CST MINING GROUP LIMITED

2 0 1 4 | ANNUAL REPORT

CST MINING GROUP LIMITED

Breaking Boundaries,
Exploring New Frontiers

At a Glance

MINE TYPE
Open pit

STATUS
Producing

PROCESSING METHOD
Heap leach and solvent extraction and electrowinning

PRODUCT
London Metal Exchange Grade A equivalent copper cathode

Contents

Chairman's Statement

Dear Shareholders,

I am pleased to report that over the 12 months ending 31 March 2014, CST Mining Group Limited (the "Company") has achieved solid results and launched many, exciting new initiatives to ensure continued opportunities abound. These efforts, which seek to maintain our existing operations as well as explore new opportunities, will have both immediate and long-term benefits for the Group as a whole.

Lady Annie Operations had another positive year, delivering steady output and consistent performance. Over the last 12 months global markets experienced a decrease in copper pricing, creating an opportunity to implement a number of enhancements to improve the mine's overall operational efficiency. Such improvements included cost savings measures as well as shift adjustments which although caused a slight decline in revenue, but will position Lady Annie for long-term success. Importantly all of these efforts were achieved without any disruption in the mine's safety performance, environmental vigilance and corporate social responsibility commitments.

Following the implementation of these new enhancements, we expect copper production at Lady Annie to remain stable in the coming year. Although the mine's reserves have experienced depletion, the ongoing resource development drilling and exploration programs will help to ensure an extended life for Lady Annie Operations. Meanwhile, the Anthill project is

currently being reviewed and fine-tuned both its pit design and projected operating costs. At present, negotiation with traditional owners is well underway and the Company expects that the mining license could be granted in the second half of 2014. We look forward to launching this new endeavor and anticipate that it will provide us with many opportunities in both the near and long-term.

Looking to the future, the Group continues to break boundaries and push into new frontiers. We continue to search for new investment opportunities and to explore innovative areas which will provide ongoing value for the company as well as return for our shareholders. We look forward to reporting future success in the months ahead.

Sincerely yours,

Chiu Tao
Chairman

PROJECT OVERVIEW

Project Overview

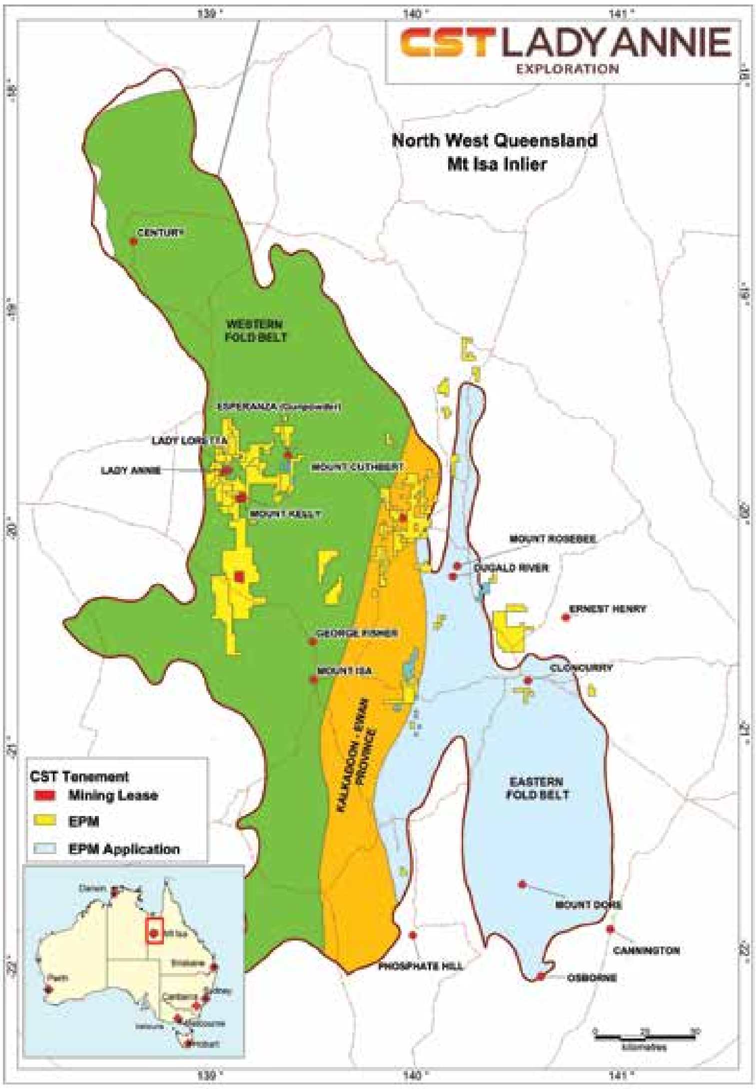

Figure 1: Location of Lady Annie Mine and Exploration Tenements with other Major Deposits — Mt Isa Inlier

