EXPANDING OUR HORIZONS

CST Mining Group Limited

Annual Report 2013

CST MINING GROUP LIMITED


CATERPILLAR

AT A GLANCE

CST MINING

(HONG KONG HEAD OFFICE)

LADY ANNIE OPERATIONS

(AUSTRALIA – 100% OWNERSHIP)

MINE TYPE
Open pit

STATUS
Producing

PROCESSING METHOD
Heap leach and solvent extraction and electrowinning

PRODUCT
London Metal Exchange Grade A equivalent copper cathode

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Independent Non-Executive Directors

Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan

Company Secretary

Mr. Chow Kim Hang

Registered Office

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69 Dr. Roy's Drive
P.O. Box 1043
George Town
Grand Cayman KY1-1102
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Rooms 4503–05, 45th Floor
China Resources Building
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Wanchai
Hong Kong

Principal Share Registrar and Transfer Office

The R&H Trust Co. Ltd.
Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman KY1-1103
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Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Banker

Hang Seng Bank Limited

Stock Code

985

Website

www.cstmining.com

CHAIRMAN'S STATEMENT

HANDSOME PROFITS GENERATED DURING THE YEAR SIGNIFICANTLY STRENGTHENED OUR BALANCE SHEET AND CREATED OPTIMUM CONDITIONS FOR US TO EXPAND OUR HORIZONS GOING FORWARD

Dear Shareholders,

I am very pleased to report that the 12 months to 31 March 2013 proved to be a year representing solid progress and growing financial strength for CST Mining Group Limited ("CST Mining").

Thanks to the dedication of our outstanding management teams, we successfully completed the sale of CST Mining's 70% interest in the Mina Justa copper project in Peru, culminating in a deal with Cumbres Andinas S.A. valued at US$505 million.

The disposal of this project in June 2012 generated handsome profits for CST Mining, significantly strengthened our balance sheet and created optimum conditions for us to expand our horizons going forward.

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 in Australia.

In the meantime, positive developments have unfolded over the past twelve months at Lady Annie copper mine in Queensland.

Output levels and revenues held relatively steady during the first nine months of the financial year before slowing on the back of an extensive cleaning program aimed at improving the quality and efficiency of copper production at the mine.

With efforts to enhance our Lady Annie Operations well underway, I am confident that Lady Annie Operations will have a more stable performance in the months to come.

We also look forward to an exciting year for exploration efforts during the remainder of calendar 2013.

I would like to take this opportunity to thank the CST Lady Annie team for collaborating so effectively with our head office in Hong Kong over the past year and for continuing to generate such satisfactory results.

As we look to the coming financial year, we are optimistic about our prospects and look forward to the opportunity to strengthen our performance across all business operations within CST Mining.

Sincerely yours,

Chiu Tao
Chairman
28 June 2013

PROJECT

OVERVIEW

PROJECT OVERVIEW

LADY ANNIE OPERATIONS

Ore Mined (Tonnes)

3.24 MILLION

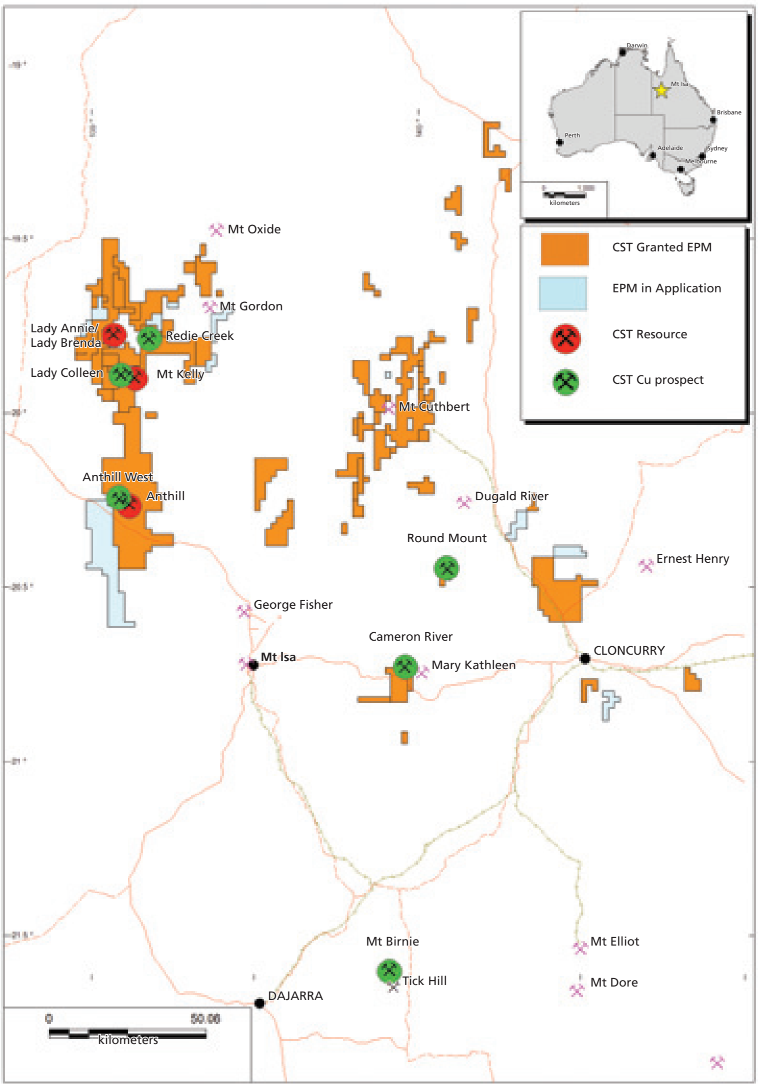
Production (Tonnes)

22,018

Revenue (US$)

168 MILLION

approximately



Location of Lady Annie Operations

Project Description and Location

Lady Annie Operations of CST Mining represent a copper mine and processing facility in Queensland, Australia, some 120km north-west of the regional mining centre of Mount Isa. It is 100% owned by CST Mining. The operations consist of a number of open-pit mines that feed into a heap leach, the solvent extraction and electrowinning processing plant.

Lady Annie Operations enjoy a solid resources and reserves base and prospective exploration tenements around the existing site and regionally. The region, known as Mount Isa Inlier, hosts multiple world-class copper and gold and other base and precious metal deposits.

1. Operating Results

The table below provides certain key operational information for Lady Annie Operations for the twelve months ended 31 March 2013 (the "Year") and 31 March 2012, respectively.

Key operational information

		2013	2012
Mined	Total material (tonnes)	12,902,586	16,586,652
	Ore (tonnes)	3,237,911	3,514,585
	Ore grade (copper %)	0.95	1.06
	Contained copper (tonnes)	30,665	37,197
Stacked	Ore (tonnes)	2,869,237	2,893,502
	Ore grade (copper %)	0.99	0.98
	Contained copper (tonnes)	28,364	28,322
Production	Copper cathode (tonnes)	22,018	18,402
Sales	Copper cathode (tonnes)	21,312	17,382
	Average price (US$/tonne)	7,865	8,446
	Revenue (US$'000)	167,613	146,803

The table below provides the expenditure of Lady Annie Operations and Marcobre project on exploration, mining and development activities for the Year.

Expenditure on exploration, mining and development activities

	Lady Annie US$'000	Marcobre US$'000	Total US$'000
Administration	134	43	177
Camp expense	362	27	389
Consultancy & contractor expense	766	123	889
Consumables	111	—	111
Drilling and assays expenses	12,538	28	12,566
Machinery and equipment	381	—	381
Tenement and mining leases fee	411	233	644
Others	403	9	412
Staff cost	4,906	120	5,026
Total	20,012	583	20,595

2. Mining, Stacking and Processing Operations

2.1 Mining

Mining continued to exceed production targets through the 9 months to the end of December 2012 and bank-cubic-meter movement for the March 2013 quarter stood above budget. Efficiencies realized through the continued utilization of campaign mining have enabled a reduction in the mining fleet without generating any negative impact on production. Development of the Flying Horse area continued through the December 2012 and March 2013 quarters, with high grade ore values from this area slightly above budget for the March 2013 quarter.

Figure 1: Flying Horse, Mount Clarke Mine Area.

Scheduled open-cut mining of the preceding underground workings in Lady Annie mine area has started to establish more competent mining benches, which will continue to allow the zone to expand as planned.

2.2 Stacked Ore Copper Grade

Figure 2 shows the monthly stacked ore copper grade for the Year. Stacked ore includes oxide ore from Lady Annie and Mount Kelly mines, and transition ore from the Mount Clarke West pit. 2.87 million tonnes of ore (dry basis) was stacked for processing with a mean copper grade of 0.99%. With the exception for June 2012, stacked ore grade proved relatively consistent during the June 2012 and September 2012 quarters. June's lower ore grade was generated by a temporary depletion of high-grade ore stocks during February 2012, when ore was intentionally high-graded to ensure successful of a production plant expansion.

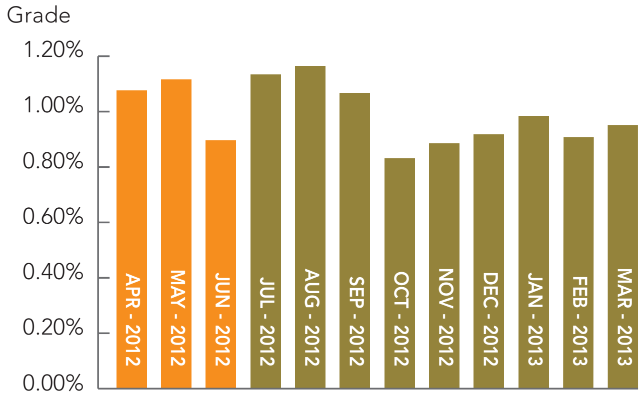


Figure 2: Stacked Ore Copper Grade

A rise in calcium levels of feed ore and persistently lower copper level were witnessed during the quarter ended March 2013. This resulted in a decline in the rate of copper extraction and an increase in acid consumption. In order to mitigate the influence of these higher calcium levels the leach method was altered to add most of the required acid at the agglomerator. This was followed by a classic two-stage heap leach cycle.

The Stage Three Leach Pad Expansion Project was completed in January 2013 with the commissioning of the Stage Three solution pumps. Stacking of Stage Three pads commenced in early January 2013 and is ongoing. This process can add approximately 18 months of life of heap leach processing operations, a development that is necessary to match reserve estimates coming from both oxide and transition ores.

2.3 Stacked Copper Metal

Figure 3 shows the monthly stacked metal for the Year with 28,364 tonnes of copper metal were stacked. The lower number in June 2012 was directly related to the depletion of high-grade ore during February 2012. During the October 2012 the lower stacked copper levels resulted from a lower grade of transition ore blends. These lower grades coupled with an increase in unplanned maintenance at the crusher led to reduced stacked metal figures. The issues were addressed efficiently and the numbers were able to climb up in January and March 2013.

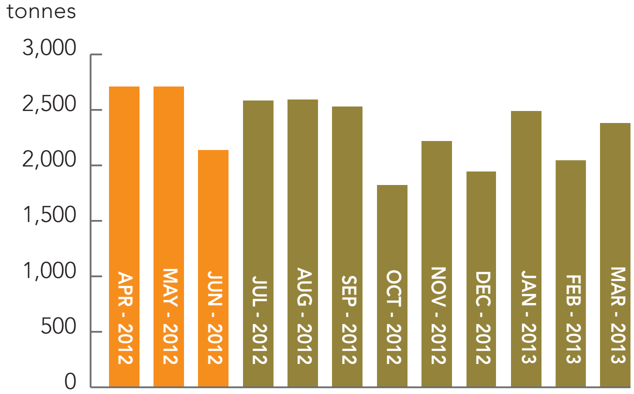


Figure 3: Stacked Copper Metal

2.4 Copper Cathode Production

Figure 4 shows monthly levels of cathode copper produced throughout the Year. Lady Annie Operations produced 22,018 tonnes of copper cathode during the Year.

The commissioning and operation of two cathode sets during the expansion phase of the electrowinning cathode production plant earlier than originally planned attributed to production reaching target during April to September 2012 period.

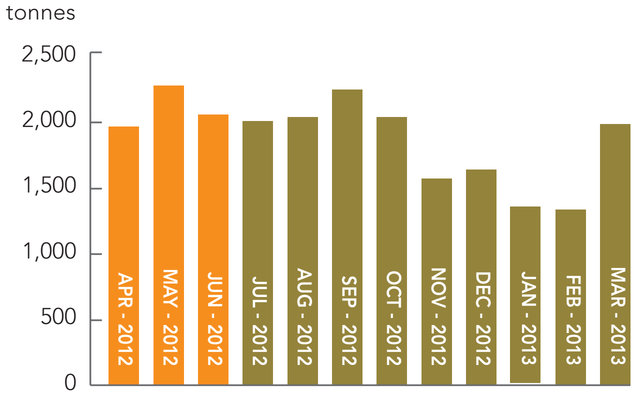


Figure 4: Copper Cathode Production

From November 2012, dislodged anode spacers arising from continued interaction between V-grooved cathodes and the anode spacers and a delay in the delivery of the electrowinning shorting frame resulted in some poorer cathode bundle shape, and reduced current efficiency.

In January and February 2013, the alternate cleaning campaigns were carried out in both electrowinning cell houses. The effectiveness of the aforesaid programs was reflected in the increased current efficiency, a significant improvement in cathode quality.

A continuous cleaning campaign using a newly delivered double-cell shorting frame commenced in the electrowinning cell house in May 2013. This is expected to remove the need for future cleaning shutdowns and to maximize the efficiency of the cell house.

2.5 Transition Ore Processing

Leach trials of transition ore continued with the Pad 14. 100% transition forced aeration trial successfully completed and currently awaiting residue drilling results. Pad 4 was comprised of 60% transition material blended with 40% oxide ore, this trial is ongoing. Initial results of these two trials indicate that a blend of transition and oxide ore will successfully produce copper at a profitable operating cost and that forced aeration is not required.

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. Anthony Hespe ("Mr. Hespe") BSc Geology, who is a member of The Australian Institute of Geoscientists. Mr. Hespe 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 Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"), 2004 Edition. Mr. Hespe 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 Year focused on near mine resource development drilling at Lady Annie — Lady Brenda area and Anthill — Anthill West area.

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. Figure 5 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 in the areas of EPM16243, EPM16244, EPM17088 and EPM17789. During the Year, a total of 695 drill holes for 63,564m, including reverse circulation drilling ("RC") and diamond drilling ("DD"), were completed. Details are shown below:

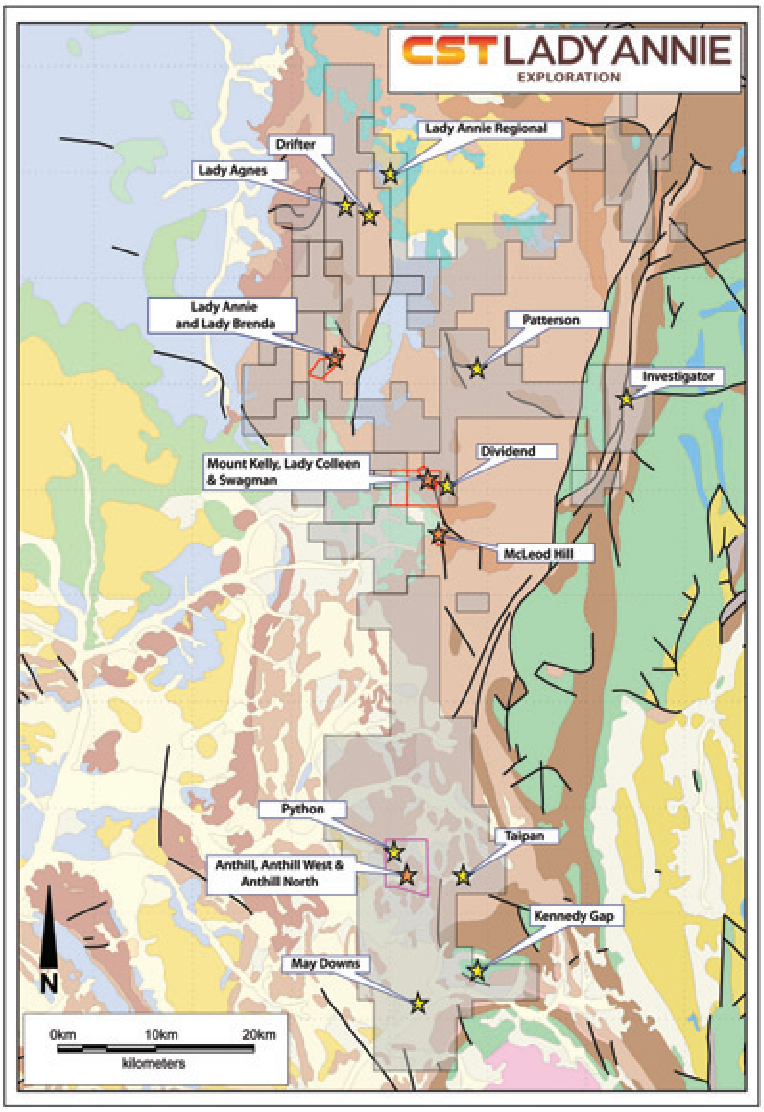


Figure 5. Location of Lady Annie Operations' deposits and prospects.

