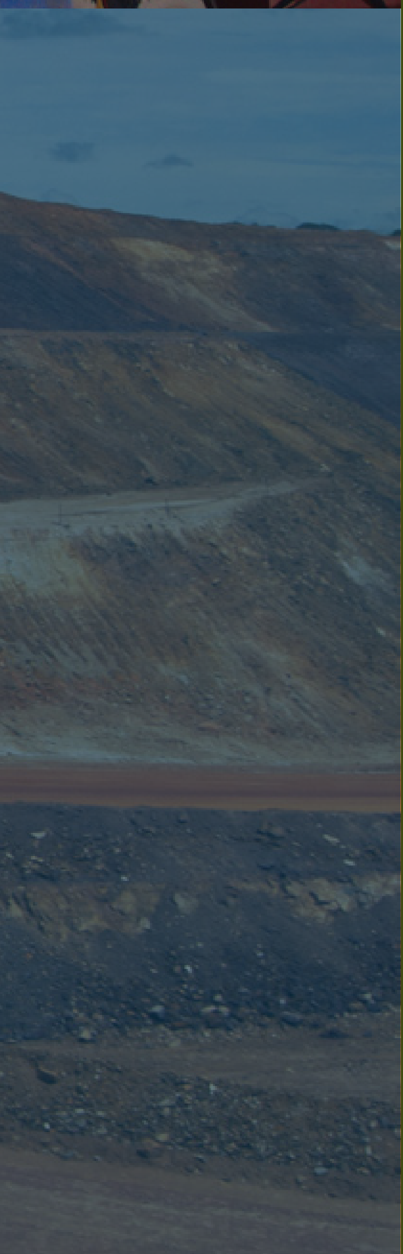
CST Mining Group Limited

CST MINING GROUP LIMITED

Interim Report 2012

Building a BRIGHTER FUTURE





Contents

MINE TYPE
Open pit

PROCESSING METHOD
Oxide, Transition ore heap leach

RESOURCES
71Mt@0.71% copper

RESERVES
9.1Mt@0.96% copper

STATUS
Producing

CST – HONG KONG

LADY ANNIE OPERATIONS

(Australia – 100% ownership)

Recent successes and emergence of a stronger financial position allowed CST Mining to build a brighter future

CHIU TAO
Chairman

Dear Shareholders,

I am pleased to report that our performance in the six months to end-September 2012 has allowed CST Mining to build on recent successes and emerge in a stronger financial position. This is thanks to the dedication of our management team at Hong Kong head office and our staff in the field in Australia.

Revenues in the period held relatively steady while operating income generated by our Lady Annie Operations rose 1.14 percent compared with the same period a year earlier.

Copper production at the Lady Annie Operations has stabilized and proved satisfactory.

Resource development drilling and exploration drilling programs are set to continue into the second half of the financial year, with a view to potentially extend the life of the Lady Annie Operations.

The disposal of the Mina Justa project in Peru in June 2012 generated handsome profits for the Group, significantly strengthening our balance sheet and creating optimum conditions for future growth and development.

As a result of this landmark transaction, CST Mining is now in a position to identify future acquisition opportunities and to broaden exploration efforts for new resources and reserves within our existing Lady Annie Operations.

As we look optimistically to the next half of the financial calendar, we are excited about our prospects as well as the opportunity to improve our performance across all business operations within the Group.

Sincerely yours,

Chiu Tao
Chairman

Hong Kong, 29 November 2012

Project
OVERVIEW

THE LADY ANNIE OPERATIONS

Ore Mined (Tonnes)	Production (Tonnes)	Revenue (US$)
6.71 million approximately	12,359	$89.905 million approximately

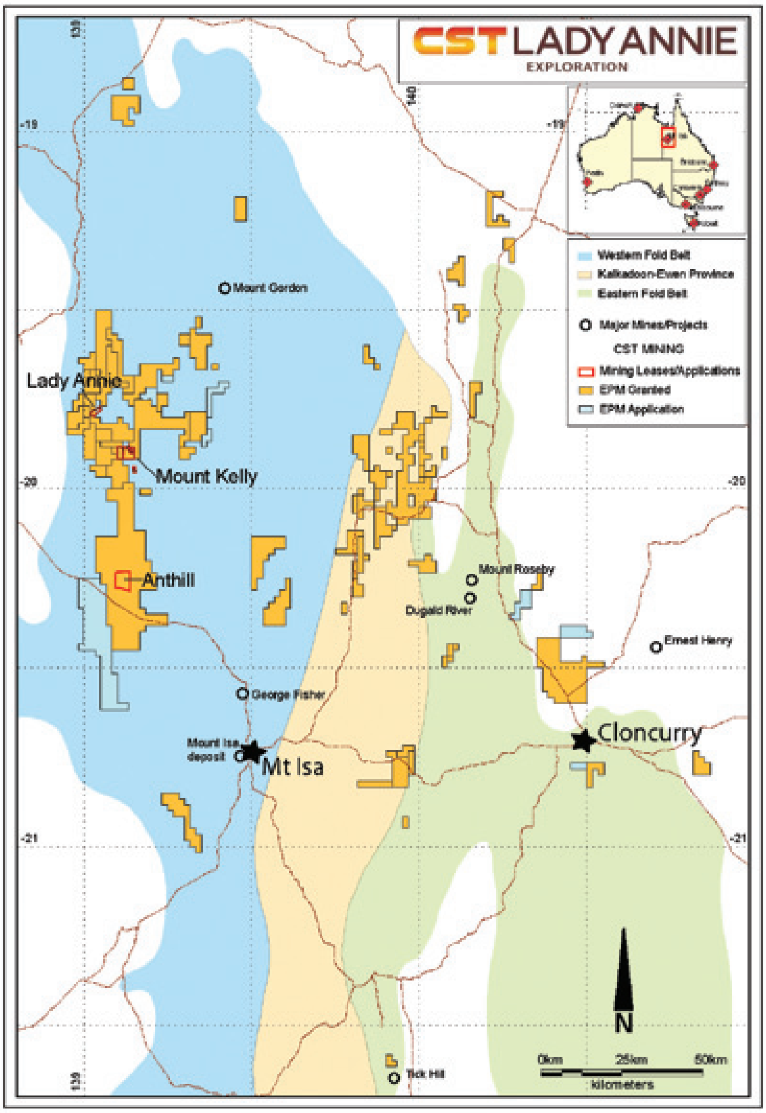


Figure 1: Location of the exploration tenure of the Lady Annie Operations.

Project Description and Location

The Lady Annie Operations of CST Mining Group Limited (the "Company" or "CST Mining" or "We") 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 Grade A equivalent copper cathode.

Current production of copper is from 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 the Lady Annie Operations.

1. Operating Results

The table below provides certain key operational information for the Lady Annie Operations for the six months ended 30 September 2012 and 2011 respectively.

Key operational information

		Six months ended 30 September 2012	2011
Mined	Total material (tonnes)	6,717,585	9,204,296
	Ore (tonnes)	1,717,493	1,750,188
	Ore grade (Cu%)	0.96	1.01
	Contained Cu (tonnes)	16,528	17,675
Stacked	Ore (tonnes)	1,458,782	1,551,647
	Ore grade (Cu%)	1.07	0.92
	Contained Cu (tonnes)	15,542	14,268
Production	Cu cathode (tonnes)	12,359	9,039
Sales	Cu cathode (tonnes)	11,487	9,737
	Average price (US$/tonne)	$7,827	$8,898
	Revenue (US$'000)	$89,905	$86,644

The table below provides the expenditure of Lady Annie and Marcobre Projects on exploration, mining and development activities for the period from April to September.

	Lady Annie US$'000	Marcobre US$'000	Total US$'000
Administration	83	43	126
Camp expense	227	27	254
Consultancy & contractor expense	187	123	310
Consumables	441	—	441
Drilling and assays expenses	7,593	28	7,621
Machinery and equipment	221	—	221
Tenement and Mining leases fee	205	233	438
Others	305	9	314
Staff cost	2,775	120	2,895
Total	12,037	583	12,620

2. Mining, Stacking and Processing Operations

2.1 Mining

Mining progressed well through the half year to September, exceeding our production targets. These targets were achieved by campaign mining, which allows us to utilize our mining fleet and personnel more efficiently. With our campaign on moving waste in Flying Horse, we are getting down to some good high grade ore. Moreover, there is another 10 metres of possible voids (underground workings) to mine out. This area has proved to be very successful for us in the past as it has produced some very excellent grades.

2.2 Stacked ore copper grade

Chart 1 shows the monthly stacked ore copper grade for the period from April to September. 1.46 million tonnes of ore (dry basis) was stacked for processing for the half-year to September, with a mean copper grade of 1.06%. Except for June 2012, stacked ore grade was relatively consistent during the period from April to September. June's lower ore grade resulted from a temporary depletion of high-grade ore stocks during February, where ore was intentionally high-graded in order to ensure the success of a production plant expansion.

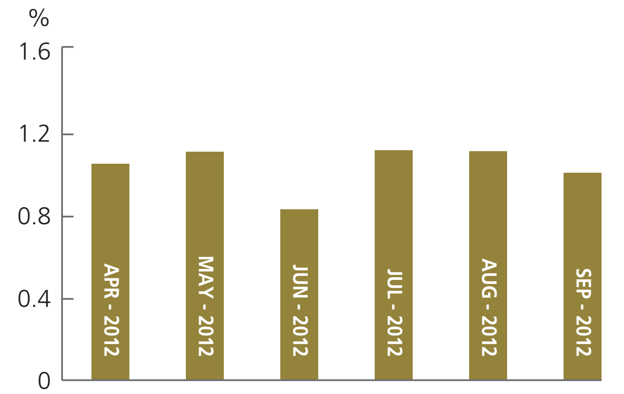


Chart 1: stacked ore copper grade

Stacked ore includes oxide ore from the Lady Annie and Mount Kelly mines, and transition ore from the Mount Clarke West pit.

It is anticipated that the Stage 3 Leach Pad Expansion Project can add approximately 18 months of life to heap leach processing operations, which is necessary to match reserve estimates coming from both oxide and transition ores.

2.3 Stacked copper metal

Chart 2 shows the monthly stacked metal for the period from April to September. 15,513 tonnes of copper metal was stacked, placing the Lady Annie Operations in a strong position leading into October. Except for June 2012, stacked metal was maintained above 2,600 tonnes per month. June's lower value was directly related to the depletion of high-grade ore during February.

