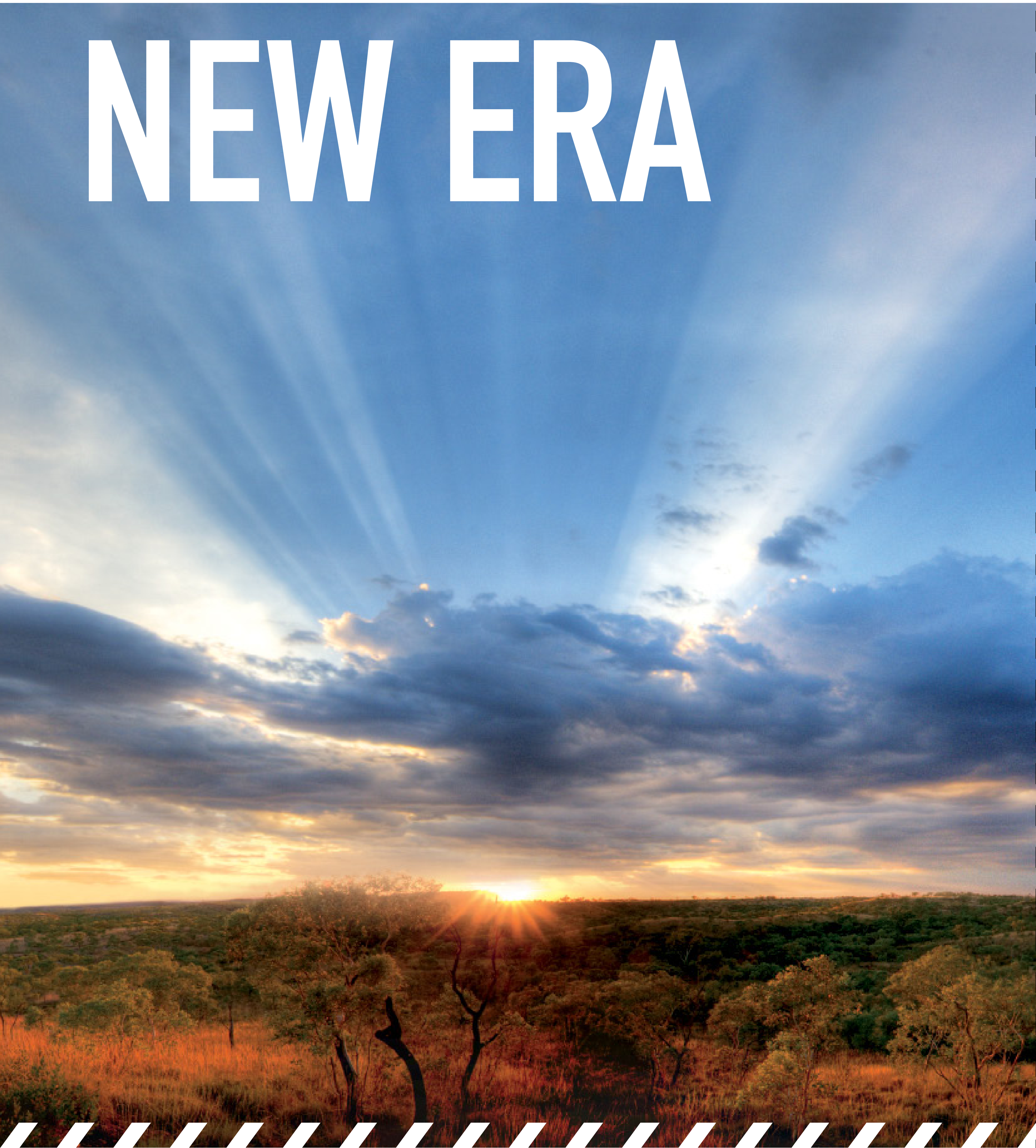
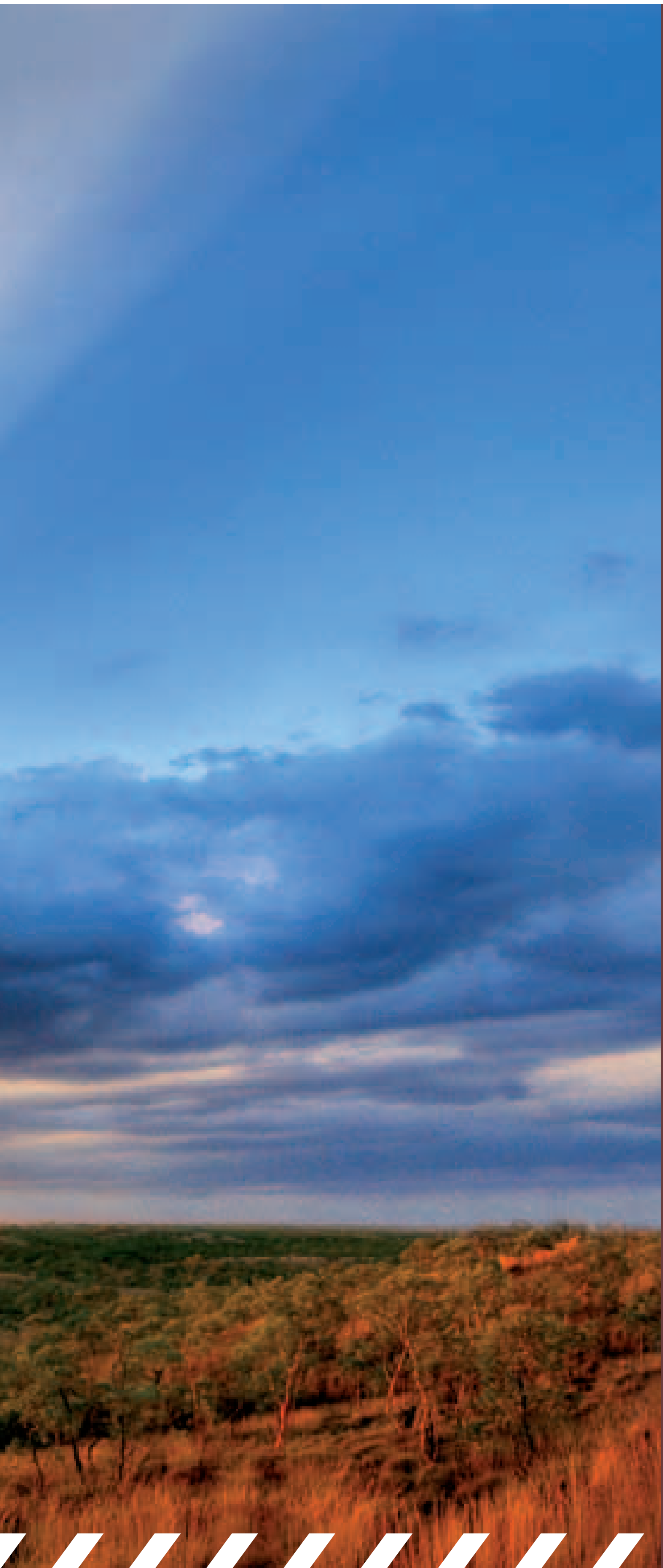
CST Mining Group Limited

Annual Report 2012

Prepare to enter into a





Corporate Overview

CST Mining Group Limited ("Company" or "We") is an international copper mining company headquartered in Hong Kong and listed on the Hong Kong Stock Exchange (HKEx: 985).

The Company has two operations: a whollyowned mine in Queensland, Australia (Lady Annie) and a late-stage development project (Mina Justa) in southern Peru through our 70%-owned company, Marcobre S.A.C.

We also own a 9.9% stake in Hong Kong listed G-Resources Group Limited, whose primary asset is a 95% equity interest in the Martabe Gold and Silver Project in Indonesia.

Mission and Vision

To become a globally competitive copper-group producer.

We intend to grow both organically through exploration and non-organically through acquisitions, with a focus on development-ready or advanced exploration projects.

MINE TYPE
Open pit

CAPEX
US$745 million

EXPECTED MINE LIFE
11.5 years

STRIP RATIO
2.5:1

RESOURCES
413Mt@0.79% copper

RESERVES
163Mt@0.80% copper

STATUS
Definitive Feasibility Study completed in August 2009

Environment Impact Assessment approved in September 2010

MINE TYPE
Open pit

PROCESSING METHOD
Oxide, Transition ore heap leach

RESOURCES
66.1Mt@0.72% copper

RESERVES
11.2Mt@1.10% copper

STATUS
Producing

At a Glance

We are extremely proud that our theme "Prepared to Enter a New Era" reflects the transformational accomplishments achieved by the Company over the year to 31 March 2012. The successful sale of the Mina Justa copper mine in Peru and the stabilisation of high-grade copper production and extension of mine life at the Lady Annie mine in Australia together define our strategic objectives — to create shareholder value and become a global-scale copper-group producer.

Contents

CST MINING GROUP LIMITED

OUR TWO STEP GROWTH STRATEGY

Our long-term strategy is to develop the Company into a world-class Asia-Pacific copper-group miner.

1. Organic Growth at Lady Annie

We have successfully stabilised production of high-grade copper. Now we aim to extend mine life further, starting at Anthill.

Meanwhile, regional exploration programmes are underway on surrounding licences to identify new resources that will expand our mine life further.

2. Growth Through Acquisition

With our Lady Annie success and the sale of Mina Justa, we are seeking new acquisitions to strengthen our asset base and boost our cash flow.

We are continually reviewing potentially suitable advanced exploration or operating mine projects across the Asia-Pacific region, and aim to benefit from geographic focus.

IT PROVED TO BE A YEAR OF SIGNIFICANT ACHIEVEMENT AND CONTINUED INCREASES IN SHAREHOLDER VALUE

Dear Shareholders,

I am pleased to report that the 12 months to 31 March 2012 proved to be for CST Mining Group Limited ("CST", "the Company") a year of significant achievement and continued increases in shareholder value.

Our management team has worked hard during the year on the disposal of the Company's 70% interest in the Mina Justa copper project in Peru, and I am particularly delighted that shortly after the year-end these efforts came to fruition with an agreed US$505 million sale to Cumbres Andinas S.A. ("Cumbres") and the sale has been completed on 13 June 2012.

I believe this significant outcome is evident to the Company's consistent strategy to realise high returns for our shareholders.

I am equally pleased to report that, at the Lady Annie copper mine in Queensland, Australia, our success during the year in stabilising mining operations and optimising copper production levels means we are now reliably meeting steady monthly production budgets, on or ahead of target. I would like to take this opportunity to thank CST Lady Annie team for working closely with the head office in the past year and reaching such great result.

Our exploration results have also provided data for an important resource and reserve update that will enable us to extend the Lady Annie mine life, which is as we promised to do as when we acquired the project. Update on resource and reserve is underway and shall be released later this year.

It is against this extremely positive backdrop that I am delighted to thank Ms Lydia Yifang Yang, who became our new CEO during the year for leading the dedicated expert teams at our Hong Kong headquarters and in Queensland and Peru.

Their achievements ensure that we remain steadily on track to meet our long-term strategic objective of becoming an Asia-based, globally competitive copper-group mining company.

I am sure we shall all benefit further from the enhanced value created.

Sincerely yours

Chiu Tao
Chairman
Hong Kong, 26 June 2012

Chief Executive Officer's Review

OUR SUCCESS AT LADY ANNIE UNDERSCORES OUR ABILITY TO BUILD A STRONG FUTURE

Dear Shareholders,

I am pleased to report during the year to 31 March 2012 we have seen the achievement of several important new milestones for CST.

At Lady Annie we have been successful in implementing a number of improvements to ensure our mining and processing operations are now more efficiently integrated. This enables better forward planning and allows us to stabilize and optimise current and future production of quality copper cathode.

We also continue seeking new opportunities to fulfill our strategic objective of becoming a mid-tier mining company. I feel confident that our measurable success at Lady Annie during the year and the completion of Mina Justa sale shortly after the year end underscore our ability to build a strong future.

Details of our progress are provided in the Project Overviews of this report for both Lady Annie in Australia and the Mina Justa project in Peru. But among the year's highlights I would include:

- In the interim report we promised to conduct an operational review to address our administrative, accounting and governance procedures, as well as implementing and upgrading safety policies. The review has been completed and has successfully introduced new planning, report and operating procedures to enable efficiencies at the Lady Annie mine.

- Operational streamlining and upgrades at Lady Annie culminated in a record final quarter production of 4,838 tonnes of copper cathode. This significant record output was achieved ahead of budget and below planned expenditure. During the year, the processing team also commenced industrial scale trials to process transition ores, including a blend with oxide ore which resulted in better than normal production rates at no increased cost. And shortly before the year end during March, the commencement of SX-EW Series 2

Cells also promisingly led to a 40% increase in production levels, to around 70 tonnes per day.

- From a forward planning perspective, the completion before the year end of 40,000 metres of infill drilling has enabled improved geological modelling and provided data for resource and reserve updates at the Lady Annie Operations. We now have a far better understanding than previously of the mine geology and grade distribution at Lady Annie. The details of these important updates are expected to be announced soon.

- Our 2011 exploration programme of approximately US$25 million has been focussed in and around the existing pits and deposits at Lady Annie and has so far yielded excellent results. During October 2011 we announced the discovery of the Lady Colleen deposit, while positive drilling at Anthill West during the year identified new zones of mineralisation and possible continuity between the Anthill and Anthill West deposits. These advances arose from our near-mine drilling activity focused on resource development. We now hold a total of approximately 3,000 km^2 of granted tenements, with significant exploration potential. Over the year, with earlier aeromagnetic survey results in hand, we conducted a wider regional drilling programme. We remain confident that these and other projects due for completion during the current calendar year can add significantly to our resource base.

- Away from our Lady Annie Operations, during the first half of the year we announced a sale agreement with Glencore International AG to sell our 70% stake in the Mina Justa project in Peru. This sale agreement was terminated in November 2011 due to commercial arrangement not being satisfied but we continued afterwards seeking a suitable buyer for our stake in the project. Our excellent

THIS 12 MONTHS TO THE END OF MARCH SAW DRAMATIC PROGRESS. WE ARE STRONGLY POSITIONED TO TAKE FURTHER STRIDES FORWARD

team in Peru continued working to maintain daily operations and sustain its full commercial value. Their efforts contributed to our recent $505 million sale agreement with Cumbres Andinas S.A., announced shortly after the year end and successfully completed on 13 June 2012. The company is now in a financially strengthened position to grow. We will continue to identify new operating improvements, resource opportunities, and growth potential to create value for shareholders. This includes an ongoing assessment of opportunities for the acquisition of suitable production or near-production copper-group assets to add to our resource portfolio. Further information on such opportunities will be reviewed carefully by the Board and disclosed to shareholders on a timely basis.

In summary, the 12-months to the end of March 2012 saw dramatic progress that positions CST to build on the solid revenue base and potential now established at Lady Annie. With streamlined operational and reporting procedures also now in place between our Hong Kong headquarters and our field operations, I am confident that we are strongly positioned to take further strides forward during the current year.

None of these achievements would have been possible without the support of our Chairman, Mr Chiu Tao, and the expertise, dedication and hard work of our operational and administrative teams, and I thank them all for their significant contributions to a year of successes.

I remain committed to providing shareholders with clear, regular updates of our progress on every front, working towards the highest Corporate Governance and Corporate Social Responsibility standards. I look forward to reporting further successes through the year ahead.

Sincerely yours

Yang Yi-fang
Chief Executive Officer
Hong Kong, 26 June 2012

Project OVERVIEW

The copper cathode produced at Lady Annie is LME A grade quality.

LADY ANNIE OPERATIONS

Ore Mined (Tonnes)	Production (Tonnes)	Revenue (US$)
3.51 million approximately	18,402	$147 million approximately

Project Description and Location

Lady Annie Operations are located approximately 120 kilometres northwest of Mount Isa, the major mining centre in North West Queensland, Australia.

The Lady Annie mine is an open-pit copper mine utilising a heap leach with solvent extraction and electrowinning technology to produce London Metal Exchange ("LME") Grade A equivalent copper cathode.

Current production of copper is from the Lady Annie, Mount Clarke East and Mount Clarke West Pits, but the mine lies within an extensive exploration tenement package, which is currently being explored for both near-mine and regional copper targets. Figure 1 shows the resources, the prospects and the exploration tenure of Lady Annie Operations.

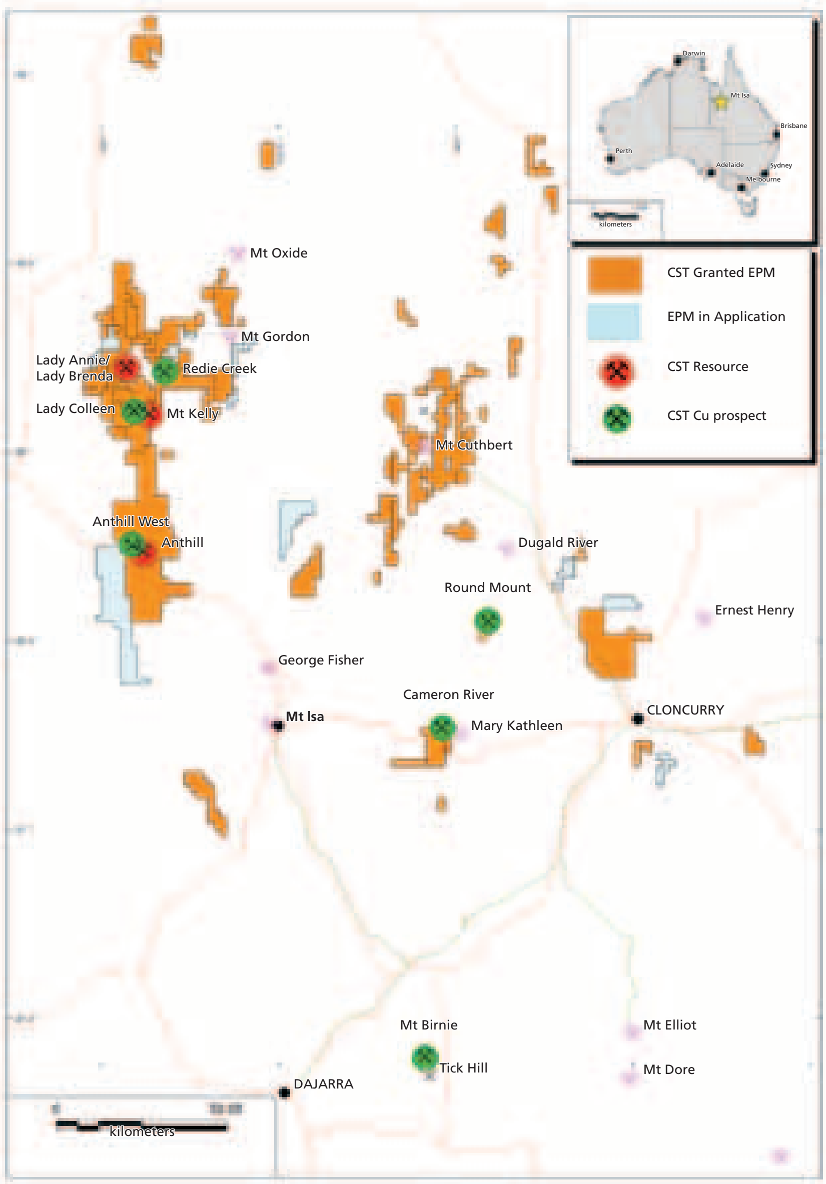


Figure 1: Location of Lady Annie Operations

1. Operating Results

Key operational information for the year ended 31 March 2012 and 2011		2012	2011
Mined	Total material (tonnes)	**16,586,652**	8,791,530
	Ore (tonnes)	**3,514,585**	1,130,730
	Ore grade (Cu%)	**1.06**	0.96
	Contained Cu (tonnes)	**37,197**	10,903
Stacked	Ore (tonnes)	**2,893,502**	1,157,773
	Ore grade (Cu%)	**0.98**	0.88
	Contained Cu (tonnes)	**28,322**	10,187
Production	Cu cathode (tonnes)	**18,402**	5,906
Sales	Cu cathode (tonnes)	**17,382**	5,087
	Average price (US$/tonne)	**8,446**	8,827
	Revenue (US$'000)	**146,803**	44,903

2. Mining, Stacking and Processing Operations

2.1 Stacked ore copper grade

A total of nearly 16.6 million tonnes of material was mined during the course of the year ended 31 March 2012 (the "Year"), producing 37,197 tonnes of contained copper, for an average ore grade of 1.06% Cu. Of this material, 2.9 million tonnes of ore was stacked for processing, with a mean copper grade of 0.98%. Blending with previously-mined lower-grade transition ore brought the stacked copper grade down slightly, compared to mined ore.

Figure 2 shows the monthly stacked ore copper grade for the year. Relatively low ore grades were stacked and processed from April to August and this was largely the result of previously inaccurate ore block models and dilution of ore with waste. From September onward, modeling and mine plans improved and dilution decreased, resulting in improved control of stacked copper grade.