	RAB		RC		DD		Total	
Drilling Type	Meter	No. of drill holes	Meter	No. of drill holes	Meter	No. of drill holes	Meter	No. of drill holes
Resource Drilling			19,839	134	8,517	78	28,356	212
Metallurgical Drilling					1,054	13	1,054	13
Exploration Drilling	15,604	339	16,694	128	1,856	3	34,154	470
							63,564	695

3.3 Lady Annie Area

A total of 2,221m of RC and 685m of DD (including 516m for metallurgical samples) were completed in Lady Annie area. This drilling was comprised of the 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 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; and
- To explore surface copper anomalism at Lady Treska.

Copper results returned from Lady Brenda include:

LANC0434	16m	@ 0.64% copper from 98m	(oxide/transition)
LANC0437	19m	@ 0.58% copper from 23m	(oxide)
LANC0445	13m	@ 0.91% copper from 41m	(oxide)
LANC0459	21m	@ 0.62% copper from 46m	(oxide/transition)
LANC0473	14m	@ 0.73% copper from 28m	(oxide)
LANC0475	8m	@ 1.91% copper from 91m	(oxide/transition)
LANC0477	12m 6m	@ 1.07% copper from 46m @ 1.73% copper from 150m	(oxide) (oxide)
LANC0483	17m	@ 0.62% copper from 23m	(oxide)
LANC0493	31m 15m	@ 2.27% copper from 37m @ 0.80% copper from 74m	(oxide) (transition)
LANC0501	20m	@ 0.59% copper 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 in the announcement dated 20 November 2012.

3.4 Mount Kelly Region and Lady Colleen

Drilling within the Mount Kelly mining area focused on northern extensions to the Lady Colleen deposit as well as exploration for oxide along interpreted mineralised trends. Four extension drilling holes were also completed at the Swagman deposit. 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 2012.

Drilling at Lady Colleen intersected encouraging transition and primary sulphide mineralisation including:

MTKC0548	39m	@ 3.89% copper from 163m	(transition/sulphide)
MTKC0546	21m	@ 2.2% copper from 174m	(sulphide)

In April 2013 drilling commenced at Lady Colleen to test for sulphide mineralisation down dip of the intersections reported above.

Oxide drilling results from Lady Colleen included:

MTKC0587	13m	@ 0.41% copper from 42m	(oxide)
MTKC0594	7m	@ 0.84% copper from 37m	(oxide)

At Lady Colleen there is potential to extend the small oxide resource which has the advantage of location on a granted mining lease and proximity to mining infrastructure. Further drilling is proposed in 2013.

Oxide drilling results at Swagman included:

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

These results will be included in an update of the Swagman Resource in 2013. Swagman is a small resource but as for Lady Colleen, it is situated on a granted mining lease and close to mining infrastructure.

Drilling results from Dividend indicate that the near surface copper geochemistry is the remnant of an oxide blanket that has been stripped by erosion. The Dividend copper geochemical anomaly is an extension of the Mount Kelly system and continues for around two kilometres in CST Mining's tenements. In conjunction with work at Mount Kelly it will be assessed for underlying sulphide mineralisation in 2013.

Results and reports from the Lady Colleen orientation geophysical survey were received late in the June quarter. The results demonstrated a limited ability to directly detect Lady Colleen mineralisation with the methods tested. This program demonstrated the high electrical conductivity of the host rocks. In 2013 Lady Annie Region will be surveyed with airborne electromagnetic method which will assist in defining new copper targets by mapping host shales.

3.5 Buckley River Regional: Python, Anthill North and Taipan

As referenced in Figure 6, exploration drilling was completed at Python, Anthill North and Taipan. Greenfields RAB drilling programs were completed at Anthill, May Downs and Kennedy Gap.

Python

The Python prospect lies 2.5km northwest of the Anthill deposit. RC (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% copper and 5m @ 1.58% copper on 2 separate drill lines 700m apart. The mineralisation underlies and is lateral to a broad lower grade halo, concealed beneath shallow recent cover. Further drilling is planned in 2013.

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.

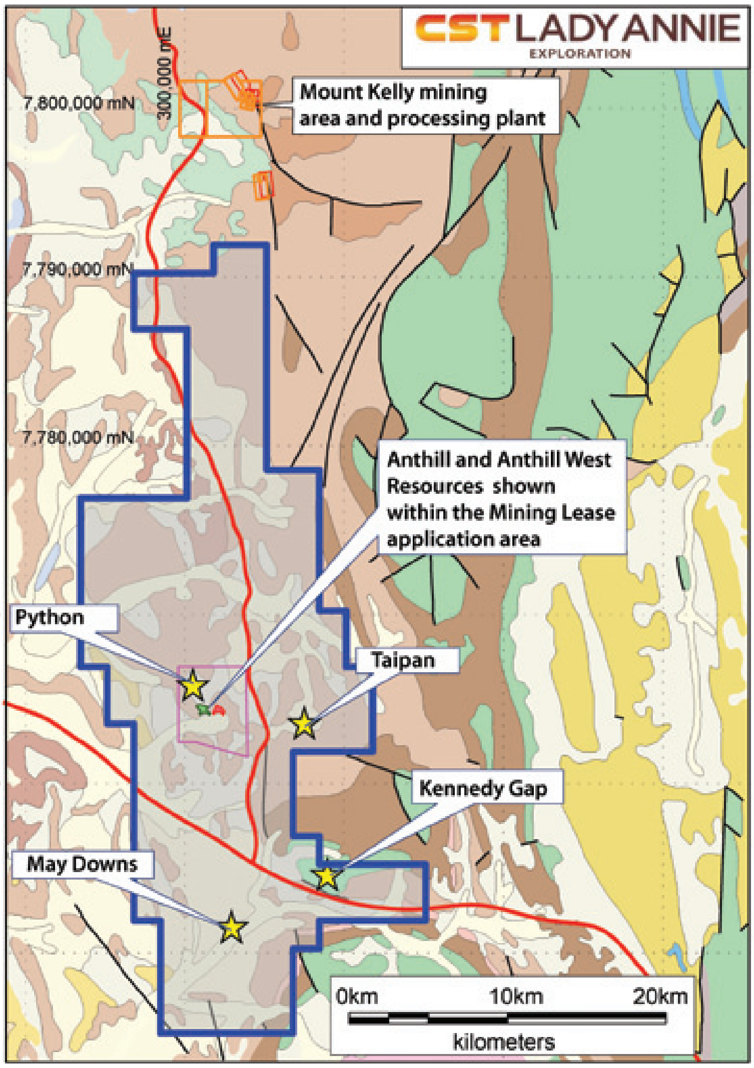


Figure 6: An overview of Buckley River Regional exploration areas

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% copper 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 areas oxide copper blanket was observed throughout the area intersected with BURC0422 multiple intervals containing significant visual oxide copper mineralisation. Further drilling is planned in 2013.

3.6 Anthill and Anthill West

Anthill West Resource definition was the major focus for the period from April to September 2012. 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 as twin holes into the Anthill deposits 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 2012 quarter. Metallurgical drilling at Anthill West was also carried out.

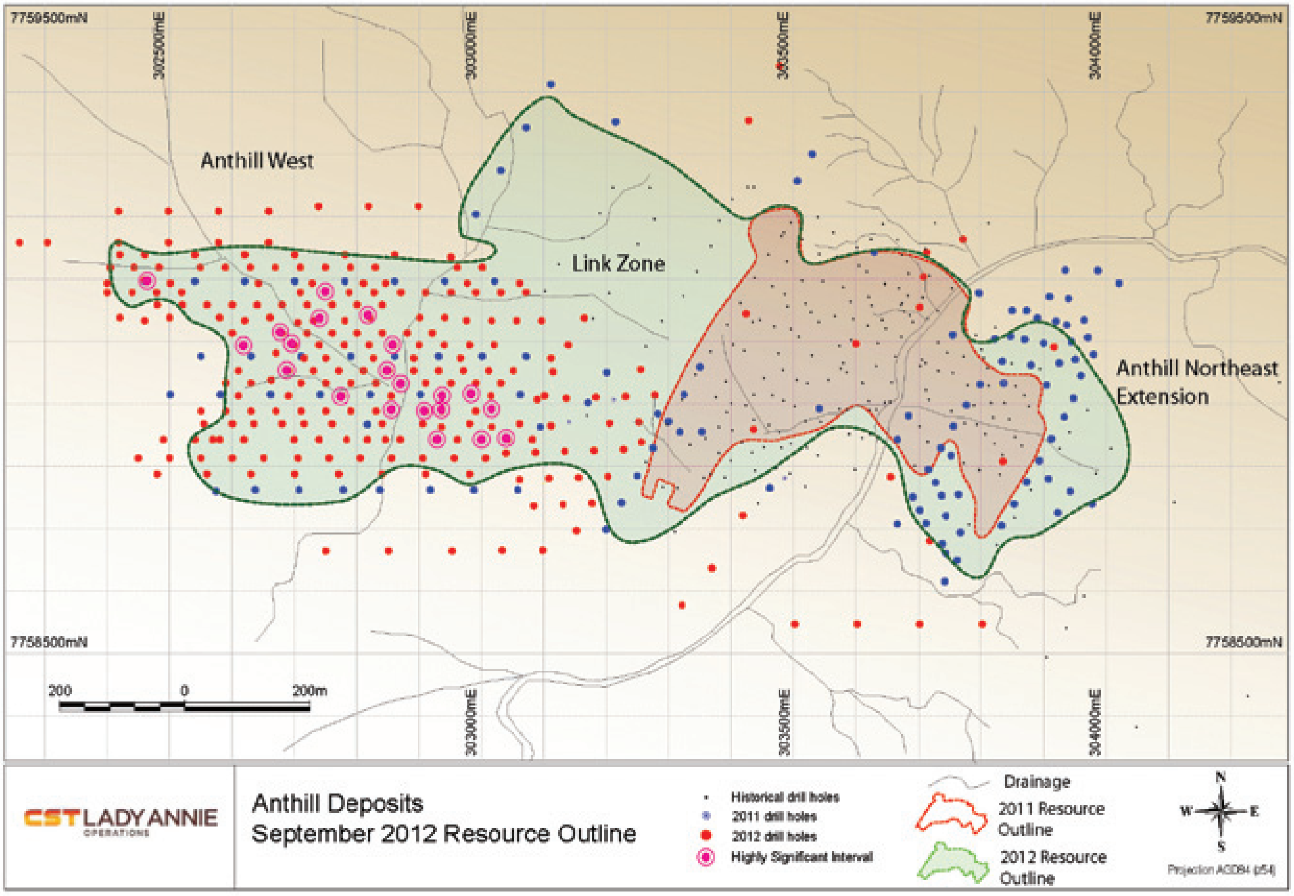


Figure 7: Anthill deposits, showing drill holes and resources

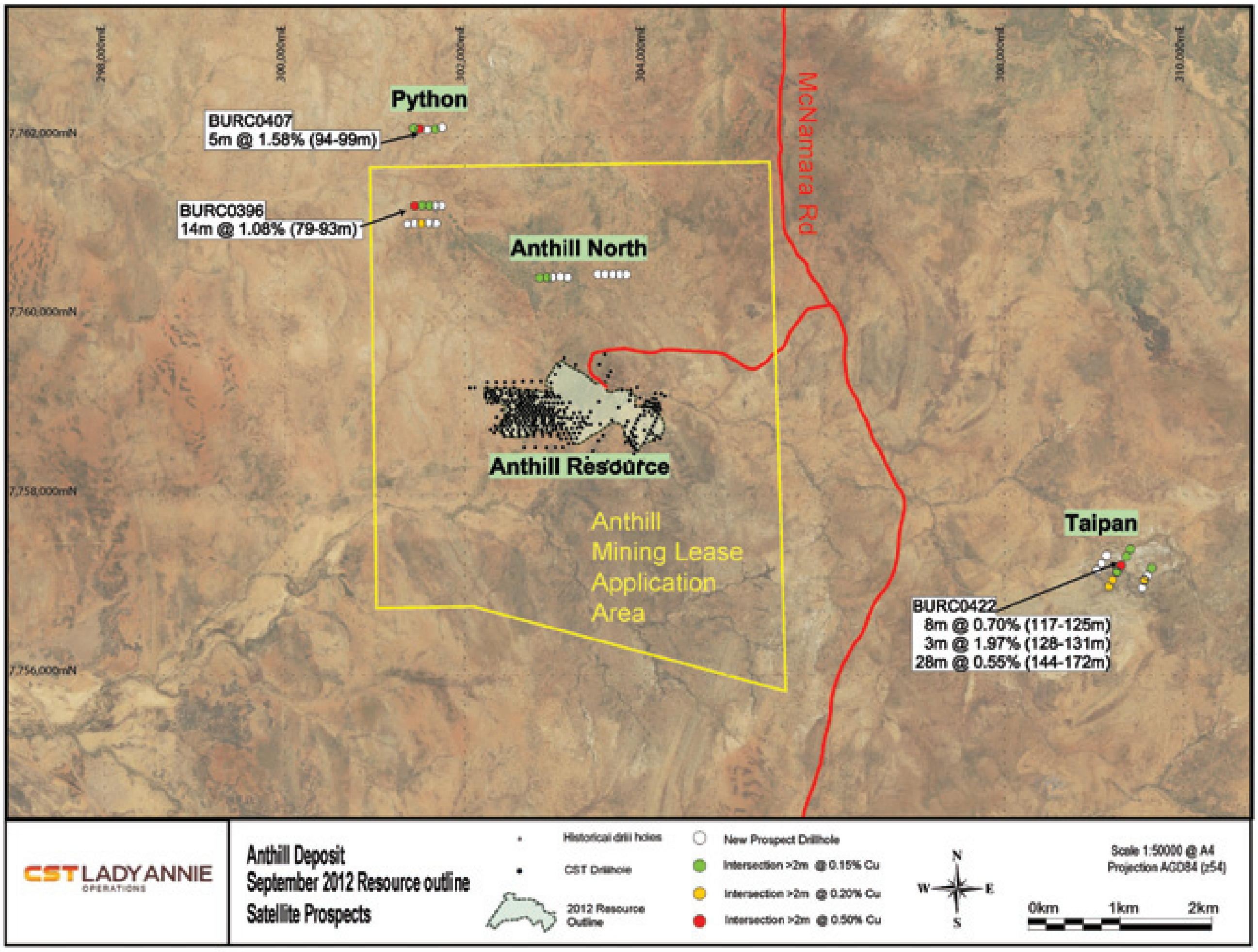


Figure 8: Anthill and satellite prospects

Significant intersections returned from Anthill drilling include:

BURD030	15m	@ 9.57% copper from 45m	(oxide)
BURCD016	27m	@ 3.52% copper from 97m	(oxide)
BURD028	22m	@ 3.05% copper from 85m	(oxide)
BURC0293	11m	@ 2.30% copper 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 used 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 texture, 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% copper from 74m	(oxide)
BURD034	6m	@ 4.11% copper from 32m	(oxide/transition)
BURD040	23m	@ 2.33% copper from 61m	(transition)
BURD041	26m	@ 1.93% copper from 29m	(oxide)
BURCD020	10m	@ 3.20% copper from 41m	(oxide)
BURCD023	18m	@ 1.14% copper from 34m	(oxide)
BURCD035A	17m	@ 1.39% copper from 100m	(oxide)
BURCD055	19m	@ 1.39% copper from 75m	(oxide/transition)
BURC0301	11m	@ 3.00% copper from 52m	(oxide/transition)
BURC0308	31m	@ 0.73% copper from 41m	(oxide/transition)
BURC0313	20m	@ 1.22% copper from 35m	(oxide)
BURC0316	25m	@ 1.19% copper from 45m	(oxide)
BURC0317	31m	@ 0.62% copper from 50m	(oxide)
BURC0318	17m	@ 1.08% copper from 47m	(oxide)
BURC0331	20m	@ 1.39% copper from 129m	(sulphide)
BURC0334	29m 29m	@ 1.28% copper from 75m @ 0.75% copper from 107m	(oxide/transition) (oxide/sulphide)
BURC0333	45m	@ 0.72% copper from 100m	(sulphide)
BURC0349	21m	@ 1.87% copper from 107m	(transition/sulphide)
BURC0362	6m	@ 3.17% copper from 51m	(oxide)
BURC0379	10m	@ 1.96% copper 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 in 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. A greenfields RAB drilling program was initiated at 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 significant mineralisation in a similar host sequence to the Anthill deposit and was pushed to greater depth. The interval returned 37m @ 1.1% copper from 18m — including 13m @ 2.1% copper. This hole was both twinned and scissored with drilling to confirm the grade and thickness of the mineralisation. Assay results from these RC holes DRFC00008 and DRFC00011 were confirmatory and returned intersections of 8m @ 2.3% copper from 37m — oxide missing intersection. Follow up drilling is planned for 2013.

