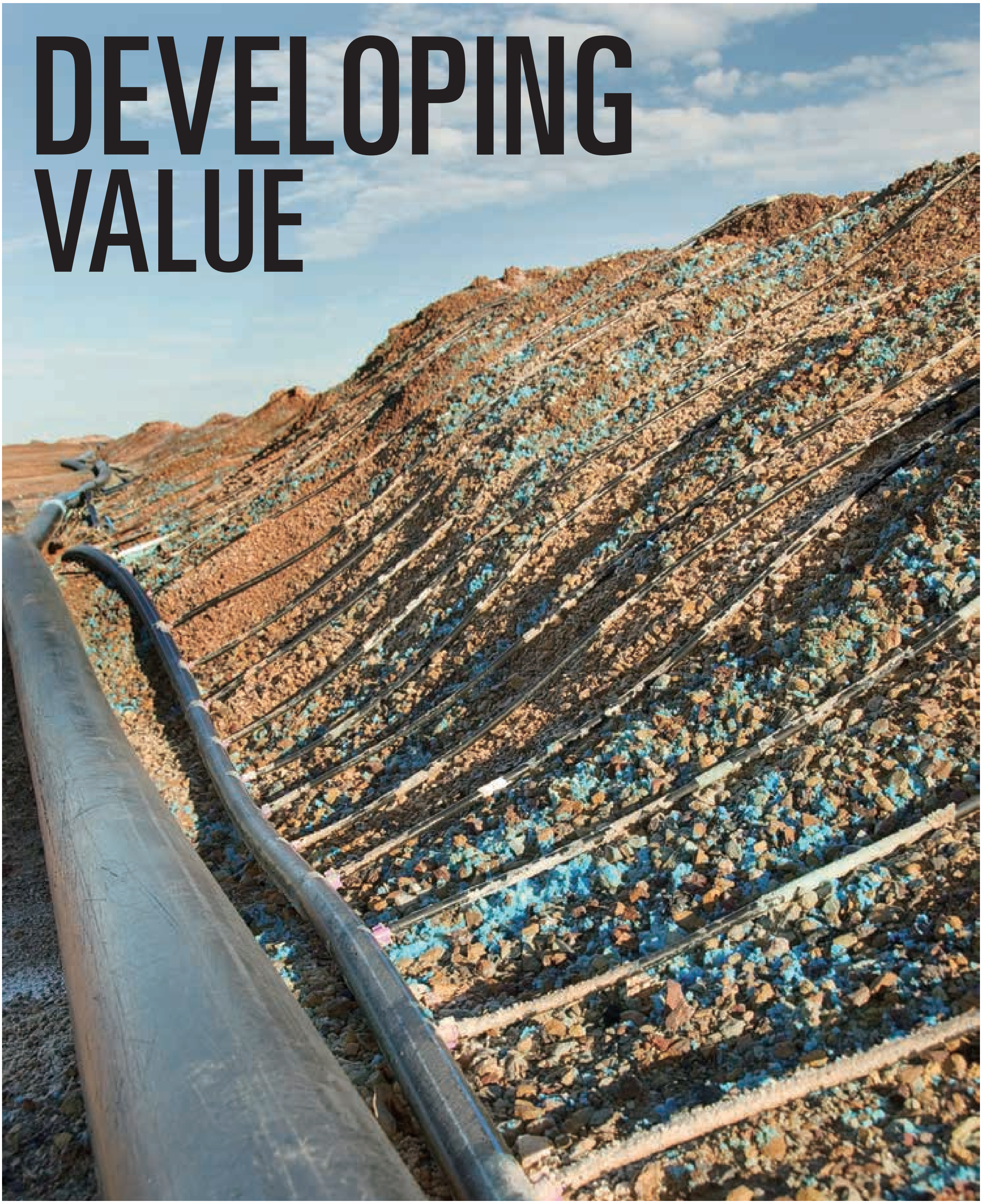
CST Mining Group Limited

Interim Report 2013



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CST Mining - Hong Kong

Lady Annie Operations

(Australia – 100% ownership)

We are well positioned to build on our solid financial footing and strengthen our business operations across the Group.

Chiu Tao *Chairman*

Dear Shareholders,

I am pleased to report that over the six months ended in September 2013, CST Mining Group Limited ("CST Mining") has had many positive developments at both our existing and new projects. We have undertaken a number of new initiatives to improve our current operations and advance our future exploration goals through the strong leadership of our management team and on the ground implementation of our employees. As a result, we are well positioned to build on our solid financial footing and strengthen our business operations across the Group.

Since our last update, Lady Annie Operations has seen the successful implementation of cost saving measures by strengthening our planning process, instilling culture of controlled spending, broadening the outsourcing of supply, and rearrangement of shifts. The site has also improved its overall operational efficiency. Importantly, these efforts have all been achieved without compromising our safety, environmental and corporate social responsibility performance.

Over the past six months as the copper market experienced a price decrease, we used this opportunity for completing a comprehensive maintenance program beginning in early 2013 resulting in a slowdown in copper production.

Compared with the same period of last year, the six-month revenue from Lady Annie Operations reduced by about 1.9%. With the maintenance now completed, we expect the overall operation of Lady Annie to be improved in the second half. In addition, we are also continuing our resource development drilling and exploration program with the view to potentially extending the life of Lady Annie Operations.

Finally, the latest geotechnical result has been obtained for the Anthill project, and we undertook both a pit redesign and project operating cost remodelling. It is expected that the mining license for Anthill project will be granted in the first half of next year.

As we move forward, CST Mining will leverage its strong financial position to seek out potential investment opportunities that will bring additional value to the Group. We look forward to realizing further improvement in all aspects of Lady Annie Operations.

Sincerely yours,

Chiu Tao

Chairman

27 November 2013

Project Overview

Ore Mined (Tonnes)

1.61 million

approximately

Production (Tonnes)

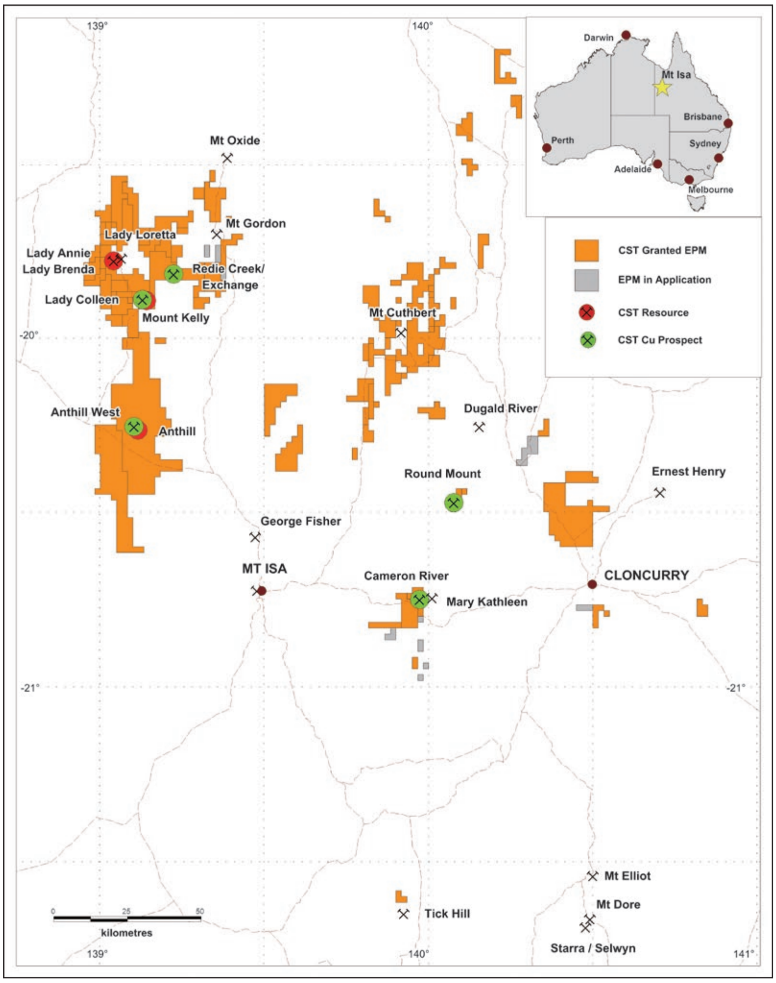
10,426

Revenue (US$)

$88.20 million

approximately

Lady Annie Operations



Location of Lady Annie Operations

PROJECT DESCRIPTION AND LOCATION

Lady Annie Operations of CST Mining represents 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 enjoys 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.

Lady Annie Operations produces and sells London Metal Exchange Grade A equivalent copper cathode.

Copper Cathode bundles are ready for shipment in the Lady Annie yard

1. OPERATING RESULTS

The table below provides certain key operational information for Lady Annie Operations for the six months ended 30 September 2013 (the "Period") and 2012 respectively:

Key operational information

		Six months ended 30 September 2013	2012
Mined	Total material (tonnes)	5,303,213	6,717,585
	Ore (tonnes)	1,610,602	1,717,493
	Ore grade (copper %)	1.08	0.96
	Contained copper (tonnes)	17,428	16,528
Stacked	Ore (tonnes)	1,393,806	1,458,782
	Ore grade (copper %)	1.06	1.07
	Contained copper (tonnes)	14,710	15,542
Production	Copper cathode (tonnes)	10,426	12,359
Sales	Copper cathode (tonnes)	12,221	11,487
	Average price (US$/tonne)	$7,217	$7,827
	Revenue (US$'000)	$88,201	$89,905

The table below provides the expenditure of Lady Annie Operations on exploration, mining and development activities for the Period:

Expenditure on exploration, mining and development activities

	US$'000
Administration	34
Camp expense	103
Consultancy & contractor expense	1,109
Consumables	143
Drilling and assays expenses	932
Machinery and equipment	24
Tenement and Mining leases fee	246
Others	262
Staff cost	1,519
Total	4,372

2. MINING, STACKING AND PROCESSING OPERATIONS

2.1 Mining

Total mining volume for the June 2013 and September 2013 quarters was 1,337,666 bank-cubic-meters and 1,300,093 bank-cubic-meters respectively.

Total ore tonnes mined for the June 2013 and September 2013 quarters were 759,796 and 850,806 tonnes respectively.

Average ore grades for the June 2013 and September 2013 quarters were 1.07% and 1.09% copper, both of which are above the budget target.

Development of the Lady Annie and Flying Horse mining areas continued throughout September 2013 quarter with an emphasis on pit design initiatives aimed at improving pit de-watering leading up to the wet season (December 2013 to March 2014).

During the September 2013 quarter, mining trialed a new process that uses free digging of oxide ore (as opposed to blasting an area before digging). This approach reduced drilling and blast costs and allowed the use of closer spaced drill patterns in harder material.

Geologists spent more time on mapping and ore spotting to assist excavator operators minimise ore loss and dilution. The increased focus on geological mapping also assisted drill and blast pattern design. Grade control trialed an alternate method of sample collections, and will continue to monitor the results achieved with this method during the December 2013 quarter.

Mining will commence a trial of blending high-grade transition ores during the December 2013 quarter. This material has been carefully modelled, mapped and spotted throughout the last quarter of 2013 and geologists and metallurgists will closely monitor its performance and make adjustments where necessary.

Mining at the Lady Annie and Flying Horse mining areas

2.2 Stacked Ore Copper Grade

1.39 million tonnes of ore (dry basis) was stacked for the Period, with a mean copper grade of 1.06%. Stacked ore included oxide and transition ore from the Lady Annie pit, and oxide ore from Flying Horse pit. Chart 1 shows the monthly stacked ore copper grade for the Period.