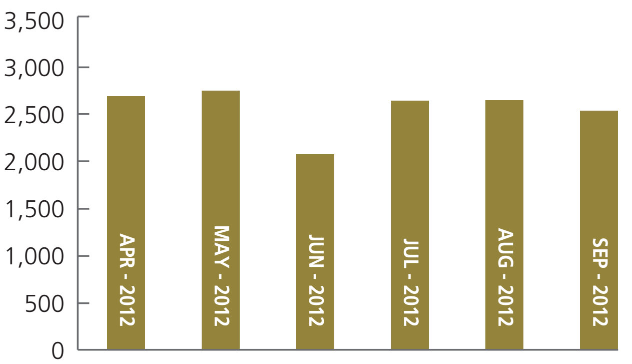


Chart 2: stacked copper metal

2.4 Copper cathode production

Chart 3 shows the monthly cathode produced throughout the year from October 2011 to September 2012 showing a consistent ramp-up of copper cathode production during the April to September period as compared to the period from October 2011 to March 2012. The Lady Annie Operations produced 12,359 tonnes of cathode copper from April to September 2012, representing a strong half-year performance that exceeded production target.

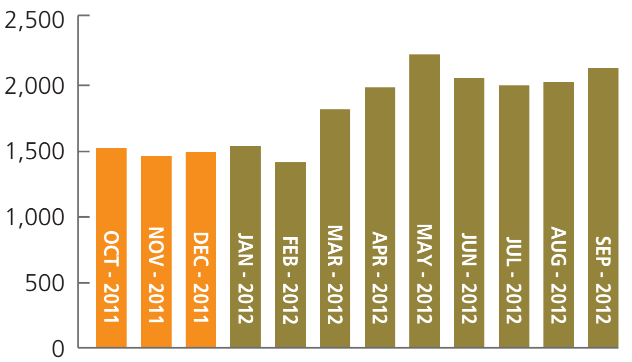


Chart 3: copper cathode production

The commission and operation of two cathode sets during the expansion phase of the electrowinning cathode production plant earlier than originally planned attributed to reach production target during the period from April to September. The final ramp-up at the electrowinning production plant was completed during the last week of July 2012. This took place by activating the final cathode set at the expansion electrowinning plant. This enables the Lady Annie Operations to produce cathode at a maximum rate of about 80 tonnes per day when ore feed rate and copper grade are sufficient to match the production rate. The second electrowinning gantry crane was installed during September to enable an increased rate of cathode delivery to the robotic stripping machines. The increased delivery rate is required when operating the electrowinning plant at the maximum expanded capacity.

2.5 Transition ore processing

Transition ore testing became well advanced, with three production-trials at various levels of progress. The first trial was completed and the second is near-complete, each comprising two separate full-scale production heaps. These two trials demonstrated that blending with oxide ore and extraction of copper without forced-aeration was the most rapid and profitable technique. The blended-ore trial contained 20% transition ore.

The next trial comprised two heaps with a greater proportion of transition ore (40%), blended with oxide ore. This trial is still in progress and is successfully producing copper.

Figure 4: Lady Annie copper production from transition ore

As a result of this work, a significant proportion of the half-year cathode production was from transition ores, demonstrating that transition ore are able to be commercially processed at the Lady Annie Operations. By the end of September, all of the transition ore from the Mount Clarke West pit (360kt ore containing approximately 3,300 tonnes of copper) had been mined and was under leach to feed cathode production.

3. Exploration and Resources

3.1 Competent Person Statement

The following information that relates to Exploration Results is based on information compiled by or overseen by Mr Michael Feldman ("Mr Feldman") BSc(Hons) Geology, MAIG, who is a member of The Australian Institute of Geoscientists. Mr Feldman is a full-time employee of CST Minerals Lady Annie Pty Limited and has sufficient experience which is 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 Feldman consents to the inclusion in this section of the matters based on his information in the form and context in which it appears.

3.2 Overview of Exploration Activities

Exploration activity for the period from April to September focused on near mine resource development drilling at the Lady Annie — Lady Brenda area and Anthill — Anthill West areas. Exploration drilling focused on the Dividend, Anthill North, Python, Taipan, Patterson, Drifter and Lady Agnes prospects. Regional exploration drilling occurred at Investigator and Cloncurry East, as shown on the overview map of Figure 5 which also shows mining leases in red, mining lease application (ML90233) in violet, exploration leases in grey, deposits with orange stars and prospects with yellow stars.

Greenfields style exploration was also undertaken, utilising gridded rotary air blast ("RAB") drilling campaigns to explore undercover on the areas of EPM 16244, EPM 17088 and EPM 17789. A total number of 626 drill holes for 60,920m, including reverse circulation (RC) and diamond drilling (DD), were completed for the period from April to September. Details are shown on Table 1 below.

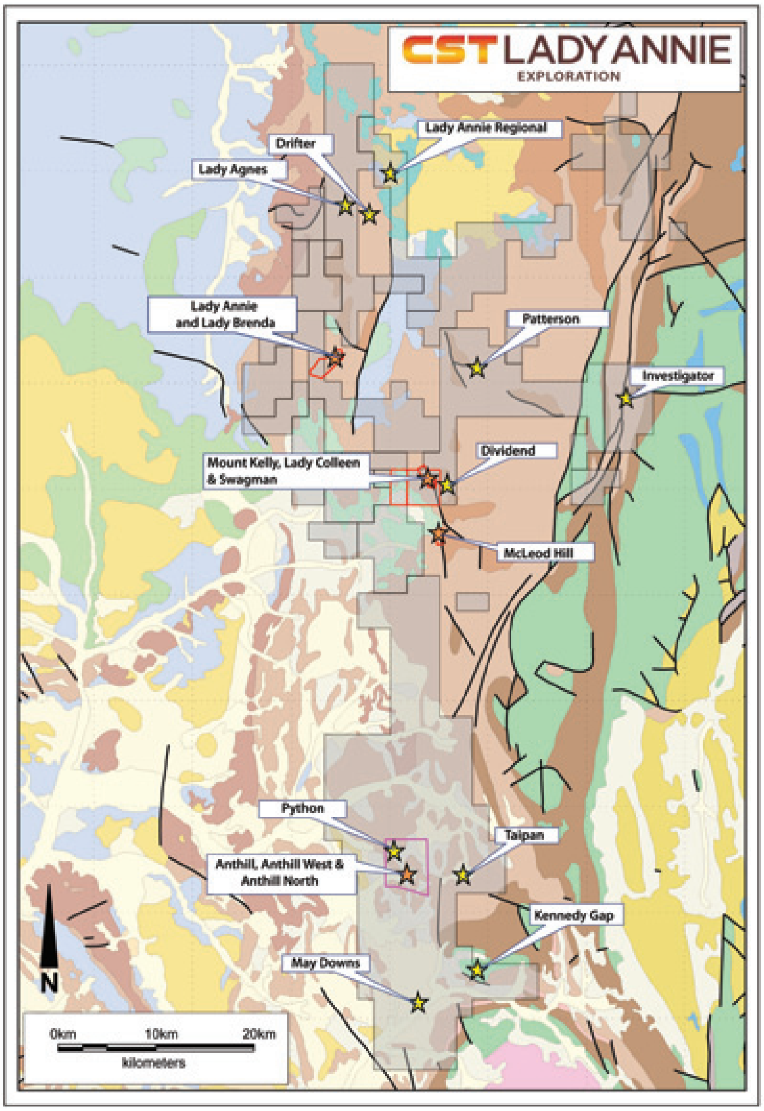


Figure 5: Location of Lady Annie Operations deposits and prospects.

Drilling type	RAB meter	RAB No. of drill holes	RC meter	RC No. of drill holes	DD meter	DD No. of drill holes	Total meter	Total No. of drill holes
Resource Drilling			19,839	134	8,517	78	28,356	212
Metallurgical Drilling					1,054	13	1,054	13
Exploration	13,545	276	16,109	121	1,856	3	31,510	400
Total							60,920	625

Table 1: Exploration and Resource Drilling

3.3 Lady Annie Area

A total of 2,221m of RC and 685m of DD (including 516m for metallurgical samples) were completed in the Lady Annie area. This drilling comprised finalisation of new resource definition drilling at the Lady Brenda deposit. Exploration drilling was also completed at the Lady Treska prospect approximately 1km southwest of the Lady Annie Pit.

The aims of the drilling were:

- To infill and upgrade resource category in the existing Lady Brenda oxide mineral resource.
- To increase total resource tonnes and improve the mineral resource category of transition resource.
- To provide material for metallurgical testing of Lady Brenda ores.
- To explore surface copper anomalism at Lady Treska.

Significant copper results returned from Lady Brenda include:

LANC0434	16m @ 0.64% Cu from 98m (oxide/transition)	LANC0475	8m @ 1.91% Cu from 91m (oxide/transition)
LANC0437	19m @ 0.58% Cu from 23m (oxide)	LANC0477	12m @ 1.07% Cu from 46m (oxide) and 6m @ 1.73% Cu from 150m (oxide)
LANC0445	13m @ 0.91% Cu from 41m (oxide)	LANC0483	17m @ 0.62% Cu from 23m (oxide)
LANC0459	21m @ 0.62% Cu from 46m (oxide/transition)	LANC0493	31m @ 2.27% Cu from 37m (oxide) and 15m @ 0.80% Cu from 74m (transition)
LANC0473	14m @ 0.73% Cu from 28m (oxide)	LANC0501	20m @ 0.59% Cu from 41m (oxide)

All results are downhole lengths with a maximum 2m internal dilution and 0.3% copper lower cut off.

Results of the 2012 drilling program at Lady Brenda have been incorporated into a new Mineral Resource and Reserve Estimate for the Lady Brenda deposit. Results of these estimations were released on the announcement dated 20 November 2012.

3.4 Mount Kelly Regions and Lady Colleen

Drilling within the Mount Kelly mining area focused on northern extensions to the Lady Colleen deposit as well as broad exploration for oxide along interpreted mineralised trends. Four extension drilling holes were also completed at the Swagman deposit. Minor exploration drilling was also conducted at the Dividend prospect. 50 RC drill holes for 6,618m were completed during the period from April to September.

Significant intersections returned from Lady Colleen drilling include:

MTKC0548	39m @ 3.89% Cu from 163m (oxide/ transition/sulphide)	MTKC0587	13m @ 0.41% Cu from 42m (oxide)
		MTKC0594	7m @ 0.84% Cu from 37m (oxide)

Significant intersections returned from Swagman drilling include:

MTKC0605	14m @ 0.55% Cu from 36m (oxide/transition)	MTKC0606	22m @ 0.44% Cu from 49m (oxide)

Significant intersections returned from Dividend drilling include:

DVDC0011	11m @ 0.55% Cu from 23m (oxide)	DVDC0012	18m @ 0.34% Cu from 5m (oxide)

All results are downhole lengths with a maximum 2m internal dilution and 0.3% copper lower cut off.

Results and reports from the Lady Colleen orientation geophysical survey were received late in the June quarter. The results of this survey demonstrated a limited ability to detect Lady Colleen mineralisation with the methods trialed. This program has aided strategy development for targeting blind mineralisation within the Lady Annie Operations' areas.

