the beneficial owner; and
- (b) 175,021,856 shares held by Bookman Properties Limited, directly wholly-owned by Ferrex Holdings Limited, which is directly wholly-owned by Yugang BVI. Yugang BVI is directly wholly-owned by Yugang International Limited. Yugang International Limited is directly owned by Future Capital Group Limited as to 44.06% of the entire issued share capital. Future Capital Group Limited is directly and solely owned by Ms. Lo.

As such, Ms. Lo. is deemed to be interested in the shares held by Bookman Properties Limited.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified by any person (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2018, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group.

### **4. DIRECTORS' COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

## 6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (i) the yacht construction contract dated 15 July 2017 entered into between Double Yield Global Limited, an indirect wholly-owned subsidiary of the Company, as the buyer and Azimut-Benetti SpA as the builder, pursuant to which the buyer agreed to purchase and the builder agreed to construct, sell and deliver to the buyer a yacht at a consideration of €10,180,000;
- (ii) the aircraft purchase agreement dated 19 December 2017 entered into amongst Rising Up Holdings Limited, a direct wholly-owned subsidiary of the Company, as the purchaser, the seller (a company incorporated in the BVI and a wholly-owned subsidiary of the corporate guarantor) and the corporate guarantor, pursuant to which the purchaser has agreed to purchase and the seller has agreed to sell an aircraft at the consideration of USD19,300,000;
- (iii) the receiver's borrowings facility agreement dated 22 December 2017 entered into between Sonicfield Global Limited ("**Sonicfield**"), an indirect wholly-owned subsidiary of the Company, and Deloitte Restructuring Inc. (the "**Receiver**"), pursuant to which Sonicfield conditionally agreed to provide the Receiver the senior secured super-priority financing facility of up to the principal amount of CAD15 million which would be increased to CAD35 million upon the granting of the court order for such increase of the borrowing limit;
- (iv) the restructuring implementation agreement dated 22 December 2017 entered into between Sonicfield and China Minsheng Banking Corp., Ltd., Hong Kong Branch, pursuant to which the parties agreed to implement the restructuring of the indebtedness of Grande Cache Coal LP and the acquisition, by way of a sale approval and vesting order granted by the court, of all of the assets including Grande Cache Coal mines located in Alberta, Canada which were under the receivership proceeding pursuant to the relevant receivership orders (under which the Receiver was appointed as the receiver of such assets);
- (v) the asset purchase agreement dated 22 December 2017 entered into between Sonicfield as the purchaser, and the Receiver as the vendor, pursuant to which Sonicfield conditionally agreed to purchase and accept and the Receiver conditionally agreed to sell, assign, transfer, convey and set over the purchased assets at the acquisition consideration which shall be satisfied by (a) the issuance

of the guarantee; (b)(i) USD410,000,000; (b)(ii) set-off and/or waiver by Sonicfield of any right of repayment of the Receiver's borrowing charges which shall not exceed USD15,000,000 or such other amount that may be mutually agreed between Sonicfield and the Receiver; and (b)(iii) repayment of a loan assumed by GCC Maple Holdings Ltd. ("GCC") by Sonicfield to GCC in the aggregate amount of approximately USD5,910,000;

- (vi) the disposal of 3,822,000,000 shares in the share capital of G-Resources Group Limited (a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange) by Skytop Technology Limited ("**Skytop**") on 21 May 2018, an indirect wholly-owned subsidiary of the Company, as vendor to PX Capital Management Ltd. ("**PX**") as purchaser at an aggregate consideration of HK\$267,540,000 through cross trade (for which no written contract was entered into between Skytop and PX);
- (vii) the sale and purchase agreement dated 11 September 2018 entered into between Happy Jumbo Limited ("**Happy Jumbo**"), an indirect wholly-owned subsidiary of the Company, as the purchaser, and Shiny Fortune International Limited ("**Shiny Fortune**"), as the vendor, pursuant to which (i) Happy Jumbo agreed to acquire and Shiny Fortune agreed to sell the sale shares representing the entire equity interests in Adair Ventures Limited ("**Adair**"), Golden Avenue Investments Limited ("**Golden Avenue**") and Westfield Global Investments Limited ("**Westfield**"); and (ii) the respective shareholders' loans for each of Adair, Golden Avenue and Westfield would be assigned by Shiny Fortune to Happy Jumbo, at the consideration of USD33,150,000 to be satisfied in cash upon completion; and
- (viii) the Agreement.