For the months of April through July, copper grade either met or exceeded the budget considerably. Issues related to the processing of wet ore necessitated a change in approach, leading to a drier but lower grade feed in August. This helped reduce downtime for the crushing and stacking circuit.

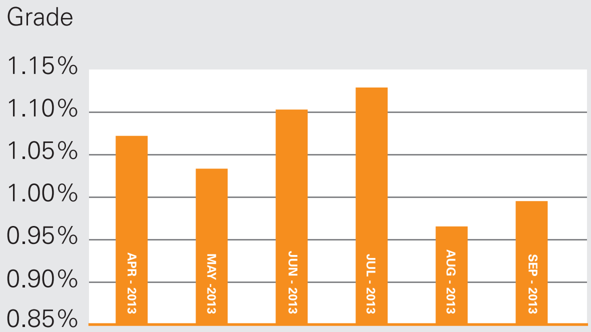


Chart 1: Stacked Ore Copper Grade

2.3 Stacked Copper Metal

14,710 tonnes of copper metal was stacked for the Period. Chart 2 shows the monthly stacked metal for the Period.

For the months of April through July, the level of stacked copper metal remained readily high. However, the reduction in stacked copper metal in August is a function of lower head grade and a decrease in the total tonnes of ore stacked. This had a direct impact on the total leached tonnes and subsequent cathode copper production.

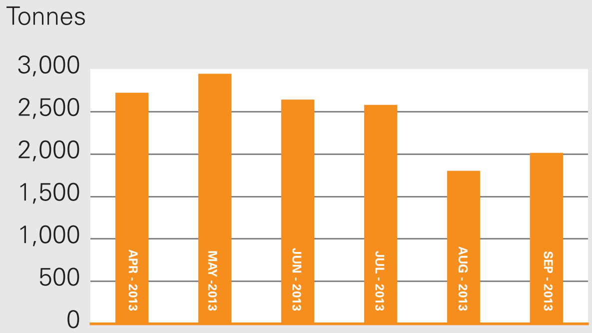


Chart 2: Stacked Copper metal

2.4 Copper Cathode Production

Lady Annie Operations produced 10,426 tonnes of copper cathode for the Period. Chart 3 shows the monthly cathode production for the Period.

During the Period there was a stronger focus on anode cleaning, anode insulator installations, and cathode refurbishment. There has resulted in a significant improvement to cathode copper purity and physical quality.

Operational improvements have also resulted in an increase in current efficiency across both cell houses. These modifications to operating strategy will be continued, and routine maintenance campaigns throughout the electrowinning plant now will be adopted as a standard operating practice.

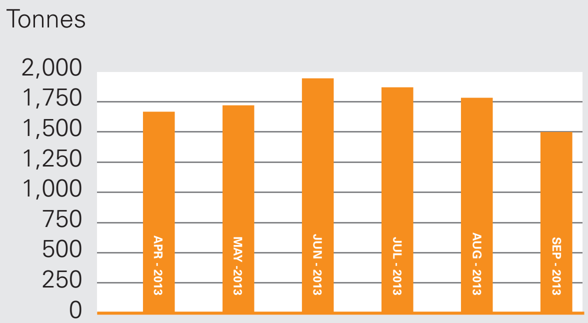


Chart 3: Copper Cathode Production

Copper production from transition ore

2.5 Transition Ore Processing

Leaching data from the 100% Mount Clarke transition ore trial heap (pad 14-3) has been analysed and it indicated the feasibility of leaching the transition ore successfully. However, the leaching characteristics of the transition ore differ from a traditional oxide ore insofar as they display slower leaching kinetics. Transition ore processing also requires an increased acid due to the fact that it contains a higher percentage of acid-consuming gangue minerals. The installation of a third acid tank will help to mitigate the risk of under acidifying the transition ore.

The current strategy is to blend 10% transition ore with the oxide ores from Lady Annie and Mount Clarke. This blending is designed to reduce the impact of the higher levels of gangue minerals, all while ensuring a consistent ore grade. The life of mine leaching model reflects the different ore types that we are processing and their respective leaching characteristics.

Lady Annie Operations is also investigating the treatment of sulphide-based (chalcocite) ore. The initial stage of this program will involve a detailed mineralogy report on current samples to clearly define ore characteristics and our processing capability with the existing infrastructure.

Aerial view of leach ponds at Lady Annie Operations

2.6 Cost Saving in Operational Area

During the September 2013 quarter, while Lady Annie Operations is improving operational efficiency, cost reduction initiatives are also implemented in parallel without compromising safety, environmental and corporate social responsibility performance. By implementation of cost saving measures through strengthening effective planning, instilling well-controlled spend culture, broadening outsourcing supply as well as shift rearrangement, large amount of money has been saved. Lady Annie Operations will continue to take cost management control and better utilization of assets as top priority through current and future operation.

2.7 Anthill Project

After obtaining the latest geotechnical test result, Anthill Project pit redesign and operating cost remodeling have been put in process. The purpose of this work is to seek potential pit shell optimization for more ore to be mined and reduce of operating cost for better economic achievement.

3. EXPLORATION AND MINERAL RESOURCES

3.1 Competent Person Statement

The following information that relates to exploration results is based on the 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 the Reporting of Exploration Results, Mineral Resources or Ore Reserves" (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.

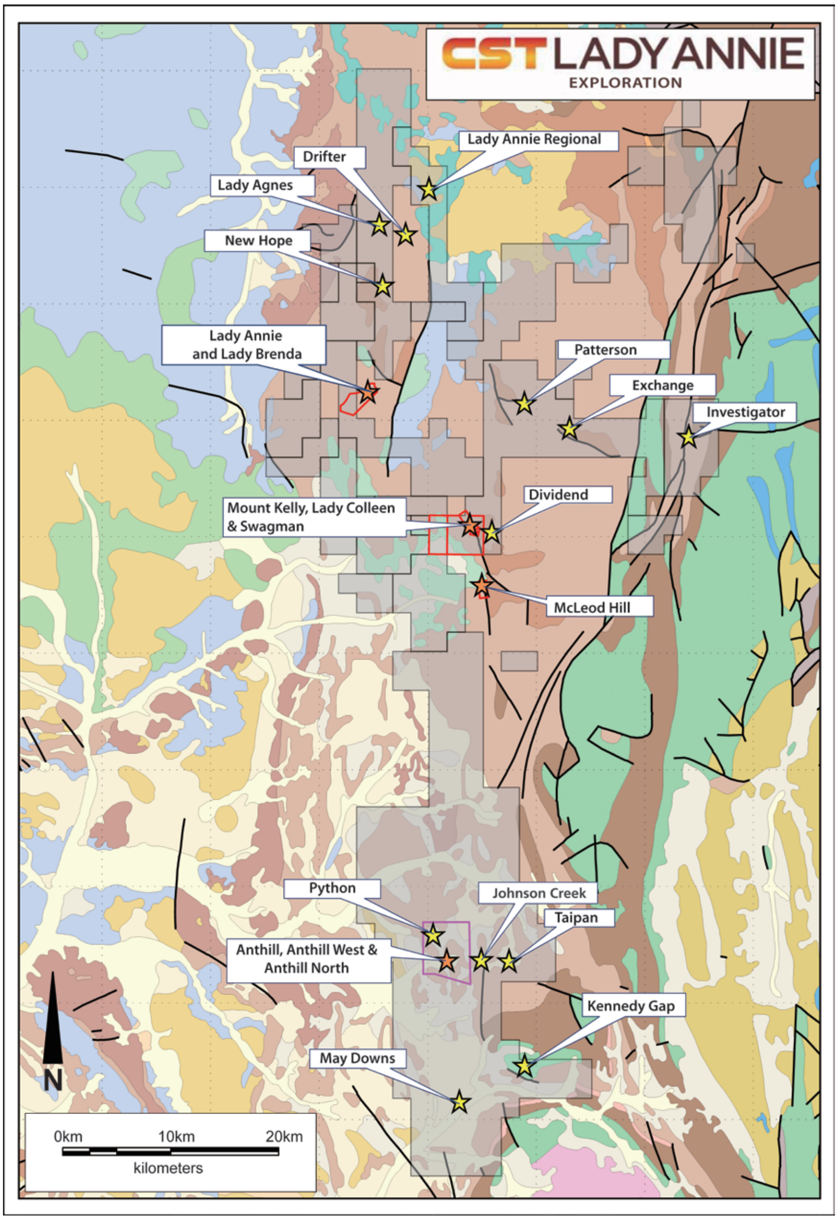
3.2 Overview of Exploration Activities

Activities for the Period focused on exploration for oxide mineralisation in the Lady Annie Region. Drilling was completed at the Lady Colleen, Anthill, Johnson Creek, Drifter and New Hope prospects. The aforesaid prospects together with other prospects in the Lady Annie Region are shown with yellow stars on the overview map beside. The overview map also shows mining leases in red, mining lease application (ML90233) in violet, exploration leases in grey and deposits with orange stars.

In July an airborne electromagnetic ("EM") geophysical survey was completed over the Lady Annie Region tenements. Using this data and other regional data sets, 16 areas were identified to test for oxide copper. A program of 14,300m of target drilling commenced in the December 2013 quarter.

Sulphide copper targets were drilled at the Exchange and Dividend prospects.

A detailed magnetic survey at Cameron River improved the exploration potential for copper sulphide and drilling was started in November 2013.



Lady Annie Region tenements and prospects

3.2 Overview of Exploration Activities (con't)

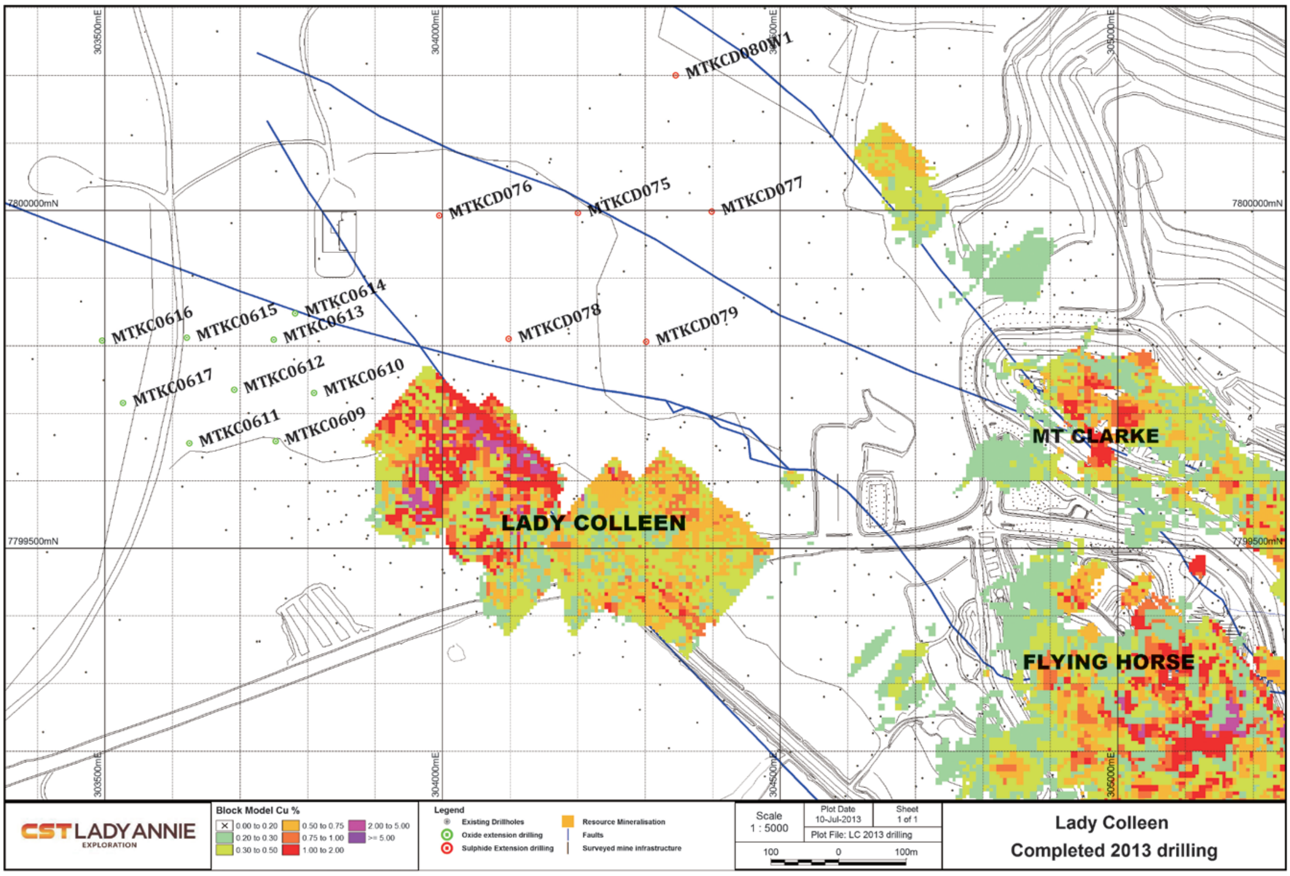
92 drillholes were completed in the first half of 2013 for a total of 12,783m, details as shown on below table:

Exploration and Resource Drilling

Drilling Type	Reverse Circulation ("RC") Drilling		Diamond Drilling ("DD")		Total	
	Metres	No. of drillholes	Metres	No. of drillholes	Metres	No. of drillholes
Exploration drilling (oxide)	8,825	81	0	0	8,825	81
Exploration drilling (sulphide)	396	2	3,562	9	3,958	11
Total					**12,783**	**92**

3.3 Lady Annie Area Oxide Drilling

At Lady Colleen there is a small oxide Mineral Resource of 0.2Mt @ 0.58% Cu. Nine RC drillholes for 618m were completed to infill previous drilling and to test for additional oxide copper resources to the northwest. Low grade oxide mineralisation was intersected. Although small and low grade, the Lady Colleen oxide mineralisation has the advantage of a shallow depth, and a favourable location on a granted Mining Leases as well as proximity to the existing mining infrastructure.



Location of copper oxide and sulphide drillholes, Lady Colleen prospect

3.3 Lady Annie Area Oxide Drilling (con't)

The Anthill deposit is located 40km south of the Mount Kelly processing plant and is currently in a pre-development phase. In the first half of 2013, a program of 45 holes for 4,924m of RC drilling was completed to locate new oxide copper systems between Anthill and the Python prospect and also to explore the south and west of Anthill. 12 holes returned intersections in the oxide zone in the range of 10 to 20m at greater than 0.1% copper. These results are representative of intersections within 100m of the resource boundary of the Anthill deposit. Intersections in this range from the 2013 program, and from historical drilling defined two areas with sufficient room to contain an oxide resource. Drill testing of these areas is in progress.

An intensive mapping and sampling campaign, assisted by in field analyses with a portable X-ray fluorescence ("XRF") chemical analyser, was completed at 11 zones in the Johnson Creek/Taipan area.

2,503m of drilling in 22 RC drillholes was completed at these zones to test oxide mineralisation drilled in 2012 and potential structurally hosted copper sulphide mineralisation. Preliminary indications from logging and field XRF analyses in the southern Johnson Creek area are encouraging with occasional trace malachite observed and significant cupriferous limonite (up to 0.7% copper in field XRF analyses) observed in the oxide zone.

Three RC drillholes (384m) were completed at the Drifter prospect and two RC drillholes (396m) were completed at the New Hope prospect as a follow up on drilling completed in 2012.

3.4 Lady Annie Area Sulphide Drilling

Prior to 2013, drilling at Lady Colleen intersected copper sulphide mineralisation along the 40 degree north dipping Spinifex Fault while testing for an oxide copper blanket.

Previously reported intersections of transition and sulphide copper in that drilling included:

MTKC0548	41m	@ 3.7% Cu from 162m
MTKC0546	21m	@ 2.2% Cu from 174m

In the first half of 2013, seven RC/DD drillholes for 2,843m were completed to test for extensions of this mineralisation 100m to 500m down dip on the Spinifex Fault.

All holes intersected carbonate and sulphide veining in the predicted location. A new alteration and mineralising style (extensive silica alteration with pyrite-galena mineralisation) was identified in drillhole MTKCD080W1, which penetrated quartzite at the base of the sequence. Better intersections from this program are listed below:

Selected intersections, Lady Colleen sulphide copper DD

MTKCD075	10m	@ 1.05% Cu from 388m
MTKCD076	5m	@ 0.86% Cu from 298m and 7m @ 0.93% Cu from 309m
MTKCD078	5m	@ 1.02% Cu from 256m
MTKCD079	3m	@ 1.87% Cu from 168m

Notes:

- Intersections are reported as down hole width
- Drill core was split by diamond saw and sampled at nominal 1m intervals
- Samples were analysed by ALS Laboratories Townsville
- Duplicates and standards were inserted at least every 50th sample and blanks every 25th sample
- Composite assays were calculated with up to 6m internal dilution with a maximum of 3m of consecutive waste at 0.5% Cu cut-off

3.4 Lady Annie Area Sulphide Drilling (con't)

The drilling confirmed that the low angle Spinifex Fault is the dominant control on primary mineralisation at Mount Kelly. Data from this program will be integrated into a model for further copper sulphide exploration at Mount Kelly.

At the Exchange prospect, two diamond drillholes (719m) were completed. The holes were designed to test a copper anomalous chert horizon adjacent to the Redie Creek Fault. Hole MEXD001 intersected chalcopyrite associated with quartz carbonate veining between 178m and 180m, and 186m and 204m. This area is considered to be a prospect for a copper sulphide system and further drill target generation is planned.

At the Dividend prospect, two RC drillholes were completed for 396m. Drilling targeted outcropping ironstone on Dividend Hill, testing for a south-dipping orientation to a potential sulphide copper feeder structure to the copper oxide zone at the Dividend prospect. Best results returned were from the oxide zone including 15m @ 0.23% Cu from 18-33m and 12m @ 0.34% Cu from 45-57m in drillhole DVDC0017 and 6m @ 0.30% Cu from 18-24m in drillhole DVDC0018.

3.5 Airborne EM Survey

A 7,900 line km airborne EM survey covering the Lady Annie region tenements was completed in late July 2013. The purpose of the survey was to define new oxide and sulphide targets by mapping potential copper host rocks, faults and the depth of cover. The best exploration potential for oxide copper is in the southern block of the survey area where the weathering profile is well preserved.

Interpreted airborne EM data from the southern block was combined with regional geological data sets to define sixteen target areas to test for oxide copper resources. 16,000m of RC drilling is still undergoing to test these targets. By December 2013 the annual total drilling for oxide copper targets in the Buckley River will be 23,000m. Interpretation of data from the northern block of the airborne EM survey commenced in the December quarter.

3.6 Eastern Mount Isa Exploration

A field visit to the Cameron River project confirmed a direct association of magnetite with copper sulphide in the area between the Town View and Mountain View prospects. Historical drilling reported from year 1971 in this area includes intersections of:

P1	37m	@	2%	Cu
YDH1	114m	@	0.96%	Cu
YDH3	74m	@	0.52%	Cu

A ground magnetic survey at 50m line spacing was completed over 2.5km strike including these two prospects. In a 600m zone north of Mountain View, the improved resolution of the ground survey when compared to the 400m spaced airborne data showed that much of the drilling has not adequately tested the magnetic anomalies. DD of this zone is scheduled for December of this year.

3.7 Ongoing Exploration Activity

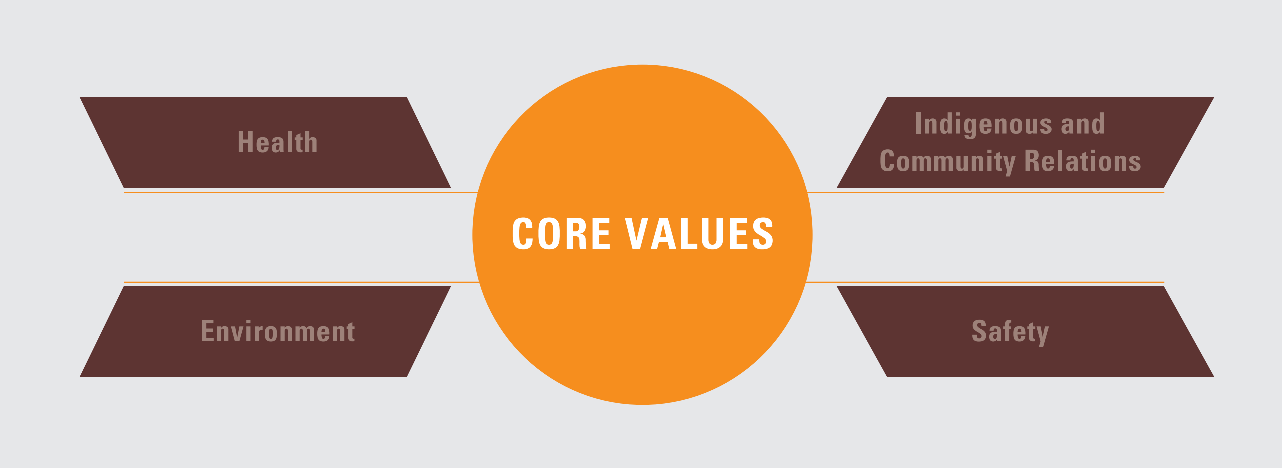
- Exploration for the second half of 2013 will continue to focus on the discovery of oxide copper resources to extend the life of Lady Annie Operations.
- 16,000m of RC drilling is in progress to locate new oxide copper systems in the southern block of the Lady Annie Region tenements.
- Drilling to assess the potential size of the sulphide zone underlying current and new oxide systems in the Lady Annie Region, and of sulphide copper targets in the Eastern Mount Isa tenements is also proposed.

3.8 Overview of Mineral Resources

A 2013 mineral reserves and resources estimate is in progress. CST Mining will publish the 2013 mineral reserves and resources estimate as soon as it receives the report from its independent consultant.

CORE VALUES

During the Period, at Lady Annie Operations, CST Mining maintains an on-going focus on health, safety, environment, and indigenous and community relations, all of which are integral to CST Mining's core values.



HEALTH AND SAFETY

It has seen encouraging outcomes in relation to health and safety. Notably, the recent WorkCover insurance premium had reduced due to the reduction in injuries and the handling of the injuries. The proactive safety systems, including physical inspections, remained compliant with the policies and shared a steady improvement in corrective action close-outs. As the main site safety indicator, the close-out rate of corrective actions continued to improve.

Emergency response training remains a key focus at Lady Annie Operations, having completed block training for hazardous materials, vertical rope rescue, road crash rescue, and fire fighting. Weekly site training continues to ensure that skills remain up-to-date and emergency response teams are highly visible around the site.