3.5 Buckley River Regional: Python, Taipan and Anthill North

With an overview of Figure 7, exploration drilling was completed at Python, Taipan, and Anthill North Greenfields RAB drilling programs were also completed at Anthill, May Downs and Kennedy Gap.

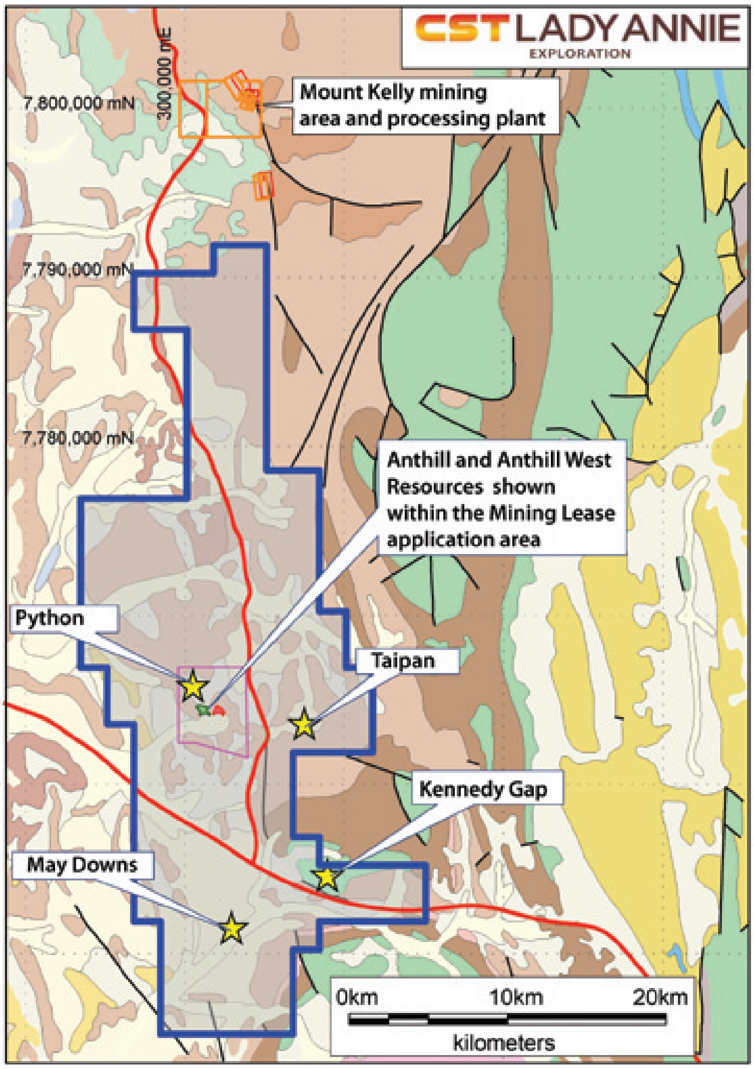


Figure 7: An overview of Buckley River Regional exploration areas

Python

The Python prospect lies 2.5km northwest of the Anthill deposit. RC drilling (1,602m) targeted structural positions interpreted to be the source of surface copper anomalism in transported iron rich lag. Drilling has encountered two significant transition and sulphide copper intersects, 14m @ 1.08% Cu and 5m @1.58% Cu on 2 separate drill lines 700m apart. The mineralisation underlies and is lateral to a broad lower grade halo, concealed beneath shallow recent cover.

Taipan

First pass exploration drilling at Taipan has been encouraging. The drilling combined exploration of structure interpreted from geophysics with follow up of a single historical intersection of 30m @ 0.33% Cu from 90m within a faulted package of dolomitic siltstone and stromatolitic chert. A total of 2,273m RC and 178m DD were completed within a 500m radius of the historical hole. A broad oxide copper blanket was observed throughout the area and drill hole BURC0422 intersected multiple intervals containing significant visual oxide copper mineralisation.

Anthill North

At Anthill North, two east-west drill lines targeted structural positions interpreted to be the source of surface copper anomalism in transported iron rich lag. Drilling intercepted broad highly encouraging copper values suggestive of a halo to mineralisation. Copper anomalism appears to increase through the western portion of the target area and further drill testing is planned for 2013.

3.6 Anthill and Anthill West

Anthill West Resource definition was the major focus for the period from April to September. Drilling carried out within the Anthill Project area consisted of 17,547m of RC and 9,260m of DD infilling the Anthill West deposit and establishing continuity between Anthill and Anthill West. Several holes were drilled into the Anthill deposit as twin holes to check and confirm grade and thickness of historical high grade intercepts. The Resource extension, infill and confirmatory drilling at Anthill West were completed in the September quarter. Metallurgical drilling at Anthill West was also carried out.

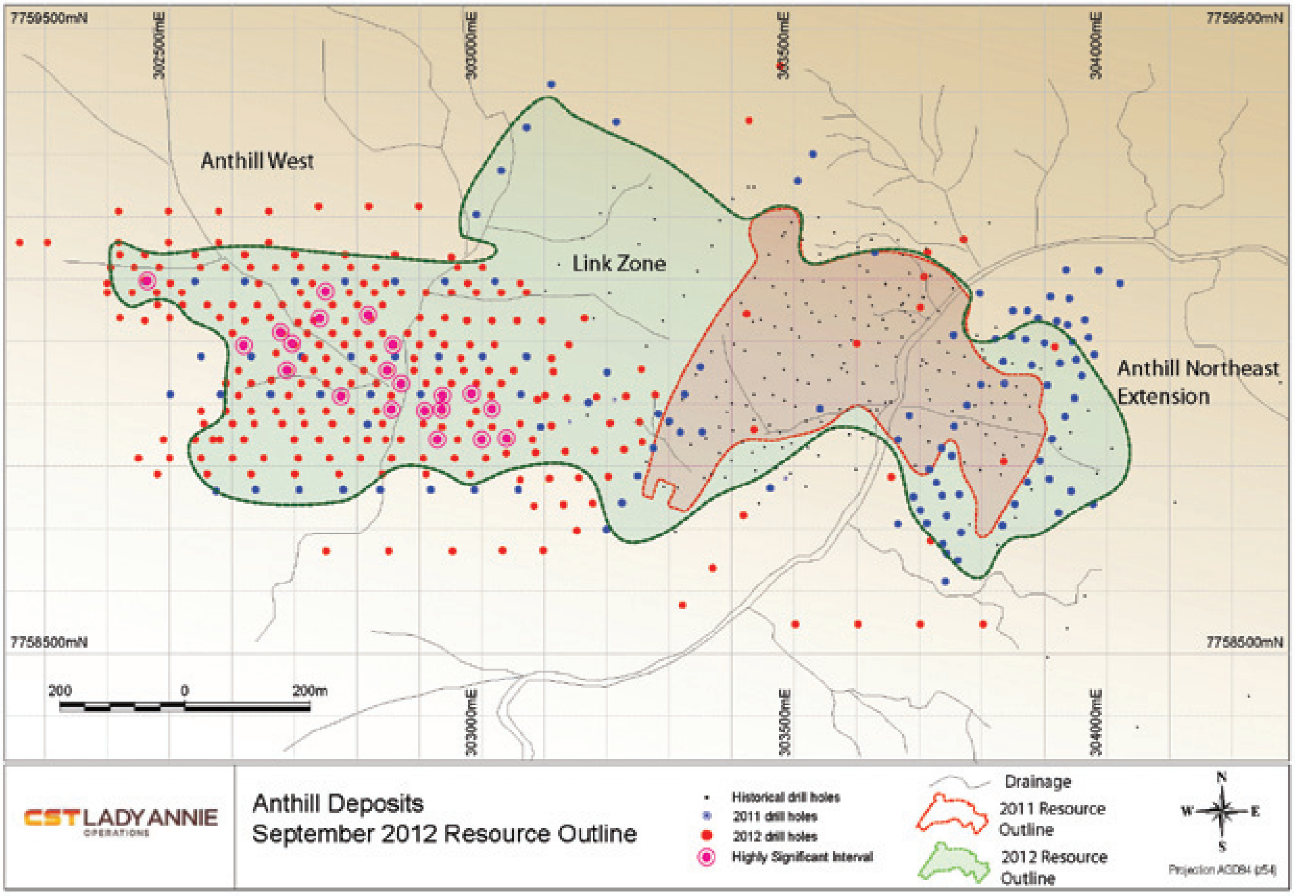


Figure 8: Anthill deposits, showing drill holes and resources

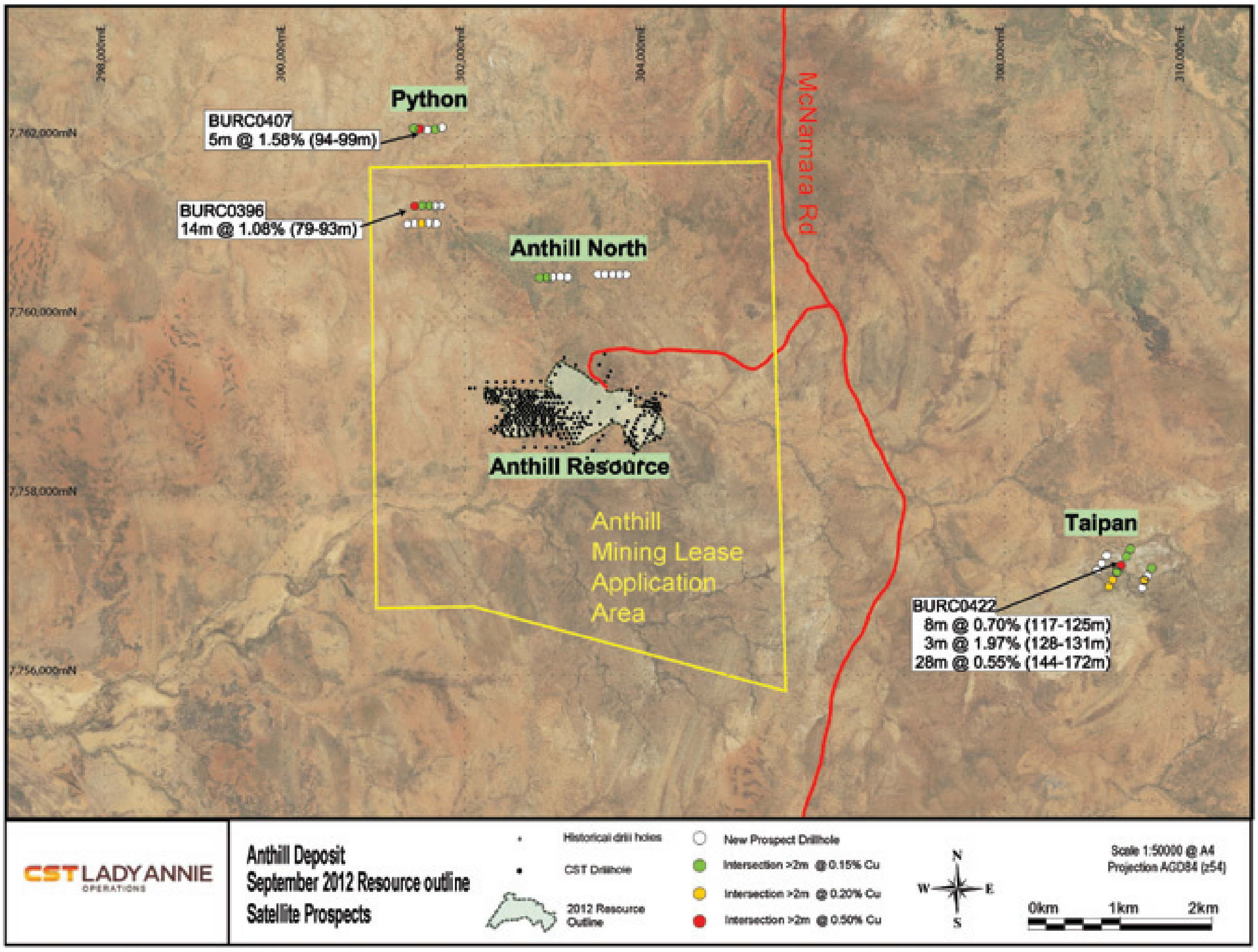


Figure 9: Anthill and satellite prospects

Significant intersections returned from Anthill drilling include:

BURD030	15m	@ 9.57% Cu from 45m (oxide)	BURD028	22m	@ 3.05% Cu from 85m (oxide)
BURCD016	27m	@ 3.52% Cu from 97m (oxide)	BURC0293	11m	@ 2.30% Cu from 68m (oxide)

All results are downhole lengths with a maximum 2m internal dilution and 0.3% copper lower cut off.

Drilling at Anthill West utilised diamond core extensively to deliver confidence in the geological interpretations and account for the observed native copper mineralisation. In house studies demonstrated that the native copper mineralisation was of a fine hackly nature, was limited in its distribution, and its presence had no impact on the assay quality.

Significant intersections returned from Anthill West drilling include:

BURD016	16m	@ 3.28% Cu from 74m (oxide)	BURC0313	20m	@ 1.22% Cu from 35m (oxide)
BURD034	6m	@ 4.11% Cu from 32m (oxide/transition)	BURC0316	25m	@ 1.19% Cu from 45m (oxide)
BURD040	23m	@ 2.33% Cu from 61m (transition)	BURC0317	31m	@ 0.62% Cu from 50m (oxide)
BURD041	26m	@ 1.93% Cu from 29m (oxide)	BURC0318	17m	@ 1.08% Cu from 47m (oxide)
BURCD020	10m	@ 3.20% Cu from 41m (oxide)	BURC0331	20m	@ 1.39% Cu from 129m (sulphide)
BURCD023	18m	@ 1.14% Cu from 34m (oxide)	BURC0334	29m	@ 1.28% Cu from 75m (oxide/transition) and
				29m	@ 0.75% Cu from 107m (oxide/sulphide)
BURCD035A	17m	@ 1.39% Cu from 100m (oxide)	BURC0333	45m	@ 0.72% Cu from 100m (sulphide)
BURCD055	19m	@ 1.39% Cu from 75m (oxide/transition)	BURC0349	21m	@ 1.87% Cu from 107m (transition/sulphide)
BURC0301	11m	@ 3.00% Cu from 52m (oxide/transition)	BURC0362	6m	@ 3.17% Cu from 51m (oxide)
BURC0308	31m	@ 0.73% Cu from 41m (oxide/transition)	BURC0379	10m	@ 1.96% Cu from 99m (oxide/sulphide)

All results are downhole lengths with a maximum 2m internal dilution and 0.3% copper lower cut off.

Results from infill drilling have been incorporated into updated geological models for the Anthill West deposit. A new mineral resource for the Anthill deposit incorporating the Anthill West zone was released on the announcement dated 20 November 2012.

The application for a mining lease over the Anthill and Anthill West deposits was lodged and accepted in the June quarter.

3.7 Lady Annie Regional: Drifter, Investigator, Patterson and Lady Agnes

Lady Annie Regional exploration drilling programs were completed at Drifter, Investigator, Patterson and Lady Agnes prospects. Additionally, a greenfields RAB drilling program was initiated at the Lady Annie regional area.

Drifter

The Drifter prospect contains a number of small workings exposing copper oxide mineralisation in a 4 to 6m thickness of the Cambrian Beetle Creek cover sequence. Drilling at Drifter comprised 68 shallow RAB drill holes for 2,181m and 4 RC drill holes for 582m designed to test the extent of the mineralised Beetle Creek and explore for the footprint to blind mineralisation hosted in Proterozoic rocks beneath.

Mineralisation has been identified as a 4 to 6m thickness of near surface copper in a 750 x 250m wide zone of the Cambrian cover sequence. The source of the copper in the Proterozoic is the target of the next phase of drilling. Drill hole DRFB0025 encountered highly significant mineralisation in a similar host sequence to the Anthill deposit and was pushed to greater depth. The interval returned 37m @ 1.1% Cu from 18m — including 13m @ 2.1% Cu.

Investigator

Exploration drilling at the Investigator prospect, targeted fault intersections and splays associated with the Investigator and Mount Gordon Fault zones. 18 RC holes were completed for 2,627m. Encouragement was observed as some quartzite crackle breccias with pyrite, trace disseminated chalcopyrite and possible chalcocite. Mineralised intersections in drill holes INVC0009 and INVC0006 appear to indicate the presence of a northwest striking, north dipping zone that will require follow up.

Patterson

Drilling at Patterson comprised 3 RC drill holes for 264m designed to follow up results from 2011 drilling. No further work is planned at this time as the focus will move to alternate prospects within the local area.

Lady Agnes

Lady Agnes comprises a number of targets including outcropping mineralisation in shear zones and broad soil anomalism being explored with RC and RAB drilling. The 2 RC holes are complete for the period and RAB drilling is currently underway.

3.8 Eastern Fold Belt Regional exploration: Cloncurry East

Cloncurry East

The Cloncurry East Project is located 35km east of the Cloncurry township within the Eastern Succession of the Mount Isa Inlier. The area lies wholly undercover 40km south of Ernest Henry Copper Gold Mine, and 25km north-west of the Eloise Copper Gold Mine.

The Dingo Well prospect is a regionally distinct, magnetic and gravity geophysical anomaly. This feature, along with the interpreted structural setting is a significant iron-oxide-copper-gold (IOCG) target.

The company drilled 2 deep diamond holes for 2,198m in cooperation with the government's collaborative drilling initiative. Encouragement was observed as intense alteration involving silica-carbonate-sulphide (dominantly pyrrhotite) assemblages in the drillholes. Minor zinc-lead mineralisation was also observed. Results are currently awaited.

3.9 Ongoing exploration activity

Exploration will complete the remaining planned drilling activities for the 2012 field season by November and also acquire the outstanding planned airborne electro-geophysical surveys in our undercover IOCG target projects near Cloncurry.

The remaining focus for exploration in 2012 is to plan and budget exploration strategies on the recently granted exploration licenses along with planning of follow-up activities in the Lady Annie Project area.

The current strategy combines balancing priorities of discovering new oxide satellite deposits within the economic footprint of the mine, along with extending known mineralisation into the sulphide zones and exploring for high-class ore bodies within the world class eastern successions of the Mount Isa Terrain.

In 2013, the Company will look to delineate additional oxide resources following on from exploration successes at Drifter, Mount Kelly and the Anthill project areas.

Exploration drilling will also be conducted for sulphide mineralisation focused on the Mount Kelly mining leases and Anthill mining application areas, as well as testing depth extensions to quality prospects.

In 2013, the exploration team will continue to interpret, assimilate and conduct "boots-on-ground" activities to further the near-mine and regional programmes on the existing and newly granted tenure. Significantly a number of geophysical datasets are to be acquired and these are likely to generate targets for testing in the latter half of 2013.

4. Mineral Resources

4.1 Competent person statement

The following information that relates to mineral resources was completed under the overall supervision and direction of Mr Joseph Fellows ("Mr Fellows") BSc, MAIG, who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources or Ore Reserves (JORC Code 2004 Edition). Mr Fellows has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity under consideration to qualify as a competent person. Mr Fellows is a full time employee of CST Minerals Lady Annie Pty Limited and consents to the inclusion of this material in the form and context as it is presented.

4.2 Overview of mineral resources

The 2012 Global Mineral Resource Estimate for the Lady Annie Operations was disclosed on the previous announcement dated 2 August 2012, followed by the updates on the announcement dated 20 November 2012. Resource estimates are classified and reported in accordance with the guidelines of the 2004 Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004).

Mineral Resource and Mineral Reserve Estimations were completed by Golder Associates Pty Ltd for Lady Annie, Mount Kelly, Lady Colleen and Anthill deposits. Mineral Reserves were defined for Lady Annie, Mount Kelly and Lady Colleen deposits. A mineable mineral resource has been defined for Anthill. The Anthill deposit is subject to granting of Mining Lease Application ML90233, upon which the mineable mineral resource at Anthill may be immediately converted to a reserve.

The Global Mineral Resource Estimate at February 2012 for the Lady Annie Operations is 71Mt @ 0.71% Cu containing 503kt of copper metal.

Mount Clarke and Flying Horse deposits are reported at a 0.2% copper cut-off. All other deposits are reported at a 0.3% copper cut off.

Mineral Resource Estimations for Lady Brenda were carried out during the period from April to September. Results for these were received at the end of the September quarter 2012 and were released on the announcement dated 20 November 2012.

An updated Mineral Resource Estimation for the Anthill deposit, incorporating the new Anthill West zone, was ongoing at the end of the September quarter 2012 and results for these estimations were released on the announcement dated 20 November 2012.

5. Disclaimer

Any forward-looking statements included in this section involve subjective judgement and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and may be unknown to CST Mining. In particular, they speak only as of the date of this report, they assume the success of CST Mining's strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the forward-looking statements and the assumptions upon which the forward-looking statements are based. Readers are cautioned to not place undue reliance on such forward-looking statements.

Core Values

At the Lady Annie Operations, we maintain a continuing focus on safety, health, the environment and the community relations, all of which are integral to CST Mining's core values.

Safety and Health

With the health and safety of all employees and contractors paramount at the Lady Annie Operations, we have engaged a reputable occupational hygiene company to monitor occupational health exposures on a quarterly basis. This regular program will continue to run into 2013 and generate data to assist with ongoing health checks for all on site.

The State mining regulator has been on site several times during the past year and it has been encouraging to receive positive feedback. A significant reduction in workers' compensation insurance this year points to improvements in the health and safety management process on site.