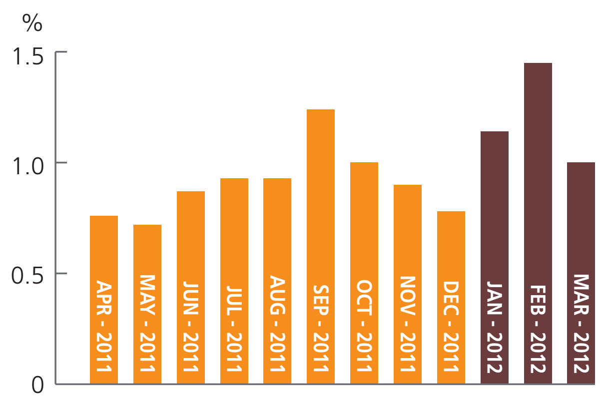


Figure 2: stacked ore copper grade

Approximately 230,000 tonnes of Mount Clarke West pit and previously-mined "T-stockpile" transition ores were stacked during December and January to the first production trial heap of transition ore. The "T-stockpile" ore brought the mean ore grade down for December (0.78%).

A higher grade was stacked during January and February and this was planned to guarantee long-term operation of the expansion production plant from March onward. Transition ore was blended with oxide ore during January to produce a second production trial heap of transition ore. Going forward, the stacked ore copper grade has been stabilized, with March at 1.00%, April at 1.07%, and May at 1.10%.

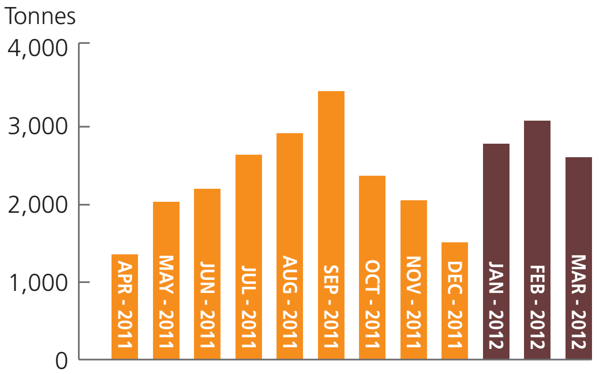


Figure 3: stacked copper metal

2.2 Stacked copper metal

A total 28,322 tonnes of metal was stacked for the Year. Figure 3 shows the monthly stacked copper. The low value for May resulted from both relatively low ore grade and low stacking rates that resulted from the high-rainfall period following Cyclone Yasi.

The low value for December arose because the Company stacked lower-grade transition ore alone. This lower grade did not, however, prevent Lady Annie from achieving production targets and the production trial was successful on both cost and production terms.

Metal stacked has been maintained above 2,500 tonnes per month since January. Going forward, stacked metal tonnes have been stabilized, with March at 2,548 tonnes, April at 2,740 tonnes and May at 2,727 tonnes.

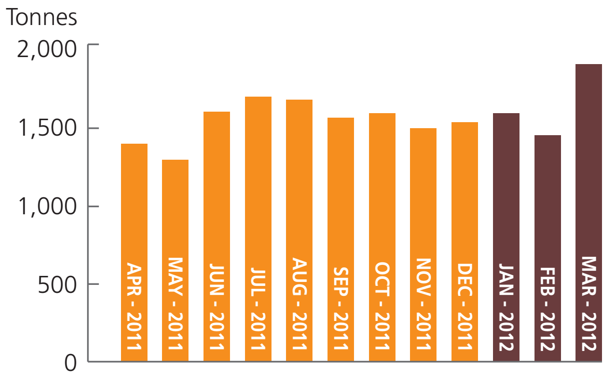


Figure 4: copper cathode production

2.3 Copper cathode production

A total of 18,378 tonnes of cathode was stripped for the Year. Figure 4 shows monthly stripped cathode production.

The expansion production plant was activated on 2 March 2012, enabling a significant stepwise increase in production. Going forward, cathode production increased, with March at 1,866 tonnes, April at 1,989 tonnes and May at 2,176 tonnes.

LME-A cathode quality was achieved all year, with the exception of 292 tonnes of cathode produced during the Year. Majority of these exceptional product were out of specification on lead content and sold domestically at the LME spot price (ex-premium) in November 2011, which represented a satisfactory outcome. The cause of lead contamination was identified and the Compnay subsequently modified the production plant with new "anode spacers" to prevent a recurrence of lead. Quality improved throughout the Year, with 99.6% of product exceeding LME-A grade standards in March.

Robotic cathode stripping commenced from December, alongside conventional manual stripping. With new operator training and appropriate robot maintenance procedures, the proportion of robotically-stripped cathode has increased to a point where they now produce a majority of Lady Annie Operations' cathode. The manual stripping machine is now used primarily as support.

Majority of the cathode produced at Lady Annie Operations was committed to export sale from January. The cathode quality was further improved from that point to meet increased export market quality standards, particularly with respect to the shape and tidiness of the cathode bundles.

Figure 5: Stacking commences for the first transition production trial

2.4 Transition ore processing

Two transition ore production trials commenced during the Year. The first trial commenced on 14 December 2011 and employed about 230,000 tonnes of transition ore alone, stacked to a commercial-scale "forced-aeration" leach heap (Figure 5). Forced aeration is a technology where air is injected into the leach heap to enable copper extraction from the transition copper minerals (Figure 6). This trial represented a worst-case cost scenario for transition ore processing yet still enabled Lady Annie Operations to meet production and operating expenditure budgets during the last quarter of the financial year.

Figure 6: leach heap forced-aeration equipment

A second transition production trial proved more successful, and incorporated the blending of oxide ore with transition ore. This trial provided Lady Annie Operations with one of it's best-performing leach heaps in terms of fast copper production rate and relatively low operating cost. Transition ore production trials and pilot-scale trials continue.

3. Exploration

3.1 Competent person statement

The following information that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Jay Klopper ("Mr Klopper"), who is a member of The Australian Institute of Geoscientists. Mr Klopper is a full time employee of CST Minerals Lady Annie Pty Limited and has sufficient experience relevant to the style of mineralisation under consideration to qualify as a competent person as defined in the "Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves" (JORC Code 2004 Edition). Mr Klopper consents to the inclusion in this annual report (the "Annual Report") of the matters based on his information in the form and context in which it appears.

3.2 Mt Kelly near mine

Significant drillhole results returned from Mt Kelly area include:

MTKC0403	22m @ 3.62 % Cu from 152m
MTKC0474	13m @ 2.74 % Cu from 83m
MTKC0492	10m @ 3.78 % Cu from 106m
MTKC0494	13m @ 3.60 % Cu from 111m
MTKC0507	12m @ 2.13 % Cu from 123m
MTKC0511	15m @ 3.00 % Cu from 141m
MTKC0530	10m @ 1.55 % Cu from 40m
MTKC0545	16m @ 2.61 % Cu from178m
MTKC0548	32m @ 4.64 % Cu from 169m
MTKCD021	11m @ 2.45 % Cu from 162m
MTKCD029	10m @ 3.27 % Cu from 334m
MTKCD032	13.4m @ 2.69 % Cu from 167.1m
MTKCD038	22.1m @ 3.90 % Cu from 207.9m

MTKCD045	18m @ 3.33 % Cu from 159m
MTKCD045	10m @ 2.86 % Cu from 181m
MTKCD050	11.1m @ 4.64 % Cu from 139.9m
MTKCD050	16m @ 1.56 % Cu from 162m
MTKCD057	10m @ 2.79 % Cu from 127m
MTKCD058	11.4m @ 2.37 % Cu from 133m
MTKCD060	12.8m @ 4.44 % Cu from 121m
MTKCD063	14m @ 3.31 % Cu from 144.4m
MTKCD064	13.5m @ 2.01 % Cu from 101.5m
MTKCD067	13m @ 1.23 % Cu from 56m
MTKD009	14m @ 1.03 % Cu from 36m
MTKD009	12m @ 2.83 % Cu from 65m

Intervals are downhole lengths with a maximum of 2m internal dilution and lower cut-off grade of 0.3% copper

Drilling of the Flying Horse and Mount Clarke West deposits targeted category upgrade and extension of transition resources into measured and indicated categories. Metallurgical transition ore samples are currently undergoing testwork. The culmination of resource estimation, metallurgical test work and pit optimisation will allow the economical portions of resultant measured and indicated resource to become included in the minable reserves.

Extension and upgrade of sulphide resources, with particular focus on extension to new sulphide discoveries beneath the Mount Clarke West pit, continued.

A structural study of the Mount Kelly mineralised areas was completed by CSA Global Mining Consultants with the intention of clarifying the location and geometry of primary and secondary ore-controlling structures.

Orientation ground gravity, Induced Polarisation and electromagnetic surveys were completed over the Lady Colleen mineralisation in order to identify possible geophysical vectors for potential use to target additional mineralisation at Lady Colleen and other exploration targets. Interpretation of these data sets is ongoing.

Greenfield exploration drilling at Redie Creek 15km north-east of Mount Kelly retuned encouraging copper and gold mineralization intercepts at the Patterson prospect. Follow-up exploration is proposed for mid-2012.

3.3 Lady Colleen

Exploration drilling 700m west of Mount Clarke West, resulted in the discovery of the "Lady Colleen" copper deposit. Combined drilling totalling 21,000m of reverse circulation ("RC") drilling and 6,000m of diamond drilling ("DD") will bring Lady Colleen to the Company's resource inventory by mid-2012. The deposit remains open and extensional drilling is planned.

Orientation ground gravity, Induced Polarisation and electromagnetic surveys were completed in January-March quarter 2012 over the Lady Colleen mineralisation in order to identify possible geophysical vectors for potential use to target additional mineralisation at Lady Colleen and other exploration targets. Interpretation of these data sets is ongoing.

3.4 Lady Annie near mine

A 38,000m reverse circulation and 4,000m diamond drilling programme commenced at the Lady Annie Mining Area during the June 2011 quarter, with the threefold aim of:

- Improving confidence and resource category in the existing oxide resource.
- Extending and infilling the transitional resource to increase tonnes and improve the existing resource category.
- Extending the known sulphide resource, which has had limited drilling.

Up to six drill rigs worked through from June 2011 to January 2012 to fast-track the programme to completion.

The Company commissioned a detailed pit mapping and structural study of the Lady Annie deposit to identify controls on mineralisation and enhance geological understanding. The study, completed in June 2011, was conducted by CSA Global Mining Consultants and is intended to clarify the location and geometry of primary and secondary ore-controlling structures within the Lady Annie pit environment.

New data from resource infill drilling and mining grade control drilling will be incorporated with the geology from the structural study into a new Lady Annie resource estimation. Re-interpretation of the Lady Annie resource model will achieve the dual objectives of increasing confidence and resolution of ore grades and extending transition and sulphide resources. The improved confidence will result in re-optimisation of mining activities in 2012 and thenceforth.

A new Mineral Resource and Reserve Estimate for the Lady Annie Deposit including oxide, transition and sulphide mineralisation is anticipated in April-June quarter 2012.

3.5 Lady Brenda

Lady Brenda copper deposit is a shallow copper oxide deposit with a flat lying geometry located immediately west of the Lady Annie open pit. Resource definition drilling at the Lady Brenda deposit commenced in January 2012.

The aims of the drilling were:

- To infill and upgrade Mineral Resource Category in the existing Lady Brenda oxide mineral resource.
- To extend and infill the transitional resource so as to increase total resource tonnes and improve the Mineral Resource Category.
- Provide material for metallurgical testing of Lady Brenda ores.

Exploration drilling, targeting surface copper anomalism in soils, was conducted at the Lady Treska prospect approximately 1km southwest of the Lady Annie Pit.

3.6 Anthill

Significant drillhole results returned from the Anthill Project include:

BURC0184	11m	@	1.85 %	Cu from 34m
BURC0184	12m	@	2.29 %	Cu from 63m
BURC0185	11m	@	2.15 %	Cu from 57m
BURC0199	10m	@	14.29 %	Cu from 80m
BURC0205	11m	@	1.32 %	Cu from 48m

BURCD009	14.1m	@	3.05 %	Cu from 95.2m
BURCD009	11.6m	@	6.28 %	Cu from 114.4m
BURCD016	21m	@	4.40 %	Cu from 102.5m
BURD015	11.2m	@	2.27 %	Cu from 98m
BURD028	19m	@	3.49 %	Cu from 88m

Intervals are downhole lengths with a maximum of 2m internal dilution and lower cut-off grade of 0.3% copper

Resource upgrade and extension drilling was conducted at the Anthill prospect throughout 2011. The current Mineral Resource Estimate at 31 March 2012 for Anthill is 6.5Mt @ 0.86% copper for 55,900 tonnes contained copper metal.

Drilling has increased the geological understanding of the deposit, and encouraging results from the north-east of the deposit have extended mineralisation along a new strike direction, with an improvement in grade and thickness of near surface oxide mineralisation.

An upgraded Mineral Resource Estimate and a Mineral Reserve Estimate is expected to be completed for the Anthill deposit during April-June 2012.

3.7 Anthill West

The Anthill West Prospect is a significant discovery for the Company. Broad-spaced exploration drilling identified strong oxide and transition copper mineralisation over a strike length of over 750m to the west of the Anthill deposit in mid-2011. A multi-purpose drilling rig (RC/DD) was mobilised to Anthill West in early January 2012 to continue strike extension and infill drilling. To date the Company has completed over 8,000m RC drilling and 5,000m DD at Anthill West. An initial Mineral Resource Estimate for Anthill West is anticipated to be completed during July-September quarter 2012. Drilling is ongoing with scope to add additional resource tonnes and increase confidence and understanding of the mineralised system. Metallurgical drilling is planned to be commenced in July-September quarter 2012.

3.8 Regional Exploration

Regional exploration comprising field reconnaissance prospecting, mapping and geochemical soil sampling were carried out at Gun Creek, Eastern Creek, Redie Creek, Judenham Creek and Lady Annie North throughout the year across the Company's extensive exploration tenure.

Regional exploration drilling was carried out at Cameron River, Mount Birnie and Round Mount.

The Cameron River Project consists of the Sunset and Black Rock prospects. The Black Rock Prospect to the east of Sunset comprises a highly-altered mixed, meta-volcano-sedimentary sequence with mineralisation constrained predominantly to one lithological unit which may be mapped successfully with geophysics. The Company completed three diamond holes and forty-one RC holes: 1,092.5m (DD) and 7,877m (RC).

Drilling at Black Rock identified highly encouraging, broad zones of copper sulphide mineralisation.

Significant results include:

CAMD003	78m @ 0.54% Cu from 140m

* *Results are downhole lengths with a maximum 4m internal dilution and 0.2% copper lower cut off.*

The Mount Birnie Project is adjacent to the historic Tick Hill Gold mine approximately 100km south-south-east of Cloncurry. Drilling in October-December quarter 2011 targeted follow up historical drillholes with anomalous copper mineralisation. Observation of drill core suggests strong similarities with Black Rock prospect in terms of geology and visual mineralisation. Assay results from this drilling are pending.

The Round Mount Project consists of the Round Mount and Copper Blonde prospects located approximately 50km north-west of Cloncurry. Significant visual IOCG (Iron Oxide Copper Gold) alteration was observed in the October-December quarter 2011 Round Mount drilling. Visual chalcopyrite mineralisation was intersected in two diamond holes drilled in October-December quarter 2011 at the Copper Blonde Prospect, and assay results are still pending.

3.9 Ongoing Exploration activity

The initial focus for exploration in 2012 is to deliver upgraded Resource and Reserve estimations for Mount Clarke, Flying Horse, Lady Colleen, Lady Annie and Anthill. Completion is anticipated April-July quarter 2012 with subsequent exploration activity focused predominantly on drilling activities at Anthill West to allow estimation of a combined Anthill — Anthill West Mineral Resource, along with resource definition and the preparation of Mineral Resource Estimate for Lady Brenda. A new Mineral Reserve calculation is also planned to be completed for the Lady Brenda deposit by end July-September quarter 2012 and for the Anthill-Anthill West deposit during October-December quarter 2012.

At Mount Kelly, the Company will look to upgrade and extend the known sulphide resources and undertake resource extension drilling of the Lady Colleen deposit using its newly acquired geophysical cost-effective vector for mineralisation in addition to drilling.

Exploration drilling will also be conducted on the Investigator Prospect 25km east-north-east of Mount Kelly, and at the Cloncurry East "Dingo Well" prospect 35km east-south-east of Cloncurry. Further exploration drilling is proposed for Buckley River, Redie Creek, Cameron River, Round Mount and Mount Birnie.

The exploration team will continue to interpret, assimilate and plan further near-mine and regional programmes for existing and newly granted tenure into the 2012 field year.

MINA JUSTA PROJECT

Location	Production Capacity
400 km	110,000 tpa
Southeast of Lima	Copper

Project Description and Location

Owned by Marobre S.A.C., the Marcona Copper Property, covers approximately 32,889 hectares. It is located about 400 kilometres southeast of Lima within Nazca Province, Ica Department, on the southern Peruvian coastal belt at elevations ranging from 750 metres to 820 metres above sea level. The centre of the property lies approximately 25 kilometres from the coastal town of San Juan de Marcona. The provincial capital of Nazca is located approximately 35 kilometres to the north-northeast along the Pan-American Highway.

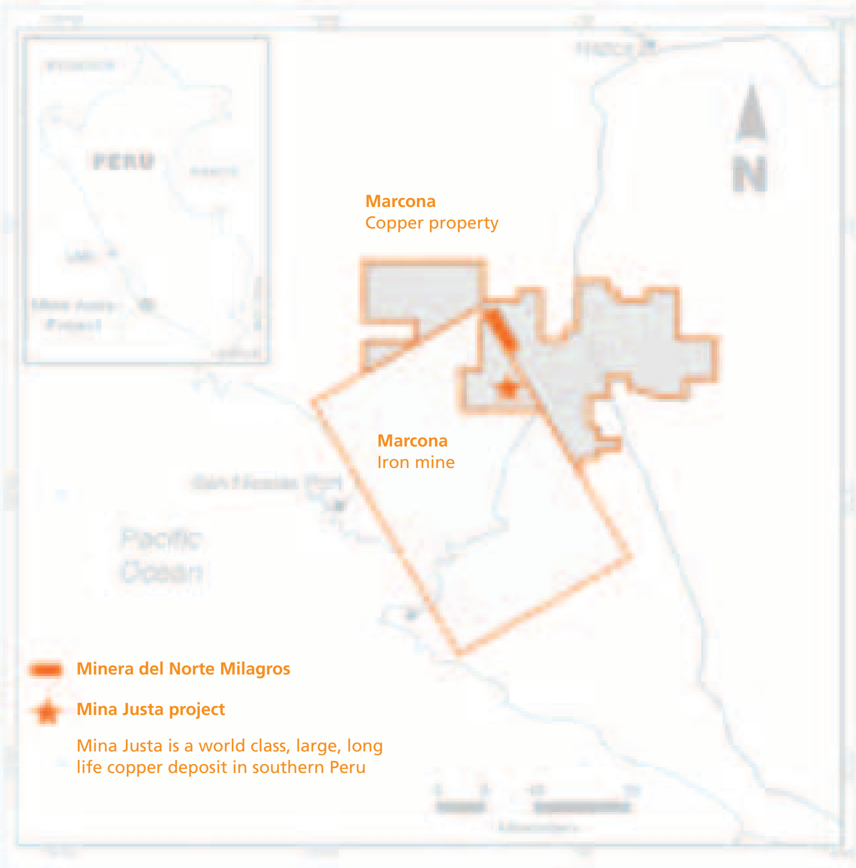


Figure 1: Location of Mina Justa

The Mina Justa Project (the "Project") is the most advanced project under development within the property and comprises two deposits, the Mina Justa and Magnetite Manto deposits, which cover approximately 3,969 hectares and are separated by 1 kilometer of barren ground.

The Project is designed to process 12 million tonnes per annum of oxide ore by crushing, vat leaching, solvent extraction and electrowinning to produce up to 52,000 tonnes per annum of cathode copper. The Project will be expanded during operating year 2 to include a 5 million tonnes per annum concentrator to treat copper sulphide ore underlying the oxide ore in certain portions of the Mina Justa deposit.

SALE OF INTEREST IN MARCOBRE S.A.C.
AGREED A SALE PRICE OF US$505 MILLION ▷

As the Mina Justa and Magnetite Manto deposits are located at a relatively low altitude, in an arid area with moderate topographic relief, rock strengths are low to moderate, with no groundwater and insignificant rainfall, so open pit mining will be routine and low cost.

During the financial year ended 31 March 2012, Marcobre S.A.C. maintained all the permits granted to the Project in good status, and continued normal operations to ensure full commercial potential of the Project.

Mineral Resource Update

There has been no mineral resource update since the 2011 Annual Report.

Sale Of Interest In Marcobre S.A.C.

During the financial year ended 31 March 2012, the Company continued negotiations to sell its 70% interest in Marcobre S.A.C., and announced an agreement for sale to Cumbres Andinas S.A. ("Cumbres") shortly after the year end, during April 2012. Cumbres is a subsidiary of Minsur S.A., the world's fourth largest, and Peru's largest, producer of tin in terms of tonnage, and agreed a purchase price of US$505 million.

