



21 October 2021

### **Decision not to Proceed with Planned Demerger of Downstream Assets**

The Board of Directors of Astron Corporation Limited (ASX:ATR) (“Astron” or “the company”) announce that the proposed suspension of the planned demerger of the company’s downstream processing assets in China from its ownership of upstream assets (centred on the Donald mineral sands project in Victoria and the Niafarang mineral sands project in Senegal), will be put to securityholders at the forthcoming AGM anticipated to be in late November by way of seeking approval for the withdrawal of Resolution 1 passed at the EGM on 19 July 2021.

In light of legal action related to an injunction brought on 10 September 2021 in the High Court of the Hong Kong Special Administrative Region, Astron has been restrained from completing this demerger until the proceedings are finalised.

After careful consideration of all of the facts and circumstances, including the best interests of securityholders and, in particular, a commitment to progressing the Donald mineral sands project to a commercialisation stage, the Board of Astron has decided not to proceed with the demerger. This is a highly regrettable outcome but weighs the distraction, costs and impediments of legal action against a continuing prime focus on progressing the Donald mineral sands project, currently at a critical juncture, to a stage where funding and development approval can be gained.

Another important factor is the uncertainty that the injunction has caused for any securityholders wishing to trade in Astron CDIs. Given that the overall continued delay in implementing the demerger is likely to be at least 6 months, this inconvenience for securityholders has been a significant factor in Astron’s decision not to proceed with the planned demerger.

Astron received securityholder approval on 19 July 2021 for the demerger which provided for the China-based assets to be held in a new entity, Astron Titanium (Yingkou) Holdings Limited (“Titanium Hong Kong”) while the mineral sands assets would be held in the ASX-listed Astron Corporation Ltd. The demerger was to be completed by an in-specie dividend, effected by a distribution (Resolution 1) by Astron of Titanium Hong Kong limited shares.

As announced on 10 September 2021, an interim injunction was granted against Astron by the High Court of the Hong Kong Special Administrative Region restraining the company from taking steps to implement the proposed in-specie distribution of the shares in Titanium Hong Kong to eligible securityholders. The application to grant a permanent injunction is scheduled to be heard by the Court on 21 December 2021, although a ruling is not expected until the first half of 2022. Even though it is a month after the hearing of the interim injunction, the High Court of Hong Kong is yet to provide written reasons for the grant of the interim injunction (although the court had indicated these should have been published almost straight away). Given this, the timeframe for any decision on the final injunction application could lead to further lengthy delays.

Astron is confident in its position and the likelihood the permanent injunction would not ultimately be granted. Nonetheless, given the company is unlikely to receive a judgment from the High Court of Hong Kong until the first half of the next calendar year, it is the Board’s view that contesting the application allowing for, amongst other things, the likely time period involved, the expense and distraction of management resources on legal proceedings, would potentially adversely affect the progression of the Donald mineral sands project through a definitive feasibility stage and initial balance sheet recapitalisation measures. It also impacts on the securityholders by creating uncertainty for a lengthy period of time.

As such, the Board intends, subject to obtaining the required securityholder approval, to rescind the implementation of Resolution 1, relating to the in specie distribution arrangement for the

planned demerger. As such, the demerger of the company's upstream and downstream assets will not proceed as planned at this time.

The company will update securityholders in respect of the proceedings in due course.

#### Further Context for Securityholders

Securityholders can obtain contextual information on the proposed demerger and details of Resolution 1 of the EGM held on 19 July 2021 by referring to the company's ASX announcements of 2 July 2021 (Notice of Meeting), 19 July 2021 (Results of Meeting), 21 July 2021 (First Supplementary Prospectus), 17 August 2021 (Appendix 3A.5) and 18 August 2019 (Second Supplementary Prospectus).

Authorised by the Board of Directors

#### **Astron Corporation Limited**

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#### About Astron

Astron Corporation Limited (ATR: ASX) is an ASX listed company, with over 30 years' experience in mineral sands processing, technology and downstream product development, as well the marketing and sale of zircon and titania (titanium dioxide) products, most notably in China. Astron conducts a mineral sands trading operation based in Shenyang, China and operates a zircon and titanium chemicals and metals research and development facility in Yingkou, China. The company's current prime focus is upon the development of the large, long-life and attractive zircon assemblage Donald Mineral Sands deposit in the Murray Basin, Victoria. Donald has the ability to represent a new major source of global supply in mineral sands. Astron is also the owner of the Niafarang mineral sands project in Senegal, West Africa. Niafarang is a high-grade coastal mineral sands deposit, planned to be developed using simple dredge mining and processing methodology.