THE LADY ANNIE OPERATIONS

Ore Mined (Tonnes)

4.67 million

Production (Tonnes)

20,051

Revenue (US$)

152 million

approximately

Project Description and Location

CST Minerals Lady Annie Pty Limited ("Lady Annie Operations") comprises a copper mine and processing facility in Queensland, Australia. The Mine is situated approximately 120km northwest of Mount Isa, the regional mining centre.

Lady Annie Operations is owned 100% by CST Mining Group Limited ("CST").

The mining operation consists of a number of open-pit deposits that feed ore into a heap leach facility. The resulting solution then undergoes solvent extraction and electrowinning in the adjacent processing plant to produce LME Grade A equivalent copper cathode.

Lady Annie Operations also controls over 3,000km² of highly prospective exploration tenements that are located around the Lady Annie Mine and across the three geological provinces of the world renowned Mount Isa Inlier (Figure 1).

The Mount Isa Inlier is host to world-class deposits of copper, lead, zinc and silver. The area contains 21.2% of the world's lead resources, 11% of the world's zinc resources, 5% of the world's silver resources and 1.7% of the world's copper resources. *(QDME 2007)*

1. Operating Results

The table below provides certain key operation information for Lady Annie Operations for the year ended 31 March 2014 (the "Year") and 31 March 2013 respectively.

Key operational information		2014	2013
Mined	Total material (tonnes)	9,924,408	12,902,586
	Ore (tonnes)	4,669,561	3,237,911
	Ore grade (copper %)	0.83%	0.95%
	Contained copper (tonnes)	38,884	30,665
Stacked	Ore (tonnes)	2,760,369	2,869,237
	Ore grade (copper %)	1.01%	0.99%
	Contained copper (tonnes)	27,747	28,364
Production	Copper cathode (tonnes)	20,051	22,018
Sales	Copper cathode (tonnes)	21,237	21,312
	Average price (US$/tonne)	7,151	7,865
	Revenue (US$'000)	151,861	167,613

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

	US$'000
Administration	102
Camp expense	164
Consultancy & contractor expense	1,211
Consumables	280
Drilling and assays expenses	2,006
Machinery and equipment	87
Tenement and Mining leases fee	311
Others	414
Staff cost	2,523
Total	7,098

2. Mining, Stacking and Processing Operations

2.1 Mining

Mining during the Year was undertaken in the Mount Clarke, Flying Horse and Lady Annie pits.

Total mining volume for the Year was 4,884,371 bcm.

Total high grade ore tonnes mined for the Year was 3,393,956 tonnes.

Average high grade ore grade for the Year was 0.98% Cu.

Contained metal in the high grade ore for the Year was 33,252 tonnes.

Some of the highlights from Mining for the Year were:

- Alterations to the Lady Annie, Flying Horse and Mount Clarke pit designs are underway for seeking opportunity to increase reserves.
- Successful implementation of blending high grade transition ores with oxide ore.
- Successful transition to a new road haulage contractor greatly reduced costs.
- Negotiation of contract for equipment dry hire, drill and blast and grade control assaying with significant costs savings achieved.
- Free digging oxide ore (not blasting an area before digging) which reduced drill and blast costs and allowed the use of closer spaced drill patterns in harder material.
- Geologists focused on mapping and ore spotting to assist excavator operators in minimising ore loss and dilution. Geological mapping also assisted drill and blast pattern design.
- Grade control trialled an alternate method of sample collection.
- Development of the Lady Annie and Flying Horse Pits to allow more effective pit watering management during the wet season.

2.2 Stacked Ore Copper Grade

Figure 2 shows the monthly stacked ore copper grade for the Year. 2.76 million tonnes of ore (dry basis) was stacked for processing for the Year with a mean copper grade of 1.01%. Ore grade remained fairly consistent over the period, with February and March 2014 witnessing a slight drop due to a reduction in the quantity of high grade ore available.