Expenditure on exploration, mining and development Activities

	Lady Annie Operations US$'000	Marcobre Project US$'000	Total US$'000
Administration	230	258	488
Camp expense	807	87	894
Community relation expense	—	14	14
Consultancy & contractor expense	469	692	1,161
Consumables	1,383	—	1,383
Drilling and assays expense	19,197	684	19,881
Health, Safety and Environment	—	376	376
Machinery and equipment	609	290	899
Mining leases and tenament fee	461	246	707
Others	644	1,593	2,237
Staff cost	5,298	2,642	7,940
Total	**29,098**	**6,882**	**35,980**

CORPORATE
Sustainability Report

Core Values

In its operations at Lady Annie in Australia, the Company maintains a continuing focus on safety, health, the environment and the community, all of which are integral to the Company's core values.

Safety and Health

The safety of all site employees remains a critical factor, and an improved understanding of risks at the Lady Annie site has formed the basis of a redeveloped Safety and Health Management System. The system has been document-controlled and uploaded onto a "Sharepoint" database at the site.

The Company is in correspondence with Mining Regulator concerning some minor issues arising from earlier Mine Record Entries. Recent focus at the mine has been on the potential threats from hazardous substances, and a modern fume cabinet has been installed in the laboratory to improve health and safety measures.

The Company is aiming for a reduction of 20% per year in the number of incidents as it pursues its ultimate goal of zero harmful events. The Total Recordable Injury Frequency Rate and Lost Time Severity Indicator both indicate the Company is on track to achieve this. The Safety department has also focused on proactive safety activities, and is using Safety Advisors to coach the workforce to adopt safe and productive practices.

The Company also anticipates that the expertise of its Emergency Response Team will improve with continued weekly training for its Emergency Response Coordinators. A Memorandum of Understanding for mutual aid has been established with Birla's Mount Gordon Mine and Xstrata's Lady Loretta Mine, both in the same region as Lady Annie.

A large proportion of staff on site will soon begin medical assessments in line with legislation and the requirements of a newly-developed Occupational Health System. These will include functional capacity evaluations related to individuals jobs.

Environment

The disturbance footprints of most domains within the site are now at their full extent and progressive rehabilitation has commenced in some areas. This will become a focus in the coming year to ensure progressive rehabilitation can be certified and Government Financial Assurance for rehabilitation of the environment reduced.

Environmental management plans have been reviewed across site, and improvements approved by the Government regulator. These plans provide the guidelines for responsible environmental operation of the site. A new Receiving Environment Monitoring Plan has been developed for the watercourse downstream of the processing site, and will be implemented in the coming year.

Unprecedented preparation resulted in a trouble-free 2011/2012 wet season despite above average rainfall, and work is already well underway on further improvements for the 2012/2013 wet season. This includes a comprehensive drilling campaign to establish more than 10 new monitoring bores to supplement the existing bore network for monitoring groundwater.

The Lady Annie site continues to progress towards an ISO 14000 compliant Environmental Management System which will provide a framework for further continual improvement of environmental performance. Data warehousing and analysis software is in the final stages of selection, and once implemented the Company anticipates response times to exceedances will improve dramatically, leading to better environmental outcomes.

Indigenous & Community Support

The Company has been working closely with the Kalkadoon people (indigenous Australian tribe living in the Mount Isa) and local people of Mount Isa, providing employment opportunities and skills development as both direct employees and as contractors. The Company currently has 14 Traditional Owner employees and 17 Aboriginal and Torres Strait Islander employees.

There is also an Apprenticeship Scheme which commenced in February 2012 targeted at Traditional Owners and the local Indigenous people. There are six apprenticeships during 2012, for two boilermakers, two electricians, and two mechanical fitters.

On 12 December 2011, the Kalkadoon people were granted their Native Title Claim over 40,000 km^2 of land in North-West Queensland. The Kalkadoon people are now officially recognised as the Traditional Owners and Custodians of their land and country, which includes Mount Isa.

The Company also provides sponsorship and support to various local organisations, including the North Queensland Rescue Helicopter Service (NQRHS), NAIDOC (National Aboriginal and Torres Strait Islander Day of Celebration) and the award ceremonies namely, 2 Deadly Awards which recognise the efforts, skills, abilities and work of Indigenous People within their communities, as well as the Camooweal Campdraft (a major event organised and highly regarded by local landholders), and some local sporting groups.

MANAGEMENT

Report

Biographical Details of Directors

Mr Chiu Tao

Executive Directors

Chiu Tao, aged 56

was appointed as Chairman and an executive director of the Company on 10 March 2009 and 7 November 2008, respectively. Mr. Chiu is the brother-in-law of Mr. Yeung Kwok Yu. Mr Chiu is an experienced executive and merchant. He has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management. He is currently the Chairman and an executive director of G-Resources Group Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Owen L. Hegarty, aged 64

was appointed as Vice-Chairman and an executive director of the Company on 31 May 2010. Mr Hegarty has some 40 years' experience in the global mining industry. Mr Hegarty had 25 years with the Rio Tinto group where he was Managing Director of Rio Tinto Asia and Managing Director of the Group's Australian copper and gold business. He was the founder and Chief Executive Officer of Oxiana Limited, which grew from a small exploration company to a multi-billion dollar Australia, Asia and Pacific focused base and precious metals producer, developer and explorer. Oxiana Limited later became OZ Minerals Limited.

For his achievements and leadership in the mining industry Mr Hegarty was awarded the Australasian Institute of Mining and Metallurgy Institute Medal in 2006 and the G.J. Stokes Memorial Award in 2008.

Mr Hegarty is currently the Vice-Chairman and an executive director of G-Resources Group Limited. He is also currently a non-executive director of Australian Fortescue Metals Group Limited and Tigers Realm Coal Limited. The shares of both companies are listed on the Australian Stock Exchange. He is also the Chairman of Tigers Realm Minerals Pty Ltd. Mr Hegarty is also a member of a number of Government and industry advisory groups. He was a non-executive director of Range River Gold Limited (the shares of which are listed on the Australian Stock Exchange) until June 2010.

Yang Yi-fang, aged 35

was appointed as chief executive officer and an executive director of the Company on 22 September 2011 and 3 October 2011 respectively. She graduated from Tamkang University in Taiwan with a Bachelor of Arts degree in 2000. Ms. Yang joined the Company in 2010 as Head of Business Development. She has spent her whole working career in the mining industry in Canada, the People's Republic of China and Hong Kong in various roles specializing in business development, mergers and acquisitions. Prior to joining the Company, Ms. Yang was the Deputy General Manager of the Overseas Development Division at Zijin Mining Group Company Limited. Zijin Mining Group Company Limited is one of the largest gold and base metals producing companies in the People's Republic of China. She was also a director of Continental Minerals Corp., a Vancouver based mining company whose shares were listed on Toronto Stock Exchange.

Mr Owen L.
Hegarty

Ms Yang
Yi-fang

Hui Richard Rui, aged 44

was appointed as an executive director of the Company on 17 August 2004 and as General Manager of the Company on 11 October 2006. He graduated from University of Technology, Sydney in Australia with a Bachelor's degree in Mechanical Engineering. He has more than 10 years' experience in management positions with companies in Australia, Hong Kong and the People's Republic of China. Mr Hui is also an executive director of G-Resources Group Limited and an executive director of China Strategic Holdings Limited. The shares of the two companies are listed on the main board of the Stock Exchange.

Yeung Kwok Yu, aged 61

was appointed as an executive director of the Company on 26 September 2008. Mr. Yeung is the brother-in-law of Mr. Chiu Tao. Mr Yeung had held management positions in trading companies which were based in the People's Republic of China and Hong Kong, and was also engaged as senior management in various listed companies in Hong Kong. Mr Yeung has extensive experience in general trading, strategic investment planning and business development. He is also an executive director of China New Energy Power Group Limited (previously known as "Fulbond Holdings Limited"), the shares of which are listed on the main board of the Stock Exchange.

Kwan Kam Hung, Jimmy, aged 50

was appointed as an executive director of the Company on 11 November 2002. He has over 15 years of experience in the fields of finance and accounting and corporate management. Mr Kwan is currently an executive director of G-Resources Group Limited and an executive director of China New Energy Power Group Limited (previously known as "Fulbond Holdings Limited"). The shares of the two companies are listed on the main board of the Stock Exchange.

Tsui Ching Hung, aged 59

was appointed as an executive director of the Company on 2 May 2007. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from the University of Aston and University of Warwick in the United Kingdom, respectively. He has over 10 years of experience in senior management positions with several multinational corporations in Hong Kong. Mr Tsui is currently a non-executive director of G-Resources Group Limited and an independent non-executive director of Rising Development Holdings Limited. The shares of both companies are listed on the main board of the Stock Exchange.

Chung Nai Ting, aged 56

was appointed as an executive director of the Company on 2 May 2007. He has over 20 years of experience in the trading business.

Lee Ming Tung, aged 50

was appointed as an executive director of the Company on 28 September 2007. He is also the Chief Financial Officer of the Company. He holds a Bachelor of Science degree in accounting from Brigham Young University in U.S.A., a Master of Accountancy degree from Virginia Polytechnic Institute and State University of U.S.A., a Master of Financial Engineering degree from City University of Hong Kong and a Postgraduate Diploma in Corporate Administration from Hong Kong Polytechnic University. Mr Lee is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has over 20 years' experience in the field of accounting and finance.

Wah Wang Kei, Jackie, aged 45

was appointed as an executive director of the Company on 25 June 2010. Mr Wah graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Up until 1997, Mr Wah was a partner of a Hong Kong law firm. Mr Wah is currently an executive director of G-Resources Group Limited and China New Energy Power Group Limited (previously known as "Fulbond Holdings Limited"). The shares of the two companies are listed on the main board of the Stock Exchange.

Independent Non-Executive Directors

Yu Pan, aged 57

was appointed as independent non-executive director on 28 September 2004. He has over 20 years of experience in management positions of multinational trading companies in Hong Kong and the People's Republic of China. Mr Yu is currently an independent non-executive director of China New Energy Power Group Limited (previously known as "Fulbond Holdings Limited"), whose shares are listed on the main board of the Stock Exchange.

Tong So Yuet, aged 40

was appointed as independent non-executive director on 24 February 2005. She graduated from Hong Kong Polytechnic University with a bachelor degree in accountancy. She is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Company Secretaries, The Institute of Chartered Secretaries and Administrator and a Certified Public Accountant (Practising). She has over 15 years of experience in auditing and accounting sector.

Chan Shek Wah, aged 48

was appointed as independent non-executive director on 1 June 2007. He has almost 25 years of professional experiences in the financial services industry. He was engaged in the sales, proprietary trading, structuring of equity derivatives and equity capital market products as well as the provision of corporate finance advisory services to listed issuers. He was the senior management and the executive directors in several international financial institutions. Mr Chan is currently an executive director of Emperor Capital Group Limited and was an independent non-executive director of Future Bright Holdings Limited until 7 May 2012. The shares of both companies are listed on the main board of the Stock Exchange.

Management Discussion and Analysis

Business Review

Copper production from the Company's Lady Annie mine in Queensland, Australia has been ramping up steadily since mining operations resumed in November 2010, and during the year ended 31 March 2012 (the "Year") succeeded in its objective of stabilising output. Business of copper cathode production contributed more than US$146 million to the revenue of the Company and its subsidiaries (collectively referred to the "Group") for the Year. Detailed financial information can be found in the consolidated financial statements and notes in our 2012 Annual Report. During the Year, the Group invested more than US$35 million in exploration, mining and development activities, and a detailed summary of those activities will be included in the "Project Overview" section of our 2012 Annual Report.

Financial Results

The revenue of the Group for the Year rose to approximately US$149.74 million, representing an increase of approximately US$100.09 million over the corresponding period for the previous year. The scale of the increase reflects the fact that during the financial year ended 31 March 2011 Lady Annie Operations contributed revenues for only four months following the resumption of mining activities there. Dividend income and rental income represented approximately 1.59% and 0.37%, respectively, of the total revenue for the Year.

Compared with the previous year, the revenue contribution from property investments increased approximately 3.72% reflecting stable occupancy rates. Rental income provided steady cash flow to the Group for the Year and this is expected to continue into the future. Investments in financial instruments on the other hand, decreased approximately 43.57% as the gloomy global economic environment affected the performance of the Group's investment portfolio and decreased dividend income accordingly. Other income rose by approximately 48.45% mainly due to increased interest income for the Year. Other administrative expenses for the Year were approximately US$34.52 million, representing a year-on-year increase of approximately 40.32%. That increase was mainly due to costs arising following the resumption of operations at the Lady Annie Operations. During the Year, the Company recognised non-cash share-based expenses of approximately US$16.20 million in respect of share options granted to staffs and management of the Group.

Adverse financial market sentiment during the Year were driven by factors such as the economic difficulties confronting European Union countries and the financial policies of the People's Republic of China, and are expected to continue creating volatile market conditions. This impacted the performance of the Group's held for trading investments during the Year. A loss of approximately US$57.60 million arising from fair value changes of investments held for trading was recorded. Overall, the loss for the Year was approximately US$70.07 million. The loss for the preceding year was approximately US$27.17 million.

Net Asset value

As at 31 March 2012, the Group had bank balances and cash of approximately US$119.91 million (excluding cash balance included in assets classified as held for sale). In addition, the Group also had bank deposits in total of approximately US$65.37 million which were pledged to banks mainly for the mine rehabilitation cost required by the government of Queensland, Australia to allow the Group to operate in Queensland, Australia and as a guarantee to the electric power supplier for the Lady Annie mine site. The fair value of available-for-sale investments and of financial assets at fair value through profit and loss were approximately US$15.68 million and US$189.76 million, respectively. As at 31 March 2012, the Group had no outstanding loans or borrowings from banks or financial institutions. Hence, based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio as at 31 March 2012 was zero. An one-year US$75 million revolving loan facility with an interest rate of 1% per annum over LIBOR/ HIBOR granted by a bank to a subsidiary of the Company expired and was renewed for the same amount with an interest rate of 1.5% per annum over LIBOR/HIBOR. The Company has provided a guarantee to the bank for the facility. As at 31 March 2012, the facility was not utilised. As at 31 March 2012, the net asset value of the Group amounted to approximately US$889.40 million.

Human Resources

As at 31 March 2012, the Group employed 40 staff (including directors of the Company) in Hong Kong, 241 staff in Australia and 9 staff in Peru. Staff costs (excluding Directors' emoluments) were around US$40.54 million for the Year. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, which include medical benefits.

The Group has a share option scheme. Details and the movement of the share options will be disclosed under the heading "Directors' Report" in this Annual Report.

Exposure to Fluctuations in Exchange Rates

The Group conducts most of its business in United States Dollars, Australian Dollars, Renminbi, Peruvian Nuevo Soles and Hong Kong Dollars. Foreign currency exposure to United States Dollars is minimal as the Hong Kong Dollar is pegged to the United States Dollar. The exposure to Renminbi is also minimal as business conducted in Renminbi represents a very small portion of the Group's total business in terms of revenue. The Group is exposed to foreign currency risk denominated in Peruvian Nuevo Soles and Australian Dollars.

During the Year, the Company entered into a forward currency contract to sell United States Dollars and purchase Australian Dollars at a fixed rate in the normal course of business in order to limit its exposure to adverse exchange rate fluctuations. This instrument is executed with a creditworthy international financial institution. The management will continue to monitor the Group's foreign currency exposure and will consider further hedging of its exchange rate exposure should the need arise.

Marcobre

Marcobre S.A.C. ("Marcobre") is a Peruvian company, which is 70% owned by the Company. Marcobre in turn owns 100% of the Mina Justa copper project in coastal southern Peru. The project has a resource base of more than three million tonnes of contained copper and reserves of more than one million tonnes of contained copper.

On 9 June 2011, the Company entered into a memorandum of understanding (the "MOU") with Glencore International AG ("Glencore") in connection with the proposed disposal of the Company's 100% interest in CST Resources Limited ("CST Resources"), a wholly-owned subsidiary of the Company, which in turn indirectly owns 70% of the Mina Justa Project. On 17 July 2011, the Company and Glencore entered into a share purchase agreement (the "SPA") pursuant to which Glencore conditionally agreed to acquire CST Resources from the Company for a cash consideration of approximately US$475 million. On 29 November 2011, as one of the condition precedents was not satisfied, the SPA was terminated. More details are provided in the "Significant Events" section below.

On 23 April 2012, the Company entered into another share purchase agreement (the "new SPA") with Cumbres Andinas S.A. ("Cumbres") to dispose 100% interest in CST Resources with total cash consideration of US$505 million and cash payment made directly or indirectly by the Company to Marcobre between 31 March 2012 and the closing of the transaction (the "Transaction"). The Transaction was completed on 13 June 2012. More details of the Transaction are provided in "Significant Events" section below.

Lady Annie

The Lady Annie Operations, which comprise principally the Lady Annie mining area, the Mount Kelly mining area, and the Mount Kelly process plant and tenements, is located in the Mount Isa district of north-western Queensland, Australia. The Mount Isa inlier hosts several known copper oxide and sulphide resources and several notable copper and lead-zinc silver mines.

A summary of the financial results for the Year for the Australian Group is set out below:

	2012 US$'000	2011 US$'000
Revenue	**146,803**	44,903
Cost of sales	**(106,741)**	(26,898)
Gross profit	**40,062**	18,005
Other income and other gains	**3,233**	339
Distribution and selling expenses	**(12,957)**	(2,076)
Administrative expenses	**(16,746)**	(10,336)
Finance costs*	**(1,580)**	(754)
Profit before taxation	**12,012**	5,178
Depreciation in administrative expenses	**1,354**	554
Depreciation in cost of sales	**32,176**	6,264
Total depreciation	**33,530**	6,818

* Inter-company financial charges of the Australian Group was not included

Non-HKFRS Financial Measure

The term "C1 operating cost" is a non-HKFRS performance measure reported in this "Management Discussion & Analysis" and is prepared on a per-pound of copper sold basis. The term C1 operating cost does not have any standardised meaning prescribed by HKFRS and therefore may not be comparable to similar measures presented by other issuers. C1 operating cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with the industry standard definitions. C1 operating costs include all mining and processing costs, mine site overheads and realisation costs through to refined metal.

The following table provides, for the period/financial year indicated, a reconciliation of Lady Annie Operations C1 operating cost measures to the statement of comprehensive income in the financial statements of Lady Annie Operations.

	Apr 2011– Mar 2012 US$'000	Jan–Mar 2011 US$'000
Costs as reported in the income statement:		
Direct and indirect mining cost	**116,762**	18,330
Adjustment for change in inventory	**(28,030)**	3,986
Total operating costs	**88,732**	22,316
Copper sold (tonnes)	**17,382**	4,676
Copper sold (in thousand pounds)	**38,320**	10,309
C1 operating cost per pound of copper	**US$2.32/lb**	US$2.16/lb

The Company believes that, in addition to conventional measures prepared in accordance with HKFRS, certain investors use the above term and information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with HKFRS.

Significant Events

On 9 June 2011, the Company entered into the MOU with Glencore pursuant to which the Company agreed to sell or procure to sell to Glencore or its wholly-owned subsidiary the Company's 100% interest in CST Resources. CST Resources is a wholly-owned subsidiary of the Company, which indirectly owns 70% of the interest of Macrobre, which in turn owns 100% of the Mina Justa copper project in coastal southern Peru. The price agreed was a total consideration of US$475 million in readily available funds. The parties agreed to use their best efforts to formalise the SPA and all other necessary legal documents by 15 July 2011 with a view to complete the transaction on or before 5 October 2011. It was also agreed that the MOU might be terminated: (a) by mutual written agreement of the Company and Glencore; (b) by Glencore, upon written notice to the Company, if the results of the due diligence review conducted by Glencore were not reasonably satisfactory to Glencore; or (c) if by 15 July 2011, no definitive SPA was signed by the Company and Glencore. Details of the MOU were disclosed in the Company's announcement dated 14 June 2011.

On 17 July 2011, the Company and Glencore entered into a SPA pursuant to which Glencore conditionally agreed to acquire CST Resources from the Company for a cash consideration of approximately US$475 million. Closing to the SPA was conditional upon the fulfilment or waiver of certain conditions (the "Conditions Precedent"). Details of the SPA were disclosed in the Company's announcement and circular dated 18 July 2011 and 2 September 2011 respectively.

On 2 October 2011, the Company received from Glencore a Notice of Satisfaction with respect to its technical due diligence enquiries in respect of the Mina Justa Project. The Company and Glencore further agreed to extend the satisfaction date for the remaining Conditions Precedent to 30 November 2011 with anticipated closing in December 2011. Details were disclosed in the Company's announcement dated 2 October 2011.

On 29 November 2011, the Company was informed by Glencore of its intention to terminate the SPA as the Conditions Precedent relating to reaching a satisfactory commercial arrangement with our joint venture partner of Marcobre had not been satisfied. Details were disclosed in the Company's announcement dated 29 November 2011.