The Health and Safety Department continues to focus on reducing the incident rate related to working in the field as well as improving safety and health systems.

The Emergency Response Team has undergone training, with team members recently completing certificate 3 in emergency medical response, giving us a significant pool of high-level first responders.

We have run an intensive program of first aid courses at the site, with over half of employees completing first aid training.

Training of managers and supervisors in legislative requirements is currently being undertaken in a move to improve our understanding of mining laws and the associated responsibilities and accountabilities that apply in the Queensland legislative environment.

Environment

A comprehensive compliance audit against the Environmental Authority has been undertaken and once the final report is received, this will act as an invaluable planning tool for the coming year to maintain the environmental performance at the Lady Annie site.

The Lady Annie Operations have also commissioned an extensive report by Okane, one of the world's leading consultants in waste rock and heap leach closure strategies, which will support a low environmental risk closure design for the facilities at the Lady Annie site.

Anthill Project has continued to progress well. A revised approach to Anthill Mining Lease Application has been completed and submitted. The changes were to include the project in the current Level 1 Environmental Authority and to specifically address any potential Environmental Impact Statement (EIS) trigger with mitigation strategies. This approach has resulted in a no requirement for an EIS from the state or federal governments, enabling the project to proceed in the fastest way possible from an environmental approvals perspective. It is anticipated that this will also lead to the best environmental outcomes.

A 2 million dollar capital expenditure for the remainder of the environmental approvals process has been approved and studies are either underway or will be commissioned shortly. This includes native title and landholder agreements as well as studies on a range of topics such as cultural heritage, dust and groundwater. The estimated date for environmental approvals completion is April 2014. However, due to its complex interrelated nature and internal government processes, it is difficult to make a forecast with absolute precision.

Two significant environmental plans were delivered to the Administering Authority (Department of Environment and Resource Management/Department of Environment and Heritage Protection): the Receiving Environment Monitoring Program and an interim Water Management Plan. The Water Management Plan will be further developed in the remainder of 2012 to include the Anthill Project.

In pre-wet season preparations, major improvements to the dams at Lady Annie will further reduce the likelihood of discharges in rain events.

Water licensing amendments have been made by agreement with Birla Mount Gordon to secure ongoing security of water supplies at the site.

Indigenous & Community Relations

The Lady Annie Operations are committed to indigenous and community relations within North West Queensland and Mt Isa through providing sponsorship, donations and in-kind support towards events, functions and employment opportunities. Around 9 per cent of the staff at the Lady Annie site come from the Kalkadoon and Aboriginal & Torres Strait communities.

Recent community support has been provided through Sponsorship of the Camooweal Drover Festival, Quamby Rodeo and Dajarra Horse sports. These events are highly organised and actively participated in by the local and surrounding Land Holders and people.

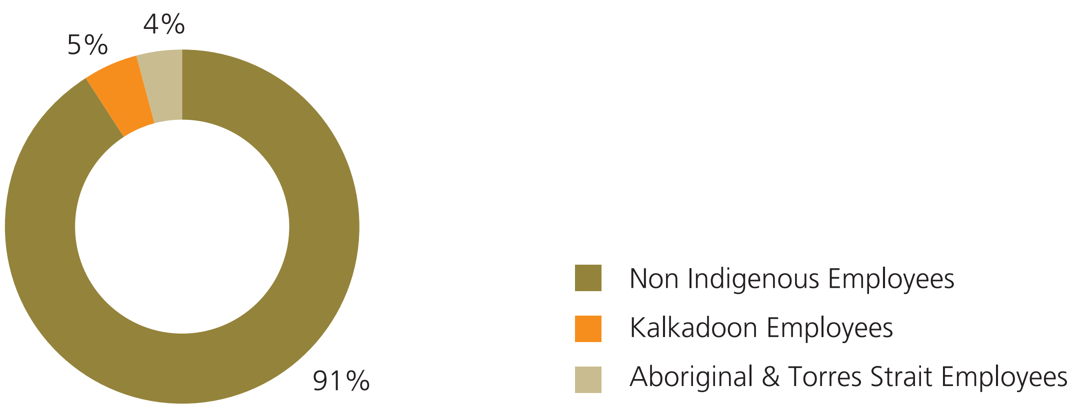
Other events include NAIDOC 2012 Awards, Indigenous Excellence Awards and North Queensland Rescue Helicopter Service.

A strong relationship with the Kalkadoon people has enabled activities and programs to commence and complete successfully with their participation in cultural clearances and work orders for small contract works.

At the Lady Annie Operations, we are currently re-negotiating formal and binding agreements with the Kalkadoon People of Mount Isa and Indjilandji/Dithannoi People of Camooweal in North West Queensland. We are also in the process of re-negotiating the Land Holder Deed with Calton Hills Station and negotiating an agreement with Yelvertoft Station. Both agreements will include current mining operations and future mining operations. These agreements ensure that we are supporting the local communities who will benefit from our presence and assist with building a sustainable relationship to those who are affected by our business.

The Lady Annie Operations first Apprenticeship program has proven successful for 2012, with two apprentices completing their first year. The remaining four will have completed their first year by the end of November 2012, upon completion of their Stage 1 Block Training.

Non Indigenous -vs- Kalkadoon -vs- Aboriginal & Torres Strait Islander



As at 18 October 2012

CORPORATE Governance

Financial Results

The revenue of the Company and its subsidiaries (collectively referred to as the "Group") for the six months period ended 30 September 2012 (the "Period") reached approximately US$90.97 million. This represents a slight decrease of approximately 0.18% compared with the same period a year earlier. This decrease was mainly due to a lower dividend income for the Period. Operating revenue generated by the Lady Annie Operations rose from approximately US$88.90 million to US$89.91 million, representing an increase of approximately 1.14% during the Period. Dividend and interest income and rental income represented approximately 0.82% and 0.35% of total revenue respectively over the Period.

Compared with the corresponding period a year earlier, revenue derived from property investments increased by approximately 15.94% as a result of stable occupancy rates. Rental income provided steady cash flow to the Group over the Period and this situation is expected to continue in the future. Investments into the financial instruments segment, on the other hand, decreased by approximately 62.12% as the gloomy global economic environment continued to affect the performance of the Group's investment portfolio and exert downward pressure on dividend income. Other income has recorded a gain of approximately US$1.66 million because of improved exchange risk management over the Period. Other administrative expenses for the Period reached approximately US$16.25 million, representing an increase of approximately 3.50% versus the same period last year. During the Period, the Group disposed of subsidiaries that held the Mina Justa project in Peru, resulting in a gain of approximately US$249.15 million. Also, the Company recognised a net reversal of non-cash share-based payment for the previous year of approximately US$3.85 million due to the forfeiture of part of the options granted as a result of turnover of staff of the Group and the disposal of the Mina Justa project.

Financial markets fluctuated during the Period as difficult economic conditions in Europe and financial policies of the People's Republic of China prompted fluctuations in market sentiment. These factors are expected to continue affecting global investor sentiment and market conditions are set to remain volatile. They also had an impact on the performance of the Group's investments held for trading. A loss of approximately US$37.27 million arising from fair value changes of investments held for trading was recorded. Overall, profit for the Period stood at approximately US$142.19 million whereas the loss for the same period a year earlier was approximately US$81.97 million.

Net Asset Value

As at 30 September 2012, the Group held bank balances and cash totalling approximately US$332.57 million. A bank deposit of approximately US$67.30 million was pledged to banks, mainly for the mine rehabilitation costs required by the government of Queensland, Australia to operate and as a guarantee to the electric power supplier for the Lady Annie mine site. Fair value of available-for-sale investments and financial assets at fair value through profit or loss were approximately US$96.26 million and US$263.88 million respectively. As at 30 September 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 30 September 2012 was zero. A one-year US$75 million revolving loan facility with an interest rate of 1.5% per annum over LIBOR/HIBOR granted by a bank to a subsidiary of the Company, which the Company provided a guarantee to, expired during the Period. As at 30 September 2012, the net asset value of the Group amounted to approximately US$1.01 billion.

Human Resources

As at 30 September 2012, the Group had 40 staff (including directors of the Company) in Hong Kong and 233 staff in Australia. Staff costs (excluding directors' emoluments, direct and indirect labour costs and share-based payment expenses) were around US$5.30 million for the Period. 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 "Statutory Disclosure" in this interim 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. Due to the Group's disposal of the Mina Justa project in Peru, the exposure to Peruvian Nuevo Soles is also minimal. The Group is exposed to foreign currency risk denominated in Australian dollars.

During the Period, the Company had forward currency contracts which were arranged with creditworthy international financial institutions to sell United States Dollars and purchase Australian Dollars at a fixed rate in the normal course of business in order to limit its currency to adverse fluctuations in currency exchange rates. Some of those forward currency contracts which were not executed were unwound in September 2012. The management will continue to monitor the Group's foreign currency exposure and will consider hedging the exchange rate exposure should the need arise.

Marcobre S.A.C.

Marcobre S.A.C. ("Marcobre") is a Peruvian company, which was 70% indirectly 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 23 April 2012, the Company and Cumbres Andinas S.A ("Cumbres") entered into a share purchase agreement to dispose of the Company's 100% interest in CST Resources Limited ("CST Resources"), an indirectly wholly-owned subsidiary of the Company, which in turn indirectly owned Marcobre for a total 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 date of closing of the transaction. The transaction was completed on 13 June 2012. More details are provided in the "Significant Events" section below.

The Lady Annie Operations

The Lady Annie Operations, principally comprised of 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. Tenements held by the Lady Annie project cover approximately 3,067 square kilometres, and include 14 mining leases and 59 exploration permits for minerals.

A summary of the financial results for the periods indicated for the Lady Annie Operations is set out below:

	Six months ended 30 September 2012 US$'000	Six months ended 30 September 2011 US$'000
Revenue	89,905	88,896
Cost of sales	(67,445)	(64,325)
Gross profit	22,460	24,571
Other income and other gains	946	240
Distribution and selling expenses	(6,009)	(8,695)
Administrative expenses	(7,598)	(8,379)
Finance costs*	(528)	(541)
Profit before taxation	9,271	7,196
Depreciation in administrative expenses	1,088	402
Depreciation in cost of sales	21,539	18,451
Total depreciation charged to profit or loss	22,627	18,853

* Inter companies 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 standardized 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 industry standard definitions. C1 operating costs include all mining and processing costs, mine site overheads and realization costs through to refined metal.

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

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.