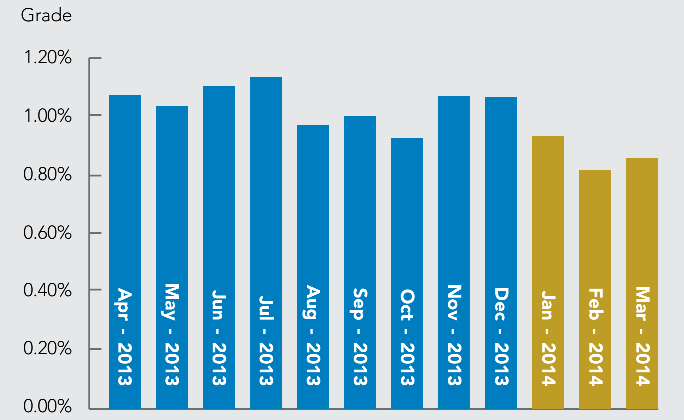

Figure 2: Stacked Ore Copper grade

Mid-December 2013 saw the commencement of the permanent addition of Lady Annie transition ore into the feed blend, with 10% of ore fed to the crushing plant now consisting of Lady Annie transition material. The addition of the transition material has resulted in a predicted increase in the calcium grade. To mitigate the effects of the high calcium grade on production, which mainly involve reduced copper extraction in the heap leach, there has been an increased emphasis on ensuring the majority of the required acid for leaching is added at the agglomerator. A number of process improvements have been undertaken to facilitate this, including the construction of a third acid storage tank, and the installation of a larger acid flow control valve at the agglomerator.

Stacking of the first lift of the stage 3 expansion heaps concluded in August 2013. At present, stacking of the second lift of stage 3 commenced in June 2014.

2.3 Stacked Copper Metal

Figure 3 shows the monthly stacked metal for the Year. 27,747 tonnes of copper metal was stacked. August 2013's lower value was directly related to operational issues resulting from wet ore. Tracking issues with one of the major conveyors in the stacking circuit also contributed to the lower stacked tonnage. The crushing and stacking rate was increased in October 2013, resulting in the overall stacked tonnes increasing.

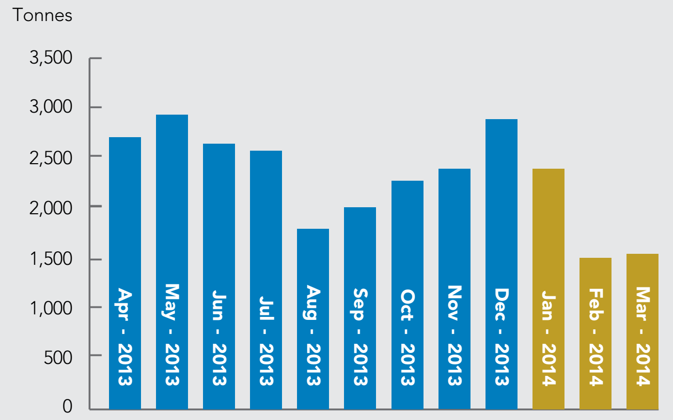

Figure 3: Stacked Copper metal

February and March 2014 were both affected by wet weather conditions as a result of the annual wet season. This resulted in high levels of production downtime in both the crushing and stacking circuits, and a number of wash-outs on the heaps that affected copper extraction. A decrease in overall copper grade also contributed to the decrease in stacked copper tonnes, compared to previous months.

2.4 Copper Cathode Production

Figure 4 shows the monthly copper cathode produced throughout the Year. Lady Annie Operations produced 20,051 tonnes of copper cathode in the Year.

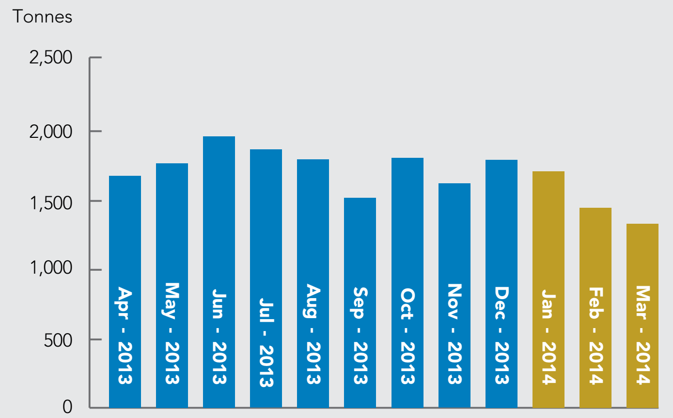

Figure 4: Copper Cathode Production

The Processing Department has had a strong focus on cathode refurbishment and quality control throughout the Year. The purchase of a double-sized shorting frame allowed for a continuous cell cleaning campaign and eliminated the need for future cleaning shutdowns. The emphases on quality control led to a marked decrease in copper amount being downgraded to B-grade cathode production.