Following the end of the Year, on 23 April 2012, the Company and Cumbres entered into the new SPA pursuant to which Cumbres agreed to acquire all of the shares of CST Resources from the Company for a total cash consideration of US$505 million and the aggregate amount of cash payments made directly or indirectly by the Company to Marcobre during the period between 31 March 2012 and the closing of the Transaction, subject to Cumbres' withholding of an estimate amount of Peruvian capital gains tax at the closing of the Transaction. Cumbres agreed to pay an amount of US$50.5 million in cash into an escrow account as deposit which was received on 27 April 2012. The Transaction constituted a very substantial disposal for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and was therefore subject to the approval of the Shareholders of the Company. The Transaction was completed on 13 June 2012. Details of the Transaction were disclosed in the Company's announcements dated 26 April 2012, 27 April 2012 and 13 June 2012, and circular dated 21 May 2012.

Outlook

The success of the Company's work to stabilise monthly production and improve mining and processing efficiencies at Lady Annie became clearly evident during the final quarter of the Year when operations exceeded budget targets for the first time. It means operating results for this calendar year are firmly on track to improve further.

Using data from the recently-revised Lady Annie geological block model, and working with a newly-introduced programme of campaign mining, the Company expects to achieve production during this calendar year of 23,000 tonnes of copper cathode. Production costs are budgeted at approximately US$2.21 per pound of copper and at an exchange rate of 1.0107 US dollars to one Australian dollar.

Resource and reserve updates are almost completed and will be announced in the month of July followed the conclusion of the Lady Annie infill and near mine exploration drilling programmes during the Year have extended mine life of Lady Annie Operations. A mining lease application for Anthill Project has been lodged, and anticipates a further extension of mine life from that deposit. Further resource and reserve updates are now planned during the second half of this calendar year to include new results from Lady Brenda and the recently-discovered Anthill West.

Trial production-processing of relatively low-grade transition ores produced encouraging results during the final quarter of the Year, with particular success blending oxide ores with transition ores. Further assessment of the potential of transition resources is now planned.

These steady, incremental and continuing accomplishments have placed Lady Annie Operations in an excellent position to produce efficiently through the year ahead. They have also created breathing space for the Company to conduct a thorough review of its wider regional exploration programme around Lady Annie, to identify potential opportunities arising from work over the past two years on greenfields prospects.

A regional exploration programme will be reviewed in the second half of this calendar year. The Group now holds tenements of approximately 3,000 square kilometers, and another approximately 450 square kilometers under application.

After the completion of the sale of Mina Justa project on 13 June 2012, the Company is now in a financially strengthened position to grow. The Company will start actively looking for acquisition opportunities to expand its business and continue to create value for its shareholders. Further information on such opportunities and use of proceeds including working capital, repurchase of shares and special dividend will be reviewed carefully by the Board and disclosed to its shareholders on a timely basis.

Directors' Report

The board of directors (the "Board") has pleasure in presenting its report together with the audited consolidated financial statements of the Group for the Year.

Principal Activities

The principal activities of the Company are investment holding and the principal activities of the Group are (i) acquisition, exploration, development and mining of copper and other mineral resources minerals; (ii) property investment and (iii) investments in financial instruments. The particulars of the Company's principal subsidiaries are set out in note 40 to the consolidated financial statements.

Results and Dividends

Results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 51.

The Board does not recommend the payment of a dividend during the Year.

Property, Plant and Equipment

Movement in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

Investment Properties

Movement in the investment properties of the Group are set out in note 17 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company set out in note 29 to the consolidated financial statements.

Directors

The directors of the Company (the "Directors") during the Year and up to the date of this report are:

Executive Directors:

Mr Chiu Tao *(Chairman)*
Mr Owen L. Hegarty *(Vice Chairman)*
Ms Yang Yi-fang *(Chief Executive Officer)*
(appointed as Chief Executive Officer and Director on 22 September 2011 and 3 October 2011 respectively)
Mr Hui Richard Rui *(General Manager)*
Mr Yeung Kwok Yu
Mr Kwan Kam Hung, Jimmy
Mr Tsui Ching Hung
Mr Chung Nai Ting
Mr Lee Ming Tung *(Chief Financial Officer)*
Mr Wah Wang Kei, Jackie
Mr Damon G. Barber *(Chief Executive Officer)*
(resigned as Director and Chief Executive Officer on 20 September 2011)

Independent Non-executive Directors:

Mr Yu Pan
Ms Tong So Yuet
Mr Chan Shek Wah

The Directors (including independent non-executive directors) are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association. Accordingly, the Directors, Mr Chiu Tao, Mr Kwan Kam Hung, Jimmy, Mr Tsui Ching Hung, Mr Wah Wang Kei, Jackie and Mr Chan Shek Wah will retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors and Chief Executives' Interests in Securities

As at 31 March 2012, the interests and short positions of the Directors and 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 Securities and Futures Ordinance (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 for Securities Transactions by Directors and chief executives of the Company (the "Model Code"), were disclosed as follows in accordance with the Listing Rules:

Long positions in shares/underlying shares of the Company

	Number of *shares/underlying shares				
Name of Director	Personal interests	Corporate interests	Share options	Total	Approximate % of the issued share capital of the Company
CHIU Tao	3,900,000,000	—	1,000,000,000	4,900,000,000	17.97%
HEGARTY Owen L.	—	—	475,000,000	475,000,000	1.74%
YANG Yi-fang	—	—	120,000,000	120,000,000	0.44%
WAH Wang Kei, Jackie	480,000	—	100,000,000	100,480,000	0.37%
HUI Richard Rui	—	—	100,000,000	100,000,000	0.37%
LEE Ming Tung	—	—	75,000,000	75,000,000	0.28%
KWAN Kam Hung, Jimmy	—	—	75,000,000	75,000,000	0.28%
YEUNG Kwok Yu	—	—	75,000,000	75,000,000	0.28%
TSUI Ching Hung	—	—	25,000,000	25,000,000	0.09%

* Ordinary shares unless otherwise specified

Save as disclosed above, none of the Directors or their 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 as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 31 March 2012.

Share Option

Particulars of the share option scheme of the Company are set out in note 33 to the consolidated financial statements.

1. Share Option Scheme

The following tables disclose movements in the Company's share options held by each of the Directors, the employees and the advisor of the Group in aggregate granted under the share option scheme of the Company during the year ended 31 March 2012:

Tranche A

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2011	Reclassification (Note d)	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	Outstanding as at 31.03.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors													
HEGARTY Owen L.	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	5,000,000	—	—	—	—	—	5,000,000	0.1570	0.0676
YANG Yi-fang	30.09.2010	30.09.2011–29.09.2015	(a)	0.2350	—	16,000,000	—	—	—	—	16,000,000	0.2140	0.0982
HUI Richard Rui	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	5,000,000	—	—	—	—	—	5,000,000	0.1570	0.0676
YEUNG Kwok Yu	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	60,000,000	—	—	—	—	—	60,000,000	0.1570	0.0676
KWAN Kam Hung, Jimmy	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	60,000,000	—	—	—	—	—	60,000,000	0.1570	0.0676
LEE Ming Tung	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	60,000,000	—	—	—	—	—	60,000,000	0.1570	0.0676
WAH Wang Kei, Jackie	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	80,000,000	—	—	—	—	—	80,000,000	0.1570	0.0676
TSUI Ching Hung	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	20,000,000	—	—	—	—	—	20,000,000	0.1570	0.0676
(b) Ex-Directors													
BARBER Damon G.	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	80,000,000	—	—	—	—	(80,000,000)	—	0.1570	0.0676
Total for Directors					370,000,000	16,000,000	—	—	—	(80,000,000)	306,000,000		
(c) Employees	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	16,800,000	—	—	—	—	—	16,800,000	0.1570	0.0676
	24.09.2010	24.09.2011–23.09.2015	(a)	0.2000	16,000,000	—	—	—	—	(16,000,000)	—	0.1810	0.0829
	30.09.2010	30.09.2011–29.09.2015	(a)	0.2350	36,000,000	(16,000,000)	—	—	—	—	20,000,000	0.2140	0.0982
	01.12.2010	01.12.2011–30.11.2015	(a)	0.2300	100,000,000	—	—	—	—	(100,000,000)	—	0.2260	0.1065
	05.12.2010	05.12.2011–04.12.2015	(a)	0.2350	100,000,000	—	—	—	—	(90,000,000)	10,000,000	0.2300	0.1083
	13.12.2010	13.12.2011–12.12.2015	(a)	0.2700	16,000,000	—	—	—	—	—	16,000,000	0.2250	0.1001
	28.02.2011	28.02.2012–27.02.2016	(a)	0.2350	63,000,000	—	—	—	—	(33,000,000)	30,000,000	0.2290	0.1057
	16.03.2011	17.03.2012–15.03.2016	(a)	0.2350	10,000,000	—	—	—	—	(10,000,000)	—	0.2240	0.1016
	07.04.2011	07.04.2012–06.04.2016	(a)	0.2350	—	—	10,000,000	—	—	(10,000,000)	—	0.2290	0.1046
Total for employees					357,800,000	(16,000,000)	10,000,000	—	—	(259,000,000)	92,800,000		
Total for Tranche A					**727,800,000**	**—**	**10,000,000**	**—**	**—**	**(339,000,000)**	**398,800,000**		

Tranche B

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2011	Reclassification (Note d)	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	Outstanding as at 31.03.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors													
HEGARTY Owen L.	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	20,000,000	—	—	—	—	—	20,000,000	0.1570	0.0649
YANG Yi-fang	30.09.2010	30.09.2011–29.09.2015	(b)	0.2350	—	4,000,000	—	—	—	—	4,000,000	0.2140	0.0944
	03.10.2011	03.10.2011–02.10.2016	(b)	0.2000	—	—	100,000,000	—	—	—	100,000,000	0.0900	0.0226
HUI Richard Rui	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	20,000,000	—	—	—	—	—	20,000,000	0.1570	0.0649
YEUNG Kwok Yu	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	15,000,000	—	—	—	—	—	15,000,000	0.1570	0.0649
KWAN Kam Hung, Jimmy	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	15,000,000	—	—	—	—	—	15,000,000	0.1570	0.0649
LEE Ming Tung	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	15,000,000	—	—	—	—	—	15,000,000	0.1570	0.0649
WAH Wang Kei, Jackie	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	20,000,000	—	—	—	—	—	20,000,000	0.1570	0.0649
TSUI Ching Hung	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	5,000,000	—	—	—	—	—	5,000,000	0.1570	0.0649
(b) Ex-Director						—							
BARBER Damon G.	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	20,000,000	—	—	—	—	(20,000,000)	—	0.1570	0.0649
Total for Directors					130,000,000	4,000,000	100,000,000	—	—	(20,000,000)	214,000,000		
(c) Employees	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	164,200,000	—	—	—	—	(107,000,000)	57,200,000	0.1570	0.0649
	24.09.2010	24.09.2011–23.09.2015	(b)	0.2000	4,000,000	—	—	—	—	(4,000,000)	—	0.1810	0.0798
	30.09.2010	30.09.2011–29.09.2015	(b)	0.2350	4,000,000	(4,000,000)	—	—	—	—	—	0.2140	0.0944
	13.12.2010	13.12.2011–12.12.2015	(b)	0.2700	4,000,000	—	—	—	—	—	4,000,000	0.2250	0.0988
	28.02.2011	28.02.2012–27.02.2016	(b)	0.2350	53,500,000	—	—	—	—	(10,000,000)	43,500,000	0.2290	0.1004
Total for employees					229,700,000	(4,000,000)	—	—	—	(121,000,000)	104,700,000		
Total for Tranche B					**359,700,000**	**—**	**100,000,000**	**—**	**—**	**(141,000,000)**	**318,700,000**		

Name or category of participants	Date of grant	Exercisable period	Note	Exercise price HK$	Outstanding as at 01.04.2011	Reclassification (Note d)	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited during the year	Outstanding as at 31.03.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
Others													
Advisor	30.09.2011	01.10.2011–30.09.2012	(c)	0.2000	—	—	50,000,000	—	—	—	50,000,000	0.1000	0.0019
Total					—	—	50,000,000	—	—	—	50,000,000		
TOTAL FOR SCHEME					1,087,500,000	—	160,000,000	—	—	(480,000,000)	767,500,000		

Notes:

(a) Tranche A: vesting conditions for share options granted

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months from the date of grant of the share options being not less than 200% of the exercise price;

(ii) as to another one-third of the share options, upon the first copper production by the Mina Justa Project 70% equity interest of which is held by the Company's Peruvian subsidiaries;

(iii) as to the remaining one-third, upon the process plant of the Mina Justa Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the Board for a continuous period of six months; and

(iv) no share option shall vest at any time prior to the expiry of twelve months from the date of grant of the share options.

(b) Tranche B: vesting conditions for share options granted

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months from the date of grant of the share options being not less than 200% of the exercise price;

(ii) as to another one-third of the share options, upon CST Minerals Lady Annie Pty Ltd. producing averaging 2,300 tonnes per month of saleable copper production over a six consecutive month period;

(iii) as to the remaining one-third, upon CST Minerals Lady Annie Pty Ltd. achieving 75,000 tonnes of cumulative saleable copper cathode production; and

(iv) no share option shall vest at any time prior to the expiry of twelve months from the date of grant of the share options.

(c) These share options are immediately vested one day after the date of grant.

(d) During the year ended 31 March 2012, Ms Yang Yi-fang, Chief Executive Officer of the Group, was appointed as Executive Director of the Company and 20,000,000 share options held by her was reclassified from employee to director.

2. Share Option Agreements

On 19 March 2010, 24 March 2010 and 11 June 2010, four Directors of the Company entered into share option agreements with the Company, pursuant to which the Company agreed to grant to each of them an option to subscribe for shares of the Company subject to fulfilment of the conditions under the share option agreement. The options regarding the agreements entered into on 19 March 2010 and 24 March 2010 were subsequently granted on 31 May 2010 and 11 June 2010.

Details of movements of the options granted pursuant to the above share option agreements during the Year under review were as follows:

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2011	Granted during the year	Exercisable during the year	Cancelled during the year	Forfeited during the year	Outstanding as at 31.03.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors												
CHIU Tao	31.05.2010	22.06.2011–21.06.2015	(1)	0.2000	200,000,000	—	—	—	—	200,000,000	0.3750	0.2255
	11.06.2010	06.07.2011–05.07.2015	(1)	0.2000	800,000,000	—	—	—	—	800,000,000	0.3750	0.2421
HEGARTY Owen L.	31.05.2010	22.06.2011–21.06.2015	(1)	0.2000	90,000,000	—	—	—	—	90,000,000	0.3750	0.2255
	11.06.2010	06.07.2011–05.07.2015	(1)	0.2000	360,000,000	—	—	—	—	360,000,000	0.3750	0.2421
HUI Richard Rui	31.05.2010	22.06.2011–21.06.2015	(1)	0.2000	15,000,000	—	—	—	—	15,000,000	0.3750	0.2255
	11.06.2010	06.07.2011–05.07.2015	(1)	0.2000	60,000,000	—	—	—	—	60,000,000	0.3750	0.2421
(b) Ex-Director												
BARBER Damon G.	31.05.2010	22.06.2011–21.06.2015	(1)	0.2000	60,000,000	—	—	—	(60,000,000)	—	0.3750	0.2255
	11.06.2010	06.07.2011–05.07.2015	(1)	0.2000	240,000,000	—	—	—	(240,000,000)	—	0.3750	0.2421
					1,825,000,000	—	—	—	(300,000,000)	1,525,000,000		

Note:

(1) Vesting condition for share options granted on 31 May 2010 and 11 June 2010

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months of the fulfilment of (a) the Listing Committee of the Stock Exchange granting the approval of the listing of and permission to deal in the shares under the share option scheme upon the exercise of the share options; and (b) the approval by the shareholders of the issue of the share options and the shares under the share option scheme upon exercise of the share options, being not less than 200% of the exercise price (the "First Event"), or upon both the Second Event (as defined below) and the Third Event (as defined below) having been achieved while the First Event has not taken place; and

(ii) as to another one-third of the share options, (a) upon the first copper production by the Mina Justa Project after the completion of acquisition of Chariot Group; or (b) upon twelve months after the copper production by CST Minerals Lady Annie Pty Ltd. after the completion of acquisition of entire issued share capital (as defined in note 36 of the notes to the consolidated financial statements) of CST Minerals Lady Annie Pty Ltd. (the "Second Event"); and

(iii) as to the remaining one-third, (a) upon the process plant of the Mina Justa Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the Board, which schedule and plan are intended to be completed within a period of four months after the completion of acquisition of Chariot Group, for a continuous period of six months; or (b) upon twelve months after achieving an annual copper production of 25,000 tonnes under the mining business of CST Minerals Lady Annie Pty Ltd. after the completion of acquisition of CST Minerals Lady Annie Pty Ltd. (the "Third Events").

In each case, no share option shall vest at any time prior to the expiry of twelve months from the date of grant of the share options.

Discloseable Interests and Short Positions of Persons other than Directors and Chief Executives

As at 31 March 2012, so far as known to the Directors or chief executives of the Company, the following persons/entities are the shareholders (other than the Directors or chief executives of the Company) who had interests or short positions 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, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long Positions in Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital	*Notes*
CHEUNG Chung Kiu	Beneficial owner/Interest of a controlled corporation	2,575,861,856	9.61%	(1)
Deutsche Bank AG	Beneficial owner/Person having a security interest in shares/ Custodian corporation/ approved lending agent	1,485,856,059	5.45%	(2)

Notes:

(1) These securities represent:

(a) relevant interests in respect of 1,950,840,000 Shares held by Bondic International Holdings Limited, wholly owned by Mr Cheung Chung Kiu ("Mr Cheung");

(b) 175,021,856 Shares held by Bookman Properties Limited, wholly owned by Ferrex Holdings Limited which is wholly owned by Yugang International (B.V.I.) Limited. Yugang International (B.V.I.) Limited is wholly owned by Yugang International Limited whose controlling shareholder is Chongqing Industrial Limited which is wholly owned by Mr Cheung; and

(c) 450,000,000 Shares held by Gold Faith Investments Limited, wholly owned by Konco Limited which is wholly owned by The Cross-Harbour (Holdings) Limited. The Cross-Harbour (Holdings) Limited's controlling shareholder is Honway Holdings Limited. Honway Holdings Limited is respectively wholly owned by Y.T. Investment Holdings Limited and indirectly wholly owned by

Y.T. Realty Group Limited, whose controlling shareholder is Funrise Limited. Funrise Limited is wholly owned by Yugang International (B.V.I.) Limited, which is wholly owned by Yugang International Limited. Yugang International Limited is controlled by Chongqing Industrial Limited, which is wholly owned by Mr Cheung.

Accordingly, Mr Cheung is deemed to be interested in 2,575,861,856 Shares of the Company.

(2) These securities represent 1,485,856,059 Shares in long position. Deutsche Bank AG also has 263,837 Shares in short position and 2,021,222 Shares in the lending pool.

Save as disclosed above, the Company has not been notified by any person (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, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 31 March 2012.

Directors' Service Contracts

During the Year up to the date of this Annual Report, none of the Directors of the Company being proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Interests of Contracts of Significance

No contracts of significance to which the Company or its subsidiaries, was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the Year.

Directors' Interests in Competing Business

During the Year up to the date of this Annual Report, none of the Directors, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as of the date of this Annual Report.

Purchase, Sale or Redemption of Listed Securities

During the Year, the Company purchased a total of 184,072,000 shares at prices ranging from HK$0.0830 to HK$0.1420 per share on the Stock Exchange. We made these repurchases with a view to enhance shareholder value in the long-term.

Particulars of these repurchases are as follows:

Date (MM/YYYY)	Number of shares repurchased	Highest price paid per share (HK$)	Lowest price paid per share (HK$)	Aggregate gross consideration paid (HK$)
09/2011	109,072,000	0.1420	0.0894	12,777,534.40
10/2011	75,000,000	0.0930	0.0830	6,565,500.00

The total repurchased shares during the Year were cancelled. The issued share capital of the Company was diminished accordingly by the nominal value thereof. Save as disclosed above, neither we nor any of our subsidiaries purchased, sold or redeemed any of our listed securities during the Year.

Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Major Customers and Suppliers

For the Year, the five largest customers accounted for approximately 98% of the Group's turnover, and the largest customer included therein amounted to approximately 69%. Purchases from the five largest suppliers accounted for approximately 62% of the total purchase for the Year, and purchase from the largest supplier included therein amounted to approximately 20%.

At no time during the Year, none of the Directors, their associates or the shareholders of the Company, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interests in the major customers and suppliers.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to the existing shareholders.

Corporate Governance

The information set out in pages 43 to 47 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Auditor

Messrs. Deloitte Touche Tohmatsu will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Chiu Tao
Chairman
Hong Kong, 26 June 2012

CORPORATE
Governance Report

Corporate Governance Report

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for ensuring effective management, business growth and shareholder value.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the Year. Any deviation from the Code Provision is explained in this report.