	Six months ended 30 September 2012 US$'000	Six months ended 30 September 2011 US$'000
Costs as reported in the income statement:		
Direct and indirect mining cost	59,352	58,907
Adjustment for change in inventory	(7,193)	(5,557)
Total operating costs	52,159	53,350
Copper sold (tonnes)	11,487	9,737
Copper sold (in thousand pounds)	25,324	21,469
C1 operating cost per pound of copper	US$2.06/lb	US$2.49/lb

Significant Events

On 23 April 2012, the Company and Cumbres entered into a share purchase agreement pursuant to which Cumbres agreed to acquire all shares of CST Resources from the Company for a total 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. This was 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 a deposit which was received on 27 April 2012. The transaction constitutes 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 is 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

Production at Lady Annie has stabilized since the Company entered the current financial year. With the completion of the final ramp-up at the solvent-extraction and electrowinning cathode production plant and activation of the final cathode set at the expansion electrowinning plant, the performance of production for the first half of this financial year has proved satisfactory. With its solid performance in the first half, the Company looks forward to continuing its sound production performance in the second half of the current financial year.

Resource development drilling and exploration drilling programs have been carried out and will continue in the second half of the financial year in order to potentially extend the life of the Lady Annie Operations. Transitional ore trials were another focus of the Lady Annie Operations in the coming six months. Transitional ore processes with two full-scale production leach pads comprising Mount Clarke West transitional ore blended with Lady Annie oxide ore. From September, Lady Annie completed mining and are successfully processing all of the transitional ores from the Mount Clarke West pit.

The successful disposal of the Mina Justa project in Peru in June 2012 has brought handsome profits to the Group. The Group is now in a more financially strengthened position to review and improve the development plan. The Group is looking for potential acquisition opportunities and to continue to create value for the Group and its shareholders. Internal resources and/or other effective sources of funding may be used to fund future acquisitions if opportunities arise, depending on the nature of any acquisition and market conditions at the time. Meanwhile, the Group will also strengthen operations within other businesses of the Group.

Directors and Chief Executive's Interests in Securities

At 30 September 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 ("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 Hong Kong Limited (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 of Listed Issuers as set out in Appendix 10 of the Listing Rules (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	Personal interests	Share options	Total	Approximate % of the issued share capital of the Company
(a) Directors				
CHIU Tao	3,900,000,000	1,000,000,000	4,900,000,000	18.08%
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%
(b) Ex-Director				
HEGARTY Owen L.	—	475,000,000	475,000,000	1.75%

* 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 30 September 2012.

Share Option

Particulars of the share option scheme of the Company are set out in note 22 to the condensed 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 period ended 30 September 2012:

Tranche A

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2012	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors												
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-Director												
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
Total for Directors					306,000,000	—	—	—	(5,000,000)	301,000,000		
(c) Employees	02.09.2010	17.09.2011–16.09.2015	(a)	0.2000	16,800,000	—	—	—	—	16,800,000	0.1570	0.0676
	30.09.2010	30.09.2011–29.09.2015	(a)	0.2350	20,000,000	—	—	—	—	20,000,000	0.2140	0.0982
	05.12.2010	05.12.2011–04.12.2015	(a)	0.2350	10,000,000	—	—	—	(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	30,000,000	—	—	—	(800,000)	29,200,000	0.2290	0.1057
Total for employees					92,800,000	—	—	—	(10,800,000)	82,000,000		
Total for Tranche A					**398,800,000**	**—**	**—**	**—**	**(15,800,000)**	**383,000,000**		

Tranche B

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2012	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors												
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												
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
Total for Directors					214,000,000	—	—	—	(20,000,000)	194,000,000		
(c) Employees	02.09.2010	17.09.2011–16.09.2015	(b)	0.2000	57,200,000	—	—	—	(23,000,000)	34,200,000	0.1570	0.0649
	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	43,500,000	—	—	—	(14,200,000)	29,300,000	0.2290	0.1004
Total for employees					104,700,000	—	—	—	(37,200,000)	67,500,000		
Total for Tranche B					**318,700,000**	**—**	**—**	**—**	**(57,200,000)**	**261,500,000**		

Others

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2012	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2012	Market value per share at date of grant of options HK$	Fair value per share option HK$
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					**767,500,000**	**—**	**—**	**—**	**(123,000,000)**	**644,500,000**		

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 options are immediately vested one day after the date of grant

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 Period under review were as follows:

Name or category of participants	Date of grant	Exercisable period	Notes	Exercise price HK$	Outstanding as at 01.04.2012	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2012	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
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												
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
					1,525,000,000	**—**	**—**	**—**	**(450,000,000)**	**1,075,000,000**		

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 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 30 September 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 share	Approximate % of the issued shares capital	*Notes*
Cheung Chung Kiu	Beneficial owner/Interest of a controlled corporation	2,575,861,856	9.61%	(1)
Elliott Capital Advisors, L.P.	Interest of a controlled corporation	2,182,108,000	8.05%	(2)
Deutsche Bank Aktiengesellschaft	Beneficial owner/Person having a security interest in shares/ custodian corporation/approved lending agent	1,680,477,006	6.16%	(3)

Notes:

1. These securities represent relevant interests in respect of:

   (a) 1,950,840,000 Shares held by Bondic International Holdings Limited, directly solely owned by Mr Cheung Chung Kiu ("Mr Cheung");

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

   (c) 450,000,000 Shares held by Gold Faith Investments Limited, wholly owned by Konco Limited which is directly wholly owned by The Cross-Harbour (Holdings) Limited. The Cross-Harbour (Holdings) Limited is directly owned by Honway Holdings Limited as to 41.66% of the entire issued share capital. Honway Holdings Limited is directly wholly-owned by Y.T. Investment Holdings Limited which is directly wholly-owned by Y.T. Realty Group Limited. Y.T. Realty Group Limited is directly owned by Funrise Limited as to 34.14% of the entire issued share capital. Funrise Limited is directly wholly-owned by Yugang BVI.

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

2. These securities represent:

   (a) relevant interests in respect of 763,737,800 Shares held by The Liverpool Limited Partnership which, through Liverpool Associates, Ltd. and Elliott Associates, L.P., is indirectly wholly owned by Elliott Capital Advisors, L.P.; and

   (b) relevant interests in respect of 1,418,370,200 Shares held by Elliott International, L.P. which, through Hambledon, Inc., is indirectly wholly owned by Elliott Capital Advisors, L.P.

   Accordingly, Elliott Capital Advisors, L.P. is deemed to be interested in 2,182,108,000 Shares.

3. These securities represent 1,680,477,006 Shares in long position. Deutsche Bank AG also has 80,784 Shares in short position and 2,021,222 Shares in 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 30 September 2012.

Changes in Directors and Director's Biographical Details

Changes in Directors and Director's biographical details since the date of the annual report 2012 of the Company or (as the case may be) the date of announcement for the appointment of the Director issued by the Company subsequent to the date of the annual report 2012, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Ex-Director/Director	Change
HEGARTY Owen L. (Ex-Director)	Resigned on 30 September 2012
YANG Yi-fang	Resigned with effect from 1 January 2013
HUI Richard Rui	Attained a membership qualification of The Australasian Institute of Mining & Metallurgy on 29 November 2012

Corporate Governance

The Company has, during the six months ended 30 September 2012 met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2012.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 September 2012, the Company purchased a total of 164,088,000 shares at prices ranging from HK$0.1130 to HK$0.1340 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$)
07/2012	155,120,000	0.1340	0.1180	20,317,328.00
08/2012	2,456,000	0.1140	0.1130	279,492.80
09/2012	6,512,000	0.1180	0.1150	763,880.00

Of the total repurchased shares during the Period, 157,576,000 shares were cancelled by 30 September 2012. The issued share capital of the Company was diminished by the nominal value thereof. Save as disclosed, neither we nor any of our subsidiaries purchased, sold or redeemed any of our listed securities during the six months ended 30 September 2012.

Review by Audit Committee

The 2012 interim report has been reviewed by the Company's audit committee which comprises the three independent non-executive directors of the Company and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

Chiu Tao
Chairman

Hong Kong, 29 November 2012

FINANCIAL Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CST MINING GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of CST Mining Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 53, which comprise the condensed consolidated statement of financial position as of 30 September 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 November 2012

Condensed Consolidated Statement of Comprehensive Income

For the Six Months Ended 30 September 2012

	Notes	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Revenue	4	**90,967**	91,131
Cost of sales	5	**(67,446)**	(64,325)
Gross profit		**23,521**	26,806
Other income and other gains and losses	6	**1,656**	(3,554)
Distribution and selling expenses		**(6,009)**	(8,695)
Administrative expenses			
— Reversal (expense) of share-based payment	22	**3,848**	(8,123)
— Other administrative expenses		**(16,248)**	(15,698)
Gain on disposal of subsidiaries	7	**249,146**	—
Loss on fair value changes of financial assets at fair value through profit or loss		**(37,269)**	(71,883)
Gain on fair value changes of derivative financial instruments		**1,114**	—
Gain on fair value changes of investment properties		**1,627**	991
Finance costs	8	**(543)**	(558)
Profit (loss) before taxation		**220,843**	(80,714)
Taxation	9	**(78,656)**	(1,255)
Profit (loss) for the period, attributable to owners of the Company	10	**142,187**	(81,969)
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		**936**	(4,295)
Loss arising from fair value changes of available-for-sale investments	15	**(12,218)**	(5,394)
Total comprehensive income (expense) for the period, attributable to owners of the Company		**130,905**	(91,658)
EARNINGS (LOSS) PER SHARE			
Basic and diluted	11	**US0.52 cents**	US(0.30) cents

Condensed Consolidated Statement of Financial Position

At 30 September 2012

	Notes	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
Non-current assets			
Property, plant and equipment	13	**138,990**	152,125
Exploration and evaluation assets	13	**49,322**	38,756
Investment properties	14	**20,034**	18,407
Available-for-sale investments	15	**96,264**	15,677
Pledged bank deposits	16	**67,295**	65,370
		371,905	290,335
Current assets			
Inventories		**84,227**	73,848
Trade and other receivables	17	**19,898**	14,645
Financial assets at fair value through profit or loss	18	**263,882**	189,757
Derivative financial instruments	19	**—**	1,476
Bank balances and cash		**332,572**	119,912
		700,579	399,638
Assets classified as held for sale	7	**—**	249,434
		700,579	649,072
Current liabilities			
Trade and other payables	20	**35,013**	27,015
Amount due to a non-controlling interest		**256**	256
Derivative financial instruments	19	**—**	603
Tax payable		**2,137**	2,137
		37,406	30,011
Liabilities associated with assets classified as held for sale	7	**—**	598
		37,406	30,609
Net current assets		**663,173**	618,463
Total assets less current liabilities		**1,035,078**	908,798
Non-current liabilities			
Provision for mine rehabilitation cost	16	**18,298**	18,063
Deferred tax liabilities		**3,067**	1,340
		21,365	19,403
		1,013,713	889,395
Capital and reserves			
Share capital	21	**347,498**	349,518
Reserves		**666,221**	539,883
Equity attributable to owners of the Company		**1,013,719**	889,401
Non-controlling interests		**(6)**	(6)
		1,013,713	889,395