Vertical rope rescue of the emergency response training

The completion of the occupational health monitoring program led to a review of medical assessment requirements based on the program's results and new developments in health sciences.

Although we have achieved a major reduction in both the severity and frequency of injuries, we continue to maintain efforts to achieve our ultimate health and safety target of zero workplace injuries.

Fire fighting of the emergency response training

ENVIRONMENT

Over the course of the Period, Lady Annie region was exceptionally dry, with no rainfall recorded between June and September. Fortunately, the Lady Annie Operations has secured access to water resources through the Waggaboonyah Lake surface lake and Johnson Creek bore field as either of these sources can adequately supply all the water required to satisfy the site's needs. The current weather outlook for the 2014/2015 wet season forecasts an average season, with wet season preparations underway across the site.

As required by National Greenhouse and Energy Reporting, Lady Annie Operations has registered for Energy Efficiency Opportunities that will provide a formalised approach to reduce energy usage across the site. National Pollution Inventory reporting has also been completed with significant reductions in most emissions.

Substantial progress has also been made with respect to the Anthill mining lease application, with all required studies for completion of the environmental management plan and the environmental management plan was submitted to the Department of Environment and Heritage Protection. Lady Annie Operations is currently negotiating conditions for the new Environmental Authority. Discussions are also underway with respect to licencing requirements for the Johnson Creek realignment associated with the Anthill Project, as well as changes required to the existing Johnson Creek water licence for pit dewatering. Biodiversity Offsets Policy requirements to protect State Significant Biodiversity Values have been established and it is expected that a suitable approach will be negotiated with the Department of Environment and Heritage Protection in the December 2013 quarter. Overall, the environmental approvals for the Anthill project remain on schedule.

INDIGENOUS AND COMMUNITY RELATIONS

During the Period, Lady Annie Operations was involved in several community engagement activities and events in the North West Queensland Region with both local traditional owners of the Kalkadoon and Indjalandji people, and the local pastoralists from both Calton Hills Station and Yelvertoft Station. Lady Annie Operations kept the communities informed of current activities regarding exploration, mining and production, as well as future mine development plans.

Negotiations are currently in progress with landholders and traditional owners for the Anthill Project. Regular meetings are held with key stakeholders individually with an aim to reach agreements with all parties.

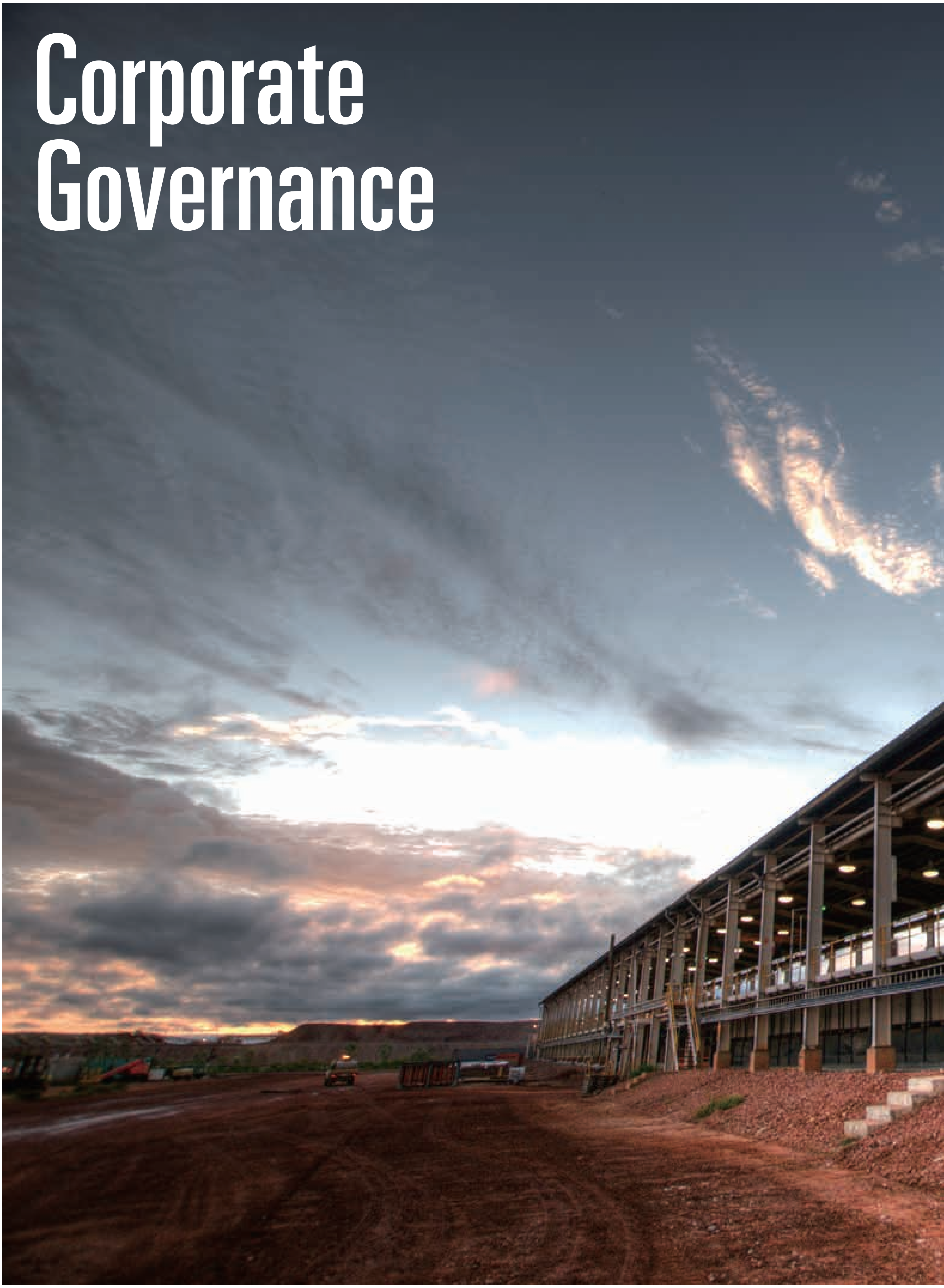
The Camooweal Campdraft, a major event organised and highly regarded by local landholders

The games at the Camooweal Campdraft

Cultural heritage clearance activity work is also ongoing regarding drill programs and further development at Lady Annie Operations and Anthill Project. This further improved our working relationship with the traditional owners and gave them the opportunity to see first-hand the progress at Lady Annie Operations.

Lady Annie Operations also provided sponsorship for local and regional activities through financial and in-kind support. Such activities include: 2013 Camooweal Campdraft, 2013 Camooweal Drover Festival, Yelvertoft Campdraft, and the Mount Isa National Aboriginies and Islanders Day Observance Committee event.

Corporate Governance



APPLICATION OF HONG KONG (INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE) – INTERPRETATION 20 (“HK(IFRIC) – INT 20”) STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE

In the current Period, CST Mining (being also called the “Company”) and its subsidiaries (collectively referred to as the “Group”) have applied, for the first time, HK(IFRIC) – Int 20. Under HK(IFRIC) – Int 20, the costs from stripping which provide improved access to ore is recognized as a non-current asset when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with Hong Kong Accounting Standard 2 (“HKAS 2”) *Inventories*. The Company reviewed the costs from stripping in the Group’s surface mines in the production phase situated in Australia as at 31 March 2013 and concluded that part of the waste removal costs previously recognized in accordance with HKAS 2 had provided improved access to ore. An opening balance adjustment as at 1 April 2012 was made and applied the interpretation to production stripping costs incurred on or after 1 April 2012, requiring restatement of previously reported 2012 Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flow. For details of HK(IFRIC) – Int 20 and effect of application of HK(IFRIC) – Int 20 to financial statements of previous year can be found under the sub-heading “HK(IFRIC) – Int 20 Stripping Costs in the Production Phase of a Surface Mine” of note 3 to the condensed consolidated financial statements for the Period, and sub-heading “2012 Financial Restatements” of this Management Discussion and Analysis.

FINANCIAL RESULTS

The revenue of the Group for the Period was approximately US$91.66 million. This represents a slight increase of approximately 0.76% when compared with the same period last year. This rise is mainly due to increased income from interest stemming from existing financial assets over the Period. However, operating revenue generated by Lady Annie Operations dropped from approximately US$89.91 million to US$88.20 million, representing a decrease of approximately 1.90% over the Period. A drop in copper market price is the main reason for the decrease. The decrease of revenue along with increase of cost of sales which was mostly driven by direct materials and depreciation expenses for the Period caused a cut in profit before taxation for the Period. Dividends from trading securities and interest income from financial assets, and rental income represented approximately 3.38% and 0.39% respectively of the total revenue over the Period.

Compared with the corresponding period last year, revenue derived from property investments increased by approximately 12.50% as a result of stable occupancy rates and an increase in the rental rate for newly signed rental contracts. Rental income provided steady cash flow to the Group over the Period, and this is expected to continue in the future. In addition, dividends from trading securities and interest income from financial assets increased by approximately 317.65% year-on-year. The significant increase was achieved through interest income received from bond investments in the last financial year. However, the gloomy global economic environment continued to affect the overall performance of the Group’s investment portfolio. Financial markets fluctuated during the Period as difficult economic conditions in Europe, financial policies of the People’s Republic of China, and the potential end to the U.S.’s quantitative easing policies prompted fluctuations in market sentiment. These factors are expected to continue affecting global investor sentiment, and therefore market conditions are likely to remain volatile. Other losses of approximately US$16.94 million were recorded for the Period, contrasting a gain of approximately US$1.66 million for the same period of last year. This is attributed to exchange losses arising from current accounts between a subsidiary and Australian subsidiaries of the Company due to a decrease in the exchange rate of the Australian Dollar against the Hong Kong Dollar during the Period. Accounting adjustments are required at the Period end. There is no significant effect to the Group’s operation or cash flow. During the Period, the Group had no large exceptional gain from disposing of subsidiaries like the gain of approximately US$249.15 million achieved by disposing of subsidiaries that held the Mina Justa project in the corresponding period a year earlier. Furthermore, the Company cancelled employee share options related to the Mina Justa project during the Period, and recognised a non-cash share-based payment expense of approximately US$4.79 million. Overall, the Group recorded a loss after taxation of approximately US$32.07 million for the Period, whereas the profit for the same period a year earlier was approximately US$144.60 million.

NET ASSET VALUE

As of 30 September 2013, the Group held bank balances and cash totalling approximately US$111.40 million. A bank deposit of approximately US$61.97 million was pledged, mainly for the mine rehabilitation costs mandated by the government of Queensland, Australia to operate, and as a guarantee to the electric power supplier for the Lady Annie mine site. Fair value of available-for-sale investments and financial assets at fair value through profit and loss were approximately US$71.70 million and US$397.85 million respectively. As of 30 September 2013, the Group had no outstanding loans or borrowings from banks or other financial institutions. As such, based on the balance of all outstanding loans and borrowings from financial institutions and total equity, the gearing ratio as of 30 September 2013 was zero. As of 30 September 2013, the net asset value of the Group amounted to approximately US$948.46 million.

HUMAN RESOURCES

As of 30 September 2013, the Group had 35 staff (including directors of the Company) in Hong Kong and 196 staff in Australia. Staff costs (excluding directors' emoluments, direct and indirect labor costs and share-based payment expenses) were approximately US$4.71 million for the Period. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, which includes medical benefits.

The Group has a share option scheme. Details of this scheme and the movement of the share options are disclosed under the heading "Statutory Disclosure".