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 indicate the presence of a northwest striking, north dipping zone that will require follow up.

Patterson and Lady Agnes

Drilling at Patterson comprised 3 RC holes for 264m designed to follow up results from 2011 drilling. Lady Agnes comprises a number of targets including outcropping mineralisation in shear zones and broad soil anomalism and was tested with RC and RAB drillings. Drilling intersected sub-ore grade copper mineralization.

3.8 Eastern Fold Belt Regional Exploration: 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.

At the Dingo Well prospect a regionally distinct, magnetic and gravity geophysical anomaly and its structural setting were interpreted as response to a buried iron-oxide-copper-gold (IOCG) system. 2 diamond holes were drilled at Dingo Well for 2,198m in cooperation with the government's collaborative drilling initiative. Lithologies intersected consisted of weakly indurated carbonaceous and calcareous mudstones and siltstones in the overlying Mesozoic cover sequences and variably carbonaceous to graphitic and calcareous shales and slates and fine to medium coarse grained dolerites and rare gabbro within the Proterozoic basement.

No significant grade mineralisation was intersected. The gravity and magnetic anomaly are explained by the mafic intrusives and their associated pyrrhotite sericite pyrite alteration.

3.9 Ongoing Exploration Activity

The 2013 exploration program will focus on locating and defining oxide resources to increase the life of Lady Annie Operations.

Drilling is proposed to define extensions to oxide mineralisation located in 2012 at prospects in the Anthill Region and in the Drifter Region.

To develop new copper targets, airborne will be flown over Lady Annie Region to map host rocks and faults, particularly under shallow cover in the south of the area.

The 2013 exploration program will include funding for drilling to assess the potential size of the sulphide zone underlying current and new oxide systems in Lady Annie Region. Drilling of sulphide copper targets in the Eastern Fold Belt tenements are also proposed.

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 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 Lady Annie Operations was disclosed in the announcement dated 2 August 2012, and updated in the announcement dated 20 November 2012. Resource estimates are classified and reported in accordance with the JORC Code, 2004 Edition.

An updated Mineral Resource Estimation for the Anthill deposit, incorporating the new Anthill West zone, and an updated Mineral Resource Estimation for the Lady Brenda deposit were completed in the September 2012 quarter and results for these estimations were released in the announcement dated 20 November 2012. The Anthill Mineral Resources are reported in Measured, Indicated and Inferred categories as 13.8Mt @ 0.70% copper for 96,600 tonnes contained copper metal (0.3% copper cut-off), which were released in the announcement dated 20 November 2012.

These Resources have been incorporated into Lady Annie Operations Global Resource Estimate.

The Global Mineral Resource Estimate as at 31 March 2013 for Lady Annie Operations, incorporating mining depletions is 76Mt @ 0.68% copper containing 516kt of copper metal.

5. Disclaimer

Any forward-looking statements (the "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, assuming the success of CST Mining's strategies, and subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from the Statements and the assumptions upon which the Statements are based. Readers are cautioned to not place undue reliance on the Statements.

CST Mining Group Limited

CORPORATE

SUSTAINABILITY REPORT

CORPORATE SUSTAINABILITY REPORT

Core Values

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

Safety and Health

A satisfactory reduction in both total recordable injury and lost time injury frequency rates were recorded at Lady Annie site over the Year. This indicates that improvements made to incident investigations and injury management have gained momentum, resulting in the outcomes intended.

Management at Lady Annie Operations continued to focus on the reduction of incidents through fundamental proactive Occupation Health and Safety practices such as:

- Hazard identification, including increased focus on the TAKE 5 Personal Hazard Identification System;
- Maintaining a planned area inspection regime;
- Planned contractor audits;
- Utilizing the Cintellate Database to monitor trends and track corrective actions through to completion; and
- Continual improvement to the Safety and Health Management System.

Additionally, the Occupation Health and Safety Department continued to work on assisting supervisory staff to understand and comply with their statutory obligations, responsibilities and accountabilities. The intended outcome was an increased focus on worker safety through improved supervision practices, which would in turn assist in reducing incidents and incident severity.

Training of the Emergency Response Team

The Occupation Health and Safety Team developed an Emergency Response Team's scenario training plan in the latter part of 2012. Implementation of the training plan of the provided members of the Emergency Response Team with theoretical and practical training on fundamental emergency response requirements for emergencies at a mine site.

Improvements made to training quality and quantity led to the appointment of nine new Emergency Response Team members in the March quarter of 2013.

Contractor management was also highlighted as an area requiring improvement and as a result, the Occupation Health and Safety team developed a schedule to audit our contract partners. The contractor auditing process could ensure compliance with Lady Annie Operations' Safety and Health Management System and the mining and quarrying legislative requirements for a single safety and health management system at a mine in Queensland.

The Camooweal Campdraft, a major event organised and highly regarded by local landholders

Environment

A third party review of the Environmental Authority was completed in complying with licensing requirements in August 2012, with the final report received in October. It noted that in general, the environmental performance and operational control in the field was observed to be high. No actual or potential "major" non-compliances were identified.

Amendments to the Lake Waggaboonyah water license were received in November 2012. Line maintenance to facilitate the pumping of water has occurred and this will increase available water supplies and improve water security at the site through periods of drought.

Environmental approvals for the Anthill Project were progressing, with the majority of background studies completed. A Federal referral on Matters of National Environmental Significance was deemed to require 'no action' by Lady Annie Operations in relation to the proposed impacts of Anthill.

An environmental management plan review was underway and it was planned to be lodged in June 2013.

Indigenous & Community Relations

Lady Annie Operations committed to maintaining harmonious indigenous and community relations within Mount Isa and Northwest Queensland through providing sponsorship, donations and in-kind support towards events, functions and employment opportunities. Our Indigenous employment rate on-site stood at about 12%.

Attendance at community meetings has been reinvigorated, in line with Lady Annie Operations' stakeholder engagement philosophy. Regular updates of site activities have been provided and communicated to the relevant communities.

During the Year, following the commencement of the apprenticeship scheme in February 2012, two of our apprentices were nominated for Apprentice of the Year and Lady Annie Operations were awarded for 2012 "Large Host Employer Award" by Mount Isa Group Apprenticeship, Traineeship Employment Inc.

Lady Annie Operations proudly support the North Queensland Helicopter Rescue Service and other community-based programs, events and charities. During the Year, funds in excess of 115,000 Australian dollars were donated through Lady Annie Operations and the employees.

MANAGEMENT

REPORTS

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Chiu Tao, aged 57

was appointed as Chairman and an executive director of CST Mining Group Limited (the "Company") on 10 March 2009 and 7 November 2008, respectively. Mr. Chiu is the brother-in-law of Mr. Yeung Kwok Yu.

Mr. Chiu is an experienced executive and merchant. He has extensive experience in the metal business, trading, investment planning, business acquisitions and development, and corporate management.

Mr. Chiu is currently the Chairman and an executive director of G-Resources Group Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Hui Richard Rui, aged 45

was appointed as an executive director of the Company on 17 August 2004 and as General Manager of the Company on 11 October 2006. He graduated from University of Technology, Sydney in Australia with a Bachelor's degree in Mechanical Engineering.

Mr. Hui has more than 10 years' experience in management positions with companies in Australia, Hong Kong and the People's Republic of China. He is a member of The Australasian Institute of Mining & Metallurgy.

Mr. Hui is also an executive director of G-Resources Group Limited and China Strategic Holdings Limited. The shares of the two companies are listed on the main board of the Stock Exchange.

Lee Ming Tung, aged 51

was appointed as an executive director of the Company on 28 September 2007. He is also the Chief Financial Officer of the Company. He holds a Bachelor of Science degree in accounting from Brigham Young University in the U.S.A., a Master of Accountancy degree from Virginia Polytechnic Institute and State in the U.S.A., a Master of Financial Engineering degree from City University of Hong Kong and a Postgraduate Diploma in Corporate Administration from The Hong Kong Polytechnic University.

Mr. Lee is an associate member of The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, a fellow member of The Taxation Institute of Hong Kong and a Certified Tax Adviser of Hong Kong. He has over 20 years' experience in the field of accounting and finance.

Mr. Lee is currently an independent non-executive director of China New Energy Power Group Limited, the shares of which are listed on the main board of the Stock Exchange.

Tsui Ching Hung, aged 60

was appointed as an executive director of the Company on 2 May 2007. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree from the University of Aston and University of Warwick in the United Kingdom, respectively.

Mr. Tsui has over 10 years of experience in senior management positions with several multinational corporations in Hong Kong.

Mr. Tsui is currently an independent non-executive director of Rising Development Holdings Limited. He was a non-executive director of G-Resources Group Limited until 31 December 2012. The shares of both companies are listed on the main board of the Stock Exchange.

Kwan Kam Hung, Jimmy, aged 51

was appointed as an executive director of the Company on 11 November 2002.

Mr. Kwan has over 15 years of experience in the fields of finance, accounting and corporate management.

Mr. Kwan is currently an executive director of China New Energy Power Group Limited. He was an executive director of G-Resources Group Limited until 31 December 2012. The shares of the two companies are listed on the main board of the Stock Exchange.

Yeung Kwok Yu, aged 62

was appointed as an executive director of the Company on 26 September 2008. Mr. Yeung is the brother-in-law of Mr. Chiu Tao.

Mr. Yeung had held management positions in trading companies which were based in the People's Republic of China and Hong Kong, and was also engaged as senior management in various listed companies in Hong Kong. Mr. Yeung has extensive experience in general trading, strategic investment planning and business development.

Mr. Yeung is also an executive director of China New Energy Power Group Limited, the shares of which are listed on the main board of the Stock Exchange.

Independent Non-Executive Directors

Yu Pan, aged 58

was appointed as independent non-executive director on 28 September 2004.

Mr. Yu has over 20 years of experience in management positions of multinational trading companies in Hong Kong and the People's Republic of China.

Mr. Yu is currently an independent non-executive director of China New Energy Power Group Limited, the shares of which are listed on the main board of the Stock Exchange.

Tong So Yuet, aged 41

was appointed as independent non-executive director on 24 February 2005. She graduated from The Hong Kong Polytechnic University with a bachelor degree in accountancy.

Ms. Tong is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Company Secretaries, and The Institute of Chartered Secretaries and Administrator, and a Certified Public Accountant (Practising). She has over 18 years of experience in auditing and accounting sector.

Ma Yin Fan, aged 49

was appointed as independent non-executive director on 31 December 2012. She obtained a bachelor's degree with honours in accountancy at Middlesex University in the United Kingdom. She also holds an MBA and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University, respectively.

Ms. Ma is a Certified Public Accountant (Practising) in Hong Kong and has been working in the auditing, accounting and taxation for more than 20 years. She is the principal of Messrs. Ma Yin Fan & Company CPAs. She is a fellow member of each of the Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong, the Association of Chartered Certified Accountants, The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. She is also an associate member of the Institute of Chartered Accountant in the England and Wales and a Certified Tax Advisor in Hong Kong.

Ms. Ma is currently an independent non-executive director of China Strategic Holdings Limited, China New Energy Power Group Limited and G-Resources Group Limited. The shares of the three companies are listed on the main board of the Stock Exchange.

Business Review

Copper production from the Company's Lady Annie mine in Queensland, Australia stabilized over the Year and copper cathode output generated more than US$167 million in revenue for the Group. Detailed financial information can be found in the consolidated financial statements and notes in this Annual Report. During the Year, the Group invested over US$20 million in exploration, mining and development activities. A detailed summary of those activities is included in the "Project Overview" section of this Annual Report.

Financial Results

Group revenue for the Year reached approximately US$172.34 million. This represents an increase of approximately 15.1% compared with the same period a year earlier. Despite a decline in revenue levels generated by Lady Annie Operations during the final quarter of the Year due to a comprehensive cleaning program aimed at improving the quality and efficiency of copper production, revenue for the Year rose by approximately US$20.81 million. However, gross profit came in lower as compared to the previous year. This was due mainly to lower copper prices, rising costs associated with certain direct materials, and higher electricity costs. The cost of the comprehensive cleaning program for the electrowinning production plant also exerted pressure on production costs during the Year.

Compared with the previous year, revenue contributions from property investments increased by approximately 13.8%, reflecting stable occupancy rates. Rental income provided steady cash flow to the Group for the Year and this is expected to continue in the future. Revenue from investments in financial instruments were increased by approximately 72.1%. The increase was mainly attributable to the interest income from debt securities investments during the Year. However other income and other gains decreased by approximately 92.4%, mainly due to decrease in bank interest income, losses related to foreign exchange and write-offs for four mineral exploration permits which have no significant strategic value. This contrasted with gains from foreign exchange over the previous year. Other administrative expenses increased by approximately 12.1% compared to the previous year. The rise was mainly attributable to an increase in depreciation expenses and incentive rewards to staff and directors of the Company following the successful disposal of subsidiaries that held the Mina Justa copper project in coastal southern Peru (the "Mina Justa Project"). During the Year, the Group disposed subsidiaries that held the Mina Justa Project, resulting in gains of approximately US$249.15 million. The Company also recognised a reversal of non-cash share-based payment of approximately US$1.31 million due to the lapse of options granted to staff of the Mina Justa Project following the disposal and the resignation of some directors of the Company during the Year.

Challenging economic conditions in Europe and the People's Republic of China ("Mainland China") had an adverse impact on global financial markets during the first half of the Year. Markets started to pick up in the second half as the United States of America (the "US") persisted with its policy of quantitative easing. Amid turbulent market conditions, a loss of approximately US$49.50 million arising from fair value changes of financial assets at fair value through profit or loss was recorded for the Year compared with a loss of US$57.60 million posted in the previous year. Lingering economic weakness in Europe and implications from financial policy moves and economic conditions in Asia and the US will continue to affect market sentiment.

Overall, there was profit of approximately US$115.17 million for the Year whereas the loss for the preceding year was approximately US$70.07 million.

Net Asset value

As at 31 March 2013, the Group had bank balances and cash of approximately US$197.36 million. In addition, the Group also held bank deposits totaling approximately US$68.23 million which were pledged to banks mainly for mine rehabilitation costs required by the government of Queensland, Australia to allow the Group to operate there and to act as a guarantee to the electric power supplier of Lady Annie mine site. The fair value of available-for-sale investments and of financial assets at fair value through profit and loss were approximately US$106.55 million and US$356.54 million respectively. As at 31 March 2013, the Group had no outstanding loans or borrowings from banks or financial institutions. Hence, based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio as at 31 March 2013 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 for, expired during the Year. As at 31 March 2013, the net asset value of the Group amounted to approximately US$1,003.47 million.

Human Resources

As at 31 March 2013, the Group employed 36 staff (including directors of the Company) in Hong Kong and 230 staff in Australia. Staff costs (excluding Directors' emoluments) were around US$39.76 million for the Year. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, which included medical benefits.

The Group runs a share option scheme. Details and movements associated with share options are disclosed under the heading "Directors' Report" in this Annual Report.

Exposure to Fluctuations in Exchange Rates

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

Lady Annie Operations

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

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

	2013 US$'000	2012 US$'000
Revenue	167,613	146,803
Cost of sales	(132,369)	(106,741)
Gross profit	35,244	40,062
Other income and other gains	2,835	3,233
Distribution and selling expenses	(8,779)	(12,957)
Administrative expenses	(17,965)	(16,746)
Finance costs*	(1,063)	(1,580)
Profit before taxation	10,272	12,012
Depreciation in administrative expenses	2,254	1,354
Depreciation in cost of sales	41,354	32,176
Total depreciation	43,608	33,530

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

Non-HKFRS Financial Measure

The term "C1 operating cost" is a non-HKFRS performance measure reported in this "Management Discussion & Analysis" and is prepared on a per-pound of copper sold basis. The term C1 operating cost does not have any 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 following table provides, for the financial years indicated, a reconciliation of Lady Annie Operations C1 operating cost measures to the statement of comprehensive income in the financial statements of Lady Annie Operations.