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 September 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$'000	Warrants reserve US$'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 2011 (audited)	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 period	—	—	—	—	—	—	—	—	(81,969)	(81,969)	—	(81,969)
Other comprehensive expense for the period	—	—	—	—	(5,394)	—	—	(4,295)	—	(9,689)	—	(9,689)
Total comprehensive expense for the period	—	—	—	—	(5,394)	—	—	(4,295)	(81,969)	(91,658)	—	(91,658)
Issue of shares upon exercise of warrants	8,775	7,257	—	—	—	(6,116)	—	—	—	9,916	—	9,916
Repurchase of shares	(1,380)	(239)	—	(19)	—	—	—	—	—	(1,638)	—	(1,638)
Recognition of equity-settled share-based payment	—	—	—	—	—	—	8,123	—	—	8,123	—	8,123
Expiry of warrants	—	—	—	—	—	(209)	—	—	209	—	—	—
At 30 September 2011 (unaudited)	350,498	497,999	987	128,256	(426)	8	33,727	16,692	(168,931)	858,810	(6)	858,804
At 1 April 2012 (audited)	**349,518**	**498,118**	**987**	**128,275**	**2,270**	**9**	**41,806**	**25,454**	**(157,036)**	**889,401**	**(6)**	**889,395**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**142,187**	**142,187**	**—**	**142,187**
Other comprehensive income for the period	**—**	**—**	**—**	**—**	**(12,218)**	**—**	**—**	**936**	**—**	**(11,282)**	**—**	**(11,282)**
Total comprehensive expense for the period	**—**	**—**	**—**	**—**	**(12,218)**	**—**	**—**	**936**	**142,187**	**130,905**	**—**	**130,905**
Repurchase of shares	**(2,020)**	**(621)**	**—**	**(98)**	**—**	**—**	**—**	**—**	**—**	**(2,739)**	**—**	**(2,739)**
Reversal of equity-settled share-based payment	**—**	**—**	**—**	**—**	**—**	**—**	**(3,848)**	**—**	**—**	**(3,848)**	**—**	**(3,848)**
At 30 September 2012 (unaudited)	**347,498**	**497,497**	**987**	**128,177**	**(9,948)**	**9**	**37,958**	**26,390**	**(14,849)**	**1,013,719**	**(6)**	**1,013,713**

(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 and amount arising from the repurchase of shares during the current period which are not yet cancelled as at 30 September 2012 (note 21(c)).

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

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 September 2012

	Note	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Net cash (used in) from operating activities		**(96,827)**	25,320
Investing activities			
Proceed from disposal of subsidiaries, net of cash and cash equivalent disposed of,	7	**426,922**	—
Purchase of available-for-sale investments		**(92,805)**	(641)
Purchase of property, plant and equipment		**(12,434)**	(27,594)
Additions to exploration and evaluation assets		**(10,093)**	(5,869)
Placement in pledged bank deposit		**—**	(36,534)
Net cash from (used in) investing activities		**311,590**	(70,638)
Financing activities			
Repurchase of shares		**(2,739)**	(1,638)
Proceed from exercise of warrants		**—**	9,916
Other financing activities		**(15)**	(13)
Net cash (used in) from financing activities		**(2,754)**	8,265
Net increase (decrease) in cash and cash equivalents		**212,009**	(37,053)
Effect of foreign exchange rate changes		**16**	(667)
Cash and cash equivalents at the beginning of the period		**120,547**	191,785
Cash and cash equivalents at the end of the period, represented by bank balances and cash		**332,572**	154,065

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 the interim 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 condensed 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. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2012. In addition, the Group adopted the following accounting policy for the financial assets designated as at fair value through profit or loss during the current interim period:

A financial asset other than a financial asset held for trading may be designated as at fair value though profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value though profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

- Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*; and
- Amendments to HKAS 12 *Deferred Tax — Recovery of Underlying Assets.*

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the investment properties of the Group located in Hong Kong and in the People's Republic of China are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted. In addition, the investment properties of the Group located in Hong Kong are not subject to any income taxes on disposal of its investment properties. Such amendments have been applied in the current period and the directors consider that the impact of the adoption of the amendments to HKAS 12 had no material effect on the condensed consolidated financial statements of the Group for prior years and current period.

The application of the other amendments to HKFRSs in the current interim period also has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. 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 period is as follows:

	Six months ended 30 September	
	2012	2011
	US$'000	US$'000
	(unaudited)	(unaudited)
Sale of copper cathodes	**89,905**	88,896
Residential rental income	**222**	196
Office rental income	**98**	80
Dividend and interest income from trading of securities	**742**	1,959
	90,967	91,131

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 "Operating Segments" 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 and available-for-sale investments
Property investment	— properties letting

The operating segment regarding the copper mining in Peru was disposed of on 13 June 2012, as detailed in note 7. However, no discontinued operation was shown separately in the condensed consolidated financial statements since the directors of the Company considered that the financial results contributed by this operating segment was insignificant to the Group.

4. REVENUE/SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue		Segment result	
	Six months ended 30 September		Six months ended 30 September	
	2012	2011	**2012**	2011
	US$'000	US$'000	**US$'000**	US$'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Mining business				
— Australia	**89,905**	88,896	**8,853**	7,369
— Peru	**—**	—	**(23)**	(29)
Investments in financial instruments	**742**	1,959	**(37,437)**	(70,774)
Property investment	**320**	276	**1,627**	1,176
	90,967	91,131	**(26,980)**	(62,258)
Other income and other gains and losses			**1,656**	(3,554)
Central administration costs			**(6,284)**	(6,221)
Gain on disposal of subsidiaries			**249,146**	—
Reversal (expense) of share-based payment			**3,848**	(8,123)
Finance costs			**(543)**	(558)
Profit (loss) before taxation			**220,843**	(80,714)

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

Segment results represent the results of each segment without allocation of other income and other gains and losses, reversal (expense) of share-based payment, gain on disposal of subsidiaries, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. COST OF SALES

	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Electricity	**7,224**	6,220
Diesel/Fuel	**4,265**	4,895
Direct materials	**8,017**	5,908
Equipment rental	**339**	305
Staff costs	**12,040**	12,063
Drilling & blasting, earthmoving & haulage	**17,722**	18,449
Overhead	**2,335**	3,592
Maintenance	**1,158**	—
Depreciation	**23,370**	25,334
Movement in inventories	**(9,024)**	(12,441)
	67,446	64,325

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Bank interest income	**1,524**	1,585
Net foreign exchange loss	**(49)**	(5,266)
Others	**181**	127
	1,656	(3,554)

7. GAIN ON DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 12 January 2012, the Company engaged Morgan Stanley Asia Limited to provide financial advisory services to the Company in relation to the disposal of the Company's wholly owned subsidiary, CST Resources Limited, which indirectly owns 70% interest in Marcobre S.A.C., a Peruvian jointly controlled entity, which fully hold the mine property and development assets of a copper mine located in Peru (the "Mina Justa Project"). The Company was 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 (the "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 had been presented separately in the consolidated statement of financial position, were as follows:

	US$'000 (audited)
Net assets of the 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 sales	**(598)**

On 23 April 2012, the Group entered into 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 total consideration of US$506,400,000, being the cash consideration of US$505,000,000, plus a reimbursement cash payment of US$1,400,000 by the Purchaser, to compensate capital injection made by the Company to Marcobre S.A.C. between 31 March 2012 and the date of completion, 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.

7. GAIN ON DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

The net assets of the Disposal Group at the date of disposal were as follows:

	US$'000
Property, plant and equipment	238,229
Other receivable (non-current portion)	11,084
Trade and other receivables	69
Bank balances and cash	1,096
Trade and other payables	(293)
Net assets disposed of	**250,185**

Except for the gain on disposal of subsidiaries, Peruvian capital gains tax and the proceed from disposal of subsidiaries, the Disposal Group did not make any significant contribution to the profit or loss and cash flows of the Group during the period.

	US$'000
Gain on disposal of subsidiaries:	
Gross cash consideration	506,400
Less: net assets disposed of	(250,185)
Less: transaction costs	(7,069)
Gain on disposal	**249,146**
Net cash inflow arising on disposal:	
Total cash consideration	506,400
Less: Peruvian capital gains tax withheld (note 9)	(76,963)
Less: transaction costs paid	(1,419)
Less: bank balances and cash disposed of	(1,096)
	426,922

8. FINANCE COSTS

	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Interest on other borrowings wholly repayable within five years	16	17
Effective interest expense on provision for mine rehabilitation cost	527	541
	543	558

9. TAXATION

	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	**—**	—
People's Republic of China	**5**	5
Peruvian capital gains tax	**76,963**	—
Deferred tax	**1,688**	1,250
Taxation for the period	**78,656**	1,255

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. No provision is made for Hong Kong Profits Tax as the Hong Kong group entities have no assessable profit during both periods.

During the period, the Group is subject to Peruvian capital gains tax arising from the disposal of an indirect investment in a Peruvian jointly controlled entity, calculated as 30% (capital gains tax rate as stipulated in the Peruvian tax law) on the difference between the consideration of US$506,400,000 and the total capital injections made by the Group in the Disposal Group of US$249,857,000 up to the date of disposal.

10. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 September	
	2012	2011
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	**23,392**	26,488
Directors' remuneration, including net reversal share-based payment expenses of US$2,329,000 (six-months ended 30 September 2011: share-based payment expenses of US$6,892,000)	**799**	9,297

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the profit for the period of US$142,187,000 (2011: loss for the period of US$81,969,000) and the weighted average number of 27,195,615,322 ordinary shares (2011: 27,182,076,807 ordinary shares) in issue during the period.

The computation of diluted earnings per share for the six months ended 30 September 2012 and 30 September 2011 does not assume the exercise of the Company's outstanding share options and warrants because the exercise prices of those options and warrants were higher than the average market price for shares for the period.

12. DIVIDEND

No dividends were paid, declared or proposed during the current period. The directors do not recommend the payment of an interim dividend during the six months ended 30 September 2012 (six months ended 30 September 2011: nil).

13. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group incurred expenditures on mine property and development assets and capital work in progress of US$11,748,000 (2011: US$21,731,000) and other property, plant and equipment of US$100,000 (2011: US$5,863,000).

During the six months ended 30 September 2012, the Group incurred expenditures on exploration and evaluation assets of US$10,152,000 (2011: US$5,689,000).

14. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at 30 September 2012 and 31 March 2012 have been arrived at on the basis of valuations carried out as of these dates by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties.