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group conducts most of its business in U.S. dollars, Australian dollars, Renminbi and Hong Kong dollars. Foreign currency exposure to U.S. dollars is minimal as the Hong Kong dollar is pegged to the U.S. dollar. The exposure to Renminbi is also minimal as business conducted in Renminbi represents a very small portion of the Group's total business in terms of revenue. The Group is primarily exposed to foreign currency risk in Australian dollars.

During the Period, the Company experienced depreciation in the value of the Australian Dollar against U.S. Dollar, causing exchange losses for the Group. Details can be found under the sub-heading "Financial Results" of this Management Discussion and Analysis. Management will continue to monitor the Group's foreign currency exposure and will consider hedging its exchange rate exposure should the need arise.

LADY ANNIE

Lady Annie Operations, principally comprised of the Lady Annie mining area, the Mount Kelly mining area, and the Mount Kelly process plant and tenements, is located in the Mount Isa district of north-western Queensland, Australia. The Mount Isa Inlier hosts several known copper oxide and sulphide resources and several notable copper and lead-zinc silver mines. Tenements held by the Lady Annie Project cover approximately 3,223 square kilometres, and include 14 mining leases and 58 EPMs (exploration permits for minerals).

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

	Six months ended 30 September	
	2013	2012
	US$'000	US$'000 (restated)
Revenue	88,201	89,905
Cost of sales	(79,476)	(63,684)
Gross profit	8,725	26,221
Other income and other gains	3,278	946
Distribution and selling expenses	(4,662)	(6,009)
Administrative expenses	(7,974)	(7,598)
Finance costs*	(752)	(528)
(Loss) profit before taxation	(1,385)	13,032
Depreciation in administrative expenses	1,095	1,088
Depreciation in cost of sales	32,806	27,286
Total depreciation	33,901	28,374

* Inter companies financial charges of the Australian Group was not included

NON-HKFRS FINANCIAL MEASURE

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

The table at the bottom of the page provides, for the period 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.

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

	Six months ended 30 September	
	2013 US$'000	2012 US$'000 (restated)
Costs as reported in the income statement:		
Direct and indirect mining cost	56,801	50,296
Adjustment for change in inventory	(3,467)	(7,646)
Total operating cost	53,334	42,650
Copper sold (tonnes)	12,221	11,487
Copper sold (in thousand pounds)	26,943	25,324
C1 operating cost per pound of copper	US$1.98	US$1.68

HK (IFRIC) – INT 20 ADJUSTMENTS TO C1 COSTS

Background

In surface mining (open-pit) operations it is often necessary to remove mine waste materials to gain access to mineral ore deposits. The waste removal activity is known as 'stripping' and applies to the accounting for 'stripping costs' incurred in the production phase of a surface mine.

HK(IFRIC) – Int 20 does not apply to:

- Underground mining activities
- Costs incurred in the development phase of a surface mine.

In broad terms, HK(IFRIC) – Int 20 provides guidance in relation to:

1) The apportionment of mining costs between:
    - Current production – as a period cost of production (inventory)
    - Future production – initial capitalisation as an asset (deferred waste asset) and a cost of production (inventory) in future periods via amortization.
2) The subsequent measurement (amortisation) of any recognised deferred waste asset.

    The key requirements of the interpretation are:
    - Component calculation
    - Incremental capitalisation
    - Component amortisation.

Component Calculation

A deferred waste calculation is required for each pit component. A component refers to the specific volume of the ore body that is made more accessible by the stripping activity and is expected to be identified during the mine planning stage. Therefore a mine life can have multiple components.

Incremental Capitalisation

A waste asset (representing incremental waste costs) is recognised where:

- The volume of waste extracted in a period exceeds the expected volume of waste for the given volume of ore production of that component
- The excess waste extracted represents the benefit of improved access to further quantities of materials (with lower strip ratio) in future periods.

Component Amortisation

A deferred waste asset is to be amortised on a unit of production basis over the reserves of the identified component of the ore body.

2012 Financial Restatements

As a result of the adoption of HK(IFRIC) – Int 20, adjustments to 2012 Interim and 2013 Annual Financial Statements are made. The main adjustment is to the Group's operating expenses, depreciation and amortisation and consequently profit before tax.

Period ended 30 September 2012

	Originally stated US$'000	HK(IFRIC) – Int 20 adjustment US$'000	Restated US$'000
Revenue	89,905	–	89,905
Cost of sales	(67,446)	3,762	(63,684)
Other income and expenses	(13,189)	–	(13,189)
Profit before taxation	9,270	3,762	13,032

Period ended 30 September 2012

C1 operation cost

	Originally stated US$'000	HK(IFRIC) – Int 20 adjustment US$'000	Restated US$'000
Direct and indirect mining cost	59,352	(9,056)	50,296
Adjustment for change in inventory	(7,193)	(453)	(7,646)
Total operating cost	52,159	(9,509)	42,650
Copper sold (in thousand pounds)	25,324	–	25,324
C1 operation cost – US$/lb	2.06	(0.38)	1.68

SIGNIFICANT EVENTS

On 28 August 2013, the Company provided an irrevocable undertaking (the "Undertaking") to G-Resources Group Limited ("G-Resources"). Pursuant to the Undertaking, the Company irrevocably undertakes to, amongst other things (i) accept or procure the acceptance of 1,246,092,628 G-Resources rights shares, representing its full entitlement to the new G-Resources shares under G-Resources rights issue and (ii) apply for, or procure the application of 2,098,811,747 G-Resources rights shares in excess of those which will be provisionally allotted to a subsidiary of the Company by way of excess application under the G-Resources rights issue. Details of the Undertaking were disclosed in the Company's announcement dated 28 August 2013.

On 7 October 2013, the Company announced that it was allotted 1,246,092,628 G-Resources rights shares representing the Company's full entitlement to the new G-Resources shares under the G-Resources rights issue. In addition, the Company (through its subsidiary) was allocated 56,983,542 G-Resources rights shares by way of excess application under the G-Resources rights issue. Details of the shares allotment were disclosed in the Company's announcement dated 7 October 2013.

OUTLOOK

The copper market experienced a drop in price over the Period. Lady Annie used this opportunity to complete a maintenance program beginning in early 2013 which resulted in a slow down to its copper production. As a result, the half year revenue from Lady Annie decreased by 1.9% compared with the same period in the previous year. Additionally, rising costs associated with direct materials and an increase in depreciation expenses for the Period caused a cut in profit before taxation for the Period. The Company has undertaken a number of new initiatives to improve its current operations and advance future exploration goals through the strong leadership of the Company's management team and on the ground implementation of our employees.

With the completion of the maintenance program, the overall operation of Lady Annie is expected to be improved in the second half of the year. Moreover, Lady Annie Operations has seen the successful implementation of cost saving measures by strengthening its planning process, instilling a culture of controlled spending, broadening the outsourcing of supply, and a rearrangement of shifts.

The resources development drilling and exploration program will continue with a view to potentially extending the life of Lady Annie Operations.

The latest geotechnical results have been obtained for the Anthill project, and Lady Annie Operations undertook both pit design and project operating cost remodeling of Anthill project and it is expected that the mining license for the Anthill project will be granted in the first half of next year. The Company looks forward to realizing further improvement in all aspects of Lady Annie Operations.

With a sound financial foundation, the Group is looking for potential investment opportunities that will bring added value to the Group. Internal resources and/or other effective sources of funding may be used to fund future investments if opportunities arise, depending on the nature of any such investments and market conditions at the time. Meanwhile, management will continue to strengthen its operations within other existing businesses of the Group.

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 30 September 2013, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the 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 Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were disclosed as follows in accordance with the Listing Rules:

Long Positions in Shares, Underlying Shares of the Company

	Number of *shares/underlying shares			
Name	Personal interests	Share options	Total	Approximate % of the issued share capital of the Company
Directors				
CHIU Tao	3,900,000,000	—	3,900,000,000	14.39%
HUI Richard Rui	—	20,000,000	20,000,000	0.07%
LEE Ming Tung	—	15,000,000	15,000,000	0.06%
KWAN Kam Hung, Jimmy	—	15,000,000	15,000,000	0.06%
YEUNG Kwok Yu	—	15,000,000	15,000,000	0.06%
TSUI Ching Hung	—	5,000,000	5,000,000	0.02%

* Ordinary shares unless otherwise specified

Save as disclosed above, none of the Directors or their associates had any interests and short positions in the shares, underlying shares, convertible notes or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified by the Company pursuant to the Model Code required to be disclosed in accordance with the Listing Rules as at 30 September 2013.

SHARE OPTION

Particulars of the share option scheme of the Company are set out in note 22 to the condensed consolidated financial statements.

1. Share Option Scheme

The following tables disclose movements in the Company's share options held by each of the Directors, and the employees of the Group in aggregate granted under the share option scheme of the Company during the period ended 30 September 2013:

Tranche A

(Note a)

Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2013	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
Total for Directors				205,000,000	—	—	(205,000,000)	—	—		
(b) Employees	02.09.2010	0.2000	17.09.2011–16.09.2015	8,800,000	—	—	(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
	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	13,200,000	—	—	(13,200,000)	—	—	0.2290	0.1057
Total for employees				58,000,000	—	—	(58,000,000)	—	—		
Total for Tranche A				**263,000,000**	**—**	**—**	**(263,000,000)**	**—**	**—**		

Tranche B

(Note b)

Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2013	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
Total for Directors				70,000,000	—	—	—	—	70,000,000		
(b) Employees	02.09.2010	0.2000	17.09.2011– 16.09.2015	26,200,000	—	—	—	(8,000,000)	18,200,000	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	17,300,000	—	—	—	(6,000,000)	11,300,000	0.2290	0.1004
Total for employees				47,500,000	—	—	—	(14,000,000)	33,500,000		
Total for Tranche B				**117,500,000**	**—**	**—**	**—**	**(14,000,000)**	**103,500,000**		
TOTAL FOR SCHEME				**380,500,000**	**—**	**—**	**(263,000,000)**	**(14,000,000)**	**103,500,000**		

Notes:

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

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

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

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

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

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

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

(ii) as to another one-third of the share options, upon CST Minerals Lady Annie Pty 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.

2. Share Option Agreements

On 24 March 2010, two 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 agreements. The options regarding the agreements entered into on 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-mentioned share option agreements during the Period under review were as follows:

Name of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2013	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2013	Market value per share at date of grant of options HK$	Fair value per share option HK$
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
				1,075,000,000	**—**	**—**	**(1,075,000,000)**	**—**	**—**		

Note:

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

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

(ii) as to another one-third of the share options, (a) upon the first copper production by the Mina Justa Project after the completion of acquisition of Chariot Group; or (b) upon twelve months after the copper production by CST Minerals Lady Annie Pty 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 30 September 2013, so far as known to the Directors or the 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	9.51%	(1)
Elliott Capital Advisors, L.P.	Interest of a controlled corporation	1,888,084,000	6.97%	(2)
Deutsche Bank Aktiengesellschaft	Beneficial owner/Person having a security interest in shares/custodian corporation/ approved lending agent	1,625,688,282	6.00%	(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 660,829,400 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 1,227,254,600 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 1,888,084,000 Shares.

3. These securities represent 1,625,688,282 Shares in long position. Deutsche Bank Aktiengesellschaft also has 41,008 Shares in short position and 14,773,221 Shares in lending pool.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 30 September 2013.