	2013 US$'000	2012 US$'000
Cash costs as reported in the income statement:		
Direct and indirect mining cost	122,628	116,762
Adjustment for change in inventory	(18,234)	(28,030)
Total operating costs	104,394	88,732
Copper sold (tonnes)	21,312	17,382
Copper sold (in thousand pounds)	46,986	38,320
C1 operating cost per pound of copper	US$2.22/lb	US$2.32/lb

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

Marcobre S.A.C.

Marcobre S.A.C. ("Marcobre") is a Peruvian company, which was 70% indirectly owned by the Company. Marcobre in turn owned 100% of the Mina Justa Project that 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.

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 proceeded satisfactorily during the course of the Year thanks in part to the final ramp-up at the solvent-extraction and electrowinning cathode production plant. Initial results from transition ore trials indicated that a blend of transition and oxide ore will successfully produce copper at a profitable operating cost. Other positive developments included an extension by 18 months of heap leach processing operations at the Stage Three Leach Pad Expansion Project. Meanwhile, a cleaning campaign in the electrowinning cell houses increased current efficiency and leading to an improvement in cathode quality.

As the copper industry is facing lower and fluctuation of copper price recently, the Company will review its production plan from time to time to maintain a sustainable production strategy. Looking ahead, an emphasis will continue to be placed on near mine resources development and regional exploration activities.

Following the successful disposal of the Mina Justa project in Peru in 2012, the Group is now in a stronger financial position to review and improve its development plans. The Group is exploring potential business opportunities in order to create value for itself and its shareholders. Internal resources and/or other effective sources of funding may be used to secure future acquisitions if opportunities arise, depending on the nature of any acquisition and market conditions at the time. Management will also continue to explore ways to strengthen its operations within other businesses of the Group.

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

Principal Activities

The principal activities of the Company are investment holding and the principal activities of the Group are (i) acquisition, exploration, development and mining of copper and other mineral resources minerals; (ii) property investment and (iii) investments in financial instruments. The particulars of the Company's principal subsidiaries are set out in note 37 to the consolidated financial statements.

Results and Dividends

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

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

Property, Plant and Equipment

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

Investment Properties

Movement in the investment properties of the Group are set out in note 18 to the consolidated financial statements.

Share Capital

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

Directors

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

Executive Directors:

Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui *(General Manager)*
Mr. Lee Ming Tung *(Chief Financial Officer)*
Mr. Tsui Ching Hung
Mr. Kwan Kam Hung, Jimmy
Mr. Yeung Kwok Yu
Mr. Owen L. Hegarty
(resigned as Director and Vice Chairman on 30 September 2012)
Mr. Chung Nai Ting
(resigned as Director on 31 December 2012)
Mr. Wah Wang Kei, Jackie
(resigned as Director on 31 December 2012)
Ms. Yang Yi-fang
(resigned as Director and Chief Executive Officer on 1 January 2013)

Independent Non-executive Directors:

Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan
(appointed as Director on 31 December 2012)
Mr. Chan Shek Wah
(resigned as Director on 31 December 2012)

The Directors (including independent non-executive directors) are subject to retirement by rotation and re-election at the annual general meeting of the Company (the "AGM") in accordance with the provisions of the Company's articles of association (the "Articles of Associations"). Accordingly, the Directors, Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Yu Pan and Ms. Ma Yin Fan will retire from office and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

Directors' and Chief Executives' Interests in Securities

As at 31 March 2013, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were disclosed as follows:

Long positions in shares/underlying shares of the Company

	Number of *shares/underlying shares			
Name of Director	Personal interests	Share options	Total	Approximate % of the issued share capital of the Company
CHIU Tao	3,900,000,000	1,000,000,000	4,900,000,000	18.08%
HUI Richard Rui	—	100,000,000	100,000,000	0.37%
LEE Ming Tung	—	75,000,000	75,000,000	0.28%
KWAN Kam Hung, Jimmy	—	75,000,000	75,000,000	0.28%
YEUNG Kwok Yu	—	75,000,000	75,000,000	0.28%
TSUI Ching Hung	—	25,000,000	25,000,000	0.09%

* Ordinary shares unless otherwise specified

Save as disclosed above, none of the Directors or their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 31 March 2013.

Share Option

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

Share Option Scheme

The following tables disclose movements in the Company's share options held by each of the Directors, the employees and the adviser of the Group in aggregate granted under the share option scheme of the Company during the Year:

Tranche A (Note a) Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2012	Granted during the Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2013	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors											
HUI Richard Rui	02.09.2010	0.2000	17.09.2011–16.09.2015	5,000,000	—	—	—	—	5,000,000	0.1570	0.0676
YEUNG Kwok Yu	02.09.2010	0.2000	17.09.2011–16.09.2015	60,000,000	—	—	—	—	60,000,000	0.1570	0.0676
KWAN Kam Hung, Jimmy	02.09.2010	0.2000	17.09.2011–16.09.2015	60,000,000	—	—	—	—	60,000,000	0.1570	0.0676
LEE Ming Tung	02.09.2010	0.2000	17.09.2011–16.09.2015	60,000,000	—	—	—	—	60,000,000	0.1570	0.0676
TSUI Ching Hung	02.09.2010	0.2000	17.09.2011–16.09.2015	20,000,000	—	—	—	—	20,000,000	0.1570	0.0676
(b) Ex-Directors											
HEGARTY Owen L.	02.09.2010	0.2000	17.09.2011–16.09.2015	5,000,000	—	—	—	(5,000,000)	—	0.1570	0.0676
YANG Yi-fang	30.09.2010	0.2350	30.09.2011–29.09.2015	16,000,000	—	—	—	(16,000,000)	—	0.2140	0.0982
WAH Wang Kei, Jackie	02.09.2010	0.2000	17.09.2011–16.09.2015	80,000,000	—	—	—	(80,000,000)	—	0.1570	0.0676
Total for Directors				306,000,000	—	—	—	(101,000,000)	205,000,000		
(c) Employees	02.09.2010	0.2000	17.09.2011–16.09.2015	16,800,000	—	—	—	(8,000,000)	8,800,000	0.1570	0.0676
	30.09.2010	0.2350	30.09.2011–29.09.2015	20,000,000	—	—	—	—	20,000,000	0.2140	0.0982
	05.12.2010	0.2350	05.12.2011–04.12.2015	10,000,000	—	—	—	(10,000,000)	—	0.2300	0.1083
	13.12.2010	0.2700	13.12.2011–12.12.2015	16,000,000	—	—	—	—	16,000,000	0.2250	0.1001
	28.02.2011	0.2350	28.02.2012–27.02.2016	30,000,000	—	—	—	(16,800,000)	13,200,000	0.2290	0.1057
Total for employees				92,800,000	—	—	—	(34,800,000)	58,000,000		
Total for Tranche A				398,800,000	—	—	—	(135,800,000)	263,000,000		

Tranche B
(Note b)

Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2012	Granted during the Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2013	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors											
HUI Richard Rui	02.09.2010	0.2000	17.09.2011–16.09.2015	20,000,000	—	—	—	—	20,000,000	0.1570	0.0649
YEUNG Kwok Yu	02.09.2010	0.2000	17.09.2011–16.09.2015	15,000,000	—	—	—	—	15,000,000	0.1570	0.0649
KWAN Kam Hung, Jimmy	02.09.2010	0.2000	17.09.2011–16.09.2015	15,000,000	—	—	—	—	15,000,000	0.1570	0.0649
LEE Ming Tung	02.09.2010	0.2000	17.09.2011–16.09.2015	15,000,000	—	—	—	—	15,000,000	0.1570	0.0649
TSUI Ching Hung	02.09.2010	0.2000	17.09.2011–16.09.2015	5,000,000	—	—	—	—	5,000,000	0.1570	0.0649
(b) Ex-Director											
HEGARTY Owen L.	02.09.2010	0.2000	17.09.2011–16.09.2015	20,000,000	—	—	—	(20,000,000)	—	0.1570	0.0649
YANG Yi-fang	30.09.2010	0.2350	30.09.2011–29.09.2015	4,000,000	—	—	—	(4,000,000)	—	0.2140	0.0944
	03.10.2011	0.2000	03.10.2011–02.10.2016	100,000,000	—	—	—	(100,000,000)	—	0.0900	0.0226
WAH Wang Kei, Jackie	02.09.2010	0.2000	17.09.2011–16.09.2015	20,000,000	—	—	—	(20,000,000)	—	0.1570	0.0649
Total for Directors				214,000,000	—	—	—	(144,000,000)	70,000,000		
(c) Employees	02.09.2010	0.2000	17.09.2011–16.09.2015	57,200,000	—	—	—	(31,000,000)	26,200,000	0.1570	0.0649
	13.12.2010	0.2700	13.12.2011–12.12.2015	4,000,000	—	—	—	—	4,000,000	0.2250	0.0988
	28.02.2011	0.2350	28.02.2012–27.02.2016	43,500,000	—	—	—	(26,200,000)	17,300,000	0.2290	0.1004
Total for employees				104,700,000	—	—	—	(57,200,000)	47,500,000		
Total for Tranche B				318,700,000	—	—	—	(201,200,000)	117,500,000		

Others											
Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2012	Granted during the Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2013	Market value per share at date of grant of options HK$	Fair value per share option HK$
Adviser (Note c)	30.09.2011	0.2000	01.10.2011–30.09.2012	50,000,000	—	—	—	(50,000,000)	—	0.1000	0.0019
Total				50,000,000	—	—	—	(50,000,000)	—		
TOTAL FOR SCHEME				767,500,000	—	—	—	(387,000,000)	380,500,000		

Notes:

a Vesting conditions for share options granted of Tranche A:

(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 Vesting conditions for share options granted of Tranche B:

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

(ii) as to another one-third of the share options, upon CST Minerals Lady Annie Pty Limited 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 Limited achieving 75,000 tonnes of cumulative saleable copper cathode production; and

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

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

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 (Note 1) under the share option agreement. The options regarding the agreements entered into on 19 March 2010 and 24 March 2010 were subsequently granted on 31 May 2010 and 11 June 2010. Details of movements of the options granted pursuant to the above share option agreements during the Year under review were as follows:

Name of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2012	Granted during the Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2013	Market value per share at date of grant of options HK$	Fair value per share option HK$
(a) Directors											
CHIU Tao	31.05.2010	0.2000	22.06.2011–21.06.2015	200,000,000	—	—	—	—	200,000,000	0.3750	0.2255
	11.06.2010	0.2000	06.07.2011–05.07.2015	800,000,000	—	—	—	—	800,000,000	0.3750	0.2421
HUI Richard Rui	31.05.2010	0.2000	22.06.2011–21.06.2015	15,000,000	—	—	—	—	15,000,000	0.3750	0.2255
	11.06.2010	0.2000	06.07.2011–05.07.2015	60,000,000	—	—	—	—	60,000,000	0.3750	0.2421
(b) Ex-Director											
HEGARTY Owen L.	31.05.2010	0.2000	22.06.2011–21.06.2015	90,000,000	—	—	—	(90,000,000)	—	0.3750	0.2255
	11.06.2010	0.2000	06.07.2011–05.07.2015	360,000,000	—	—	—	(360,000,000)	—	0.3750	0.2421
				1,525,000,000	—	—	—	(450,000,000)	1,075,000,000		

Note:

1. Vesting conditions 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 Limited after the completion of acquisition of entire issued share capital of CST Minerals Lady Annie Pty Limited (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 Limited after the completion of acquisition of CST Minerals Lady Annie Pty Limited (the "Third Events").

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

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

As at 31 March 2013, so far as known to the Directors or chief executives of the Company, the following persons/entities are the shareholders (other than the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long Positions in Shares and Underlying Shares of the Company

Name of Shareholders	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital	Notes
Cheung Chung Kiu	Beneficial owner/Interest of a controlled corporation	2,575,861,856	9.61%	(1)
Elliott Capital Advisors, L.P.	Interest of a controlled corporation	2,163,908,000	7.99%	(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 757,367,800 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 1,406,540,200 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 2,163,908,000 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 31 March 2013.

Independent Non-Executive Directors

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

Directors' Service Contracts

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

Directors' Interests of Contracts of Significance

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

Directors' Interests in Competing Business

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

Sufficiency of Public Float

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

Purchase, Sale or Redemption of Listed Securities

During the Year, the Company purchased a total of 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

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

Major Customers and Suppliers

For the Year, the five largest customers accounted for approximately 97% of the Group's turnover, and the largest customer included therein amounted to approximately 84%. Purchases from the five largest suppliers accounted for approximately 50% of the total purchase for the Year, and purchase from the largest supplier included therein amounted to approximately 13%.

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

Pre-emptive Rights

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

Corporate Governance

The information set out in pages 41 to 47 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Auditor

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

On behalf of the Board

Chiu Tao
Chairman
Hong Kong, 28 June 2013

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Company recognised the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company aims to achieve sound standards of corporate governance, and has during the Year complied with most code provisions (the "Code") of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. Any deviation from the Code will be explained in this report.

Board of Directors

As at the date of this report, the Board comprises 6 executive Directors of the Company and 3 independent non-executive Directors (the "INEDs") as follows:

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

Independent non-executive directors:
Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan

The Directors are considered to posses a balance of skill and experience appropriate for the requirements of the business of the Company; details related to the Directors are shown on pages 25 to 26 in the section of "Biographical Details of Directors".

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

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

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

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

The Board met regularly throughout the Year to discuss overall strategy as well as the operation and financial performance of the Group. The Directors are kept informed on a timely basis of major changes that may affect the Group's business, including relevant rules and regulations. The Directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

The Company has renewed its corporate liability insurance purchased for Directors together with senior management, in compliance with the Code Provision A.1.8 under the Code that the Company should arrange appropriate insurance cover in respect of potential legal actions against its Directors.

Board Committees

Audit Committee

For the Year, the Audit Committee is composed 3 INEDs, namely:

Name of Audit Committee Members
Ms. Tong So Yuet *(Chairlady)*
Mr. Yu Pan
Ms. Ma Yin Fan

Ms. Tong So Yuet and Ms. Ma Yin Fan possess an appropriate professional accounting qualification, while Mr. Yu Pan possesses extensive management experience in the commercial sector. The terms of reference of the Audit Committee have been reviewed and revised with reference to the Code of which, among other things, include reviewing the financial statements of the Company. Any findings together with recommendations of the Audit Committee are submitted to the Board for consideration.

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

The Audit Committee held two meetings during the Year and reviewed reports from external auditors regarding their audit on annual financial statements and interim financial results.

Remuneration Committee

The Remuneration Committee comprises 2 INEDs, namely:

Name of Remuneration Committee Members
Mr. Yu Pan *(Chairman)*
Ms. Ma Yin Fan

The principal responsibilities of the Remuneration Committee include formulation of the remuneration policy, review and recommendations to the Board on the annual remuneration policy, and determination of the remuneration of the executive Directors and members of senior management. The overriding objective of the remuneration policy is to ensure that the Group is able to attract, retain and motivate a high-calibre team, which is essential to the success of the Group.

During the Year, the Remuneration Committee held a meeting to discuss remuneration matters of the staff.

Nomination Committee

The Nomination Committee comprises the Chairman of the Company (the "Chairman") and 2 INEDs, namely:

Name of Nomination Committee Members
Mr. Chiu Tao *(Chairman)*
Mr. Yu Pan
Ms. Ma Yin Fan

The Nomination Committee is responsible for identifying suitable qualified individuals to the Board and making recommendations for the Board's consideration.

During the Year, the Nomination Committee selected and recommended to the Board the appointment of Ms. Ma Yin Fan as an INED, in place of Mr. Chan Shek Wah who resigned as an INED effective on 31 December 2012, on the basis of her qualifications, skill and experience. The Nomination Committee considered that she would make a positive contribution to the performance of the Board.

Investment and Management Committee

The Board has delegated management of daily operations and investment matters of the Group to the IMC. The IMC comprises 2 members of the Board, namely:

Name of IMC Members
Mr. Chiu Tao *(Chairman)*
Mr. Hui Richard Rui

Corporate Governance Function

The Board is responsible for determining policy related to corporate governance for the Group and performing the corporate governance duties as below:

- To develop and review the Group's policies and practices on corporate governance and make recommendations;
- To review and monitor the training and continuous professional development of the Directors and the senior management;
- To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
- To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors; and
- To review the Group's compliance with the Code and disclosure requirements in the Corporate Governance Report.

During the Year, the Board approved the terms of reference of the Audit Committee, the Nomination Committee, the Remuneration Committee and the IMC, and the shareholder communication policy. The Board also arranged suitable training for the Directors.