Board of Directors

As at the date of this report, the Board comprised 10 executive Directors and 3 independent non-executive Directors (the "INEDs") as follows:

Executive directors:

Mr Chiu Tao *(Chairman)*
Mr Owen L. Hegarty *(Vice Chairman)*
Ms Yang Yi-fang *(Chief Executive Officer)*
(appointed as Chief Executive Officer and Director on 22 September 2011 and 3 October 2011 respectively)
Mr Hui Richard Rui *(General Manager)*
Mr Yeung Kwok Yu
Mr Kwan Kam Hung, Jimmy
Mr Tsui Ching Hung
Mr Chung Nai Ting
Mr Lee Ming Tung *(Chief Financial Officer)*
Mr Wah Wang Kei, Jackie

Independent non-executive directors:

Mr Yu Pan
Ms Tong So Yuet
Mr Chan Shek Wah

Biographical details of the Directors are disclosed on page 26 to page 28 of this Annual Report.

Save as disclosed in the headings of the "Directors' Report" and the "Biographical Details of Directors" of this Annual Report, none of the Directors had any financial, business, family or other material/relevant relationship with any other Director.

Each of our INEDs has presented an annual confirmation of independence to the Company in accordance with the requirement of the Listing Rules. The Company considers all of the INEDs to be independent.

The attendance record of each Director at the 4 Board meetings during the Year is set out below:

Name	Attendance
Executive directors:	
Mr Chiu Tao	4/4
Mr Owen L. Hegarty	3/4
Ms Yang Yi-fang (appointed on 3 October 2011)	3/4
Mr Hui Richard Rui	4/4
Mr Yeung Kwok Yu	2/4
Mr Kwan Kam Hung, Jimmy	4/4
Mr Tsui Ching Hung	4/4
Mr Chung Nai Ting	3/4
Mr Lee Ming Tung	4/4
Mr Wah Wang Kei, Jackie	4/4
Mr Damon G. Barber (resigned on 20 September 2011)	1/4
Independent non-executive directors:	
Mr Yu Pan	4/4
Ms Tong So Yuet	2/4
Mr Chan Shek Wah	2/4

The Board is responsible for the overall operations of the Company. It provides leadership and oversees the Group's strategic decisions, business development and performance, as well as its business affairs. Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders.

There are four principal committees under the Board, namely the investment and management committee (the "IMC"), the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). The responsibilities and the composition of these committees are described below. Matters which the Board considers suitable for delegation are contained in the terms of reference of the committees made available on request and on the Company's website. The committees' terms of reference may be amended from time to time as necessary, subject to the approval by the Board.

Management and Investment Committee

The Board has delegated the management of the daily operation and investment matters of the Company and its subsidiaries to the IMC. The IMC comprises 5 members of the Board, namely, Mr Chiu Tao, Mr Owen L Hegarty, Ms Yang Yi-fang, Mr Hui Richard Rui and Mr Wah Wang Kei, Jackie.

Audit Committee

For the Year, the Audit Committee composes 3 INEDs, namely, Ms Tong So Yuet (Chairman of the Committee), Mr Yu Pan and Mr Chan Shek Wah. Ms Tong So Yuet possesses an appropriate professional accounting qualification, while the other members possess extensive management experience in the commercial sector. The terms of reference of the Audit Committee include all the duties set out in the Code Provision C.3.3 of the Listing Rules which, among other things, include reviewing the financial statements of the Company. Any findings and recommendations of the Audit Committee are submitted to the Board for consideration.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee. It is also authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if considered necessary.

The members and attendance of the 2 Audit Committee meetings during the Year are as follows:

Name	Attendance
Ms Tong So Yuet *(Chairman)*	2/2
Mr Yu Pan	2/2
Mr Chan Shek Wah	2/2

Remuneration Committee

The Remuneration Committee comprises 2 INEDs, namely, Mr Yu Pan (Chairman of the Committee) and Mr Chan Shek Wah. The principal responsibilities of the Remuneration Committee include formulation of the remuneration policy, review and recommendations to the Board on the annual remuneration policy, and determination of the remuneration of the executive Directors and members of senior management. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team, which is essential to the success of the Group.

The Remuneration Committee held 1 Remuneration Committee meeting during the year to discuss staff remuneration matters for the Year. The members and attendance at the meeting are as follows:

Name	Attendance
Mr Yu Pan *(Chairman)*	1/1
Mr Chan Shek Wah	1/1

Nomination Committee

The Board had retained the function of nomination of directors until the setting up of the Nomination Committee in March 2012. In view of the compliance with the relevant amendments to the CG Code with effect from 1 April 2012, the Nomination Committee was established by the Board with specific terms of reference, for the purpose of making recommendations to the Board in relation to the nomination and appointment of Directors. The Nomination Committee is responsible for identifying suitable qualified individuals to the Board and making recommendations for the Board's consideration. The Nomination Committee has yet held any meeting after its establishment.

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer in order to ensure a balance of power and authority and to preserve a balanced judgment of views. The Chairman as a leader of the Board is responsible for overseeing the function of the Board and formulating overall strategies and policies of the Group. The Chief Executive Officer, supported by other members and the senior management, is responsible for managing the Group's business, implementing major strategies, making day-to-day decisions and coordinating overall business operations.

Non-Executive Directors

The Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Most time of the Year, all independent non-executive directors of the Company were not appointed for specific term. However, the Company's articles of association provide that every director is subject to retirement by rotation at least once every 3 years and re-election at the annual general meeting. The Company considered its practice to be in alignment with the objectives of the Code.

By the end of the Year, all independent non-executive directors of the Company have signed appointment letters with the Company for a term of two years but they continue to be subject to retirement and re-election as governed by the Company's articles of association.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code during the Year.

Auditors' Remuneration

For the Year, the Company engaged Deloitte Touche Tohmatsu as the external auditors of the Company.

During the Year, the fees for non-audit services in relation to taxation services and other professional and advisory services provided by the external auditors were approximately US$103,000. The fees for audit related services provided by the external auditors were approximately US$233,000.

Other Matters

The Directors are responsible for the preparation of financial statements. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements. The internal control system of the Group was reviewed during the Year.

The statement of the external auditor of the Company in regard to their reporting responsibilities on the Company's financial statements for the Year is set out in the Independent Auditor's Report in this Annual Report.


Financial OVERVIEW

Deloitte.
德勤

TO THE MEMBERS OF CST MINING GROUP LIMITED
中科礦業集團有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CST Mining Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 109, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 US$'000	2011 US$'000
Revenue	7	**149,738**	49,653
Cost of sales	8	**(106,741)**	(26,898)
Gross profit		**42,997**	22,755
Other income and other gains	9	**9,832**	6,623
Distribution and selling expenses		**(12,957)**	(2,076)
Administrative expenses			
— Share-based payment expenses	33	**(16,202)**	(25,604)
— Other administrative expenses		**(34,520)**	(24,601)
Acquisition-related costs on business combination	35	**—**	(5,481)
Loss on fair value changes of financial assets at fair value through profit or loss		**(57,597)**	(1,946)
Gain on fair value changes of derivative financial instruments		**873**	—
Gain on fair value changes of investment properties		**1,457**	4,188
Finance costs	11	**(1,580)**	(1,059)
Loss before taxation	12	**(67,697)**	(27,201)
Taxation	13	**(2,377)**	29
Loss for the year		**(70,074)**	(27,172)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**4,467**	20,987
(Loss) gain arising from fair value changes of available-for-sale investments		**(2,698)**	2,129
Total comprehensive expense for the year		**(68,305)**	(4,056)
Loss for the year attributable to:			
Owners of the Company		**(70,074)**	(27,172)
Non-controlling interests		**—**	—
		(70,074)	(27,172)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(68,305)**	(4,056)
Non-controlling interests		**—**	—
		(68,305)	(4,056)
Loss per share			
Basic and diluted	14	**US(0.26) cents**	US(0.13) cents

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 US$'000	2011 US$'000
Non-current assets			
Property, plant and equipment	16	**190,881**	418,595
Investment properties	17	**18,407**	16,950
Available-for-sale investments	18	**15,677**	17,361
Other receivable	19	**—**	10,208
Deferred tax assets	20	**—**	70
Pledged bank deposits	21	**65,370**	27,189
		290,335	490,373
Current assets			
Inventories	22	**73,848**	24,397
Trade and other receivables	23	**14,645**	37,116
Financial assets at fair value through profit or loss	24	**189,757**	232,538
Derivative financial instruments	25	**1,476**	—
Bank balances and cash	21	**119,912**	191,785
		399,638	485,836
Assets classified as held for sale	34	**249,434**	—
		649,072	485,836
Current liabilities			
Trade and other payables	26	**27,015**	23,094
Amount due to a non-controlling interest	27	**256**	256
Derivative financial instruments	25	**603**	—
Tax payable		**2,137**	1,211
		30,011	24,561
Liabilities associated with assets classified as held for sale	34	**598**	—
		30,609	24,561
Net current assets		**618,463**	461,275
Total assets less current liabilities		**908,798**	951,648
Non-current liabilities			
Deferred tax liabilities	20	**1,340**	—
Provision for mine rehabilitation cost	28	**18,063**	17,587
		19,403	17,587
		889,395	934,061
Capital and reserves			
Share capital	29	**349,518**	343,103
Reserves		**539,883**	590,964
Equity attributable to owners of the Company		**889,401**	934,067
Non-controlling interests		**(6)**	(6)
		889,395	934,061

The consolidated financial statements on pages 51 to 109 were approved and authorised for issue by the Board of Directors on 26 June 2012 and are signed on its behalf by:

Chiu Tao
CHAIRMAN

Yang Yi-fang
DIRECTOR AND CHIEF EXECUTIVE OFFICER

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Attributable to owners of the Company											
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (note a)	Other capital reserve US$'000 (note b)	Investment revaluation reserve US$'000	Warrant reserve US$'000 (note c)	Share options reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 April 2010	40,848	196,379	987	128,275	2,839	8,360	—	—	(59,999)	317,689	(6)	317,683
Loss for the year	—	—	—	—	—	—	—	—	(27,172)	(27,172)	—	(27,172)
Other comprehensive income for the year	—	—	—	—	2,129	—	—	20,987	—	23,116	—	23,116
Total comprehensive expense for the year	—	—	—	—	2,129	—	—	20,987	(27,172)	(4,056)	—	(4,056)
Issue of shares (note 29(b))	300,000	300,000	—	—	—	—	—	—	—	600,000	—	600,000
Transaction costs attributable to issue of shares	—	(8,474)	—	—	—	—	—	—	—	(8,474)	—	(8,474)
Recognition of share-based payment expense (note 33)	—	—	—	—	—	—	25,604	—	—	25,604	—	25,604
Issue of shares upon exercise of warrants (note 29(a))	2,255	3,076	—	—	—	(2,027)	—	—	—	3,304	—	3,304
At 31 March 2011	**343,103**	**490,981**	**987**	**128,275**	**4,968**	**6,333**	**25,604**	**20,987**	**(87,171)**	**934,067**	**(6)**	**934,061**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(70,074)**	**(70,074)**	**—**	**(70,074)**
Other comprehensive income for the year	**—**	**—**	**—**	**—**	**(2,698)**	**—**	**—**	**4,467**	**—**	**1,769**	**—**	**1,769**
Total comprehensive expense for the year	**—**	**—**	**—**	**—**	**(2,698)**	**—**	**—**	**4,467**	**(70,074)**	**(68,305)**	**—**	**(68,305)**
Repurchase of shares (note 29(d))	**(2,360)**	**(120)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,480)**	**—**	**(2,480)**
Recognition of share-based payment expense (note 33)	**—**	**—**	**—**	**—**	**—**	**—**	**16,202**	**—**	**—**	**16,202**	**—**	**16,202**
Issue of shares upon exercise of warrants (note 29(c))	**8,775**	**7,257**	**—**	**—**	**—**	**(6,115)**	**—**	**—**	**—**	**9,917**	**—**	**9,917**
Expiry of warrants	**—**	**—**	**—**	**—**	**—**	**(209)**	**—**	**—**	**209**	**—**	**—**	**—**
At 31 March 2012	**349,518**	**498,118**	**987**	**128,275**	**2,270**	**9**	**41,806**	**25,454**	**(157,036)**	**889,401**	**(6)**	**889,395**

(a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange, in connection with the Group reorganisation completed in January 1994.

(b) The other capital reserve of the Group represents the balance of the credit arising from the cancellation of paid up capital in previous years.

(c) The warrant reserve represents fair value of warrants in issue over the nominal value of the share capital of the Company upon exercise of the relevant warrants.

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 US$'000	2011 US$'000
Operating Activities			
Loss before taxation		**(67,697)**	(27,201)
Adjustments for:			
Interest income		**(4,367)**	(1,001)
Finance costs		**1,580**	1,059
Dividend income		**(2,377)**	(4,212)
Depreciation on property, plant and equipment		**34,947**	9,058
Loss on fair value changes of financial assets at fair value through profit or loss		**57,597**	1,946
Loss on disposal of property, plant and equipment		**6**	87
Gain on fair value changes of investment properties		**(1,457)**	(4,188)
Gain on fair value changes of derivative financial instruments		**(873)**	—
Share-based payment expenses		**16,202**	25,604
Operating cash flows before movements in working capital		**33,561**	1,152
Increase in inventories		**(28,796)**	(19,334)
Decrease (increase) in trade and other receivables		**23,177**	(30,190)
Increase in financial assets at fair value through profit or loss		**(14,816)**	(16,790)
Increase in trade and other payables		**3,837**	10,271
Net cash used in operations		**16,963**	(54,891)
Interest received		**4,146**	1,001
Dividend received		**2,377**	4,212
Taxation arising from other jurisdiction paid		**(11)**	(36)
Net Cash Generated from (used in) Operating Activities		**23,475**	(49,714)
Investing Activities			
Purchase of property, plant and equipment		**(63,579)**	(43,601)
Increase in pledged bank deposits		**(37,704)**	(26,487)
Purchase of available-for-sale investments		**(1,014)**	—
Acquisition of assets and liabilities (net of cash and cash equivalents acquired)	36	**—**	(234,820)
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	35	**—**	(110,025)
Proceeds on disposal of property, plant and equipment		**—**	24
Net Cash Used in Investing Activities		**(102,297)**	(414,909)
Financing Activities			
Proceeds from issue of shares		**—**	600,000
Proceeds from issue of shares upon exercise of warrants		**9,917**	3,304
Share issue expenses		**—**	(8,474)
Interest paid		**(234)**	(305)
Repurchase of shares		**(2,480)**	—
Net Cash from Financing Activities		**7,203**	594,525
Net (Decrease) Increase in Cash and Cash Equivalents		**(71,619)**	129,902
Effect of Foreign Exchange Rate Changes		**381**	—
Cash and Cash Equivalents at the Beginning of the Year		**191,785**	61,883
Cash and Cash Equivalents at the end of the Year		**120,547**	191,785
Represented by:			
Bank balance and cash		**119,912**	191,785
Cash and cash equivalents included in assets classified as held for sale	34	**635**	—
		120,547	191,785

1. General

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of this annual report.

The Company is an investment holding company with its subsidiaries engaged in (i) acquisition, exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, and (iii) property investment. The principal activities of each of its principal subsidiaries and jointly controlled entity are set out in notes 40 and 15 respectively.

The consolidated financial statements are presented in United States dollars ("USD"), which is different from the Company's functional currency of Hong Kong dollars ("HKD"). Each entity of the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

New and revised HKFRSs applied in the current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[2]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2016 and that the application of this new standard may mainly affect the classification and measurement of the Groups' available-for-sale investments but may not affect the classification and measurement of the Group's other financial assets and liabilities based on an analysis of the Group's financial assets and financial liabilities as at 31 March 2012.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

New and revised HKFRSs issued but not yet effective (continued)

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The directors of the Company anticipate that the application of these new standards and amendments will have no significant impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective form 1 April 2010 onwards).

3. Significant Accounting Policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. Significant Accounting Policies (continued)

Jointly controlled entities

A joint venture is a contractual arrangement whereby two or more parties undertake economic activities that are subject to joint control. Joint venture arrangement that involves the establishment of a separate entity in which the Group has an interest are referred to as jointly controlled entities.

The Group recognises its interests in jointly controlled entities using the proportionate consolidation, whereby the Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar items, line by line, in the consolidated financial statements.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal groups) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue, being amounts receivable for goods sold in the normal course of business, excludes discounts and any applicable sales taxes, is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenues and costs can be reliably measured. Revenue is recognised when the seller has transferred to the buyer significant risks and rewards of ownership of the goods sold, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Dividend income from financial assets at fair value through profit or loss and available-for-sale investments is recognised when the Group's rights to receive payment have been established.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant leases.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation, the direct cost of dismantling and removing the asset and the cost to restore and rehabilitate the mine environment, less accumulated depreciation and any accumulated impairment losses.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalised.

Management reviews the estimated useful lives, residual values and depreciation methods of the Group's property, plant and equipment at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Exploration and evaluation assets

Exploration and evaluation expenditure relates to expenditure incurred on the exploration and evaluation of potential mineral resources, such as costs of researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of feasibility studies.

Exploration and evaluation expenditure incurred in respect of each area of interest, other than that acquired through a business combination, is charged to profit or loss as incurred. However, when the expenditure is expected to be recouped from future exploitation or from sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves and resources, the expenditure is capitalised and included as a component in property, plant and equipment. Exploration and evaluation assets are recognised at their fair value at acquisition date if it is acquired through a business combination.

Exploration and evaluation assets are measured at cost and assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalised expenditure is not expected to be recovered, it is charged to the statement of income.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Exploration and evaluation assets (continued)

No amortisation is provided in respect of exploration and evaluation assets until they are reclassified as mine property and development assets following the commencement of commercial production.

When economically recoverable mineral resources have been identified and are reasonably assured, exploration and evaluation assets previously capitalised are first tested for impairment and then reclassified to mine property and development assets included in property, plant and equipment.

Mine property and development assets

The distinction between mining expenditures and expenditures incurred to develop new orebodies or to develop mine areas in advance of current production is mainly based on the mining area. For those areas being developed which will be mined in future periods, the expenditures incurred, including costs transferred from exploration and evaluation assets, are capitalised and depleted when the related mining area is mined as compared to current production areas where development costs are expensed as incurred.

Capitalisation of costs incurred ceases when the related mining property and development assets have reached production levels intended by management. Incidental costs to bring mineral assets to the condition necessary for it to be capable of operating in the manner intended by management are capitalised.

When future economic benefits are established by further development expenditure in respect of an area of interest in production, such expenditure is carried forward as part of the cost of that mine property. Otherwise such expenditure is classified as part of the cost of production.

Depreciation of mine property and development assets and plant and equipment in area of interest in production is provided for using the unit of production method. The unit of production basis results in a charge proportional to the depletion of estimated recoverable copper contained in proved and probable ore reserves. The amortisation charge is allocated to inventory throughout the production processes from the point at which ore is extracted from the pit until the ore is processed into copper cathode. The proven and probable reserve is determined for each area of interest, with an area-of-interest defined as an individual ore body or pit.

Where a change in estimated recoverable copper tonnage contained in proved and probable ore reserves is made, adjustments to depreciation and amortisation of mine properties are accounted for prospectively.

For open-pit operations the removal of overburden or waste ore is required to obtain access to the orebody. Stripping costs incurred in the development of a mine (or pit) are capitalised as part of the mine property and development assets and are subsequently amortised over the life of the mine (or pit) on a unit of production basis.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is classified as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under fair value model.

Capital work in progress

Capital work in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Capital work in progress is carried at costs less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Capital work in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation

Property, plant and equipment is depreciated to its estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine, field or lease, if shorter. Depreciation commences when the asset is available for use.

Mine properties and development assets are depreciated using the unit of production method based on the estimated total recoverable copper contained in proven and probable reserves at the related mine when the production level intended by management has been reached.

The production level intended by management is considered to be reached when operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and there are indicators that these operating results will be sustained. Other factors include one or more of the following:

- A significant utilisation rate of plant capacity has been achieved; and
- A pre-determined, reasonable period of time of stable operation has passed.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

Depreciation (continued)

Management reviews the estimated total recoverable copper contained in proven and probable reserves at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated total recoverable copper contained in proven and probable reserves are accounted for prospectively.

Capital work in progress are not depreciated until they are substantially complete and available for their intended use.

Other property, plant and equipment items are depreciated on a straight-line basis over their estimated useful life.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Inventories

Inventories are valued at the lower of weighted average production cost or net realisable value. Copper in process inventory consists of copper contained in mineral ores, the ore on leach pads and in-circuit material within processing operations.

3. Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets at fair value through profit or loss

Financial assets at FVTPL comprise of financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market of that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities, including trade and other payables and amount due to a non-controlling interest, are measured at amortised cost, using the effective interest method.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Warrants

Warrants issued by the Company that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments are classified as an equity instrument.