CHANGE(S) IN DIRECTOR'S BIOGRAPHICAL DETAILS

Changes in Directors and/or Director's biographical details since the date of the 2013 Annual Report of the Company or (as the case may be) the date of announcement for the appointment of the Director issued by the Company subsequent to the date of the 2013 Annual Report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Name of Director	Change
LEE Ming Tung	Appointed as a member of the Investment and Management Committee of the Company on 2 August 2013

CORPORATE GOVERNANCE

The Company has, during the six months ended 30 September 2013 met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, except for the following deviation:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of the 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 Office". 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 of the Company (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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The 2013 Interim Report has been reviewed by the Company's audit committee which comprises three independent non-executive directors of the Company and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board

Chiu Tao

Chairman

Hong Kong, 27 November 2013

Financial Statements

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF CST MINING GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of CST Mining Group Limited (the "Company") and its subsidiaries set out on pages 37 to 63, which comprise the condensed consolidated statement of financial position as of 30 September 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 November 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 September 2013

	Notes	Six months ended 30 September **2013** **US$'000** **(unaudited)**	2012 US$'000 (unaudited and restated)
Revenue	4	**91,660**	90,967
Cost of sales	5	**(79,476)**	(63,684)
Gross profit		**12,184**	27,283
Other income and other gains and losses	6	**(16,937)**	1,656
Distribution and selling expenses		**(4,662)**	(6,009)
Administrative expenses			
– (Expense) reversal of share-based payment	22	**(4,789)**	3,848
– Other administrative expenses		**(14,417)**	(16,248)
Gain on disposal of subsidiaries	7	**–**	249,146
Gain on disposal of an available-for-sale investment		**205**	–
Impairment loss recognised on an available-for-sale investment	15	**(1,766)**	–
Loss on fair value changes of financial assets at fair value through profit or loss		**(2,605)**	(37,269)
Gain on fair value changes of derivative financial instruments	19	**–**	1,114
Gain on fair value changes of investment properties	14	**172**	1,627
Finance costs	8	**(765)**	(543)
(Loss) profit before taxation		**(33,380)**	224,605
Taxation	9	**1,314**	(80,006)
(Loss) profit for the period, attributable to owners of the Company	10	**(32,066)**	144,599
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(17,909)**	1,083
Loss arising from fair value changes of an available-for-sale investment		**(31,737)**	(12,218)
Other comprehensive expense for the period		**(49,646)**	(11,135)
Total comprehensive (expense) income for the period, attributable to owners of the Company		**(81,712)**	133,464
(LOSS) EARNINGS PER SHARE			
Basic and diluted	11	**US(0.12) cents**	US0.53 cents

Condensed Consolidated Statement of Financial Position

At 30 September 2013

	Notes	30 September 2013 US$'000 (unaudited)	31 March 2013 US$'000 (audited and restated)
Non-current assets			
Property, plant and equipment	13	**101,365**	161,558
Exploration and evaluation assets	13	**48,600**	50,501
Investment properties	14	**19,817**	19,645
Financial assets at fair value through profit or loss	18	**18,830**	29,271
Available-for-sale investments	15	**71,700**	106,545
Pledged bank deposits	16	**61,968**	68,228
		322,280	435,748
Current assets			
Inventories		**101,097**	95,778
Trade and other receivables	17	**89,170**	29,296
Financial assets at fair value through profit or loss	18	**379,018**	327,273
Derivative financial instruments	19	**–**	2,310
Bank balances and cash		**111,395**	197,360
		680,680	652,017
Current liabilities			
Trade and other payables	20	**16,009**	18,919
Amount due to a non-controlling interest		**256**	256
Tax payable		**3,747**	3,747
		20,012	22,922
Net current assets		**660,668**	629,095
Total assets less current liabilities		**982,948**	1,064,843
Non-current liabilities			
Deferred tax liabilities		**8,815**	11,338
Provision for mine rehabilitation cost	16	**25,677**	28,126
		34,492	39,464
		948,456	1,025,379
Capital and reserves			
Share capital	21	**347,414**	347,414
Reserves		**601,048**	677,971
Equity attributable to owners of the Company		**948,462**	1,025,385
Non-controlling interests		**(6)**	(6)
		948,456	1,025,379

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 September 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$'000	Warrants reserve US$'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 2012 (audited and originally stated)	349,518	498,118	987	128,275	2,270	9	41,806	25,454	(157,036)	889,401	(6)	889,395
Adjustments (see note 3)	–	–	–	–	–	–	–	608	16,710	17,318	–	17,318
At 1 April 2012 (restated)	349,518	498,118	987	128,275	2,270	9	41,806	26,062	(140,326)	906,719	(6)	906,713
Profit for the period	–	–	–	–	–	–	–	–	144,599	144,599	–	144,599
Other comprehensive (expense) income for the period	–	–	–	–	(12,218)	–	–	1,083	–	(11,135)	–	(11,135)
Total comprehensive (expense) income for the period	–	–	–	–	(12,218)	–	–	1,083	144,599	133,464	–	133,464
Repurchase of shares	(2,020)	(621)	–	(98)	–	–	–	–	–	(2,739)	–	(2,739)
Reversal of equity-settled share-based payment	–	–	–	–	–	–	(3,848)	–	–	(3,848)	–	(3,848)
At 30 September 2012 (unaudited and restated)	347,498	497,497	987	128,177	(9,948)	9	37,958	27,145	4,273	1,033,596	(6)	1,033,590
At 1 April 2013 (audited and originally stated)	**347,414**	**497,483**	**987**	**128,275**	**4,863**	**9**	**31,218**	**25,815**	**(32,589)**	**1,003,475**	**(6)**	**1,003,469**
Adjustments (see note 3)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**697**	**21,213**	**21,910**	**–**	**21,910**
At 1 April 2013 (restated)	**347,414**	**497,483**	**987**	**128,275**	**4,863**	**9**	**31,218**	**26,512**	**(11,376)**	**1,025,385**	**(6)**	**1,025,379**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(32,066)**	**(32,066)**	**–**	**(32,066)**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**(31,737)**	**–**	**–**	**(17,909)**	**–**	**(49,646)**	**–**	**(49,646)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(31,737)**	**–**	**–**	**(17,909)**	**(32,066)**	**(81,712)**	**–**	**(81,712)**
Lapse of share option	**–**	**–**	**–**	**–**	**–**	**–**	**(48)**	**–**	**48**	**–**	**–**	**–**
Recognition of share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	**1,546**	**–**	**–**	**1,546**	**–**	**1,546**
Cancellation of unvested share options	**–**	**–**	**–**	**–**	**–**	**–**	**3,243**	**–**	**–**	**3,243**	**–**	**3,243**
Transfer upon cancellation of share options	**–**	**–**	**–**	**–**	**–**	**–**	**(35,398)**	**–**	**35,398**	**–**	**–**	**–**
At 30 September 2013 (unaudited)	**347,414**	**497,483**	**987**	**128,275**	**(26,874)**	**9**	**561**	**8,603**	**(7,996)**	**948,462**	**(6)**	**948,456**

Notes:

(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.

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 September 2013

	Notes	Six months ended 30 September 2013 US$'000 (unaudited)	2012 US$'000 (unaudited and restated)
Net cash used in operating activities		**(79,157)**	(87,377)
Investing activities			
Purchase of property, plant and equipment	13	**(3,495)**	(21,899)
Additions to exploration and evaluation assets	13	**(3,393)**	(10,093)
Placement in pledged bank deposit		**(1,050)**	–
Proceeds from disposal of available-for-sale investments		**1,547**	–
Net cash from disposal of subsidiaries	7	**–**	426,922
Purchase of available-for-sale investments		**–**	(92,805)
Net cash (used in) from investing activities		**(6,391)**	302,125
Net cash used in a financing activity			
Repurchase of shares		**–**	(2,739)
Net (decrease) increase in cash and cash equivalents		**(85,548)**	212,009
Effect of foreign exchange rate changes		**(417)**	16
Cash and cash equivalents at the beginning of the period		**197,360**	120,547
Cash and cash equivalents at the end of the period, represented by bank balances and cash		**111,395**	332,572

1. GENERAL

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

The Company is an investment holding company with its subsidiaries engaged in (i) acquisition, exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments and (iii) property investment.

The condensed consolidated financial statements are presented in United States dollars ("USD"), which is different from the Company's functional currency of Hong Kong dollars ("HKD"). 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. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

The condensed 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 appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance;
HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 27 (as revised in 2011)	Separate Financial Statements;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures;
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income; and
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Except as described below, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards that is relevant to the Group is set out below.

Impact of the Application of HKFRS 10

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 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power over the investee to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that it has had control over the investees which are consolidated into the condensed consolidated financial statements before the application of HKFRS 10. The adoption of HKFRS 10 has therefore had no material effect on the amounts reported in this condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 24.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures (continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the annual improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purpose, the Group has not included total assets and liabilities information as part of segment information.

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 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.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures (continued)

HK(IFRIC) – INT 20 Stripping Costs in the Production Phase of a Surface Mine (continued)

For the purpose of application of HK(IFRIC) – Int 20, the management reviewed the costs from stripping in the Group's surface mines in the production phase situated in Australia as at 31 March 2013 and concluded that part of the waste removal costs previously recognised in accordance with HKAS 2 had provided improved access to ore. An opening balance adjustment as at 1 April 2012 was made and applied the interpretation to production stripping costs incurred on or after 1 April 2012, requiring a restatement of previously reported 2012 consolidated statement of comprehensive income, statement of financial position and statement of cash flows.

The adjustments made to individual line items in the condensed consolidated financial information can be summarised as follows:

The effects of changes in HK(IFRIC) – Int 20 described above on the results for the current and prior periods by line items are as follows:

	Six months ended 30 September	
	2013 US$'000	2012 US$'000
(Increase) decrease in cost of sales	**(350)**	3,762
Decrease (increase) in taxation	**115**	(1,350)
(Increase in loss) increase in profit for the period	**(235)**	2,412

The effects of the above changes in HK(IFRIC) – Int 20 on the financial positions of the Group as at 1 April 2012 and 31 March 2013 are as follows:

Consolidated statement of financial position (extract)

	As at 1 April 2012 US$'000 (originally stated)	Adjustments US$'000	As at 1 April 2012 US$'000 (restated)	**As at 31 March 2013 US$'000 (originally stated)**	**Adjustments US$'000**	**As at 31 March 2013 US$'000 (restated)**
Property, plant and equipment	152,125	28,463	180,588	**128,456**	**33,102**	**161,558**
Inventories	73,848	(4,105)	69,743	**97,946**	**(2,168)**	**95,778**
Deferred tax liabilities	(1,340)	(7,040)	(8,380)	**(2,314)**	**(9,024)**	**(11,338)**
Total effects on net assets	224,633	17,318	241,951	**224,088**	**21,910**	**245,998**
Exchange reserves	25,454	608	26,062	**25,815**	**697**	**26,512**
Accumulated losses	(157,036)	16,710	(140,326)	**(32,589)**	**21,213**	**(11,376)**
Total effects on equity	(131,582)	17,318	(114,264)	**(6,774)**	**21,910**	**15,136**

3. PRINCIPAL ACCOUNTING POLICIES (continued)

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures (continued)

HK(IFRIC) – INT 20 Stripping Costs in the Production Phase of a Surface Mine (continued)

The effect of the above changes in HK(IFRIC) – Int 20 on the financial positions of the Group as at 30 September 2013 is as follows:

	As at 30 September 2013 US$'000
Increase in property, plant and equipment	20,312
Increase in inventories	6,962
Increase in deferred tax liabilities	(7,944)
Total effects on net assets	19,330
Decrease in exchange reserve	(1,648)
Decrease in accumulated losses	20,978
Total effects on equity	19,330