Attendances of Meetings

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

Name	Meeting(s) Attended/Held				
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	2012 AGM
Executive directors:					
Mr. Chiu Tao	3/4	—	—	1/1	1/1
Mr. Hui Richard Rui	3/4	—	—	—	1/1
Mr. Lee Ming Tung	4/4	—	—	—	1/1
Mr. Tsui Ching Hung	3/4	—	—	—	1/1
Mr. Kwan Kam Hung, Jimmy	3/4	—	—	—	1/1
Mr. Yeung Kwok Yu	4/4	—	—	—	1/1
Mr. Owen L. Hegarty *(resigned on 30 September 2012)*	1/3	—	—	—	0/1
Mr. Chung Nai Ting *(resigned on 31 December 2012)*	3/4	—	—	—	1/1
Mr. Wah Wang Kei, Jackie *(resigned on 31 December 2012)*	1/4	—	—	—	1/1
Ms. Yang Yi-fang *(resigned on 1 January 2013)*	1/4	—	—	—	0/1
Independent non-executive directors:					
Mr. Yu Pan	4/4	2/2	1/1	1/1	1/1
Ms. Tong So Yuet	2/4	2/2	—	—	1/1
Ms. Ma Yin Fan *(appointed on 31 December 2012)*	0/0	0/0	0/0	1/1	0/1
Mr. Chan Shek Wah *(resigned on 31 December 2012)*	2/4	2/2	1/1	—	1/1

Chairman and Chief Executive Officer

Under Code Provision A.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. After the resignation of Ms. Yang Yi-fang from the office as chief executive officer with effect from 1 January 2013, the Company did not name any officer with the title of "Chief Executive Officer". Mr. Hui Richard Rui is the general manager of the Group (the "General Manager") and assumed the duty of "Chief Executive Officer" who is responsible for managing and smoothing the business operations of the Group while Mr. Chiu Tao, the Chairman remains to be responsible for leading the Board in the overall strategic development of the Group. The Board believes that there is an effective and sufficient segregation of duties between the Chairman and the General Manager.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all the Directors of the Company, the Directors complied throughout the Year in review with the required standards as set out in the Model Code.

Term of Appointment of Non-Executive Directors

The Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. All INEDs have signed appointment letters with the Company for a term of two years but they continue to be subject to retirement and re-election as governed by the Articles of Association.

Continuous Professional Development

In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh knowledge and skills of the Directors, the Company has regularly provided training information, encouraged and funded suitable trainings/seminars for the Directors to participate in continuous professional developments. The Company also continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to enhance their awareness of good corporate governance practices and to ensure compliance.

During the Year, all Directors have participated in continuous professional development by attending training courses and/or referring materials on the topics related to the Company's business, corporate governance and regulations:

Name	Reading Regulatory update	Attending expert briefings/ seminars/ conferences relevant to the business or directors' duties
Executive directors:		
Mr. Chiu Tao	√	√
Mr. Hui Richard Rui	√	√
Mr. Lee Ming Tung	√	√
Mr. Tsui Ching Hung	√	√
Mr. Kwan Kam Hung, Jimmy		√
Mr. Yeung Kwok Yu	√	√
Independent non-executive directors:		
Mr. Yu Pan		√
Ms. Tong So Yuet	√	√
Ms. Ma Yin Fan	√	√

Company Secretary

The position of Company Secretary is held by Mr. Chow Kim Hang, a practicing solicitor of Hong Kong, who is not an employee of the Company. The Company Secretary can contact the Company through the executive Director of the Company, Mr. Lee Ming Tung. The Company Secretary reports to the Chairman of the Board from time to time. All Directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable laws, rules and regulations are followed. Since Mr. Chow Kim Hang was appointed in 2006, he has to take no less than 15 hours of relevant professional training during the Year. He has fulfilled this requirement during the Year under review.

Auditors' Remuneration

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

During the Year, the fees for non-audit services in relation to taxation services and other professional and advisory services provided by the external auditors were approximately US$234,000. The fees for audit related services provided by the external auditors were approximately US$381,000.

Directors' Responsibility for Financial Statements

Monthly updates on the Group's business, activities and events have been provided to all members of the Board to enable them to discharge their duties.

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

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

Internal Control

The Board has overall responsibilities for maintaining a sound and effective internal control system and reviewing their effectiveness to safeguard the shareholders' investments and the Group's assets. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

During the Year, the internal control system of the Group was reviewed. The Board is satisfied that, given the size and activities of the Group, adequate internal controls have been established and continuing reviews of internal controls will be undertaken to ensure its adequacy and effectiveness.

Shareholders' Rights And Communications

The Board recognises the importance of effective communications with all shareholders. Apart from the annual reports and the interim reports, we published and released, from time to time, announcements and quarterly updates related to latest developments at our Lady Annie mining project and the Company.

The Company's AGM is a valuable forum for the Board to communicate directly with shareholders. During the Year, the Chairman and the chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee together with the external auditors also attended the AGM to answer shareholders' questions.

Pursuant to the Articles of Association, an extraordinary general meeting shall also be convened on the written requisition of any 2 or more members holding at the date of the deposit of the requisition in aggregate not less than 25% of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. Such requisition must state the objects of the meeting and must be signed by the requisitionists and deposited to our office at Rooms 4503–05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. If the Directors do not within 21 days from the date of the deposit of such requisition proceed duly to convene an extraordinary general meeting, the requisitionists themselves may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene such a meeting shall be reimbursed to them by the Company.

Shareholders shall make a written requisition to the Board by mail to Rooms 4503–05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, specifying their shareholding information, their contact details and the proposals they intend to put forward at the general meetings regarding any specified transaction/business, together with supporting documents.

Shareholders may send enquiries and concerns to the Board by mail to Rooms 4503–05, 45/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong or by email at information@cstmining.com. Such communications relating to matters within the Board's direct responsibilities shall be forwarded to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints shall be forwarded to the relevant senior management of the Company.

Investor Relations

A consolidated version of the memorandum and articles of association of the Company has been posted on the websites of the Company and the Stock Exchange respectively. There have been no changes in the Company's constitutional documents during the Year.

FINANCIAL OVERVIEW

Deloitte.
德勤

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

We have audited the consolidated financial statements of CST Mining Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 120, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2013, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	NOTES	2013 US$'000	2012 US$'000
Revenue	7	172,340	149,738
Cost of sales	8	(132,369)	(106,741)
Gross profit		39,971	42,997
Other income and other gains and losses	9	747	9,832
Distribution and selling expenses		(8,779)	(12,957)
Administrative expenses			
Reversal (expense) of share-based payment	33	1,313	(16,202)
Other administrative expenses		(38,684)	(34,520)
Gain on disposal of subsidiaries	34	249,146	—
Impairment loss on available-for-sale investments	19	(2,812)	—
Loss on fair value changes of financial assets at fair value through profit or loss		(49,499)	(57,597)
Gain on fair value changes of derivative financial instruments		3,424	873
Gain on fair value changes of investment properties		1,238	1,457
Finance costs	11	(1,369)	(1,580)
Profit (loss) before taxation	12	194,696	(67,697)
Taxation	13	(79,524)	(2,377)
Profit (loss) for the year		115,172	(70,074)
Other comprehensive income (expense)			
Exchange differences arising on translation of foreign operations		361	4,467
Gain (loss) arising from fair value changes of available-for-sale investments		2,593	(2,698)
		2,954	1,769
Total comprehensive income (expense) for the year		118,126	(68,305)
Profit (loss) for the year attributable to:			
Owners of the Company		115,172	(70,074)
Non-controlling interests		—	—
		115,172	(70,074)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		118,126	(68,305)
Non-controlling interests		—	—
		118,126	(68,305)
Earnings (loss) per share			
Basic and diluted	14	US0.42 cents	US(0.26) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	NOTES	2013 US$'000	2012 US$'000
Non-current assets			
Property, plant and equipment	16	128,456	152,125
Exploration and evaluation assets	17	50,501	38,756
Investment properties	18	19,645	18,407
Financial assets at fair value through profit or loss	24	29,271	—
Available-for-sale investments	19	106,545	15,677
Pledged bank deposits	21	68,228	65,370
		402,646	290,335
Current assets			
Inventories	22	97,946	73,848
Trade and other receivables	23	29,296	14,645
Financial assets at fair value through profit or loss	24	327,273	189,757
Derivative financial instruments	25	2,310	1,476
Bank balances and cash	21	197,360	119,912
		654,185	399,638
Assets classified as held for sale	34	—	249,434
		654,185	649,072
Current liabilities			
Trade and other payables	26	18,919	27,015
Amount due to a non-controlling interest	27	256	256
Derivative financial instruments	25	—	603
Tax payable		3,747	2,137
		22,922	30,011
Liabilities associated with assets classified as held for sale	34	—	598
		22,922	30,609
Net current assets		631,263	618,463
Total assets less current liabilities		1,033,909	908,798

	NOTES	2013 US$'000	2012 US$'000
Non-current liabilities			
Deferred tax liabilities	20	**2,314**	1,340
Provision for mine rehabilitation cost	28	**28,126**	18,063
		30,440	19,403
		1,003,469	889,395
Capital and reserves			
Share capital	29	**347,414**	349,518
Reserves		**656,061**	539,883
Equity attributable to owners of the Company		**1,003,475**	889,401
Non-controlling interests		**(6)**	(6)
		1,003,469	889,395

The consolidated financial statements on pages 51 to 120 were approved and authorised for issue by the Board of Directors on 28 June 2013 and are signed on its behalf by:

CHIU TAO
DIRECTOR

HUI RICHARD RUI
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company											
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (note a)	Other capital reserve US$'000 (note b)	Investment revaluation reserve US$'000	Warrant reserve US$'000	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	343,103	490,981	987	128,275	4,968	6,333	25,604	20,987	(87,171)	934,067	(6)	934,061
Loss for the year	—	—	—	—	—	—	—	—	(70,074)	(70,074)	—	(70,074)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	4,467	—	4,467	—	4,467
Loss arising from fair value changes of available-for-sale investments	—	—	—	—	(2,698)	—	—	—	—	(2,698)	—	(2,698)
Total comprehensive expense for the year	—	—	—	—	(2,698)	—	—	4,467	(70,074)	(68,305)	—	(68,305)
Repurchase of shares (note 29(b))	(2,360)	(120)	—	—	—	—	—	—	—	(2,480)	—	(2,480)
Recognition of share-based payment expense (note 33)	—	—	—	—	—	—	16,202	—	—	16,202	—	16,202
Issue of shares upon exercise of warrants (note 29(a))	8,775	7,257	—	—	—	(6,115)	—	—	—	9,917	—	9,917
Expiry of warrants	—	—	—	—	—	(209)	—	—	209	—	—	—
At 31 March 2012	349,518	498,118	987	128,275	2,270	9	41,806	25,454	(157,036)	889,401	(6)	889,395
Profit for the year	—	—	—	—	—	—	—	—	115,172	115,172	—	115,172
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	361	—	361	—	361
Gain arising from fair value changes of available-for-sale investments	—	—	—	—	2,593	—	—	—	—	2,593	—	2,593
Total comprehensive income for the year	—	—	—	—	2,593	—	—	361	115,172	118,126	—	118,126
Repurchase of shares (note 29(b))	(2,104)	(635)	—	—	—	—	—	—	—	(2,739)	—	(2,739)
Reversal of share-based payment expense (note 33)	—	—	—	—	—	—	(1,313)	—	—	(1,313)	—	(1,313)
Lapse of share options	—	—	—	—	—	—	(9,275)	—	9,275	—	—	—
At 31 March 2013	347,414	497,483	987	128,275	4,863	9	31,218	25,815	(32,589)	1,003,475	(6)	1,003,469

(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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	NOTE	2013 US$'000	2012 US$'000
OPERATING ACTIVITIES			
Profit (loss) before taxation		194,696	(67,697)
Adjustments for:			
Interest income		(5,196)	(4,367)
Finance costs		1,369	1,580
Depreciation on property, plant and equipment		45,002	34,947
Loss on fair value changes of financial assets at fair value through profit or loss		49,499	57,597
Loss on disposal of property, plant and equipment		85	6
Write-off of exploration and evaluation assets		1,687	—
Impairment loss on available-for-sale investments		2,812	—
Gain on fair value changes of investment properties		(1,238)	(1,457)
(Reversal) expense of share-based payment		(1,313)	16,202
Gain on disposal of subsidiaries		(249,146)	—
Operating cash flows before movements in working capital		38,257	36,811
Increase in inventories		(19,213)	(28,796)
(Increase) decrease in trade and other receivables		(12,730)	23,177
Increase in held for trading investments		(152,180)	(14,816)
(Decrease) increase in trade and other payables		(15,127)	3,837
Increase in derivative financial instruments		(1,437)	(873)
Net cash (used in) generated from operations		(162,430)	19,340
Interest received		3,293	4,146
Taxation arising from other jurisdictions paid		—	(11)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(159,137)	23,475
INVESTING ACTIVITIES			
Net cash from disposal of subsidiaries	34	426,922	—
Proceeds on disposal of available-for-sale investments		1,923	—
Purchase of available-for-sale investments		(93,010)	(1,014)
Acquisitions of financial assets designated at fair value through profit or loss		(64,103)	—
Purchase of property, plant and equipment		(17,255)	(51,314)
Additions to exploration and evaluation assets		(13,245)	(12,265)
Increase in pledged bank deposits		(2,243)	(3,478)
Release of pledged bank deposits		—	(34,226)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		238,989	(102,297)

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2013 US$'000	2012 US$'000
FINANCING ACTIVITIES			
Repurchase of shares		(2,739)	(2,480)
Interest paid		(306)	(234)
Proceeds from issue of shares upon exercise of warrants		—	9,917
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(3,045)	7,203
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		76,807	(71,619)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		6	381
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		120,547	191,785
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		197,360	120,547
Represented by:			
Bank balances and cash		197,360	119,912
Cash and cash equivalents included in assets classified as held for sale	34	—	635
		197,360	120,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 annual report.

The Company is an investment holding company with its subsidiaries engaged in (i) acquisition, exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, and (iii) property investment. The principal activities of each of its principal subsidiaries and jointly controlled entity are set out in notes 37 and 15 respectively.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

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

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
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 ("PRC") 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 whilst the tax implication on investment properties located in PRC is not significant. 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 consolidated financial statements of the Group for prior and current years.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying Assets (continued)

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2012 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transaction Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-current Assets[2]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HK(IFRIC) — Int 21	Levies[2]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2011) adds requirements for financial liabilities and for derecognition.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

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

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

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities, however it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2012) and HKAS 28 (as revised in 2012).

Key requirements of these five standards are described below.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

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

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

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

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

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

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 ***Financial Instruments: Disclosures*** will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HK(IFRIC) — Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC) — Int 20 ***Stripping Costs in the Production Phase of a Surface Mine*** applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 ***Inventories***. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. Currently, stripping costs that are incurred to enhance the accessibility of the identified component of the ore are capitalised as part of the mine property and development assets in the period incurred, when the management determine that there is sufficient evidence that the expenditure that the expenditure will result in a probable future economic benefit to the Group.

HK(IFRIC) — Int 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply HK(IFRIC) — Int 20 for the first time. The Group is in process to quantify the financial impact of the adoption of the interpretation.

The directors of the Company are currently assessing the impact of the application of the other new and revised standards, amendments and interpretations and has not yet quantified the impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 ***Financial Instruments: Recognition and Measurement*** or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

Jointly controlled entities

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

The Group recognises its interests in jointly controlled entities using the proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* or when the investment is designated as at fair value through profit or loss upon initial recognition or is classified as held for trading (in which case it is accounted for under HKAS 39 Financial Instruments: Recognition and Measurement. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entities are combined with the Group's similar items, line by line, in the consolidated financial statements.

The financial statements of jointly controlled entities used for consolidation purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Non-current assets held for sale

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

Exploration and evaluation assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

When economically recoverable mineral resources have been identified and are reasonably assured, exploration and evaluation assets previously capitalised are first tested for impairment and then reclassified to mine property and development assets included in property, plant and equipment. Otherwise, the related exploration and evaluation expenditures previously capitalised are written off and recognised in profit or loss.

Property, plant and equipment

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

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

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

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

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

Mine property and development assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mine property and development assets (continued)

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

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

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

Leasehold land and buildings

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

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

Capital work in progress

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation

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

Mine properties and development assets are depreciated using the unit of production method based on the estimated total recoverable copper contained in proven and probable reserves at the related mine.

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

- A significant utilisation rate of plant capacity has been achieved; and

- A pre-determined, reasonable period of time of stable operation has passed.

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

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

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

Investment properties

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

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

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

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

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

Effective interest method

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

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss (continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through 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 through profit or loss.