March 2014 experienced a high volume of heavy rain events that diluted the acidified leaching solution and damaged the integrity of the heap leach pads. This resulted in lower copper extraction, and subsequently lower stripped copper production. Production improvements are being undertaken to allow for more acid transfer into the process.

A training campaign for the Robotic Stripping Machine ("RCSM") was implemented in March 2014, in order to instruct all electro-winning staff in its operation. Usage of the RCSM has been increasing since the beginning of 2014, with the trend set to continue as 2014 goes on.

2.5 Transition Ore Processing

Investigations into the validity of transition ore processing are ongoing, with initial plant trials proving successful. However, the leaching characteristics of the transition ore differ from a traditional oxide ore, as they display slower leaching kinetics. Transition ore processing also requires increased acid addition due to the fact that it contains a higher percentage of acid-consuming gangue minerals, mainly calcium and magnesium.

At present, 10% of the ore blend is permanently composed of Lady Annie transition ore. This blending strategy produces a more consistent ore grade while reducing the acid-consuming effect of the transition ore.

Lady Annie Operations are also investigating the treatment of secondary sulphide ores such as chalcocite. Mining costs as well as processing options are being evaluated.

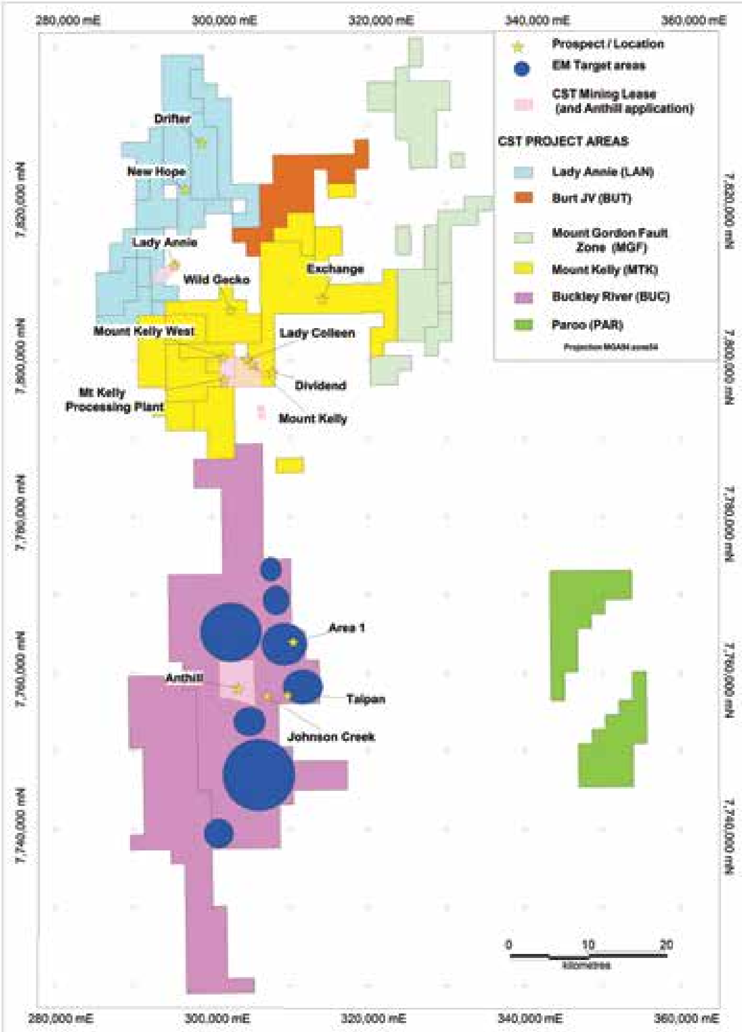

Figure 5: Project Areas and Prospects where exploration was carried out in Western Tenement Block

3. Exploration

3.1 Competent Person Statement

The following information that relates to exploration results is based on information compiled by, or overseen by Mr. Alasdair Smith ("Mr. Smith") BSc Geology, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Smith is a full time employee of Lady Annie Operations and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a competent person, as defined in "Australasian Code for Reporting of Exploration Results, Minerals Resources or Ore Reserves" (JORC Code 2012 Edition). Mr. Smith 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

Activity for the Year focused mainly on exploration for oxide and sulphide copper mineralisation in the Lady Annie, Mt Kelly, Buckley River and Cameron River Project Areas.