The effects of the above changes in HK(IFRIC) – Int 20 on the Group's basic and diluted (loss) earnings per share for the current and prior periods are as follows:

Impact on basic and diluted (loss) earnings per share

	Six months ended 30 September	
	2013 US cents	2012 US cents
Figures before adjustments	(0.11)	0.52
Adjustments arising from changes in the Group's accounting policy in relation to:		
– application of HK(IFRIC) – Int 20 in respect of stripping costs in the production phase of a surface mine	(0.01)	0.01
Figures after adjustments	(0.12)	0.53

4. 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 period is as follows:

	Six months ended 30 September	
	2013	2012
	US$'000	US$'000
	(unaudited)	(unaudited)
Sale of copper cathodes	**88,201**	89,905
Residential rental income	**232**	222
Office rental income	**128**	98
Dividend from trading of securities	**1,064**	595
Interest income from financial assets at fair value through profit or loss	**2,035**	147
	91,660	90,967

Segment Information

Information provided to the 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 the CODM is further analysed based on geographical location of the mine projects. This is also the basis upon which the Group is arranged and organised. The Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

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

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

4. REVENUE/SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue Six months ended 30 September		Segment results Six months ended 30 September	
	2013 US$'000 (unaudited)	2012 US$'000 (unaudited)	**2013 US$'000 (unaudited)**	2012 US$'000 (unaudited and restated)
Mining business				
– Australia	**88,201**	89,905	**(3,911)**	12,615
– Peru	**–**	–	**–**	(23)
Investments in financial instruments	**3,099**	742	**(1,651)**	(37,437)
Property investment	**360**	320	**386**	1,627
	91,660	90,967	**(5,176)**	(23,218)
Other income and other gains and losses			**(16,937)**	1,656
Central administration costs			**(5,713)**	(6,284)
Gain on disposal of subsidiaries			**–**	249,146
(Expense) reversal of share-based payment			**(4,789)**	3,848
Finance costs			**(765)**	(543)
(Loss) profit before taxation			**(33,380)**	224,605

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

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

4. REVENUE/SEGMENT INFORMATION (continued)

Other segment information

Six months ended 30 September 2013

Amount included in the measure of segment results:

	Mining business – Australia US$'000 (unaudited)	Investments in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Consolidated US$'000 (unaudited)
Depreciation	33,901	–	–	33,901
Staff costs	15,084	–	–	15,084
	48,985	–	–	48,985

Six months ended 30 September 2012

Amount included in the measure of segment results:

	Mining business – Australia US$'000 (unaudited and restated)	Mining business - Peru US$'000 (unaudited)	Investments in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Consolidated US$'000 (unaudited and restated)
Depreciation	28,374	–	–	–	28,374
Staff costs	13,080	–	–	–	13,080
	41,454	–	–	–	41,454

5. COST OF SALES

	Six months ended 30 September 2013 US$'000 (unaudited)	Six months ended 30 September 2012 US$'000 (unaudited and restated)
Electricity	6,739	7,224
Diesel/fuel	4,102	4,265
Direct materials	10,637	8,017
Equipment rental	318	339
Staff costs	11,789	12,040
Drilling & blasting, earthmoving & haulage	14,031	17,722
Overhead	1,961	2,335
Maintenance	1,083	1,158
Depreciation	45,221	30,121
Movement in inventories	(16,405)	(19,537)
	79,476	63,684

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2013	2012
	US$'000	US$'000
	(unaudited)	(unaudited)
Bank interest income	**1,042**	1,524
Net foreign exchange loss	**(18,790)**	(49)
Others	**811**	181
	(16,937)	1,656

7. GAIN ON DISPOSAL OF SUBSIDIARIES

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 and its subsidiaries and jointly controlled entity (the "Disposal Group") 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.

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

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

Except for the gain on disposal of subsidiaries and the proceed from disposal of subsidiaries, the Disposal Group did not make any significant contribution to the profit or loss and cash flows of the Group during the period ended 30 September 2012.

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

8. FINANCE COSTS

	Six months ended 30 September	
	2013 US$'000 (unaudited)	2012 US$'000 (unaudited)
Interest on other borrowings wholly repayable within five years	**13**	16
Effective interest expense on provision for mine rehabilitation cost	**752**	527
	765	543

9. TAXATION

	Six months ended 30 September	
	2013 US$'000 (unaudited)	2012 US$'000 (unaudited and restated)
The credit (charge) comprises:		
Current tax:		
Hong Kong Profits Tax	**–**	–
People's Republic of China	**(11)**	(5)
Peruvian capital gains tax	**–**	(76,963)
Deferred tax	**1,325**	(3,038)
Taxation credit (charge) for the period	**1,314**	(80,006)

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

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

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

No provision is made for Peruvian Corporate Income Tax as the Peruvian joint venture had no assessable profit during the period ended 30 September 2012.

During the period ended 30 September 2012, the Group is subject to Peruvian capital gains tax arising from the disposal of an indirect investment in the Peruvian joint venture, 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 7) of US$249,857,000 up to the date of disposal.

10.(LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013 US$'000 (unaudited)	2012 US$'000 (unaudited and restated)
(Loss) profit for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	**34,586**	29,080
Directors' remuneration, including share-based payment expenses of US$4,697,000 (six months ended 30 September 2012: Net reversal of share-based payment expenses of US$2,329,000)	**6,974**	799

11.(LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the loss for the period of US$32,066,000 (six months ended 30 September 2012: profit for the period of US$144,599,000 (restated)) and 27,098,308,961 ordinary shares (six months ended 30 September 2012: weighted average number of 27,195,615,322 ordinary shares) in issue during the period.

The computation of diluted loss per share for the six months ended 30 September 2013 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.

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

12.DIVIDEND

No dividends were paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

13.MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND EXPLORATION AND EVALUATION ASSETS

During the six months ended 30 September 2013, the Group incurred expenditures on mine property and development assets of US$3,250,000 (six months ended 30 September 2012: US$21,799,000 (restated)) and other property, plant and equipment of US$245,000 (six months ended 30 September 2012: US$100,000).

During the six months ended 30 September 2013, the Group incurred expenditures on exploration and evaluation assets of US$3,393,000 (six months ended 30 September 2012: US$10,093,000).

14. INVESTMENT PROPERTIES

	US$'000
Fair value at 1 April 2012 (audited)	18,407
Unrealised fair value changes recognised in profit or loss	1,627
Fair value at 30 September 2012 (unaudited)	20,034
Fair value at 1 April 2013 (audited)	19,645
Unrealised fair value changes recognised in profit or loss	172
Fair value at 30 September 2013 (unaudited)	19,817

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

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Land and buildings in Hong Kong held under long leases	14,115	14,102
Land and buildings in the mainland China (the "PRC") held under medium-term leases	5,702	5,543
	19,817	19,645

The Group's investment properties in Hong Kong and the PRC as at 30 September 2013 and 31 March 2013 were valued by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. The increase in fair value of investment properties of US$172,000 has been recognised directly in profit or loss for the six months ended 30 September 2013 (six months ended 30 September 2012: US$1,627,000).

15. AVAILABLE-FOR-SALE INVESTMENTS

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

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Unlisted equity securities (note a)	20,261	21,808
Less: Impairment loss recognised	(5,027)	(3,466)
	15,234	18,342
Equity securities listed in Hong Kong (note b)	53,953	85,690
Club membership	2,513	2,513
	71,700	106,545

15. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

(a) As at 31 March 2013, the Group held 27,500,000 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. These 27,500,000 shares represent approximately 3.09% of the issued share capital of the investee company. Following the disposal of 2,000,000 shares during the six months ended 30 September 2013, the Group held 25,500,000 shares of the investee company, representing approximately 2.86% of the issued shares in that company. The unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the six months ended 30 September 2013, the management considered that the unstable global economic environment have adversely affected the securities trading and provision of brokerage and financial services business of the investee company and engaged independent professional valuer to determine the fair value of the investment. An impairment loss of US$1,766,000 (six months ended 30 September 2012: nil) related to this unlisted investment was recognised in profit or loss for the interim period.

(b) As at 30 September 2013 and 31 March 2013, the Group's available-for-sale investments included equity securities listed in Hong Kong, which represent 1,650,328,571 shares (approximately 8.72% shareholding) in G-Resources Group Limited ("G-Resources"). At the end of the reporting period, the listed equity securities are stated at fair values which have been determined based on quoted market bid prices available on the Stock Exchange.

During the six months ended 30 September 2013, the Group has subscribed for rights issue carried out by G-Resources of 660,131,000 rights shares at a subscription price of HK$0.16 per rights share (on the basis of two rights shares for every five existing shares held), which the rights shares are received by the Group on 4 October 2013. The total consideration for such subscription amounted to HK$105,621,000 (equivalent to approximately US$13,541,000).

An amount of US$31,737,000 (six months ended 30 September 2012: US$12,218,000) fair value loss related to G-Resources was recognised in investment revaluation reserve during the period. As the directors are of the opinion that the fair value loss is not significant nor prolonged.

16. PLEDGED BANK DEPOSITS/PROVISION FOR MINE REHABILITATION COST

Pledged bank deposits

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contracts. These guarantees are backed by collateral deposits which amounted to US$28,891,000 as at 30 September 2013 (31 March 2013: US$31,758,000).

Another US$33,077,000 (31 March 2013: US$36,470,000) represents deposit placed by the Group with 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 requirements as explained below.

16. PLEDGED BANK DEPOSITS/PROVISION FOR MINE REHABILITATION COST (continued)

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 mines. The provision for rehabilitation cost has been estimated in accordance with the local rules and regulations in the aforesaid region.

Rehabilitation cost has been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation, and which is expected to result in cash outflow for CST Minerals Lady Annie Pty Limited ("CSTLA") of such mine rehabilitation cost starting from December 2014. Rehabilitation cost is capitalised as part of mine property and development assets in property, plant and equipment, and is amortised over the life of the mine on a unit-of-production basis.

During the six months ended 30 September 2013, a reduction in mine rehabilitation cost of US$179,000 was recognised. Mine rehabilitation cost provided for the six months ended 30 September 2012 of US$409,000 was capitalised as part of mine property and development assets (included in property, plant and equipment). No payment was made in the current period for rehabilitation works (six months ended 30 September 2012: nil).

17. TRADE AND OTHER RECEIVABLES

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Trade receivables	**12,585**	17,868
Other receivables	**76,585**	11,428
Total trade and other receivables	**89,170**	29,296

17. TRADE AND OTHER RECEIVABLES (continued)

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
0 – 60 days	12,585	17,868

Trade receivables as at 30 September 2013 and 31 March 2013 mainly either represent trade receivables from sales of copper cathodes in Australia. The balances are due on the fifth working days of the following month after delivery or seven working days after the presentation of original shipping documents. 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 are US$2,370,000 (31 March 2013: US$3,121,000) 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, and the amounts due from brokers of US$68,613,000 (31 March 2013: nil) being subscription monies paid to G-Resources to subscribe for rights shares of G-Resources provisionally allotted to the Group and excess rights shares. The rights issue of G-Resources was closed on 26 September 2013 and became unconditional on 3 October 2013, subsequent to which US$41,884,000 was refunded to the Group for unsuccessful application for excess rights shares.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Held for trading investments (current assets)		
Equity securities – listed in Hong Kong	309,189	274,546
Equity securities – listed outside Hong Kong	7,188	7,565
Investment funds	54,251	45,162
Designated at fair value through profit or loss (current assets)		
Unlisted debt securities (note a)	8,390	–
	379,018	327,273
Designated at fair value through profit or loss (non-current assets)		
Unlisted debt securities (note a and b)	12,586	22,917
Unlisted convertible bond (note c)	6,244	6,354
	18,830	29,271
	397,848	356,544

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 market price or net asset value per share or unit provided by the brokers.