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

Loans and receivables

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

Available-for-sale financial assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

Financial liabilities and equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Equity instruments

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

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

Warrants

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Derivative financial instruments

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

Derecognition

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

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

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

Taxation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

Retirement benefit costs

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

Defined contribution plans

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

Borrowing costs

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

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

Operating leases

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

The Group as lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases (continued)

The Group as lessee

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

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

Impairment

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

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

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

Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for mine rehabilitation cost

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

Share-based payment transactions

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

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

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

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

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

Share options granted to advisors

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserve).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties 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, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group is not subject to any income taxes on disposal of its investment properties in Hong Kong and the tax implication on disposal of its investment properties in the PRC is insignificant. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties.

Key sources of estimation uncertainty

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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

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

During the year, the Group has reassessed the total proven and probable reserves of certain deposits in its mining site in Australia and identified more reserves and higher grade than previous estimates. This resulted in an increase in total proven and probable reserves and adjusted the UOP rate for the depreciation calculation of the Group's mine property and development assets used in mining business segment in Australia. The effect of this change in accounting estimate was recognised prospectively from 1 August 2012.

As a result of this change, depreciation expense for the year ended 31 March 2013 and the net carrying value of property, plant and equipment as at 31 March 2013 decreased and increased by approximately US$1,030,000 and US$1,030,000, respectively.

As at 31 March 2013, mine property and development assets is at carrying amount of US$98,239,000 (2012: US$105,539,000).

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Future cash flow estimates which are used to calculate the asset's recoverable amount are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves, operating and rehabilitation and restoration costs. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management. As at 31 March 2013, property, plant and equipment is at carrying amount of US$128,456,000 (2012: US$152,125,000).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Provision for mine rehabilitation cost

A provision for future rehabilitation cost requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of comprehensive income could be impacted. The provisions, including the estimates and assumptions contained therein are reviewed regularly by management. As at 31 March 2013, provision for mine rehabilitation cost is at carrying amount of US$28,126,000 (2012: US$18,063,000).

Fair value of investment properties

Fair value was based on a valuation on these properties conducted by an independent firm of professional valuer using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income. As at 31 March 2013, investment properties are at fair value of US$19,645,000 (2012: US$18,407,000).

5. CAPITAL RISK MANAGEMENT

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

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

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 US$'000	2012 US$'000
Financial Assets		
Loans and receivables		
(including cash and cash equivalents)	**289,535**	194,446
Financial assets at FVTPL	**356,544**	189,757
Available-for-sale investments	**106,545**	15,677
Derivative financial instruments	**2,310**	1,476
Financial Liabilities		
Amortised cost	**8,544**	12,725
Derivative financial instruments	**—**	603

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

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

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

Market risk

Foreign currency risk management

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

In addition, the Group is also exposed to foreign currency risk to the extent of non-current intra-group balances that form part of the net investment when the subsidiaries which have HKD as their functional currency injected capital denominated in AUD for operations in Australia which have AUD as their functional currency. The carrying amount of the intra-group balances was US$135,538,000 at 31 March 2013 (2012: US$135,227,000).

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities (representing financial assets at fair value through profit or loss, deposits placed at brokers and bank balances and cash, excluding intra-group balance described above) at the reporting date is as follows:

	Assets		Liabilities	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Renminbi	2,738	3,146	—	—
Singapore dollars	3,197	2,494	—	—
Canadian dollars	1,883	2,454	—	—
USD	240,072	73,030	—	—
AUD	1,182	1,489	—	—

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Foreign currency risk management (continued)

The following table details the Group's sensitivity to a 5% (2012: 5%) increase or decrease in Renminbi, Singapore dollars, Canadian dollars and AUD. 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets, monetary liabilities and intra-group foreign currency balances and adjusts their translation at the end of the reporting period for a 5% (2012: 5%) change in foreign currency rate. It excludes items denominated in USD held by group entities with HKD as functional currency as the directors consider that the Group's exposure to USD for such entities is insignificant on the ground that HKD is pegged to USD. A positive number indicates an increase in profit where the foreign currencies strengthens 5% (2012: decrease in loss where the foreign currencies strengthens 5%) against the functional currency of respective group entity. For a 5% (2012: 5%) weakening of the foreign currencies against the functional currency of respective group entity, there would be an equal and opposite impact.

	Profit or loss	
	2013 US$'000	2012 US$'000
Renminbi	114	131
Singapore dollars	133	104
Canadian dollars	79	102
USD	615	332
AUD	4,785	62

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

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits and pledged bank deposits. If the bank interest rate had been 10 basis point (2012: 10 basis point) increase/decrease while all other variables were held constant, the Group's profit for the year ended 31 March 2013 would increase/decrease by US$263,000 (2012: loss for the year ended would decrease/increase by US$179,000).

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Price risk

The Group is exposed to equity and other price risk through its financial assets at FVTPL and available-for-sale investments. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. For sensitivity analysis purpose, the sensitivity rate is 30% (2012: 30%). If the prices of the financial assets at FVTPL and equity securities classified as available-for-sale investments had been 30% (2012: 30%) higher/lower while all other variables were held constant, the Group's profit for the year would increase/decrease by US$89,314,000 (2012: loss for the year would decrease/increase US$47,534,000) and investment revaluation reserve would increase/decrease by US$25,707,000 (2012: US$4,045,000).

Credit risk

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

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

The Group has concentration of credit risk of investment in financial assets designated as FVTPL, including unlisted debt securities of US$9,113,000 (2012: nil) issued by a private entity incorporated in the Cayman Islands and its investment in bonds and convertible bonds issued by Hong Kong listed companies. The Group is also exposed to credit risk in respect of its investment in bonds and convertible bonds issued by Hong Kong listed companies.

The management considers the credit risk of the debt securities issued by the private entity is limited because the private entity is in good financial position and the management closely oversees its financial position. The management manages and monitors these exposures by overseeing the performance of the private entity and the listed issuers to ensure appropriate measures are implemented on a timely and effective manner.

In addition, the fair values of these investments have been determined taking into consideration the creditability of the issuers. In this regard, the directors consider that the Group's credit risk on these investments is significantly reduced.

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

As at 31 March 2013, the Group's trade receivable is due from a single customer based in Australia. The customer has a long history of manufacturing and sales of copper products in Australia and the Group's management monitors the debtor's performance continuously to ensure the Group's exposure to credit risk is minimised.

The Group's concentration of credit risk by geographical location is mainly in Australia, which accounted for 100% (31 March 2012: 100%) of the total trade receivables as at 31 March 2013.

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

Liquidity risk

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

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

(c) Fair values of financial instruments

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

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

- the fair value of the unlisted debt securities and convertible notes is determined by independent professional valuer. The valuation methodologies and models adopted are detailed in note 24;

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

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

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

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

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

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

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2013				
Financial assets at FVTPL	282,111	45,162	29,271	356,544
Available-for-sale investments	85,690	—	—	85,690
	367,801	45,162	29,271	442,234

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

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

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of unlisted debt securities are as follows:

	US$'000
At 1 April 2011	17,449
Redemption	(16,891)
Loss recognised in profit or loss, included in loss arising from fair value changes of financial assets at FVTPL	(558)
At 31 March 2012	—
Additions	64,103
Loss recognised in profit or loss, included in loss arising from fair value changes of financial assets at FVTPL	(34,832)
At 31 March 2013	29,271

Of the total gains or losses for the year included in profit or loss, US$34,832,000 (2012: US$558,000) relates to financial assets at FVTPL held at the end of the reporting period. Fair value gains or losses on financial assets at FVTPL are included in the consolidated statement of comprehensive income.

7. REVENUE/SEGMENT INFORMATION

Revenue

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

	2013 US$'000	2012 US$'000
Sale of copper cathodes	167,613	146,803
Residential rental income	452	388
Office rental income	183	170
Dividend income from trading of securities	1,788	2,377
Interest income from financial assets at fair value through profit or loss	2,304	—
	172,340	149,738

7. REVENUE/SEGMENT INFORMATION (continued)

Segment information

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

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

An operating segment regarding the copper mining in Peru was disposed of on 13 June 2012 as detailed in note 34. However, no discontinued operation was shown separately in the consolidated financial statements since the directors of the Company considered the financial results contributed by this operating segment was insignificant to the Group.

Segment revenue and results

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

	Segment revenue		Segment results	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
Mining business				
— Australia	**167,613**	146,803	**8,553**	10,359
— Peru	**—**	—	**(23)**	(206)
Investments in financial instruments	**4,092**	2,377	**(49,413)**	(52,407)
Property investment	**635**	558	**1,419**	1,823
	172,340	149,738	**(39,464)**	(40,431)
Other income and other gains and losses			**2,434**	9,832
Central administration costs			**(17,364)**	(19,316)
Gain on disposal of subsidiaries			**249,146**	—
Reversal (expense) of share-based payment			**1,313**	(16,202)
Finance costs			**(1,369)**	(1,580)
Profit (loss) before taxation			**194,696**	(67,697)

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

7. REVENUE/SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the results of each segment without allocation of other income and other gains 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.

Segment assets

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

	2013 US$'000	2012 US$'000
Segment assets:		
— Investments in financial instruments	463,089	205,434
— Property investment	19,645	18,407
— Mining business — Australia	368,775	345,196
Total segment assets	851,509	569,037
Unallocated assets:		
— Bank balances and cash	194,648	113,454
— Property, plant and equipment	2,957	4,189
— Others	7,717	3,293
	205,322	120,936
Mining business — Peru (classified as assets held for sale)	—	249,434
Consolidated total assets	1,056,831	939,407

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

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

7. REVENUE/SEGMENT INFORMATION (continued)

Other segment information

2013

	Investments in financial instruments US$'000	Property investment US$'000	Mining business-Australia US$'000	Mining business-Peru US$'000	Unallocated US$'000	Consolidated Total US$'000
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of financial assets at FVTPL	(49,499)	—	—	—	—	(49,499)
Gain on fair value changes of investment properties	—	1,238	—	—	—	1,238
Additions to non-current assets (Note)	—	—	41,650	—	192	41,842
Deprecation on property, plant and equipment	—	—	48,185	—	1,394	49,579
Write-off of exploration and evaluation assets	—	—	(1,687)	—	—	(1,687)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Gain on disposal of subsidiaries	—	—	—	249,146	—	249,146

2012

	Investments in financial instruments US$'000	Property investment US$'000	Mining business-Australia US$'000	Mining business-Peru US$'000	Unallocated US$'000	Consolidated Total US$'000
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of financial assets at FVTPL	(57,597)	—	—	—	—	(57,597)
Gain on fair value changes of investment properties	—	1,457	—	—	—	1,457
Additions to non-current assets (Note)	—	—	97,337	—	119	97,456
Deprecation on property, plant and equipment	—	—	54,037	—	1,488	55,525

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

7. REVENUE/SEGMENT INFORMATION (continued)

Geographical information

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

	Revenue from external customers		Carrying amounts of non-current assets	
	2013 US$'000	2012 US$'000	2013 US$'000	2012 US$'000
The People's Republic of China (the "PRC"), other than Hong Kong	**302**	261	**5,543**	5,151
Hong Kong	**4,425**	1,914	**17,060**	17,445
Singapore	**—**	760	**—**	—
Australia	**167,613**	146,803	**175,999**	186,692
	172,340	149,738	**198,602**	209,288

Information about major customers

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

	Year ended 31 March	
	2013 US$'000	2012 US$'000
Customer A[1]	**144,542**	101,151
Customer B[1]	**23,071**	39,586

[1] Revenue from mining business in Australia

8. COST OF SALES

	2013 US$'000	2012 US$'000
Electricity	14,997	12,571
Diesel/Fuel	8,359	9,295
Direct materials	18,656	13,185
Equipment rental	720	678
Staff costs	24,722	25,039
Drilling & blasting, earthmoving & haulage	33,994	34,361
Overhead	4,953	5,227
Maintenance	2,849	2,240
Depreciation	45,814	52,584
Movement in inventories	(22,695)	(48,439)
	132,369	106,741

9. OTHER INCOME AND OTHER GAINS AND LOSSES

	2013 US$'000	2012 US$'000
Bank interest income	2,892	4,367
Net foreign exchange (loss) gain	(1,414)	5,308
Write-off of exploration and evaluation assets	(1,687)	—
Others	956	157
	747	9,832

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors

The emoluments paid or payable to each of the fourteen (2012: fourteen) directors were as follows:

	2013					
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Share-based payments US$'000	Total US$'000
Chiu Tao (Chairman)	—	3,013	3,205	2	4,225	10,445
Chung Nai Ting (resigned on 31 December 2012)	—	160	45	2	—	207
Hui Richard Rui	—	219	196	2	299	716
Kwan Kam Hung, Jimmy	—	140	192	2	89	423
Lee Ming Tung	—	150	205	2	89	446
Owen L. Hegarty (resigned on 30 September 2012)	—	299	795	1	(5,511)	(4,416)
Tsui Ching Hung	—	172	26	2	30	230
Wah Wang Kei, Jackie (resigned on 31 December 2012)	—	99	131	2	(283)	(51)
Yang Yi Fang (resigned on 1 January 2013)	—	316	450	1	(79)	688
Yeung Kwok Yu	—	142	39	2	89	272
Yu Pan	16	—	—	—	—	16
Tong So Yuet	26	—	—	—	—	26
Ma Yin Fan (appointed on 31 December 2012)	6	—	—	—	—	6
Chan Shek Wah (resigned on 31 December 2012)	19	—	—	—	—	19
	67	4,710	5,284	18	(1,052)	9,027

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors (continued)

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

Mr. Chiu Tao is the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman, whose role is equivalent to a chief executive.

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

(b) Information regarding employees' emoluments

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

11. FINANCE COSTS

	2013 US$'000	2012 US$'000
Interest on overdrafts	306	—
Effective interest expense on:		
Contingent consideration payable (note 26)	—	234
Provision for mine rehabilitation cost	1,063	1,346
	1,369	1,580

12. PROFIT (LOSS) BEFORE TAXATION

	2013 US$'000	2012 US$'000
Profit (loss) before taxation has been arrived at after charging:		
Directors' remuneration (note 10(a))	9,027	23,099
Contributions to the retirement benefit scheme to employees	2,207	2,330
(Reversal of) share-based payment expenses to employees	(261)	258
Other staff costs	37,408	40,241
Total staff costs	48,381	65,928
Less: amount capitalised in:		
Exploration and evaluation assets	(4,706)	(5,298)
Mine property and development assets	(476)	(2,569)
Inventories	(24,722)	(25,039)
Total staff costs included in administrative expenses	18,477	33,022
Auditor's remuneration	392	352
Depreciation on property, plant and equipment	45,002	34,947
Loss on disposal of property, plant and equipment	85	6
Cost of inventories recognised as an expense	132,369	106,741
Minimum lease payments paid under operating leases in respect of rented premises	490	502
and after crediting:		
Gross rental income less direct operating expenses of US$120,000 (2012: US$100,000) from investment properties that generated rental income during the year	515	458

13. TAXATION

	2013 US$'000	2012 US$'000
Current tax:		
Hong Kong Profits Tax	—	—
People's Republic of China	8	11
Australian withholding tax	1,593	937
Peruvian capital gains tax	76,963	—
Deferred tax (note 20)	960	1,429
Taxation for the year	79,524	2,377

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

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

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

13. TAXATION (continued)

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

During the year ended 31 March 2013, the Group is subject to Peruvian capital gains tax arising from the disposal of an indirect investment in the 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 (defined in note 34) of US$249,857,000 up to the date of disposal.

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

	2013 US$'000	2012 US$'000
Profit (loss) before taxation	**194,696**	(67,697)
Taxation at the domestic income tax rate (Note)	**(32,555)**	10,548
Tax effect of expenses not deductible for tax purpose	**(1,008)**	(7,626)
Tax effect of income not taxable for tax purpose	**44,203**	2,859
Tax effect of tax losses not recognised	**(11,644)**	(7,240)
Tax effect of utilisation of tax losses previously not recognised	**36**	19
Australian withholding tax	**(1,593)**	(937)
Peruvian capital gains tax (note 34)	**(76,963)**	—
Taxation for the year	**(79,524)**	(2,377)

Note: The domestic tax rate in Hong Kong of 16.5% (2012: 16.5%) and Australia of 30% (2012: 30%), which are jurisdictions where the operations of the Group are substantially based are used.

14. 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 following data:

	2013 US$'000	2012 US$'000
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**115,172**	(70,074)

14. EARNINGS (LOSS) PER SHARE (continued)

	Number of share	
	2013 '000	2012 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**27,147,095**	27,220,239

The computation of diluted earnings per share for the year ended 31 March 2013 does not assume the exercise of the Company's outstanding share options and warrants as the exercise prices of those share options and warrants were higher than the average market price of shares for the year ended 31 March 2013.