## 7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

## 8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the profit warning announcement made by the Company on 3 May 2019 as referred to on pages I-2 and I-3 of this Circular, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, the date to which the latest published audited accounts of the Group were made up.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Golder Associates Pty Ltd	Competent Person

The Competent Person's Report set out in Appendix II to this circular was given in April 2019 for incorporation in this circular.

As at the Latest Practicable Date, the Competent Person had no shareholding in any member of the Group, nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2018, the date to which the latest published audited accounts of the Group were made up.

The Competent Person has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s) or report(s) and reference to its name in the form and context in which it is included.

## 10. MISCELLANEOUS

- (a) The registered office of the Company is located at Whitehall House, 238 North Church Street, P.O. Box 1043, George Town, Grand Cayman KY1-1102, Cayman Islands.
- (b) The head office and principal place of business of the Company is located at Rooms 4503-05, 45th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (c) The principal share registrar and transfer office of the Company is The R&H Trust Co. Ltd., Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman KY1-1103, Cayman Islands.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Mr. Chow Kim Hang. Mr. Chow is a Partner of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practising solicitor in Hong Kong and a member of The Law Society of Hong Kong.

- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

#### **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5.30 p.m. on any weekday (except Saturdays and public holidays) at the head office of the Company in Hong Kong at Rooms 4503–05, 45th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 March 2017 and 31 March 2018 and the Interim Report;
- (c) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (d) the Competent Person’s Report, the text of which is set out in Appendix II to this circular;
- (e) the material contracts referred to in the sub-section headed “6. Material Contracts” in Appendix III to this circular (other than the material contract (vi) as referred to therein);
- (f) the written consent from the Competent Person referred to in the sub-section headed “9. Expert and Consent” in Appendix III to this circular; and
- (g) this circular.

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## NOTICE OF EGM

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**CST GROUP LIMITED**  
**中譽集團有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 985)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of CST Group Limited (the “Company”) will be held at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 10:00 a.m on Monday, 17 June 2019, for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

Unless otherwise indicated, capitalised terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 24 May 2019 (the “Circular”).

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the entering into of the Agreement and the transactions contemplated thereunder be and is hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised to, for and on behalf of the Company, approve, execute and deliver from time to time all such documents, instruments, agreements and deeds and to do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, expedient or desirable for the purpose of and in connection with the implementation of the Agreement and the transactions contemplated thereunder, and to make and agree to such variations to the Agreement or documents contemplated thereunder or in connection therewith as he/she may in his/her absolute discretion consider necessary, expedient or desirable.”

By Order of the Board  
**CST Group Limited**  
**Chiu Tao**  
*Executive Director and Chairman*

Hong Kong, 24 May 2019

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## NOTICE OF EGM

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*Notes:*

1. The resolution at the EGM will be taken by poll pursuant to the Company's articles of association and the Listing Rules, and the results of the poll will be published on the websites of the Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's branch share registrar in Hong Kong (the "**Share Registrar**"), Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on behalf of him/her. A proxy needs not be a member of the Company.
4. Unless otherwise announced by the Company, the EGM will be held as scheduled even when Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force on the date of the EGM. Members of the Company should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations and if they do so, they are advised to exercise care and caution.
5. A form of proxy for use at the EGM is enclosed herewith.
6. For determining the entitlement to attend and vote at the EGM, the record date will be Tuesday, 11 June 2019. In order to be eligible to attend and vote at the EGM, all unregistered holders of shares of the Company shall ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 June 2019.

*As at the date of this notice, the board of directors of the Company comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu, 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.*