For warrants issued to subscribers of the Company's shares, the fair value of warrants on the date of issue is recognised in equity (warrant reserve). The warrant reserve will be transferred to share capital and share premium upon exercise of the warrants. Where the warrants remain unexercised at the expiry date, the amount previously recognised in warrant reserve will be transferred to the accumulated losses.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. USD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as expense when employees have rendered service entitling them to the contributions.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies (continued)

Operating leases

Leases are classified as operating leases whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the lessee.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Impairment

Receivables and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of comprehensive income to reflect the asset at the lower amount.

An impairment loss is reversed in the statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to the recoverable amount, but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of comprehensive income.

3. Significant Accounting Policies (continued)

Provision for mine rehabilitation cost

Provisions for the Group's obligations for restoration, rehabilitation and environmental costs are based on estimates of required expenditure at the mines in accordance with the relevant rules and regulations. The Group estimates its liabilities for final reclamation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The expected timing of cash outflows of such mine rehabilitation cost is estimated based on the expected completion date of the mine projects and is subject to any significant changes to the production plan.

Share-based payment transactions

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expect to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimated, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

If the share options expire or lapse (due to termination of employment) after the vesting period, the share options reserve is transferred directly to accumulated losses.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below:

Depreciation of mining property and development assets and other property, plant and equipment in relation to mining business

Mine property and development assets in area of interest where copper production commence, are amortised using the unit of production method (the "UOP"). The calculation of the UOP rate of amortisation, and therefore the amortisation charge for the year can fluctuate from initial estimates. This could generally happen when there are significant changes in any of the factors or assumptions used in estimating proven and probable reserves. Such changes in reserves could similarly impact the useful lives of assets in relation to mining business which are depreciated on a straight-line basis but limited to the life of that area of interest. Estimates of proven and probable reserves are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve base and the operating and development plan are performed regularly. As at 31 March 2012, mine property and development assets is at carrying amount of US$105,539,000 (2011: US$358,308,000).

Impairment of property, plant and equipment, other than exploration and evaluation assets

Property, plant and equipment other than exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Future cash flow estimates which are used to calculate the asset's recoverable amount are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management. As at 31 March 2012, property, plant and equipment other than exploration and evaluation assets is at carrying amount of US$152,125,000 (2011: US$392,995,000).

Provision for mine rehabilitation cost

A provision for future rehabilitation cost requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of income could be impacted. The provisions, including the estimates and assumptions contained therein are reviewed regularly by management. As at 31 March 2012, provision for mine rehabilitation cost is at carrying amount of US$18,063,000 (2011: US$17,587,000).

4. Key Sources of Estimation Uncertainty (continued)

Fair value of investment properties

Fair value was based on a valuation on these properties conducted by an independent firm of professional valuer using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income. The investment properties is at fair value US$18,407,000 (2011: US$16,950,000)

5. Capital Risk Management

The Company manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank balances and cash, equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure.

6. Financial Instruments

(a) Categories of financial instruments

	2012 **US$'000**	2011 US$'000
Financial Assets		
Loans and receivables (including cash and cash equivalents)	**194,446**	247,548
Financial assets at FVTPL	**189,757**	232,538
Available-for-sale investments	**15,677**	17,361
Derivative financial instruments	**1,476**	—
Financial Liabilities		
Amortised cost	**12,725**	10,404
Derivative financial instruments	**603**	—

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies

The management of the Group manages the financial risks relating to the operations through the monitoring procedures. These risks represent market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group does not enter into derivative financial instruments for hedging purpose. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures.

Market risk

Foreign currency risk management

Certain subsidiaries of the Group have financial assets and financial liabilities denominated in Renminbi, Singapore dollars, Canadian dollars, Peruvian nuevo soles, USD and Australian dollars ("AUD") which are other than the functional currency of the relevant group entity and expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In addition, the Group is also exposed to foreign currency risk to the extent of non-current inter-group balances that form part of the net investment when the subsidiaries which have HKD as their functional currency injected capital denominated in AUD for operations in Australia which have AUD as their functional currency. The carrying amount of the inter-group balances was US$135,227,000 at 31 March 2012 (2011: US$130,797,000).

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities (excluding inter-group balance described above) at the reporting date is as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Renminbi	**3,146**	3,569	**—**	—
Singapore dollars	**2,494**	3,081	**—**	—
Canadian dollars	**2,454**	7,000	**—**	—
Peruvian nuevo soles	**—**	4,597	**—**	938
USD	**73,030**	29,259	**—**	—
Australian dollars	**1,489**	—	**—**	—

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk management (continued)

The following table details the Group's sensitivity to a 5% (2011: 5%) increase or decrease in the Renminbi, Singapore dollars, Canadian dollars, Peruvian nuevo soles, USD and Australian dollars. 5% (2011: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated financial assets and financial liabilities and adjusts their translation at the end of the reporting period for a 5% (2011: 5%) change in foreign currency rate. A positive number indicates a decrease in loss where the foreign currencies strengthens 5% (2011: 5%) against the functional currency of respective group entity. For a 5% (2011: 5%) weakening of the foreign currencies, against the functional currency of respective group entity, there would be an equal and opposite impact.

	Profit or loss	
	2012	2011
	US$'000	US$'000
Renminbi	**131**	149
Singapore dollars	**104**	129
Canadian dollars	**102**	292
Peruvian nuevo soles	**—**	161
USD	**332**	1,024
Australian dollars	**62**	—

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits and pledged bank deposits. If the bank interest rate had been 10 basis point (2011: 10 basis point) increase/decrease while all other variables were held constant, the Group's loss for the year ended 31 March 2012 would decrease/increase by US$185,000 (2011: US$219,000).

Price risk

The Group is exposed to equity security price risk through its financial assets at FVTPL and available-for-sale investments. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. For sensitivity analysis purpose, the sensitivity rate is increased to 30% in current year as a result of the volatile financial market. If the market prices of the financial assets at FVTPL and available-for-sale investments had been 30% (2011: 10%) higher/lower while all other variables were held constant, the Group's loss for the year would decrease/increase by US$47,534,000 (2011: US$19,417,000) and investment revaluation reserve would increase/decrease by US$4,045,000 (2011: US$1,618,000), respectively.

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

The Group's principal financial assets which are exposed to credit risk are trade receivables, other receivables and bank balances and cash.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position. The Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses, if necessary, are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's trade receivable is due from a single customer within the mining business segment. The Group's management monitor the debtor's performance continuously to ensure the Group's exposure to credit risk is minimised.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

All of the Group's financial liabilities have maturity dates of less than 180 days based on the agreed repayment dates.

(c) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;

- the fair value of the unlisted convertible note is determined by using the discounted cash flows method at a market interest rate for the equivalent non-convertible note for its straight debt component and using the binomial model for its derivative components;

- the fair value of the investment fund is determined with reference to the value of the underlying assets of the funds which are provided by the counterparty financial institutions; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

6. Financial Instruments (continued)

(c) Fair values of financial instruments (continued)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US$'000	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2012				
Financial assets at FVTPL	**147,536**	**42,221**	**—**	**189,757**
Available-for-sale investments	**13,484**	**—**	**—**	**13,484**
	161,020	**42,221**	**—**	**203,241**

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2011				
Financial assets at FVTPL	172,500	3,488	56,550	232,538
Available-for-sale investments	16,181	—	—	16,181
	188,681	3,488	56,550	248,719

There is no transfers among levels in the current and prior years.

6. Financial Instruments (continued)

(c) Fair values of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of unlisted convertible notes are as follows:

	Unlisted convertible notes US$'000
At 1 April 2010	3,918
Additions	16,891
Disposals	(1,282)
Loss recognised in profit or loss, included in loss arising from fair value changes of financial assets at FVTPL	(2,078)
At 31 March 2011	17,449
Redemption	(16,891)
Loss recognised in profit or loss, included in loss arising from fair value changes of financial assets at FVTPL	(558)
At 31 March 2012	—

Of the total gains or losses for the year included in profit or loss. US$2,078,000 relates to unlisted convertible notes held at the year ended 31 March 2011.

7. Revenue/Segment Information

Revenue

Revenue represents revenue arising on sale of copper cathodes, property rental income and dividend income. An analysis of the Group's revenue for the year is as follows:

	Year ended 31.3.2012 US$'000	Year ended 31.3.2011 US$'000
Sale of copper cathodes	**146,803**	44,903
Residential rental income	**388**	380
Office rental income	**170**	158
Dividend income from trade of securities	**2,377**	4,212
	149,738	49,653

7. Revenue/Segment Information (continued)

Segment Information

Information provided to the chief operating decision maker ("CODM"), representing the executive directors of the Company, for the purposes of resource allocation and performance assessment focuses on types of business. In addition, for mining business, the information reported to CODM is further analysed based on geographical location of the mine projects. This is also the basis upon which the Group is arranged and organised. The Group's operating and reportable segments under HKFRS 8 are as follows:

Mining business — Australia	—	exploration, mining, processing and sale of copper in Australia
Mining business — Peru	—	exploration, mining, processing and sale of copper in Peru
Investments in financial instruments	—	trading of securities and investments, available-for-sale investments and convertible notes
Property investment	—	properties letting

An operating segment regarding the copper mining in Peru was disposed of after the year ended 31 March 2012 as detailed in notes 34 and 39. However, no discontinued operation was shown separately in the consolidated financial statements since the directors of the Company considered the financial results contributed by this operating segment was insignificant to the Group.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Segment revenue		Segment results	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
Mining business				
— Australia	**146,803**	44,903	**10,359**	9,022
— Peru	**—**	—	**(206)**	(180)
Investments in financial instruments	**2,377**	4,212	**(52,407)**	511
Property investment	**558**	538	**1,823**	4,559
	149,738	49,653	**(40,431)**	13,912
Other income and other gains			**9,832**	6,623
Acquisition-related costs on business combination			**—**	(5,481)
Central administration costs			**(19,316)**	(15,592)
Share-based payment expenses			**(16,202)**	(25,604)
Finance costs			**(1,580)**	(1,059)
Loss before taxation			**(67,697)**	(27,201)

All of the segment revenue reported above is generated from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the results of each segment without allocation of other income and other gains, acquisition-related costs on business combination, share-based payment expenses, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. Revenue/Segment Information (continued)

Segment assets

The following is an analysis of the Group's assets by reportable and operating segments:

	2012 US$'000	2011 US$'000
Segment assets:		
— Investments in financial instruments	**205,434**	249,899
— Property investment	**18,407**	16,950
— Mining business — Australia	**345,196**	280,566
Total segment assets	**569,037**	547,415
Unallocated assets:		
— Bank balances and cash	**113,454**	175,816
— Property, plant and equipment	**4,189**	5,477
— Others	**3,293**	1,820
	120,936	183,113
Mining business — Peru (classified as assets held for sale)	**249,434**	245,681
Consolidated total assets	**939,407**	976,209

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable and operating segments other than certain bank balances and cash, certain property, plant and equipment, certain other receivables, deferred tax assets and derivative financial instruments. The Group's liabilities are not included in report received by CODM as the management is of the opinion that the liabilities have insignificant impact on the financial position of respective segments. Therefore, no segment liabilities are presented.

Interest income is not allocated to relevant segments, while the respective bank balances are allocated to relevant segments.

7. Revenue/Segment Information (continued)

Other segment information

2012

	Investments in financial instruments US$'000	Property investment US$'000	Mining business-Australia US$'000	Unallocated US$'000	Consolidated Total US$'000
Amounts included in the measure of segment results or segment assets:					
Loss on fair value changes of financial assets at FVTPL	**(57,597)**	**—**	**—**	**—**	**(57,597)**
Gain on fair value changes of investment properties	**—**	**1,457**	**—**	**—**	**1,457**
Additions to non-current assets (note)	**—**	**—**	**90,000**	**119**	**90,119**
Deprecation on property, plant and equipment	**—**	**—**	**54,037**	**1,488**	**55,525**

2011

	Investments in financial instruments US$'000	Property investment US$'000	Mining business-Australia US$'000	Unallocated US$'000	Consolidated Total US$'000
Amounts included in the measure of segment results or segment assets:					
Loss on fair value changes of financial assets at FVTPL	(1,946)	—	—	—	(1,946)
Gain on fair value changes of investment properties	—	4,188	—	—	4,188
Additions to non-current assets (note)	—	—	196,285	714	196,999
Deprecation on property, plant and equipment	—	—	12,578	1,404	13,982

Note: Non-current assets comprise property, plant and equipment (excluding property, plant and equipment classified as held for sale) and pledged bank deposits.

7. Revenue/Segment Information (continued)

Geographical information

A geographical analysis of the Group's revenue from external customers is presented based on the geographical market where listed securities are traded for investments in financial instruments segment, geographical location where the goods sold are delivered for mining business segment, geographical location of the properties for property investment segment; while information about the carrying amount of non-current assets, excluding financial instruments, deferred tax assets and assets classified as held for sale (details presented in note 34), is presented based on the geographical location of the assets, as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
The People's Republic of China (the "PRC"), other than Hong Kong	**261**	787	**5,151**	4,540
Hong Kong	**1,914**	3,472	**17,445**	17,887
Singapore	**760**	491	**—**	—
Australia	**146,803**	44,903	**186,692**	182,242
	149,738	49,653	**209,288**	204,669

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2012	2011
	US$'000	US$'000
Customer A[1]	**101,151**	40,590
Customer B[1]	**39,586**	—

[1] Revenue from mining business in Australia

8. Cost of Sales

	2012 US$'000	2011 US$'000
Electricity	**12,571**	4,027
Diesel/Fuel	**9,295**	3,015
Direct materials	**13,185**	3,897
Equipment rental	**678**	3,231
Staff costs	**25,039**	10,286
Drilling & blasting, earthmoving & haulage	**34,361**	10,907
Overhead	**5,227**	1,653
Maintenance	**2,240**	—
Depreciation	**52,584**	11,144
Movement in inventories	**(48,439)**	(21,262)
	106,741	26,898

9. Other Income and Other Gains

	2012 US$'000	2011 US$'000
Bank interest income	**4,367**	1,001
Net foreign exchange gain	**5,308**	5,285
Others	**157**	337
	9,832	6,623

10. Directors' And Employees' Emoluments

(a) Directors

The emoluments paid or payable to each of the fourteen (2011: fourteen) directors were as follows:

	2012					
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Share-based payments US$'000	Total US$'000
Chiu Tao *(Chairman)*	—	2,128	1,923	2	9,468	13,521
Chung Nai Ting	—	152	38	2	—	192
Damon G. Barber (resigned on 20 September 2011)	—	301	449	1	—	751
Hui Richard Rui	—	216	77	2	800	1,095
Kwan Kam Hung Jimmy	—	135	45	2	257	439
Lee Ming Tung	—	121	51	2	257	431
Owen L. Hegarty	—	599	50	2	4,350	5,001
Tsui Ching Hung	—	142	19	2	86	249
Wah Wang Kei, Jackie	—	81	58	2	343	484
Yang Yi-fang (appointed on 3 October 2011)	—	181	138	1	126	446
Yeung Kwok Yu	—	135	38	2	257	432
Yu Pan	13	—	—	—	—	13
Tong So Yuet	19	—	—	—	—	19
Chan Shek Wah	26	—	—	—	—	26
	58	4,191	2,886	20	15,944	23,099

10. Directors' and Employees' Emoluments (continued)

(a) Directors (continued)

	2011					
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Share-based payments US$'000	Total US$'000
Chiu Tao *(Chairman)*	—	1,929	1,922	2	12,809	16,662
Chiu Kong (resigned on 25 June 2010)	—	47	—	1	—	48
Chung Nai Ting	—	144	38	2	—	184
Damon G. Barber (appointed on 1 April 2010)	—	599	539	2	4,069	5,209
Hui Richard Rui	—	178	71	2	1,019	1,270
Kwan Kam Hung Jimmy	—	127	38	2	170	337
Lee Ming Tung	—	112	51	2	170	335
Owen L. Hegarty (appointed on 31 May 2010)	—	598	—	2	5,823	6,423
Tsui Ching Hung	—	135	18	2	57	212
Wah Wang Kei, Jackie (appointed on 25 June 2010)	—	47	21	1	227	296
Yeung Kwok Yu	—	133	38	2	170	343
Yu Pan	13	—	—	—	—	13
Tong So Yuet	19	—	—	—	—	19
Chan Shek Wah	26	—	—	—	—	26
	58	4,049	2,736	20	24,514	31,377

The performance related bonus payable to executive directors is determined based on the performance of the individual directors. No directors waived any emoluments in both years.

(b) Information regarding employees' emoluments

Of the five individuals with the highest emoluments in the Group, all are directors of the Company whose emoluments are included in the disclosure in note 10(a) above.

11. Finance Costs

	2012 US$'000	2011 US$'000
Interest on borrowings wholly repayable within five years:		
Other borrowings	**—**	305
Effective interest expense on:		
Contingent consideration payable (note 35)	**234**	—
Provision for mine rehabilitation cost	**1,346**	754
	1,580	1,059

12. Loss Before Taxation

	2012 US$'000	2011 US$'000
Loss before taxation has been arrived at after charging:		
Directors' remuneration (note 10(a))	**23,099**	31,377
Contributions to the retirement benefit scheme to employee	**45**	34
Share-based payment expenses to employee	**258**	1,090
Other staff costs	**7,335**	3,647
Total staff costs included in administrative expenses	**30,737**	36,148
Auditor's remuneration	**352**	1,109
Depreciation on property, plant and equipment	**34,947**	9,058
Loss on disposal of property, plant and equipment	**6**	87
Cost of inventory recognised as an expense	**106,741**	26,898
Minimum lease payments paid under operating leases in respect of rented premises	**502**	406
and after crediting to other income and other gains:		
Gross rental income less direct operating expenses of US$100,000 (2011: US$79,000) from investment properties that generated rental income during the year	**457**	459

Staff costs of US$5,298,000, US$2,569,000 and US$25,039,000 (2011: US$1,809,000, US$14,455,000 and US$10,286,000) incurred during the year ended 31 March 2012 were capitalised in exploration and evaluation assets, mine property and development assets and inventory respectively, of which US$18,917,000 (2011: US$5,643,000) was charged from inventory to profit or loss as cost of goods sold during the year ended 31 March 2012.

13. Taxation

	2012 US$'000	2011 US$'000
Current tax:		
Hong Kong Profits Tax	**—**	—
People's Republic of China	**11**	36
Australia withholding tax	**937**	—
Deferred tax (note 20)	**1,429**	(65)
Taxation for the year	**2,377**	(29)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the applicable corporate tax law in Australia and Peru, the tax rate is 30% of the estimated assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

13. Taxation (continued)

No provision is made for Hong Kong Profits Tax and Peruvian Corporate Income Tax as the Hong Kong group entities and the Peruvian jointly controlled entity have no assessable profit during both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2012 US$'000	2011 US$'000
Loss before taxation	**67,697**	27,201
Taxation at the domestic income tax rate of 16.5%	**11,170**	4,488
Tax effect of expenses not deductible for tax purpose	**(7,626)**	(5,902)
Tax effect of income not taxable for tax purpose	**2,859**	2,775
Tax effect of tax losses not recognised	**(7,240)**	(3,008)
Utilisation of tax losses previously not recognised	**19**	24
Australia withholding tax	**(937)**	—
Recognition of deductible temporary difference not recognised on acquisition	**—**	(2,998)
Effect of different tax rate of subsidiaries and jointly controlled entity operating in other jurisdictions	**(622)**	(580)
Recognition of unused tax losses not recognised on acquisition	**—**	5,230
Taxation for the year	**(2,377)**	29

14. Loss Per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2012 US$'000	2011 US$'000
Loss for the year attributable to owners of the Company, for the purposes of basic and diluted loss per share	**70,074**	27,172

	Number of share 2012 '000	 2011 '000
Weighted average number of ordinary shares, for the purposes of basic and diluted loss per share	**27,220,239**	21,232,301

The computation of diluted loss per share for both years does not assume the exercise of the Company's outstanding share options and warrants as the exercise of those options and warrants would result in a decrease in loss per share.

15. Interest in a Jointly Controlled Entity

As at 31 March 2012 and 2011, the Group had interest in a jointly controlled entity:

Name of entity	Form of entity	Country of incorporation and place of operation	Proportion of nominal value of issued capital held by the Group	Principal activity
Marcobre S.A.C.	Incorporation	Peru	70%	Exploration, mining, processing and sale of copper in Peru

Pursuant to the shareholder agreement among CST Marcobre I (previously "Chariot Operating Limited") and CST Marcobre II (previously "Chariot Partners Limited"), wholly owned subsidiaries of the Group which hold, in aggregate, 70% interest in Marcobre S.A.C, and the shareholder who holds the remaining 30% interests (the "Venturer"), decisions to manage Marcobre S.A.C's operation will be made jointly by the Group and the Venturer. Thus, the Group's interest in Marcobre S.A.C. is considered an interest in a jointly controlled entity.