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

As at 30 September 2013 and 31 March 2013, the Group held several unlisted debt securities and unlisted convertible bonds as follows:

(a) As at 30 September 2013 and 31 March 2013, the Group held the unlisted unsecured bonds (the "Unsecured Bond A") 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), which carry coupon rate of 2.5% per annum and 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 Unsecured Bond A 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 Unsecured Bond A as at 30 September 2013 and 31 March 2013 has been arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected with the Group. The fair values of the Unsecured Bond A at 30 September 2013 are determined using discounted cash flows method using the interest rate of 31.5% 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 Unsecured Bond A. The fair value of the embedded derivative, which is the extension option of the issuer, at 30 September 2013 is US$10,791,000. A loss on fair value changes of US$927,000 was recognised in profit or loss during the six months ended 30 September 2013.

As at 31 March 2013, the Group recognised the Unsecured Bond A as a non-current asset with a fair value of US$9,317,000. During the current period, the Group decided not to hold the Unsecured Bond A for long term, thus it was reclassified as a current asset as at 30 September 2013.

(b) As at 31 March 2013, the unlisted debt securities represents the unlisted unsecured loan note (the "Note") issued by a company with its shares listed on the Stock Exchange and the unlisted unsecured bond (the "Unsecured Bond B") issued by a private company incorporated in the Cayman Islands and the Unsecured Bond A with principal amount of HK$40,000,000 (equivalent to approximately US$5,128,000), HK$150,000,000 (equivalent to approximately US$19,231,000) and HK$250,000,000 (equivalent to approximately US$32,051,000), respectively.

The Note carries coupon rate of 6% per annum and is redeemable by the issuer at any time before or upon maturity at its principal amount together with interest accrued at the redemption date. The Note is payable upon maturity on 9 February 2015. As at 30 September 2013, the fair value of the debt component of the Note is determined as discounted cash flows using the interest rate of 18.9% which was carried out by an independent qualified valuer. A gain of US$130,000 was recognised in profit or loss during the six months ended 30 September 2013 (six months ended 30 September 2012: nil).

The Unsecured Bond B carries coupon rate of 5% per annum and is 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 Unsecured Bond B is payable upon maturity on 9 October 2020. During the current period, the Group disposed of a portion of the Unsecured Bond B with principal amount of HK$3,000,000 (equivalent to approximately US$385,000) at a consideration of HK$3,000,000.

At 30 September 2013, the fair value of the debt component of the Unsecured Bond B is determined as discounted cash flows using the prevailing market interest rate of 20.72% 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$759,000 was recognised in profit or loss during the six months ended 30 September 2013 (six months ended 30 September 2012: nil).

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

(c) As at 30 September 2013 and 31 March 2013, the Group held unlisted unsecured convertible bonds (the "Convertible Bond") at the principal amount of HK$130,000,000 (equivalent to US$16,667,000) issued by a company with its shares listed on the Stock Exchange. The Convertible Bond carries zero coupons with maturity on 27 May 2016. The Group has the right, at any time following the date of issue of the Convertible Bond until the maturity date, to convert any part of the Convertible Bond (in an amount or integral multiple of HK$10,000,000) into ordinary shares of the issuer at an initial conversion price of HK$9.902, subject to adjustments as stipulated in the terms and conditions of the Convertible Bond, by giving prior written notice to the issuer. The issuer has the right at any time following the date of issue of the Convertible Bond and until the maturity date, to redeem the whole or any part of the aggregate outstanding principal amount of the Convertible Bond at par.

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

During the six months ended 30 September 2013, a decrease in fair value of US$110,000 is recognised in profit or loss for the Convertible Bond. As at 30 September 2013, the fair value of the Convertible Bond 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 Convertible Bond is determined using the prevailing market interest rate of 45.0% while the fair value of the embedded derivatives (included conversion option and issuer's early redemption right) of the Convertible Bond is determined using the binominal tree model with the following inputs:

	As at 30 September 2013
Valuation date share price of the issuer of the Convertible Bond:	HK$0.9
Exercise price:	HK$9.902
Expected life:	2.66 years
Expected volatility:	75.47%
Dividend yield:	Nil
Risk-free rate:	0.52%

The expected volatility is determined based on the issuer's stock price with similar duration of the Convertible Bond. 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 Bond.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Derivative financial assets (not under hedge accounting)		
Future contracts on non-ferrous metals	–	2,310

The copper future contracts were not designated and effective as a hedging instrument. Therefore, the fair value gains or losses were recognised in profit or loss in the period in which they arise. At 31 March 2013, the fair value of the copper future contracts was determined based on price quoted by financial institutions. During the six months ended 30 September 2013, the copper future contracts were disposed.

20. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Trade payables		
0 – 30 days	2,956	4,740
Other payables	13,053	14,179
Total trade and other payables	16,009	18,919

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 (31 March 2013: AUD2,500,000, equivalent to US$2,607,000) and (ii) of AUD2,500,000, equivalent to US$2,327,000 (31 March 2013: AUD2,500,000, equivalent to US$2,607,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. Production of the 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 30 September 2013, the additional ore reserves are not yet delineated and the remaining AUD2,500,000 (equivalent to US$2,327,000) was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$2,503,000 and US$2,138,000 (31 March 2013: US$2,163,000 and US$1,386,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

21. SHARE CAPITAL

	Number of shares	Share capital US$'000
Ordinary shares of HK$0.10 each:		
Authorised		
At 1 April 2012, 31 March 2013 and 30 September 2013	**50,000,000,000**	641,026
Issued and fully paid		
At 1 April 2012 (audited)	**27,262,396,961**	349,518
Shares repurchased and cancelled (note)	**(157,576,000)**	(2,020)
At 30 September 2012 (unaudited)	**27,104,820,961**	347,498
Shares repurchased and cancelled (note)	**(6,512,000)**	(84)
At 1 April 2013 and 30 September 2013 (unaudited)	**27,098,308,961**	347,414

Note:

During the six months ended 30 September 2012, the Company repurchased 164,088,000 of its own ordinary shares on the Stock Exchange at aggregate price of HK$21,360,000 (equivalent to US$2,739,000) in order to enhance the net assets and/or earnings per share of the Company. The highest and lowest price paid per share are HK$0.1340 and HK$0.1130, respectively. As at 30 September 2012, 157,576,000 of the shares being repurchased were cancelled. The remaining 6,512,000 shares being repurchased were outstanding at 30 September 2012 but were cancelled before 31 March 2013.

22. SHARE-BASED PAYMENTS TRANSACTION

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

	Number of share options
Outstanding at 1 April 2013	**1,455,500,000**
Forfeited during the period	**(14,000,000)**
Cancelled during the period	**(1,338,000,000)**
Outstanding at 30 September 2013	**103,500,000**

At the end of the 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 profit or loss, with a corresponding adjustment to the share options reserve.

During the six months ended 30 September 2013, 14,000,000 share options were forfeited prior to vesting as a result of the resignation of employees, and the corresponding share-based payment expenses of US$48,000 previously recognised were transferred to the accumulated losses.

22. SHARE-BASED PAYMENTS TRANSACTION (continued)

In addition, as the Group disposed of the Disposal Group during the year ended 31 March 2013, the Group cancelled the options on 27 June 2013 and accounted for the cancellation as an acceleration of vesting in respect of 1,338,000,000 share options previously granted and therefore recognised immediately share-based payment expenses of US$3,243,000 that otherwise would have been recognised for services received over the remainder of the vesting period. US$1,535,000 share-based payment expenses were recognised from 1 April 2013 to 27 June 2013. Share-based payment expenses of US$35,398,000 was then transferred directly to the accumulated losses.

During the six months ended 30 September 2013, share-based payment of US$11,000 was recognised for the share options remaining as at the end of the period. As a result the share-based payment expenses of US$4,789,000 was recognised in the profit or loss for the period (six months ended 30 September 2012: net reversal of share-based payment of US$3,848,000).

23. CAPITAL COMMITMENTS

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

	As at 30 September 2013 US$'000 (unaudited)	As at 31 March 2013 US$'000 (audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**2,546**	912
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**582**	395

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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

Financial assets	Fair value as at 30 September 2013 US$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Available-for-sale investments					
Equity securities listed in Hong Kong	53,953	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets designated at fair value through profit or loss					
Equity securities listed in Hong Kong	309,189	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity securities listed outside Hong Kong	7,188	Level 1	Quoted bid prices in active markets	N/A	N/A
Investment funds	54,251	Level 2	Market price or net asset value per share or unit provided by the brokers	N/A	N/A
Unlisted investment – Unsecured Bond A	8,390	Level 3	Discounted cash flows and Hull-White model	Discount rate	The higher the discount rate, the lower the fair value
Unlisted investment – Note	4,617	Level 3	Discounted cash flows	Discount rate	The higher the discount rate, the lower the fair value
Unlisted investment – Unsecured Bond B	7,969	Level 3	Discounted cash flows and Hull-White model	Discount rate	The higher the discount rate, the lower the fair value

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at 30 September 2013 US$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted investment – Convertible Bond	6,244	Level 3	For the debt components: Discounted cash flows	Discount rate	The higher the discount, the lower the fair value
			For the embedded derivatives (including conversion option): Binominal tree model	Stock price volatility	The higher the stock price volatility, the higher the fair value
				Stock price of the issuer	The higher the stock price, the higher the fair value

Note:

For the Unsecured Bond A, Note, Unsecured Bond B and Convertible Bond, the most significant unobservable input is the discount rate. If the discount rate to the valuation model was 0.5% higher/lower while the other variables were held constant, the total carrying amount of these unlisted investments would decrease/increase by US$398,000.

There were no transfers between Level 1, 2 and 3 in current period.

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

Reconciliation of Level 3 fair value measurements of financial assets

	Unsecured Bond A US$'000	Note US$'000	Unsecured Bond B US$'000	Convertible Bond US$'000	Total unlisted securities US$'000
At 1 April 2013 (audited)	9,317	4,487	9,113	6,354	29,271
Disposal	–	–	(385)	–	(385)
Total losses (gains) recognised in profit or loss	(927)	130	(759)	(110)	(1,666)
At 30 September 2013 (unaudited)	8,390	4,617	7,969	6,244	27,220

Included in the loss for the period is an amount of US$1,666,000 being fair value loss related to the Unsecured Bond A, Note, Unsecured Bond B and Convertible Bond classified as financial assets designated at fair value through profit or loss held at the end of the reporting period.

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements and valuation process

The board of directors of the Company has closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For level 3 investment, the Group engages third party independent qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the models.

The Group engages the valuers to perform the valuations of the Unsecured Bond A, Note, Unsecured Bond B, and Convertible Bond required for financial reporting purposes. As a part of the valuation process, the management reports the findings reviewed by the board of directors of the Company semi-annually.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed above.

25. RELATED PARTY DISCLOSURES

Key management personnel compensation

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

	Six months ended 30 September	
	2013	2012
	US$'000	US$'000
	(unaudited)	(unaudited)
Short-term benefits	**2,271**	3,119
Expenses (reversal) of share-based payment	**4,697**	(2,329)
Post-employment benefits	**6**	9
	6,974	799

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

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

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