15. AVAILABLE-FOR-SALE INVESTMENTS

As at 31 March 2012, the Group's available-for-sale investments included equity securities listed in Hong Kong, which represent 221,428,571 shares, approximately 1.3% shareholding in G-Resources Group Limited ("G-Resources"). During the current period, the Group acquired further 1,428,900,000 shares of G-Resources through placing exercise carried out by G-Resources, at a total consideration of approximately US$69,613,000. After the acquisition, the Group held a total of 1,650,328,571 shares of G-Resources, representing approximately 8.72% interest in G-Resources, all of which were classified as available-for-sale investments in the condensed consolidated financial statements of the Group. 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.

In addition, the Group acquired 30,000,000 shares of a private and unlisted company incorporated in the Cayman Islands whose subsidiaries are principally engaged in security brokerage and properties holding, at a total consideration of approximately US$23,077,000 during the current period. The 30,000,000 shares represent approximately 4.54% of the issued shares of that company. The unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in 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.

An amount of US$12,218,000 (2011: US$5,394,000) fair value loss related to G-Resources was recognised in investment revaluation reserve during the period.

16. PLEDGED BANK DEPOSITS/PROVISION FOR MINE REHABILITATION COST

Pledged bank deposits

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 contracts. These guarantees are backed by collateral deposits which amounted to US$31,236,000 as at 30 September 2012 (31 March 2012: US$30,140,000).

Another US$36,059,000 (31 March 2012: US$35,230,000) represents deposit placed by the Group with the Department of Environment and Heritage Protection, Queensland Government, Australia for the purposes of settling mine rehabilitation cost as explained below.

Provision for mine rehabilitation cost

In accordance with relevant rules and regulations in Australia, 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 Australia.

Rehabilitation cost has been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation, which is expected to result in cash outflow in December 2014. Rehabilitation cost is capitalised as part of 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.

During the period, due to the reduction in real interest rate, the key factor in calculation of mine rehabilitation cost as stipulated in relevant rules and regulations in Australia, a reversal of provision for mine rehabilitation cost of US$409,000 was recognised. Mine rehabilitation cost provided for the six months ended 30 September 2011 of US$8,816,000 was capitalised as part of mine property and development assets (included in property, plant and equipment). No payment was made in the current period for rehabilitation works (2011: US$250,000).

17. TRADE AND OTHER RECEIVABLES

	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
Trade receivable	**9,797**	4,307
Less: allowance for doubtful debts	**—**	—
	9,797	4,307
Other receivables	**10,101**	10,338
Total trade and other receivables	**19,898**	14,645

Aging of trade receivable (based on the invoice date)

	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
0–60 days	**9,797**	4,307

Trade receivable as at 30 September 2012 and 31 March 2012 represent trade receivable from a customer in Japan. The Group allows an average credit period of 7 days for its trade customer. 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 receivable is US$3,554,000 (31 March 2012: US$3,286,000) 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.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
Held for trading investment		
Equity securities — listed in Hong Kong	**198,724**	140,344
Equity securities — listed outside Hong Kong	**7,065**	7,192
Investment funds	**41,337**	42,221
	247,126	189,757
Designated as financial assets at fair value through profit or loss		
Unlisted bonds	**16,756**	—
	263,882	189,757

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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.

During the six months ended 30 September 2012, the Company acquired unlisted unsecured bonds at purchase price of US$23,077,000 through a broker.

The unlisted unsecured bonds with principal amount of HK$250,000,000 (equivalent to approximately US$32,051,000), carry coupon rate of 2.5% per annum, are redeemable by issuer at any time before maturity and are repayable upon maturity on 4 January 2014 or extended maturity date of 4 January 2019, if the issuer has delivered an extension notice to bondholders at any time before extension deadline, with an adjusted coupon rate of 12.5%. The issuer is entitled to redeem the bonds at its principal amount together with interest accrued as at the redemption date. The unlisted unsecured bonds contain embedded derivatives which are not closely related to the host contract. The entire combined contract has been designated at financial assets at fair value through profit or loss on initial recognition.

The fair value of the unlisted unsecured bond, which was issued by a company listed on the Stock Exchange, had been arrived at on the basis of a valuation carried out by Asset Appraisal Limited, an independent qualified professional valuers not connected with the Group. The fair value of the unlisted unsecured bonds at 30 September 2012 were determined using discounted cash flows method using the interest rate applied at the time by the market to instruments of comparable credit status and the probability of extension of the loan. A loss on fair value changes of US$6,321,000 was recognised during the period.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
Derivative financial assets (not under hedge accounting)		
Future contracts on non-ferrous metals	—	1,476
Derivative financial liabilities (not under hedge accounting)		
Foreign currency forward contacts	—	603

The future contracts on non-ferrous metals were matured during the six months ended 30 September 2012.

The Group has terminated the foreign currency forward contracts during the six months ended 30 September 2012.

Major terms of these contracts are set out in the Group's annual report for the year ended 31 March 2012.

20. TRADE AND OTHER PAYABLES

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

	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
0–30 days	**11,759**	7,838
31–60 days	**911**	151
Trade payable	**12,670**	7,989
Other payables	**22,343**	19,026
	35,013	27,015

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$4,349,000 (31 March 2012: US$5,202,000) as detailed in note 23.

21. SHARE CAPITAL

	Notes	Number of shares	Share capital US$'000
Ordinary shares of HK$0.10 each:			
Authorised			
At 1 April 2011, 31 March 2012 and 30 September 2012		**50,000,000,000**	**641,026**
Issued and fully paid			
At 1 April 2011 (audited)		**26,762,022,358**	**343,103**
Issue of shares upon exercise of warrants	**(a)**	**684,446,603**	**8,775**
Share repurchased and cancelled	**(b)**	**(107,648,000)**	**(1,380)**
At 30 September 2011 (unaudited)		**27,338,820,961**	**350,498**
At 1 April 2012 (audited)		**27,262,396,961**	**349,518**
Share repurchased and cancelled	**(c)**	**(157,576,000)**	**(2,020)**
At 30 September 2012 (unaudited)		**27,104,820,961**	**347,498**

21. SHARE CAPITAL (continued)

Notes:

(a) During the six months ended 30 September 2011, 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.

(b) During the six months ended 30 September 2011, the Company repurchased 109,072,000 of its own ordinary shares on the Stock Exchange at aggregate price of HK$12,776,000 (equivalent to US$1,638,000). The highest and lowest price paid per share are HK$0.1420 and HK$0.0894, respectively. As at 30 September 2011, 107,648,000 shares being repurchased were cancelled and another 1,424,000 shares remained outstanding. The issued share capital of the Company was reduced by the nominal value of those repurchased and cancelled shares.

(c) During the six months ended 30 September 2012, the Company repurchased 164,088,000 of its own ordinary shares on the Stock Exchange at aggregate price of HK$21,360,000 (equivalent to US$2,739,000) 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$0.1340 and HK$0.1130, respectively. As at 30 September 2012, 157,576,000 of the shares being repurchased were cancelled and another 6,512,000 shares remained outstanding.

The issued share capital of the Company was reduced by the nominal value of those repurchased and cancelled shares.

22. SHARE-BASED PAYMENTS TRANSACTION

The Company has a share option scheme for employees (including existing and proposed directors), advisors, consultants, agents, contractors, clients and suppliers of any members of the Group and also a share option agreements with directors of the Company. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 April 2012	**2,292,500,000**
Forfeited during the period	**(523,000,000)**
Expired during the period	**(50,000,000)**
Outstanding at 30 September 2012	**1,719,500,000**

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in the profit or loss, with a corresponding adjustment to the share option reserve.

During the six months ended 30 September 2012, 475,000,000 and 38,000,000 share options were forfeited prior to the vesting as a result of the resignation of a director and employees, respectively, and reversal of share-based payment expenses of US$5,511,000 and US$139,000 were recognised, respectively.

In addition, during the six months ended 30 September 2012, due to the fact that the Group disposed of the Mina Justa Project. A reversal of share-based payment expenses of US$40,000 was recognised in respect of 10,000,000 share options previously granted to the employees of the jointly controlled entity which operates the Mina Justa Project, who are no longer under employment of the Group before the vesting conditions have been met. The share options granted to directors and employees of the Group (other than employees of the Disposal Group) with vesting conditions related to Mina Justa Project are still outstanding as at the end of the reporting period.

22. SHARE-BASED PAYMENTS TRANSACTION (continued)

Further, the directors of the Group have reviewed the current production plan and considered that the condition to achieve an average of 2,300 tonnes per month of saleable copper production over a six consecutive month period under the mining business of the Australian subsidiary could not be met. The number of share options expected to vest has been reduced. Based on the same production plan, management also expected that the timing to achieve an annual copper production of 25,000 tonnes and a cumulative saleable copper cathodes production of 75,000 tonnes (another two vesting conditions) would be delayed, accordingly, a reversal share-based payment expenses of US$519,000 and US$1,182,000 was recognised, respectively.

As a result, a net reversal share-based payment expenses of US$3,848,000 was recognised in the profit or loss for the current period (2011: share-based payment expenses of US$8,123,000 was charged to the profit or loss).

23. CONTINGENT LIABILITIES

On 31 May 2010, the Group acquired the entire issued share capital of a wholly owned subsidiary, CST Minerals Lady Annie Pty Ltd ("CSTLA") at an aggregate cash consideration of Australian dollars ("A$") 130,000,000 (equivalent to approximately US$110,073,000) paid by the Group on the acquisition date and an additional contingent consideration. 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.

Based on the relevant sale and purchase 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 by 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$2,616,000 (31 March 2012: A$2,500,000, equivalent to US$2,601,000) and (ii) of A$2,500,000, equivalent to US$2,616,000 (31 March 2012: A$2,500,000, equivalent to US$2,601,000) represent the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. As at 30 September 2012, production of first 10,000 tonnes was completed, A$844,000 (equivalent to US$883,000) was settled during the period, while the additional ore reserves are not yet delineated.

24. RELATED PARTY DISCLOSURES

Key management personnel compensation

The remuneration of directors who are also key management during the period was as follows:

	Six months ended 30 September 2012 US$'000 (unaudited)	2011 US$'000 (unaudited)
Short-term benefits	**3,119**	2,397
(Reversal) share-based payment expenses, net (Note)	**(2,329)**	6,892
Post-employment benefits	**9**	8
	799	9,297

Note: Share-based payment expenses represent the portion of the total fair value at the grant date of share options issued under the Company's share option scheme and the share option agreements which has been charged in profit or loss, net of reversal share-based payment expenses of US$5,511,000 (2011: nil) (as explained in note 22), during the six months ended 30 September 2012 and 2011.

25. CAPITAL COMMITMENTS

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

	30 September 2012 US$'000 (unaudited)	31 March 2012 US$'000 (audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**2,114**	6,486
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**1,287**	4,544

Board of Directors

Executive Directors

Mr Chiu Tao *(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

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Certified Public Accountants

Principal Banker

Hang Seng Bank Limited

Principal Share Registrars and Transfer Office

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