The computation of diluted loss per share for the year ended 31 March 2012 does not assume the exercise of the Company's outstanding share options and warrants as the exercise of those options and warrants would result in a decrease in loss per share.

15. INTEREST IN A JOINTLY CONTROLLED ENTITY

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

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

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

15. INTEREST IN A JOINTLY CONTROLLED ENTITY (continued)

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

	2013 US$'000	2012 US$'000
Current assets	—	710
Non-current assets	—	248,724
Current liabilities	—	598
Non-current liabilities	—	—

	Year ended 31 March	
	2013 US$'000	2012 US$'000
Other income recognised in profit or loss	—	539
Expenses recognised in profit or loss	—	31
Other comprehensive income	—	—

16. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress US$'000	Mine property and development assets US$'000	Plant and equipment US$'000	Leasehold land and buildings US$'000	Leasehold improvements US$'000	Furniture and equipment US$'000	Motor vehicles US$'000	Vessel US$'000	Total US$'000
COST									
At 1 April 2011	6,892	369,086	24,117	1,691	360	692	787	3,713	407,338
Exchange adjustments	116	4,432	760	(35)	—	(13)	—	—	5,260
Reallocation	(8,575)	—	1,589	5,890	—	1,096	—	—	—
Transfer to assets held for sale	—	(237,353)	(384)	—	—	—	—	—	(237,737)
Additions	18,537	28,206	(23)	—	64	50	—	6	46,840
Disposals	—	—	(1)	—	(57)	(227)	—	—	(285)
At 31 March 2012	16,970	164,371	26,058	7,546	367	1,598	787	3,719	221,416
Exchange adjustments	587	381	60	13	—	3	—	—	1,044
Additions	14,372	11,058	—	—	3	96	71	22	25,622
Reallocation	(28,105)	21,149	6,514	111	—	331	—	—	—
Disposals/write off	—	—	(153)	—	(31)	(71)	—	—	(255)
At 31 March 2013	3,824	196,959	32,479	7,670	339	1,957	858	3,741	247,827
DEPRECIATION									
At 1 April 2011	—	10,778	1,799	99	114	133	401	1,019	14,343
Provided for the year	—	48,258	4,606	1,154	105	293	174	935	55,525
Eliminated on disposals	—	—	—	—	(57)	(221)	—	—	(278)
Reallocation	—	—	(551)	520	—	31	—	—	—
Exchange adjustments	—	(204)	8	(13)	—	(2)	—	—	(211)
Transfer to assets held for sale	—	—	(88)	—	—	—	—	—	(88)
At 31 March 2012	—	58,832	5,774	1,760	162	234	575	1,954	69,291
Provided for the year	—	39,329	7,044	1,505	107	506	150	938	49,579
Eliminated on disposals/ write off	—	—	(98)	—	(27)	(45)	—	—	(170)
Exchange adjustments	—	559	88	20	—	4	—	—	671
At 31 March 2013	—	98,720	12,808	3,285	242	699	725	2,892	119,371
CARRYING VALUES									
At 31 March 2013	3,824	98,239	19,671	4,385	97	1,258	133	849	128,456
At 31 March 2012	16,970	105,539	20,284	5,786	205	1,364	212	1,765	152,125

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

Depreciation on the mine property and development assets of items in area of interest where mine production commenced is provided using the UOP method based on the actual production volume over the total estimated proved and probable reserves of the copper mines. The effective depreciation rate for the year ended 31 March 2013 is 20.9% (for the year ended 31 March 2012: 26.9%).

16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

Depreciation expense of property, plant and equipment of US$117,000 and US$45,814,000 (2012: US$170,000 and US$52,584,000) incurred during the year ended 31 March 2013 were capitalised as part of exploration and evaluation assets and inventories, respectively. US$41,354,000 (2012: US$32,176,000) of these capitalised costs was charged to profit or loss as cost of goods sold during the year.

At 31 March 2013, leasehold land and buildings with carrying amount of US$1,525,000 (2012: US$1,559,000) are situated in Hong Kong under long-term leases. The remaining leasehold land and buildings are situated in Australia under medium-term leases.

17. EXPLORATION AND EVALUATION ASSETS

	US$'000
COST	
At 1 April 2011	25,600
Exchange adjustments	721
Additions	12,435
At 31 March 2012	38,756
Exchange adjustments	70
Additions	13,362
Write-off recognised in profit or loss	(1,687)
At 31 March 2013	50,501

During the year ended 31 March 2013, the management carried out review on all exploration projects undergoing and have decided to surrender four exploration permits for minerals in Australia which might not make synergy with the other exploration areas after considering the current copper price and the locations and expected returns from further drilling of the areas under these four permits. Accordingly, the management has fully written off the carrying amount of these exploration projects of US$1,687,000 (2012: nil) during the year ended 31 March 2013.

18. INVESTMENT PROPERTIES

	2013 US$'000	2012 US$'000
FAIR VALUE		
At the beginning of the year	18,407	16,950
Gain on fair value changes recognised in profit or loss	1,238	1,457
At the end of the year	19,645	18,407

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

	2013 US$'000	2012 US$'000
Land and buildings in Hong Kong held under long-term leases	14,102	13,256
Land and buildings in the PRC held under medium-term leases	5,543	5,151
	19,645	18,407

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

The properties were rented out under operating leases.

19. AVAILABLE-FOR-SALE INVESTMENTS

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

	2013 US$'000	2012 US$'000
Unlisted equity securities	21,808	654
Less: Impairment loss recognised	(3,466)	(654)
	18,342	—
Equity securities listed in Hong Kong	85,690	13,484
Club membership	2,513	2,193
	106,545	15,677

19. AVAILABLE-FOR-SALE INVESTMENTS (continued)

During the year ended 31 March 2013, the Group acquired 30,000,000 shares of a private and unlisted company incorporated in the Cayman Islands whose subsidiaries are principally engaged in securities trading, investment holding and provision of brokerage and financial services, at a total consideration of approximately US$23,077,000. The 30,000,000 shares represent approximately 4.54% of the issued share capital of the investee company. Following the disposal of 2,500,000 shares at a consideration of US$1,923,000 and other new issue of shares by the investee company to investors other than the Group, the Group's shareholding decreased to 3.09% interest as of 31 March 2013. 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 Company are of the opinion that their fair values cannot be measured reliably.

During the year, the management considered that the unstable global economic environment could have adverse effect on the securities trading and provision of brokerage and financial services business of the investee and engaged independent professional valuer to determine the fair value of this investment. An impairment loss of US$2,812,000 related to this unlisted investment was recognised in profit or loss for the year ended 31 March 2013.

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 year ended 31 March 2013, the Group acquired further 1,428,900,000 shares of G-Resources through share placing by G-Resources, at a total consideration of approximately US$69,613,000. As at 31 March 2013, the Group held a total of 1,650,328,571 shares of G-Resources, approximately 8.72% interest in G-Resources. 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.

US$2,593,000 fair value gain (2012: US$2,698,000 fair value loss) related to G-Resources was recognised in investment revaluation reserve during the year ended 31 March 2013.

20. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

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

	Depreciation allowance in excess of related depreciation expenses US$'000	Tax losses US$'000	Provisions US$'000	Others US$'000	Total US$'000
At 1 April 2011	(11,503)	10,516	1,794	(737)	70
(Charge) credit to profit or loss	1,114	(2,519)	256	(280)	(1,429)
Exchange realignment	(403)	386	58	(22)	19
At 31 March 2012	(10,792)	8,383	2,108	(1,039)	(1,340)
(Charge) credit to profit or loss	(9,057)	3,859	4,114	124	(960)
Exchange realignment	(123)	61	49	(1)	(14)
At 31 March 2013	(19,972)	12,303	6,271	(916)	(2,314)

At 31 March 2013, the Group had unused tax losses of US$271,430,000 (2012: US$188,012,000) available to offset against future profits. A deferred tax asset has been recognised in respect of US$41,010,000 (2012: US$27,945,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$230,420,000 (2012: US$160,067,000) due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The effective interest rate ranges from 0.4% to 3.5% (2012: 0.3% to 4.4%) per annum.

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contract. These guarantees are backed by collateral deposits which amounted to US$31,758,000 as at 31 March 2013 (2012: US$30,140,000).

Another US$36,470,000 (2012: US$35,230,000) represents deposit paid by the Group to a bank as required by the government of Queensland, Australia for operating in the mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirement (see note 28).

The interest rates for the pledged bank deposits range from 2.85% to 4.30% (2012: 4.2% to 5.28%) per annum for the year ended 31 March 2013.

22. INVENTORIES

	2013 US$'000	2012 US$'000
Copper in process	76,526	61,217
Copper cathode	18,051	10,256
Spare parts and consumables	3,369	2,375
	97,946	73,848

23. TRADE AND OTHER RECEIVABLES

	2013 US$'000	2012 US$'000
Trade receivable	17,868	4,307
Less: allowance for doubtful debts	—	—
	17,868	4,307
Other receivables	11,428	10,338
Total trade and other receivables	29,296	14,645

Aging of trade receivable (based on invoice dates, which approximated the respective revenue recognition dates)

	2013 US$'000	2012 US$'000
0–60 days	17,868	4,307

Trade receivable as at 31 March 2013 represents trade receivable from sales of copper cathodes in Australia. The balances are due on the fifth working days of the following month after delivery. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

Included in other receivables is US$3,121,000 (2012: US$3,286,000) Goods and Services Tax recoverable to set-off expenditures incurred in mining operation in the future in accordance with the relevant tax laws and regulations in Australia.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 US$'000	2012 US$'000
Held for trading investments (current assets)		
Equity securities listed in Hong Kong (notes i and ii)	**274,546**	140,344
Equity securities listed outside Hong Kong (note ii)	**7,565**	7,192
Investment funds	**45,162**	42,221
	327,273	189,757
Designated at fair value through profit or loss (non-current assets)		
Unlisted debt securities (notes i and ii)	**22,917**	—
Unlisted convertible bonds (note iii)	**6,354**	—
	29,271	—
	356,544	189,757

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 year ended 31 March 2013, the Group acquired several unlisted debt securities and unlisted convertible bonds as follows:

(i) The Group acquired the unlisted unsecured bonds at purchase price of HK$150,000,000 (equivalent to US$19,231,000) issued by a private company incorporated in the Cayman Islands.

The unlisted unsecured bonds, with principal amount of HK$150,000,000 (equivalent to approximately US$19,231,000), carry coupon rate of 5% per annum, and are redeemable by the issuer at any time after thirty days from date of issue before maturity at its principal amount together with interest accrued at the redemption date. The bonds are payable upon maturity on 9 October 2020.

At 31 March 2013, the fair value of the debt component of the bonds is determined as discounted cash flows using the prevailing market interest rate of 18.92% while the fair value of the embedded derivative of the early redemption option of the issuer is determined using Hull-White Model by an independent professional valuer. A loss on fair value changes of US$10,118,000 was recognised in profit or loss during the year ended 31 March 2013.

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

(ii) The Group acquired unlisted unsecured bonds at purchase price of HK$180,000,000 (equivalent to US$23,077,000) through a broker.

The unlisted unsecured bonds issued by a company with its shares listed on the Stock Exchange, 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 the issuer at any time before or upon maturity at its principal amount together with interest accrued at the redemption date. The bonds are repayable upon maturity on 4 January 2014 or extended maturity date of 4 January 2019, if the issuer delivers an extension notice to bondholders at any time before extension deadline, with an adjusted coupon rate of 12.5%.

The fair value of the unlisted unsecured bond had been arrived at on the basis of a valuation carried out by an independent qualified professional valuers not connected with the Group. The fair value of the unlisted unsecured bonds at 31 March 2013 are determined using discounted cash flows method using the interest rate of 30.48% applied at the time by the market to instruments of comparable credit status, credit quality and taking into account the probability of extension of the bond. The fair value of the embedded derivative, which is the extension option of the issuer, is US$10,071,000. A loss on fair value changes of US$13,760,000 was recognised in profit or loss during the year ended 31 March 2013.

(iii) The Group acquired unlisted unsecured convertible bonds (the "Bonds") at the principal amount of HK$130,000,000 (equivalent to US$16,667,000) at consideration of HK$130,000,000 (equivalent to US$16,667,000). The Bonds are issued by a company with its shares listed on the Stock Exchange, carry zero coupons with maturity on 27 May 2016. The share price of the issuer is HK$0.38 at date of acquisition. The Group has the right, at any time following the date of issue of the Bonds until the maturity date, to convert any part of the Bonds (in an amount or integral multiple of HK$10,000,000) into ordinary shares of the issuer at a conversion price of HK$9.902, subject to adjustments as stipulated in the terms and conditions of the Bonds, by giving prior written notice to the issuer. The issuer has the right at any time following the date of issue of the Bonds and until the maturity date, to redeem the whole or any part of the aggregate outstanding principal amount of the Bonds at par.

The hybrid instrument comprising debt component and embedded derivatives of the Bonds are designated as financial assets at fair value through profit or loss on initial recognition and are subsequently measured at fair value.

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

(iii) (continued)

During the year ended 31 March 2013, a decrease in fair value of US$10,313,000 is recognised in profit or loss for the Bonds. As at 31 March 2013, the fair value of the Bonds has been arrived at on the basis of a valuation by an independent qualified professional valuer as of that day. The fair value of the debt component of the Bonds is determined using the prevailing market interest rate of 35.79% while the fair value of the embedded derivatives (included conversion option and issuer's early redemption right) of the Bonds is determined using FinCAD with the following inputs:

	At 31 March 2013
Valuation date share price of the convertible bonds issuer:	HK$0.345
Exercise price:	HK$9.902
Expected life:	3.16 years
Expected volatility:	94.36%
Dividend yield:	Nil
Risk-free rate:	0.28%

The expected volatility is determined based on the issuer's stock price with similar duration of the convertible bonds. The zero-dividend yield is determined based on the fact that no dividend payment is made by the issuer in the past one year. The risk-free rate is determined as the yield of the Hong Kong Exchange Fund Notes with duration similar to the expected life of the convertible bonds.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Current	
	2013 US$'000	2012 US$'000
Derivative financial assets (not under hedge accounting)		
Future contracts on non-ferrous metals (note a)	2,310	1,476
Derivative financial liabilities (not under hedge accounting)		
Foreign currency forward contacts (note b)	—	603

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Notes:

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

At 31 March 2013

Contracted future price	Standard trading unit	Total unit	Maturity
Copper future contracts:			
Buy at a price at USD7,838 and sell at a price at USD8,300 (settled in net)	25 tonnes	200	3 May 2013

At 31 March 2012

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

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

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

The copper future contracts and the foreign currency forward contracts are not designated and effective as a hedging instrument. Therefore, the fair value gains or losses are recognised in profit or loss in the period in which they arise. At 31 March 2013 and 2012, the fair value of the copper future contracts is determined based on price quoted by financial institutions. At 31 March 2012, the fair value of the foreign currency forward contracts was determined by independent valuer with reference to forward rates.

The foreign currency forward contracts were early terminated and were settled in net during the year ended 31 March 2013.

26. TRADE AND OTHER PAYABLES

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

	2013 US$'000	2012 US$'000
0–30 days	4,740	7,838
31–60 days	—	151
Total trade payables	4,740	7,989
Other payables	14,179	19,026
	18,919	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.

On 31 May 2010, the Group acquired the entire issued share capital of CST Minerals Lady Annie Pty Limited ("CSTLA") at cash consideration of AUD130,000,000 (equivalent to US$110,073,000) and an additional contingent consideration. Based on the relevant agreement, the Group is required to pay (i) an additional amount of AUD2,500,000 upon the production of the first 10,000 tonnes of copper cathode from CSTLA and (ii) a further AUD2,500,000 upon the delineation of additional ore reserves containing 25,000 tonnes of contained copper. Obligation stated in (i) of AUD2,500,000, equivalent to US$2,607,000 (2012: AUD2,500,000, equivalent to US$2,601,000) and (ii) of AUD2,500,000, equivalent to US$2,607,000 (2011: AUD2,500,000, equivalent to US$2,601,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. Production of first 10,000 tonnes was completed in the year ended 31 March 2012 and US$2,607,000 was fully settled during the year ended 31 March 2013. As at 31 March 2013, the additional ore reserves are not yet delineated and the remaining AUD2,500,000 (equivalent to US$2,607,000) was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$2,163,000 and US$1,386,000 (2012: US$1,791,000 and US$2,688,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

27. AMOUNT DUE TO A NON-CONTROLLING INTEREST

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

28. PROVISION FOR MINE REHABILITATION COST

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

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

28. PROVISION FOR MINE REHABILITATION COST (continued)

A bank guarantee of US$36,470,000 (2012: US$35,230,000) is placed with the Department of Environment and Heritage Protection, Queensland Government, Australia for the purposes of settling these rehabilitation costs (see note 21).