The summarised financial information in respect of the Group's interest in the jointly controlled entity which is accounted for using proportionate consolidation is set out as below. The interest in jointly controlled entity is the major assets of the disposal group classified as held for sale as explained in detailed in note 34.

	2012 **US$'000**	2011 US$'000
Current assets	**710**	14,744
Non-current assets	**248,724**	230,878
Current liabilities	**598**	1,371
Non-current liabilities	**—**	250

	Year ended 31 March	
	2012 **US$'000**	2011 US$'000
Other income recognised in profit or loss	**539**	124
Expenses recognised in profit or loss	**31**	23
Other comprehensive income	**—**	—

16. Property, Plant and Equipment

	Exploration and evaluation assets US$'000	Capital work in progress US$'000	Mine property and development assets US$'000	Plant and equipment US$'000	Leasehold land and buildings US$'000	Leasehold improvements US$'000	Furniture and equipment US$'000	Motor vehicles US$'000	Vessel US$'000	Total US$'000
COST										
At 1 April 2010	—	—	—	—	1,691	183	345	787	3,710	6,716
Exchange adjustments	3,288	—	18,219	3,507	—	—	—	—	—	25,014
Acquired through acquisition of a subsidiary (note 35)	17,464	—	96,808	18,628	—	—	—	—	—	132,900
Arising from acquisition of assets through acquisition of a jointly controlled entity (note 36(a))	—	—	224,534	149	—	—	—	—	—	224,683
Additions	4,848	6,892	29,525	1,866	—	280	391	—	3	43,805
Disposals	—	—	—	(33)	—	(103)	(44)	—	—	(180)
At 31 March 2011	25,600	6,892	369,086	24,117	1,691	360	692	787	3,713	432,938
Exchange adjustments	721	116	4,432	760	(35)	—	(13)	—	—	5,981
Reallocation	—	(8,575)	—	1,589	5,890	—	1,096	—	—	—
Transfer to assets held for sale	—	—	(237,353)	(384)	—	—	—	—	—	(237,737)
Additions	12,435	18,537	28,206	(23)	—	64	50	—	6	59,275
Disposals	—	—	—	(1)	—	(57)	(227)	—	—	(285)
At 31 March 2012	38,756	16,970	164,371	26,058	7,546	367	1,598	787	3,719	260,172
DEPRECIATION										
At 1 April 2010	—	—	—	—	65	41	41	204	79	430
Provided for the year	—	—	10,778	1,832	34	92	109	197	940	13,982
Eliminated on disposals	—	—	—	(33)	—	(19)	(17)	—	—	(69)
At 31 March 2011	—	—	10,778	1,799	99	114	133	401	1,019	14,343
Provided for the year	—	—	48,258	4,606	1,154	105	293	174	935	55,525
Eliminated on disposals	—	—	—	—	—	(57)	(221)	—	—	(278)
Reallocation	—	—	—	(551)	520	—	31	—	—	—
Exchange adjustments	—	—	(204)	8	(13)	—	(2)	—	—	(211)
Transfer to assets held for sale	—	—	—	(88)	—	—	—	—	—	(88)
At 31 March 2012	—	—	58,832	5,774	1,760	162	234	575	1,954	69,291
CARRYING VALUES										
At 31 March 2012	38,756	16,970	105,539	20,284	5,786	205	1,364	212	1,765	190,881
At 31 March 2011	25,600	6,892	358,308	22,318	1,592	246	559	386	2,694	418,595

Capital work in progress represents the construction of mine structures and mining site infrastructure and processing facilities.

Depreciation on the mine property and development assets of items in area of interest where mine production commenced is provided using the unit of production method based on the actual production volume over the total estimated proved and probable reserves of the copper mines. The effective depreciation rate for the year ended 31 March 2012 is 26.9% (for the year ended 31 March 2011: 7.95%).

16. Property, Plant and Equipment (continued)

The other items of property, plant and equipment, except for exploration and evaluation assets and capital work in progress, are depreciated on a straight-line basis after taking into account their estimated residual value, at the following rates per annum:

Plant and equipment	20%–33%, or over the life of the mines whichever is shorter
Leasehold land and buildings	2%
Leasehold improvements	20%–33%
Furniture and equipment	20%–25%
Motor vehicles	25%
Vessel	25%

Depreciation expense of plant and equipment of US$71,000, US$99,000 and US$52,584,000 (2011: US$30,000, US$14,000 and US$11,144,000) incurred during the year ended 31 March 2012 were capitalised as part of mine property and development assets, exploration and evaluation assets and inventories, respectively. US$32,176,000 (2011: US$6,264,000) of these capitalised costs was charged to profit or loss as cost of goods sold during the year.

At 31 March 2012, leasehold land and buildings with carrying amounts of US$1,559,000 (2011: US$1,592,000) are situated in Hong Kong under long-term leases. The remaining leasehold land and buildings are situated in Australia under medium-term leases.

17. Investment Properties

	2012 **US$'000**	2011 US$'000
FAIR VALUE		
At the beginning of the year	**16,950**	12,762
Gain on fair value changes recognised in profit or loss	**1,457**	4,188
At the end of the year	**18,407**	16,950

An analysis of the Group's investment properties is as follows:

	2012 **US$'000**	2011 US$'000
Land and buildings in Hong Kong held under long-term leases	**13,256**	12,410
Land and buildings in the PRC held under medium-term leases	**5,151**	4,540
	18,407	16,950

The fair value of the Group's investment properties at the end of the reporting periods has been arrived at on the basis of valuations carried out as of these dates by an independent qualified professional valuer, Asset Appraisal Limited. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The properties were rented out under operating leases.

18. Available-for-sale Investments

Details of available-for-sale investments are set out below:

	2012 US$'000	2011 US$'000
Unlisted equity securities	**654**	654
Less: Impairment loss	**(654)**	(654)
	—	—
Equity securities listed in Hong Kong	**13,484**	16,182
Club membership	**2,193**	1,179
	15,677	17,361

The unlisted equity securities represent approximately 0.02% (2011: 0.07%) investment in Hennabun Capital Group Limited, a company incorporated in the British Virgin Islands and engaged in securities trading, investment holding and provision of brokerage and financial services. The unlisted equity securities and the club membership are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably.

The Group's listed equity securities represent 221,428,571 shares (2011: 221,428,571 shares), approximately 1.3% (2011: 1.3%) shareholding in G-Resources Group Limited at 31 March 2012, which were classified as available-for-sale investments. At the end of the reporting periods, the listed equity securities are stated at fair values which have been determined based on quoted market bid prices available on the Stock Exchange.

19. Other Receivable

Non-current other receivable represents the refundable Peruvian General Sales Tax (Impuesto General a las Ventas or "IGV") paid. Under the exploration agreement signed with Peruvian government, the Group's Peruvian jointly controlled entity is allowed to request the anticipated refund of IGV. This amount is refundable in cash under the IGV early recovery program or as a deduction of export tax on export of mineral products produced by the Group. Majority of the amount will not be refunded within twelve months from 31 March 2012 based on the management's mineral production plan, and therefore it was classified as non-current asset as at 31 March 2011. As at 31 March 2012, it is reclassified as asset classified as held for sale as explained in note 34.

20. Deferred Tax Assets/Deferred Tax Liabilities

The following are the major deferred tax assets (liabilities) in respect of the temporary differences of future deductible exploration and evaluation and mine property and development expenditures of the mine in Australia recognised and movements thereon during the current year:

	Depreciation allowance in excess of related depreciation expenses US$'000	Tax losses US$'000	Provisions US$'000	Others US$'000	Total US$'000
At 31 March 2010	—	—	—	—	—
(Charge) credit to profit or loss	(10,712)	9,793	1,671	(687)	65
Exchange realignment	(791)	723	123	(50)	5
At 31 March 2011	(11,503)	10,516	1,794	(737)	70
(Charge) credit to profit or loss	1,114	(2,519)	256	(280)	(1,429)
Exchange realignment	(403)	386	58	(22)	19
At 31 March 2012	(10,792)	8,383	2,108	(1,039)	(1,340)

At 31 March 2012, the Group had unused tax losses of US$188,012,000 (2011: US$151,359,000) available to offset against future profits. A deferred tax asset has been recognised in respect of US$27,945,000 (2011: US$35,055,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$160,067,000 (2011: US$116,304,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

21. Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The effective interest rate ranges from 0.3% to 4.4% (2011: 0.2% to 4.1%) per annum.

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contract. These guarantees are backed by collateral deposits which amounted to US$30,140,000 as at 31 March 2012 (2011: US$3,834,000).

Another US$35,230,000 (2011: US$23,355,000) represents deposit paid by the Group to a bank as required by the government of Queensland, Australia for operating in the mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirement.

The interest rates for the pledged bank deposits range from 4.2% to 5.28% (2011: 4.3% to 5.28%) per annum for the year ended 31 March 2012.

22. Inventories

	2012 US$'000	2011 US$'000
Copper in process	**61,217**	18,103
Copper cathode	**10,256**	4,729
Spare parts and consumables	**2,375**	1,565
	73,848	24,397

23. Trade and Other Receivables

	2012 US$'000	2011 US$'000
Trade receivable	**4,307**	27,467
Less: allowance for doubtful debts	**—**	—
	4,307	27,467
Other receivables	**10,338**	9,649
Total trade and other receivables	**14,645**	37,116

Aging of trade receivable (based on invoice date)

	2012 US$'000	2011 US$'000
0–60 days	**4,307**	27,467

Trade receivable as at 31 March 2012 represents trade receivable from a customer in Japan while the receivable as at 31 March 2011 is due from a reputable customer with a long history of commodity trading in Australia. The balances are due 5–7 days from the date of invoice. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

Included in other receivables is US$3,286,000 (2011: US$2,754,000) Goods and Services Tax recoverable to set-off expenditures incurred in mining operation in future in accordance with the relevant tax laws and regulations in Australia.

24. Financial Assets at Fair Value Through Profit or Loss

	2012 US$'000	2011 US$'000
Held for trading investment		
Equity securities listed in Hong Kong	**140,344**	152,198
Equity securities listed outside Hong Kong	**7,192**	13,652
Unlisted convertible notes	**—**	17,449
Debt securities	**—**	6,650
Investment funds	**42,221**	42,589
	189,757	232,538

The fair values of the listed equity securities are determined based on the quoted market bid prices available on the relevant stock exchanges. The fair values of the investment funds are determined with reference to the values of the underlying assets of the funds which are provided by the counterparty financial institutions.

The unlisted convertible notes are redeemable and are repayable upon maturity which is ranging from 3 to 5 years from the date of issue. The Group has the right to convert, on any business day, the convertible notes into ordinary shares of the issuer from the date of acquisition of the convertible notes to their maturity dates. As the Group holds the convertible notes for trading purpose, the convertibles notes are classified as investments held for trading.

The fair values of the debt securities listed in the Singapore Stock Exchange are determined based on the quoted market prices in an active market. The fair value of the unlisted convertible note of US$17,449,000 as at 31 March 2011 had been arrived at on the basis of a valuation carried out as of that day by an independent qualified professional valuer. The fair value of the unlisted convertible note was calculated using the discounted cash flows method using the prevailing borrowing rate from 4.71% to 29.5% of the issuers for the equivalent non-convertible note for its straight debt component and using the binomial model for its derivative components. During the year ended 31 March 2012, convertible notes with principal amounts of US$5,744,000 and US$3,205,000 were redeemed by the issuers, which are listed companies on the Stock Exchange, on 17 June 2011 and 15 June 2011 upon maturity, which resulted in a loss of US$5,000 and gain of US$158,000 respectively. While another convertible notes with principal amount of US$8,333,000 was early redeemed on 17 August 2011 with no gain or loss.

25. Derivative Financial Instruments

	Current 2012 US$'000	 2011 US$'000
Derivative financial assets (not under hedge accounting)		
Future contracts on non-ferrous metals (note a)	**1,476**	—
Derivative financial liabilities (not under hedge accounting)		
Foreign currency forward contacts (note b)	**603**	—

25. Derivative Financial Instruments (continued)

Notes:

(a) Major terms of future contracts on non-ferrous metals are set out below:

At 31 March 2012

Contracted future price	Standard trading unit	Total unit	Maturity
Copper future contracts:			
Buy at a price at USD8,300.00 and sell at a price at USD8,698.00 (settled in net)	25 tonnes	100	9 May 2012
Buy at a price at USD8,293.50 and sell at a price at USD8,486.00 (settled in net)	25 tonnes	100	8 May 2012

(b) The principal terms of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

Notional amount	Currency conversion
At 31 March 2012:	
12 contracts to sell USD3,102,000 for each contract	AUD1 : USD1.0340

The above foreign currency forward contracts will mature within one year from the end of the reporting period and will be settled in net.

The copper future contracts and the foreign currency forward contracts are not designated and effective as a hedging instrument. Therefore, the fair value gains or losses are recognised in profit or loss in the period in which they arise. At 31 March 2012, the fair value of the copper future contracts is determined based on price quoted by financial institutions while the fair value of the foreign currency forward contracts is determined by independent valuer with reference to forward rates.

26. Trade and Other Payables

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period.

	2012 US$'000	2011 US$'000
0–30 days	**7,838**	7,414
31–60 days	**151**	—
Total trade payables	**7,989**	7,414
Other payables	**19,026**	15,680
	27,015	23,094

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in other payables are contingent consideration of US$5,202,000 (2011: US$4,838,000) as detailed in note 35.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$1,791,000 and US$2,688,000 (2011: US$1,615,000 and US$1,119,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

27. Amount Due to a Non-Controlling Interest

The amount is unsecured, interest-free and repayable on demand.

28. Provision for Mine Rehabilitation Cost

In accordance with relevant rules and regulations in Australia and Peru, the Group is obligated for the cost of rehabilitation upon the closure of the Group's copper mines. The provision for rehabilitation cost has been estimated in accordance with the local rules and regulations in the aforesaid regions.

Rehabilitation costs have been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation, and which is expected to result in cash outflow for Lady Annie Operations of such mine rehabilitation cost in December 2014. Rehabilitation costs are capitalised as mine property and development assets in property, plant and equipment, and are amortised over the life of the mine on a unit-of-production basis.

A bank guarantee of US$35,230,000 (2011: US$23,355,000) is placed with the Department of Environment and Heritage Protection, Queensland Government, Australia for the purposes of settling these rehabilitation costs.

	US$'000
At 1 April 2010	—
Acquisition of a subsidiary (Note 35)	13,773
Acquisition of assets and liabilities through acquisition of a jointly controlled entity (Note 36(a))	250
Effective interest	754
Additions	160
Exchange adjustments	2,650
At 31 March 2011	17,587
Exchange adjustment	**586**
Reduction (note)	**(1,256)**
Effective interest	**1,346**
Payment for the year	**(200)**
At 31 March 2012	**18,063**

Note: During the year, there is a change in relation to the rehabilitation work methodology, leading to a reduction in provision for mine rehabilitation cost.

29. Share Capital

	Notes	Number of shares	Share capital US$'000
Ordinary shares of HK$0.1 each:			
Authorised			
At 31 March 2011 and 2012		50,000,000,000	641,026
Issued and fully paid			
At 1 April 2010		3,186,087,644	40,848
Issue of shares upon exercise of warrants	(a)	175,934,714	2,255
Issue of shares	(b)	23,400,000,000	300,000
At 31 March 2011		26,762,022,358	343,103
Issue of shares upon exercise of warrants	(c)	684,446,603	8,775
Share repurchased and cancelled	(d)	(184,072,000)	(2,360)
At 31 March 2012		27,262,396,961	349,518

Notes:

(a) During the year ended 31 March 2011, 175,934,714 warrants were exercised at a subscription price of HK$0.113 per share, resulting in the issuance of ordinary shares of HK$0.10 each of the Company. The new shares rank pari passu in all respects with the then existing issued shares.

(b) On 25 June 2010, the Company placed 23,400,000,000 ordinary shares of HK$0.10 each at a placing price of HK$0.20 per share, at a proceeds of HK$4,680,000,000 (equivalent to US$600,000,000). The proceeds received are mainly used for the settlement of the consideration for acquisition of a subsidiary and acquisition of assets and liabilities as disclosed in notes 35 and 36(a).

(c) During the year ended 31 March 2012, 684,446,603 warrants were exercised at a subscription price of HK$0.113 per share, resulting the issuance of 684,446,603 ordinary shares of HK$0.10 each of the Company. The new shares rank pari passu with the then existing shares in all respects. 23,366,464 of unexercised warrants were lapsed on 2 June 2011.

At 31 March 2012, the Company had outstanding 685,000,000 (2011: 1,392,813,067) warrants. Exercise in full of such warrants would result in the issue of 685,000,000 additional ordinary shares at a subscription price of HK$0.26 each (2011: HK$0.113 each of 707,813,067 shares and HK$0.260 each of 685,000,000 shares).

(d) During the year ended 31 March 2012, the Company repurchased 184,072,000 of its own ordinary shares on The Stock Exchange at aggregate price of HK$19,343,000 (equivalent to US$2,480,000) in order to enhance the net asset and/or earnings per share of the Company. The highest and lowest price paid per share are HK$0.1420 and HK$0.0830, respectively. As at 31 March 2012, 184,072,000 shares being repurchased were fully cancelled. The issued share capital of the Company was reduced by the nominal value of those repurchased and cancelled shares.

30. Retirement Benefit Scheme

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The MPF Scheme is funded by monthly contribution from both employees and the Group at a rate of 5% of the employee's relevant income with maximum employee's contribution of not exceeding HK$1,000 (equivalent to US$128) a month.

The employees in the Group's subsidiary in Australia and Peru are members of the Compulsory Superannuation Guarantee Contributions and social security. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions.

During the year, the amount contributed by the Group to the MPF Scheme charged to the profit or loss was US$65,000 (2011: US$54,000). The Group also contributed US$2,105,000 (2011: US$1,218,000) and US$180,000 (2011: US$198,000), respectively, to the superannuation operated in Australia and social security in Peru and the contribution amount were charged to profit or loss, or capitalised as exploration and evaluation assets and mine property and development assets (included in the property, plant and equipment) or inventory and to cost of sales as according to its nature.

31. Operating Lease Arrangements

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments payable under non-cancellable operating leases which fall due as follows:

	2012 **US$'000**	2011 US$'000
In respect of rented premises:		
Within one year	**548**	800
In the second to fifth years inclusive	**233**	1,226
	781	2,026

Operating lease payments represent rentals payable by the Group for certain of its rented premises. Leases are negotiated for an average term of two years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments to the Group:

	2012 **US$'000**	2011 US$'000
Within one year	**421**	285
In the second to fifth years inclusive	**223**	2
	644	287

Leases are negotiated for an average term of two years.

32. Capital Commitments

At the end of the reporting periods, the Group had the following capital commitments:

	2012 US$'000	2011 US$'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**6,486**	5,072
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**4,544**	1,385

33. Share-Based Payment Transactions

The Company has a share option scheme (the "Scheme") which was adopted on 11 May 2007. The Scheme is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme, the Company may grant options to employees (including existing and proposed directors), advisors, consultants, agents, contractors, clients and suppliers of any members of the Group (collectively the "Participants"). The purpose of the Scheme is to attract, retain and motivate Participants to strive for future development and expansion of the Group and to provide incentive to encourage the Participants to enjoy the results of the Company attained through their efforts and contributions. The total number of shares of the Company available for issue under the Scheme is 2,665,483,035 which represented 10% of the issued share capital of the Company as at 6 August 2010.

No Participants shall be granted an option if the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in twelve month period up to and including the date of grant to such Participants would exceed 1% of the shares of the Company for the time being in issue unless the proposed grant has been approved by the shareholders of the Company in general meeting with the proposed grantee and his associates abstaining from voting.