	US$'000
At 1 April 2011	17,587
Exchange adjustment	586
Reductions (note)	(1,256)
Effective interest	1,346
Payment for the year	(200)
At 31 March 2012	18,063
Exchange adjustment	53
Additions	8,947
Effective interest	1,063
At 31 March 2013	28,126

Note: During the year ended 31 March 2012, there was a change in relation to the rehabilitation work methodology, leading to a reduction in provision for mine rehabilitation cost.

29. SHARE CAPITAL

	Notes	Number of shares	Share capital US$'000
Ordinary shares of HK$0.1 each:			
Authorised			
At 1 April 2011, 31 March 2012 and 2013		50,000,000,000	HK$5,000,000,000
Issued and fully paid			
At 1 April 2011		26,762,022,358	343,103
Issue of shares upon exercise of warrants	(a)	684,446,603	8,775
Shares repurchased and cancelled	(b)	(184,072,000)	(2,360)
At 31 March 2012		27,262,396,961	349,518
Shares repurchased and cancelled	(b)	(164,088,000)	(2,104)
At 31 March 2013		27,098,308,961	347,414

29. SHARE CAPITAL (continued)

Notes:

(a) During the year ended 31 March 2012, 684,446,603 warrants issued by the Company on 3 June 2009 were exercised at an exercise 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. All remaining 23,366,464 warrants issued on 3 June 2009 were lapsed on 2 June 2011.

On 26 October 2010, the Company issued 685,000,000 warrants with exercise price of HK$0.26 per warrant share. No warrants were exercised since the date of issue and during the years ended 31 March 2012 and 2013. At 31 March 2013, 685,000,000 warrants are outstanding. Exercise in full of such warrants would result in the issue of 685,000,000 additional ordinary shares at a subscription price of HK$0.26 each.

(b) During the year ended 31 March 2013, the Company, in order to enhance the net assets and/or earnings per share of the Company, repurchased 164,088,000 (2012: 184,072,000) of its own ordinary shares on the Stock Exchange at aggregate price of HK$21,360,000, equivalent to US$2,739,000, (2012: HK$19,343,000, equivalent to US$2,480,000) through the Stock Exchange as follows:

Month of purchase	No. of ordinary shares of HK$0.1 each	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid HK$
July 2012	155,120,000	0.134	0.118	20,317,328
August 2012	2,456,000	0.114	0.113	279,493
September 2012	6,512,000	0.118	0.115	763,880

As at 31 March 2013 and 2012, all shares being repurchased were cancelled. The issued share capital of the Company was reduced by the nominal value of those repurchased and cancelled shares.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

30. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The MPF Scheme is funded by monthly contribution from both employees and the Group at a rate of 5% of the employee's relevant income with maximum employee's contribution of not exceeding HK$1,000 (equivalent to US$128) per month (increased to HK$1,250 per month (equivalent to US$160) effective on 1 June 2012).

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

During the year, the amount contributed by the Group to the MPF Scheme charged to profit or loss was US$70,000 (2012: US$65,000). The Group also contributed US$2,139,000 (2012: US$2,105,000) and US$16,000 (2012: US$180,000), respectively, to the superannuation operated in Australia and social security in Peru and the contribution amounts were charged to profit or loss, or capitalised as exploration and evaluation assets and mine property and development assets (included in the property, plant and equipment) or inventories and to cost of sales as according to its nature.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2013 US$'000	2012 US$'000
In respect of rented premises:		
Within one year	964	548
In the second to fifth years inclusive	1,465	233
	2,429	781

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

The Group as lessor

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

	2013 US$'000	2012 US$'000
Within one year	397	421
In the second to fifth years inclusive	65	223
	462	644

Leases are negotiated for an average term of two years.

32. CAPITAL COMMITMENTS

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

	2013 US$'000	2012 US$'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	912	6,486
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	395	4,544

33. SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

At 31 March 2013, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 380,500,000 (2012: 767,500,000), representing approximately 1.4% (2012: 2.8%) of the shares of the Company in issue at that date.

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

33. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

Share options granted under the Scheme

Category of participants	Notes	Date of grant	Exercise period	Exercise price HK$	As at 1.4.2011	Reclassification (Note d)	Granted during the year	Forfeited during the year	As at 31.3.2012	Forfeited during the year	As at 31.3.2013
Directors	(a)	02.09.2010	17.09.2011–16.09.2015	0.2000	370,000,000	—	—	(80,000,000)	290,000,000	(85,000,000)	205,000,000
	(a)	30.09.2010	30.09.2011–29.09.2015	0.2350	—	16,000,000	—	—	16,000,000	(16,000,000)	—
Total for directors					370,000,000	16,000,000	—	(80,000,000)	306,000,000	(101,000,000)	205,000,000
Employees of the Group	(a)	02.09.2010	17.09.2011–16.09.2015	0.2000	16,800,000	—	—	—	16,800,000	(8,000,000)	8,800,000
	(a)	24.09.2010	24.09.2011–23.09.2015	0.2000	16,000,000	—	—	(16,000,000)	—	—	—
	(a)	30.09.2010	30.09.2011–29.09.2015	0.2350	36,000,000	(16,000,000)	—	—	20,000,000	—	20,000,000
	(a)	01.12.2010	01.12.2011–30.11.2015	0.2300	100,000,000	—	—	(100,000,000)	—	—	—
	(a)	05.12.2010	05.12.2011–04.12.2015	0.2350	100,000,000	—	—	(90,000,000)	10,000,000	(10,000,000)	—
	(a)	13.12.2010	13.12.2011–12.12.2015	0.2700	16,000,000	—	—	—	16,000,000	—	16,000,000
	(a)	28.02.2011	28.02.2012–27.02.2016	0.2350	63,000,000	—	—	(33,000,000)	30,000,000	(16,800,000)	13,200,000
	(a)	16.03.2011	17.03.2012–16.03.2016	0.2350	10,000,000	—	—	(10,000,000)	—	—	—
Total for employees					357,800,000	(16,000,000)	—	(249,000,000)	92,800,000	(34,800,000)	58,000,000
Total for Tranche A					727,800,000	—	—	(329,000,000)	398,800,000	(135,800,000)	263,000,000
Directors	(b)	02.09.2010	17.09.2011–16.09.2015	0.2000	130,000,000	—	—	(20,000,000)	110,000,000	(40,000,000)	70,000,000
	(b)	30.09.2010	30.09.2011–29.09.2015	0.2350	—	4,000,000	—	—	4,000,000	(4,000,000)	—
	(b)	03.10.2011	03.10.2012–02.10.2016	0.2000	—	—	100,000,000	—	100,000,000	(100,000,000)	—
Total for directors					130,000,000	4,000,000	100,000,000	(20,000,000)	214,000,000	(144,000,000)	70,000,000
Employees of the Group	(b)	02.09.2010	17.09.2011–16.09.2015	0.2000	164,200,000	—	—	(107,000,000)	57,200,000	(31,000,000)	26,200,000
	(b)	24.09.2010	24.09.2011–23.09.2015	0.2000	4,000,000	—	—	(4,000,000)	—	—	—
	(b)	30.09.2010	30.09.2011–29.09.2015	0.2350	4,000,000	(4,000,000)	—	—	—	—	—
	(b)	13.12.2010	13.12.2011–12.12.2015	0.2700	4,000,000	—	—	—	4,000,000	—	4,000,000
	(b)	28.02.2011	28.02.2012–27.02.2016	0.2350	53,500,000	—	—	(10,000,000)	43,500,000	(26,200,000)	17,300,000
Total for employees					229,700,000	(4,000,000)	—	(121,000,000)	104,700,000	(57,200,000)	47,500,000
Total for Tranche B					359,700,000	—	100,000,000	(141,000,000)	318,700,000	(201,200,000)	117,500,000
Adviser of the Group	(c)	30.09.2011	01.10.2011–30.09.2013	0.2000	—	—	50,000,000	—	50,000,000	(50,000,000)	—
Exercisable at the end of the years					—				50,000,000		—
Weighted average exercise price (HK$)					0.2126	—	0.2000	0.2170	0.2075	0.2066	0.2083

Notes:

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

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

(ii) as to another one-third of the share options, upon the first copper production by the Mina Justa Project (as defined in note 34); and

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

33. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share options granted under the Scheme (continued)

Notes: (continued)

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

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

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

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

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

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

Share options granted under share option agreements

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

Category of participants	Date of share option agreement	Exercise period	Exercise price HK$	As at 1.4.2011	Granted during the year	Forfeited during the year	As at 31.3.2012	Forfeited during the year	As at 31.3.2013
Director	19.03.2010	22.06.2011–21.06.2015	0.2000	60,000,000	—	(60,000,000)	—	—	—
Director	19.03.2010	06.07.2011–05.07.2015	0.2000	240,000,000	—	(240,000,000)	—	—	—
Directors	24.03.2010	22.06.2011–21.06.2015	0.2000	305,000,000	—	—	305,000,000	(90,000,000)	215,000,000
Directors	24.03.2010	06.07.2011–05.07.2015	0.2000	1,220,000,000	—	—	1,220,000,000	(360,000,000)	860,000,000
Total				1,825,000,000	—	(300,000,000)	1,525,000,000	(450,000,000)	1,075,000,000
Exercisable at the end of the years				—			—		—

Vesting condition:

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

33. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share options granted under share option agreements (continued)

Vesting condition: (continued)

(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 Resources Limited and its 70% interest in a Peruvian jointly controlled entity; or upon twelve months after the copper production by CSTLA after the completion of acquisition of entire issued share capital of CSTLA (the "Second Event"); and

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

Weighted average exercise price of the share options is HK$0.2022 (equivalent to US$0.0259) at 31 March 2013 (2012: HK$0.2025).

All the share options granted under tranche B during the year ended 31 March 2012 are valid upon fulfilment of vesting conditions and up to a maximum period of five years from the effective date. The grantee shall continue to provide services to the Group as director of the Group during the vesting period of respective share options.

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

Fair values of the options are determined at the dates of grant using the Binominal model. Share-based payment expenses were recognised over the vesting period based on the contractual period of twelve months or management's estimation of the timing when the vesting conditions described are met.

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 year ended 31 March 2013, 695,000,000 and 82,000,000 (2012: 400,000,000 and 370,000,000) share options were forfeited prior to the vesting as a result of the resignation of directors and employees, respectively, and reversal share-based payment expenses of US$6,028,000 and US$330,000 (2012: US$2,968,000 and US$481,000) were recognised, respectively.

33. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share options granted under share option agreements (continued)

In addition, during the year ended 31 March 2013, the Group disposed of the Mina Justa Project (as defined in note 34). A reversal of share-based payment 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 and the share-based payment expenses are recognised in the profit or loss based on original estimates of the timing when the vesting conditions are met, which also represented the management's latest best estimate of the timing.

Further, during the year ended 31 March 2013, management of the Group has reviewed the current production plan and considered that the condition to achieve 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 (2012: nil and nil) was recognised, respectively.

As a result, a net reversal share-based payment expense of US$1,313,000 was recognised in profit or loss for the current year (2012: share-based payment expense of US$16,202,000 was charged to profit or loss).

On 27 June 2013, "Tranche A" Options and all share options granted under share option agreements were cancelled. The relevant share-based payment expenses not yet recognised in the profit or loss at 31 March 2013 in relation to these options are US$4,778,000.

34. DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 12 January 2012, the Company engaged an independent financial advisor 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., the 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.

34. DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

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

	At 31.3.2012 US$'000
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 sale	(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.

34. DISPOSAL OF SUBSIDIARIES/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (continued)

	2013 US$'000
The net assets of the Disposal Group at the date of disposal were as follows:	
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
Gain on disposal of subsidiaries:	
Gross cash consideration	506,400
Net assets disposed of	(250,185)
Transaction costs for the disposal of subsidiaries	(7,069)
Gain on disposal	249,146
Net cash inflow arising on disposal:	
Cash consideration	506,400
Less: Peruvian capital gains tax (Note 13)	(76,963)
Less: transaction costs paid	(1,419)
Less: bank balances and cash disposed of	(1,096)
	426,922

Except for the gain on disposal of subsidiaries and the proceeds 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 years ended 31 March 2013 and 2012.

35. RELATED PARTY DISCLOSURES

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

	2013 US$'000	2012 US$'000
Short-term benefits	10,061	7,135
(Reversal) expenses of share-based payment (Note)	(1,052)	15,944
Post-employment benefits	18	20
	9,027	23,099

Note: (Reversal) expenses of share-based payment represent the portion of the total fair value at the grant date of share options issued under the Scheme and the share option agreements which has been charged to profit or loss during the years ended 31 March 2012 and 2013.

36. PLEDGED OF ASSETS

As at 31 March 2012, CST Resources Limited's 70% indirect equity interest in the Peruvian jointly controlled entity was pledged to secure the Peruvian jointly controlled entity's contractual obligations to make payments to two independent third parties, in the event of the Group and another joint venturer approving the commencement of the construction of mine and processing facilities on the copper mine in Peru and when the mine resources in the relevant copper mine in Peru reached certain milestones. The Group's share of such future payment is US$7,000,000 assuming all the milestones are met. In the opinion of the directors, not all of above conditions were reached as at 31 March 2012. As at 31 March 2013, the pledge was released upon the Group's disposal of the 70% indirect equity interest in this Peruvian jointly controlled entity.

Details of the Group's pledged bank deposits are set out in note 21.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2013 and 31 March 2012 are as follows:

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

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

None of the subsidiaries had issued any debt securities at 31 March 2012 and 2013 or at any time during both years.

FINANCIAL SUMMARY

	Year ended 31 March				
	2013 US$'000	2012 US$'000	2011 US$'000	2010 US$'000 (restated)	2009 US$'000 (restated)
Results					
Profit (loss) for the year	115,172	(70,074)	(27,172)	(7,228)	(46,990)

	At 31 March				
	2013 US$'000	2012 US$'000	2011 US$'000	2010 US$'000 (restated)	2009 US$'000 (restated)
Assets and liabilities					
Total assets	1,056,831	939,407	976,209	319,506	284,839
Total liabilities	(53,362)	(50,012)	(42,148)	(1,823)	(12,571)
Net assets	1,003,469	889,395	934,061	317,683	272,268

Information about the Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013 US$'000	2012 US$'000
ASSETS		
Property, plant and equipment	247	476
Investment in subsidiaries	6,572	8,467
Available-for-sales assets	2,025	1,821
Financial assets at fair value through profit or loss	9,649	7,090
Derivative financial instruments	—	995
Other receivables	483	716
Amounts due from subsidiaries	710,031	899,078
Bank balances and cash	187,492	36,798
	916,499	955,441
LIABILITIES		
Other payables	366	277
Derivative financial instruments	—	604
Amounts due to subsidiaries	8,879	9,559
	9,245	10,440
	907,254	945,001
CAPITAL AND RESERVES		
Share capital	347,414	349,518
Reserves	559,840	595,483
Total equity	907,254	945,001

Information about the Statement of Financial Position of the Company (continued)

Reserves

	Share capital USD'000	Share premium USD'000	Capital reserve USD'000 (Note a)	Other capital reserve USD'000 (Note b)	Warrant reserve USD'000 (Note c)	Share Options reserve USD'000	Accumulated (losses) profits USD'000	Total USD'000
At 31 March 2011	343,103	490,981	4,503	128,275	6,333	25,604	(45,402)	953,397
Loss and total comprehensive expense for the year	—	—	—	—	—	—	(32,035)	(32,035)
Repurchase of shares	(2,360)	(120)	—	—	—	—	—	(2,480)
Issue of shares upon exercise of warrants	8,775	7,257	—	—	(6,115)	—	—	9,917
Expiry of warrant	—	—	—	—	(209)	—	209	—
Recognition of share-based payment expense	—	—	—	—	—	16,202	—	16,202
At 31 March 2012	349,518	498,118	4,503	128,275	9	41,806	(77,228)	945,001
Profit and total comprehensive income for the year	—	—	—	—	—	—	(33,695)	(33,695)
Repurchase of shares	(2,104)	(635)	—	—	—	—	—	(2,739)
Reversal of share-based payment expense	—	—	—	—	—	(1,313)	—	(1,313)
Lapse of share options	—	—	—	—	—	(9,275)	9,275	—
At 31 March 2013	347,414	497,483	4,503	128,275	9	31,218	(101,648)	907,254

(a) The capital reserve of the Company 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 Company's reorganisation completed in January 1994.

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

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

PARTICULARS OF PROPERTIES HELD BY THE GROUP

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

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