At 31 March 2012, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 767,500,000 (2011: 1,087,500,000), representing approximately 2.8% (2011: 4%) of the shares of the Company in issue at that date.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the board of the directors of the Company (the "Board") may determine which shall not be more than ten years from the date of grant of the option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an option during the period an option may be exercised. The subscription price of the option shall be determined by the Board but in any case shall not be less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited on the date of grant which must be a trading day, (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of grant and (iii) the nominal value of a share of the Company. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

33. Share-Based Payment Transactions (continued)

The following tables disclose the details of the Company's share options granted under the scheme for both years:

Share options granted under the Scheme

Category of participants	Notes	Date of grant	Exercise period	Exercise price HK$	As at 1.4.2010	Granted during the year	As at 1.4.2011	Reclassification (Note d)	Granted during the year	Forfeited during the year	As at 31.3.2012
Directors	(a)	02.09.2010	17.09.2011–16.09.2015	0.2000	—	370,000,000	370,000,000	—	—	(80,000,000)	290,000,000
	(a)	30.09.2010	30.09.2011–29.09.2015	0.2350	—	—	—	16,000,000	—	—	16,000,000
Total for directors					—	370,000,000	370,000,000	16,000,000	—	(80,000,000)	306,000,000
Employees of the Group	(a)	02.09.2010	17.09.2011–16.09.2015	0.2000	—	16,800,000	16,800,000	—	—	—	16,800,000
	(a)	24.09.2010	24.09.2011–23.09.2015	0.2000	—	16,000,000	16,000,000	—	—	(16,000,000)	—
	(a)	30.09.2010	30.09.2011–29.09.2015	0.2350	—	36,000,000	36,000,000	(16,000,000)	—	—	20,000,000
	(a)	01.12.2010	01.12.2011–30.11.2015	0.2300	—	100,000,000	100,000,000	—	—	(100,000,000)	—
	(a)	05.12.2010	05.12.2011–04.12.2015	0.2350	—	100,000,000	100,000,000	—	—	(90,000,000)	10,000,000
	(a)	13.12.2010	13.12.2011–12.12.2015	0.2700	—	16,000,000	16,000,000	—	—	—	16,000,000
	(a)	28.02.2011	28.02.2012–27.02.2016	0.2350	—	63,000,000	63,000,000	—	—	(33,000,000)	30,000,000
	(a)	16.03.2011	17.03.2012–16.03.2016	0.2350	—	10,000,000	10,000,000	—	—	(10,000,000)	—
Total for employees					—	357,800,000	357,800,000	(16,000,000)	—	(249,000,000)	92,800,000
Total for Tranche A					—	727,800,000	727,800,000	—	—	(329,000,000)	398,800,000
Directors	(b)	02.09.2010	17.09.2011–16.09.2015	0.2000	—	130,000,000	130,000,000	—	—	(20,000,000)	110,000,000
	(b)	30.09.2010	30.09.2011–29.09.2015	0.2350	—	—	—	4,000,000	—	—	4,000,000
	(b)	03.10.2011	03.10.2012–02.10.2016	0.2000	—	—	—	—	100,000,000	—	100,000,000
Total for directors					—	130,000,000	130,000,000	4,000,000	100,000,000	(20,000,000)	214,000,000
Employees of the Group	(b)	02.09.2010	17.09.2011–16.09.2015	0.2000	—	164,200,000	164,200,000	—	—	(107,000,000)	57,200,000
	(b)	24.09.2010	24.09.2011–23.09.2015	0.2000	—	4,000,000	4,000,000	—	—	(4,000,000)	—
	(b)	30.09.2010	30.09.2011–29.09.2015	0.2350	—	4,000,000	4,000,000	(4,000,000)	—	—	—
	(b)	13.12.2010	13.12.2011–12.12.2015	0.2700	—	4,000,000	4,000,000	—	—	—	4,000,000
	(b)	28.02.2011	28.02.2012–27.02.2016	0.2350	—	53,500,000	53,500,000	—	—	(10,000,000)	43,500,000
Total for employees					—	229,700,000	229,700,000	(4,000,000)	—	(121,000,000)	104,700,000
Total for Tranche B					—	359,700,000	359,700,000	—	100,000,000	(141,000,000)	318,700,000
Advisor of the Group	(c)	30.09.2011	01.10.2011–30.09.2012	0.2000	—	—	—	—	50,000,000	—	50,000,000
Exercisable at the end of the years					—		—				50,000,000
Weighted average exercise price					—	0.2126	0.2126	—	0.2000	0.2170	0.2075

Notes:

(a) Vesting conditions of these share options ("Tranche A" Options) are as follows:

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months from the date of grant of the share options being not less than 200% of the exercise price;

(ii) as to another one-third of the share options, upon the first copper production by the Mina Justa Project (as defined in note 36(a)) held by Chariot Group (as defined in note 36(a)); and

(iii) as to the remaining one-third, upon the process plant of the Mina Justa Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the Board for a continuous period of six months.

33. Share-Based Payment Transactions (continued)

Share options granted under the Scheme (continued)

Notes: (continued)

(b) Vesting conditions of these share options ("Tranche B" Options) are as follows:

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months from the date of grant of the share options being not less than 200% of the exercise price;

(ii) as to another one-third of the share options, upon CST Minerals Lady Annie Pty Limited ("CSTLA'') producing averaging 2,300 tonnes per month of saleable copper production over a six consecutive month period; and

(iii) as to the remaining one-third, upon CSTLA achieving 75,000 tonnes of cumulative saleable copper cathode production.

(c) These share options are immediately vested one day after the date of grant.

(d) During the year ended 31 March 2012, Ms. Yang Yi-fang, Chief Executive Officer of the Group, was appointed as an Executive Director of the Company and 20,000,000 share options held by her was reclassified from employee to director.

Share options granted under share option agreements

On 19 March 2010 and 24 March 2010, four Directors and one employee of the Group entered into share option agreements with the Company, pursuant to which the Company granted to each of them share options to subscribe for shares of the Company subject to fulfilment of the conditions set out therein.

Category of participants	Date of share option agreement	Exercise period	Exercise price HK$	As at 1.4.2010	Granted during the year	As at 1.4.2011	Granted during the year	Forfeited during the year	As at 31.3.2012
Director	19.03.2010	22.06.2011–21.06.2015	0.2000	—	60,000,000	60,000,000	—	(60,000,000)	—
Director	19.03.2010	06.07.2011–05.07.2015	0.2000	—	240,000,000	240,000,000	—	(240,000,000)	—
Directors	24.03.2010	22.06.2011–21.06.2015	0.2000	—	305,000,000	305,000,000	—	—	305,000,000
Directors	24.03.2010	06.07.2011–05.07.2015	0.2000	—	1,220,000,000	1,220,000,000	—	—	1,220,000,000
Total				—	1,825,000,000	1,825,000,000	—	(300,000,000)	1,525,000,000

Vesting condition:

(i) as to one-third of the share options, upon the average closing share price for a continuous period of 30 days immediately after twelve months of the fulfilment of (a) the Listing Committee of the Stock Exchange granting the approval of the listing of and permission to deal in the shares under the share option scheme upon the exercise of the share options; and (b) the approval by the shareholders of the issue of the share options and the shares under the share option scheme upon exercise of the share options, being not less than 200% of the exercise price (the "First Event"), or upon both the Second Event (as defined below) and the Third Event (as defined below) having been achieved while the First Event has not taken place; and

(ii) as to another one-third of the share options, (a) upon the first copper production by the Mina Justa Project after the completion of acquisition of Chariot Group; or upon twelve months after the copper production by CSTLA after the completion of acquisition of entire issued share capital of CSTLA (the "Second Event"); and

(iii) as to the remaining one-third, (a) upon the process plant of the Mina Justa Project being in operation and having reached its designed capacity within a range of 10% deviation for the average of the first year of production as defined by the mine schedule and plan and as approved by the Board, which schedule and plan are intended to be completed within a period of four months after the completion of acquisition of Chariot Group, for a continuous period of six months; or (b) upon twelve months after achieving an annual copper production of 25,000 tonnes under the mining business of CSTLA after the completion of acquisition of CSTLA (the "Third Events").

33. Share-Based Payment Transactions (continued)

Share options granted under share option agreements (continued)

Vesting condition: (continued)

Weighted average exercise price of the share options is HK$0.2025 (equivalent to US$0.0260) at 31 March 2012 (2011: HK$0.2048).

All the share options granted under tranche B during the current year are valid upon fulfilment of vesting conditions and up to a maximum period of five years from the effective date. The grantee shall continue to provide services to the Group as director of the Group during the vesting period of respective share options.

In each case, no share option shall vest at any time prior to the expiry of twelve months from the effective date of the share options.

Fair values of the options are determined at the dates of grant using the Binominal model. Share-based payment expenses were recognised over the vesting period based on the contractual period of twelve months or management's estimation of the timing when the vesting conditions described are met. The fair value of the total share options granted during the year ended 31 March 2012 is HK$2,353,000 (equivalent to approximately US$302,000) (2011: HK$523,078,000, equivalent to US$67,061,000). For the year ended 31 March 2012, the Group recognised the share-based payment expenses of HK$126,376,000 (equivalent to US$16,202,000) (2011: HK$199,711,000, equivalent to US$25,604,000) in relation to these share options.

The following assumptions were used to calculate the fair values of share options:

Grant date	31 May 2010	11 June 2010	2 September 2010	24 September 2010	30 September 2010	1 December 2010
Number of share options granted	365,000,000	1,460,000,000	681,000,000	20,000,000	40,000,000	100,000,000
Share price on date of grant	HK$0.375	HK$0.375	HK$0.157	HK$0.181	HK$0.214	HK$0.226
Exercise price	HK$0.200	HK$0.200	HK$0.200	HK$0.200	HK$0.235	HK$0.230
Expected life	2.5–3.3 years	2.6–4.6 years	4.2–4.8 years	3.9–4.7 years	3.9–4.7 years	3.8–4.6 years
Expected volatility	66.10%	65.97%	64.62%	64.20%	64.23%	63.84%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	1.630%	1.681%	1.114%	1.203%	1.167%	1.375%
Fair value of share options	HK$0.219–HK$0.233	HK$0.225–HK$0.255	HK$0.063–HK$0.073	HK$0.077–HK$0.089	HK$0.092–HK$0.105	HK$0.100–HK$0.114

Grant date	5 December 2010	13 December 2010	28 February 2011	16 March 2011	30 September 2011	3 October 2011
Number of share options granted	100,000,000	20,000,000	116,500,000	10,000,000	50,000,000	100,000,000
Share price on date of grant	HK$0.230	HK$0.225	HK$0.229	HK$0.224	HK$0.100	HK$0.090
Exercise price	HK$0.235	HK$0.27	HK$0.235	HK$0.235	HK$0.200	HK$0.200
Expected life	3.8–4.6 years	3.9–4.6 years	3.9–4.6 years	3.8–4.5 years	0.994 year	5 years
Expected volatility	63.86%	63.62%	63.08%	62.76%	46.69%	53,28%
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	1.538%	1.662%	1.852%	1.672%	0.140%	0.759%
Fair value of share options	HK$0.102–HK$0.116	HK$0.092–HK$0.113	HK$0.097–HK$0.113	HK$0.097–HK$0.108	HK$0.002	HK$0.023

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share options reserve.

34. Disposal Group Classified as Held for Sale

On 17 July 2011, the Company entered into a conditional share purchase agreement with Glencore International AG, an independent third party, in connection with the proposed disposal of the Company's 100% interest in CST Resources Limited for a total consideration of US$475 million (the "Proposed Disposal"). CST Resources Limited is a wholly owned subsidiary of the Company, which in turn indirectly owns 70% of a Peruvian jointly controlled entity, which hold the Mina Justa Project (as defined in note 36). The Proposed Disposal was terminated on 29 November 2011 at the request of Glencore International AG.

Notwithstanding the termination of the Proposed Disposal, on 12 January 2012, the Company has engaged Morgan Stanley Asia Limited to provide financial advisory services to the Company in relation to the disposal of the Company's interest in Mina Justa Project. The Company is committed to the sale plan and decision to the disposal of Mina Justa Project. Accordingly, CST Resources Limited and its subsidiaries and jointly controlled entity are presented as disposal group classified as held for sale as at 31 March 2012.

The major classes of assets and liabilities of the disposal group as at 31 March 2012, which have been presented separately in the consolidated statement of financial position, are as follows:

	US$'000
Net assets of disposal group:	
Property, plant and equipment	**237,649**
Other receivable (non-current portion)	**11,075**
Trade and other receivables	**75**
Bank balances and cash	**635**
Total assets classified as held for sale	**249,434**
Trade and other payables	**(598)**
Total liabilities associated with assets classified as held for sale	**(598)**

Subsequent to the reporting period, the Group disposed of the Mina Justa Project as detailed in note 39.

35. Acquisition of a Subsidiary

On 31 May 2010, the Group acquired the entire issued share capital of CSTLA. An aggregate cash consideration of A$130,000,000 (equivalent to US$110,073,000), was paid by the Group on the acquisition date, with an additional contingent consideration as detailed below. CSTLA is engaged in copper mining business and its principal assets are mine property and development assets and exploration and evaluation assets located in north-western Queensland, Australia. Commercial production commenced in September 2010 and the first copper was produced in November 2010.

Consideration transferred is as follow:

	US$'000
Cash	**110,073**
Contingent consideration (note)	**4,073**
	114,146

Note: Based on the relevant agreement, the Group is required to pay (i) an additional amount of A$2,500,000 upon the production of the first 10,000 tonnes of copper cathode from CSTLA and (ii) a further A$2,500,000 upon the delineation of additional ore reserves containing 25,000 tonnes of contained copper. Obligation stated in (i) of A$2,500,000, equivalent to US$2,601,000 (2011: A$2,500,000, equivalent to US$2,117,000) and (ii) of A$2,500,000, equivalent to US$2,601,000 (2011: A$2,309,000, equivalent to US$1,956,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. As at 31 March 2012, production of first 10,000 was completed, while the additional ore reserves are not yet delineated.

Acquisition-related costs amount to US$5,481,000 (mainly represented finance costs) have been excluded from the cost of acquisition and have been recognised as an expense in 2011.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	US$'000
Property, plant and equipment	**132,900**
Other receivables	**263**
Inventory	**183**
Pledged bank deposits	**591**
Bank balances and cash	**48**
Other payables	**(6,066)**
Provision for mine rehabilitation cost	**(13,773)**
	114,146

Net cash outflow arising on acquisition of a subsidiary is as follows:

	US$'000
Cash consideration paid	**110,073**
Less: bank balances and cash acquired	**(48)**
	110,025

Included in the loss for the year is US$10,359,000 (2011: US$9,022,000) profit attributable to the mining business generated by CSTLA. Revenue for the year includes US$146,803,000 (2011: US$44,903,000) generated from CSTLA.

As the copper mine is at care and maintenance stage before the completion of acquisition, there would have been no significant difference in the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2010.

36. Acquisition of Assets And Liabilities

(a) Acquisition of assets and liabilities through acquisition of a jointly controlled entity

On 11 June 2010, the Group acquired the entire issued capital of Chariot Resources Limited ("Chariot"), which holds an equity interest of 70% in a Peruvian mining company (hereinafter collectively referred to as "Chariot Group") at an aggregate cash consideration of Canadian dollars ("C$") 249,682,000 (equivalent to US$235,551,000). The principal assets of the Peruvian mining company are mine property and development assets of a copper mine located in Peru ("Mina Justa Project"). As at 31 March 2011 and 2012, the copper mine has not yet commenced mining operation. The acquisition has been accounted for as an acquisition of assets and liabilities as the companies acquired are not business.

The consolidated net assets acquired (including the net assets of the Peruvian mining company which are attributable to Chariot's equity interest of 70% in the jointly controlled entity) was summarised as follows:

	US$'000
Net assets acquired:	
Property, plant and equipment	**224,683**
Other receivables	**13,535**
Bank balances and cash	**11,278**
Other payables	**(3,148)**
Provision for mine rehabilitation cost	**(250)**
	246,098
Total consideration satisfied by:	
Cash	**235,551**
Directly attributable costs	**10,547**
	246,098
Net cash outflow arising on the acquisition of assets and liabilities through acquisition of a jointly controlled entity:	
Cash consideration paid	**235,551**
Cash paid for directly attributable costs	**10,547**
Less: bank balances and cash acquired	**(11,278)**
	234,820

(b) Acquisition of assets and liabilities through acquisition of a subsidiary

On 5 March 2010, the Group has acquired the vessel and its related furniture and equipment held by Deep Bowl Limited through acquisition of the entire issued share capital of Deep Bowl Limited.

	US$'000
Net assets acquired:	
Property, plant and equipment	**3,839**
Other receivables	**7**
Total consideration, satisfied by cash	**3,846**

37. Related Party Disclosures

The remuneration of directors who are also key management during the year was as follow:

	2012 US$'000	2011 US$'000
Short-term benefits	**7,135**	6,843
Share-based payment expenses (Note)	**15,944**	24,514
Post-employment benefits	**20**	20
	23,099	31,377

Note: Share-based payment expenses represent the portion of the total fair value at the grant date of share options issued under the Scheme and the share option agreements which has been charged to the consolidated comprehensive income statement during the year ended 31 March 2012.

38. Pledged of Assets

As at 31 March 2012, CST Resources Limited's 70% indirect equity interest in the Peruvian jointly controlled entity was pledged to secure the Peruvian jointly controlled entity's contractual obligations to make payments to two independent third parties, in the event of the Group and another joint venturer approving the commencement of the construction of mine and processing facilities on the copper mine in Peru and when the mine resources in the relevant copper mine in Peru reached certain milestones. The Group's share of such future payment is US$7,000,000 assuming all the milestones are met. In the opinion of the directors, not all of above conditions are reached as at 31 March 2012.

39. Events After the Reporting Period

On 23 April 2012, the Group entered into a conditional share purchase agreement with Cumbres Andinas S.A. (the "Purchaser"), an independent third party to the Group, to dispose of CST Resources Limited at a total cash consideration of US$505,000,000, subject to certain adjustment for cash payment made directly or indirectly by the Company to Marcobre S.A.C., between 31 March 2012 and the date of completion of the disposal, less capital gains tax to be withheld by the Purchaser in accordance with relevant rules and regulations in Peru. Details of the disposal are set out in the Company's circular dated 21 May 2012.

The disposal was completed on 13 June 2012. The net proceed of US$429,437,000 in cash was received by the Company in June 2012. The directors of the Company are in the process of assessing the financial position of CST Resources Limited and its subsidiaries as at date of completion of the disposal. Therefore, the financial impact on the disposal to the Group is not yet determined.

40. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2012 and 31 March 2011 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/ registered and paid-up capital	Proportion of nominal value of issued share capital/registered and paid-up capital held by the Company		Principal activities
			Directly	Indirectly	
China Sci-Tech Secretaries Limited	Hong Kong	HK$10,000	100%	—	Provision of secretarial services and investment holding
CST Minerals Lady Annie Pty Limited	Australia	A$2	—	100%	Exploration, mining, processing and sale of copper in Australia
Deep Bowl Limited	British Virgin Islands	US$1	—	100%	Vessel holding
Isenberg Holdings Limited	Hong Kong	HK$2	—	100%	Property investment
Jabour Limited	Hong Kong	HK$2	—	100%	Property investment
Kingarm Company Limited	Hong Kong	HK$2	—	100%	Property investment
Skytop Technology Limited	Hong Kong	HK$3	—	100%	Securities investment
Unigolden Limited	Hong Kong	HK$2	—	100%	Property investment

In the opinion of the directors of the Company, the above companies principally affected the operations of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at 31 March 2011 and 2012 or at any time during both years.

Financial Summary

	Year ended 31 March				
	2012	2011	2010	2009	2008
	US$'000	US$'000	US$'000	US$'000	US$'000
			(restated)	(restated)	(restated)
Results					
(Loss) for the year	**(70,074)**	(27,172)	(7,228)	(46,990)	(39,176)

	At 31 March				
	2012	2011	2010	2009	2008
	US$'000	US$'000	US$'000	US$'000	US$'000
			(restated)	(restated)	(restated)
Assets and liabilities					
Total assets	**939,407**	976,209	319,506	284,839	315,248
Total liabilities	**(50,012)**	(42,148)	(1,823)	(12,571)	(705)
Net assets	**889,395**	934,061	317,683	272,268	314,543

Particulars of Properties Held by the Group

Location	Use	Lease term
Unit Nos. 1104–1107 and Unit Nos. 2501–2512 Oriental Building No. 39 Jianshe Road Luohu District Shenzhen Guangdong Province PRC	Commercial	Medium term lease
East Portion of level 18 and Unit No. 2601 and Carparking Space No. 20 on basement level Shartex Plaza No. 88 Zunyi South Road Changning District Shanghai PRC	Commercial	Medium term lease
Unit B on 2/F Unit A and B on 3/F Unit B on 5/F Unit A, B & C on 16/F to 23/F of Fortwest No. 1 Westlands Road Quarry Bay Hong Kong	Residential	Long term lease
Flat 10 on 20/F Apartment Tower on the Western Side Convention Plaza No. 1 Harbour Road Hong Kong	Residential	Long term lease

Corporate Information

Board of Directors

Executive Directors

Mr Chiu Tao *(Chairman)*
Mr Owen L. Hegarty *(Vice Chairman)*
Ms Yang Yi-fang *(Chief Executive Officer)*
Mr Hui Richard Rui *(General Manager)*
Mr Yeung Kwok Yu
Mr Kwan Kam Hung, Jimmy
Mr Tsui Ching Hung
Mr Chung Nai Ting
Mr Lee Ming Tung *(Chief Financial Officer)*
Mr Wah Wang Kei, Jackie

Independent Non-Executive Directors

Mr Yu Pan
Ms Tong So Yuet
Mr Chan Shek Wah

Company Secretary

Mr Chow Kim Hang

Registered Office

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26 Harbour Road
Wanchai
Hong Kong

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Banker

Hang Seng Bank Limited

Principal Share Registrars and Transfer Office

The R&H Trust Co. Ltd.
Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman KY1-1103
Cayman Islands

Hong Kong Branch Share Registrars and Transfer Office

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Tesbury Centre
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Wanchai
Hong Kong

CST Mining Group Limited

(Incorporated in Cayman Islands with limited liability)

Stock code: 985

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