Drill programs targeting near surface oxide copper mineralisation were completed at the Drifter, New Hope, Lady Colleen, Anthill and Johnson Creek Prospects. Regional drilling of oxide copper targets developed from geophysical and geological datasets was also completed. Drill programs targeting deeper copper sulphide mineralisation were completed at the Lady Colleen, Exchange, Dividend, Yellowstone and Mountain View Prospects. Significant low grade oxide copper intercepts were returned from the Lady Colleen, Anthill, Johnson Creek, Area 1 and Dividend Prospects Areas. Higher grade but limited, sulphide copper intercepts were returned from Lady Colleen and Mountain View Prospect. A total of 254 drill holes for 31,316m were completed for the Year.

An Airborne Electro-Magnetic ("AEM") geophysical survey was carried out over the majority of Western Block tenements from June to August 2013. Integration and interpretation of data for the southern section of the AEM survey area with existing geochemical and geological data sets was completed by September 2013 and resulted in identification of 16 areas as prospective for oxide copper mineralisation. A number of these targets were drill tested as part of the oxide copper drill program.

A detailed ground magnetic survey was carried out at the Cameron River Project over a 2.5km strike from Town View Prospect to Mountain View Prospect. Interpretation of the data indicated the potential for sulphide copper mineralisation. Drill testing was undertaken. Significant low grade sulphide copper mineralisation was intersected.

A Helicopter Sub Audio Magnetics ("Heli-SAM") geophysical survey was undertaken over selected areas in the Cloncurry Project Area from April to May 2013. The survey was designed to identify structures and possible vectors for 'blind' (covered) mineralisation. Data from the survey will be interpreted during calendar year 2014.

Geological mapping and soil sampling programs were carried out at Johnson Creek, Taipan, Exchange, Mount Kelly West and Wild Gecko Prospects. A number of copper anomalies were generated that required drill testing.

A series of Target Generation studies over the Western Block and Miranda Project tenements that integrated geology, geophysics and geochemistry, identified a total of 43 target areas for follow-up work in the field during calendar year 2014.

	Reverse Circulation ("RC") Drilling		Diamond Drilling		Total	
Drill Target	Metres	Holes	Metres	Holes	Metres	Holes
Oxide copper mineralisation	25,987	240	0	0	25,987	240
Sulphide copper mineralisation	1,670	2	3,649	12	5,329	14
Total	27,657	242	3,649	12	31,316	254

1,274m of RC drilling was used to pre-collar diamond holes

Table 1: Exploration Drilling

3.3 Exploration — Western Block Tenements

The Western Block exploration tenements of Lady Annie Operations comprise the following Project Areas — Lady Annie (LAN), Burt JV (BUT), Mount Gordon Fault Zone (MGF), Mount Kelly (MTK) and Buckley River (BUC).

Drilling — Oxide Copper Targets

During May 2013, nine RC drill holes for 618m were completed to infill previous drilling and test for additional oxide copper resources to the northwest. Significant intersections returned from this program are:

- MTKC0609 23m @ 0.35% Cu from 21m
- MTKC0613 13m @ 0.29% Cu from 3m
- MTKC0614 25m @ 0.29% Cu from 12m
- MTKC0615 12m @ 0.27% Cu from 13m
- MTKC0616 7m @ 0.43% Cu from 20m and 3m @ 0.82% Cu from 39m

The drill results did not significantly increase the existing oxide copper resource at Lady Colleen. But the Lady Colleen oxide mineralisation has the advantage of being located on a granted CST Mining Lease with shallow depth and proximity (4km) to the Mt Kelly Processing Plant.

The Anthill Copper deposit is located 40km south of the Mt Kelly Processing Plant and is currently in pre-development for mining. Exploration and Resource extension drilling was undertaken adjacent to the Anthill deposit and the broader Buckley River Project Area during the Year. The drilling program targeted supergene oxide copper 'blanket' mineralisation and alteration systems associated with oxide and sulphide mineralisation. Drilling was carried out in two stages.

1) Target definition drilling based on surface geochemistry and historical drilling was conducted from June to September 2013 and designed to test for oxide copper in satellite deposits to Anthill and within the Anthill Mining Lease Application Area. Drill spacing was designed to detect evidence of a deposit based on the known footprint (500m x 500m) for economic deposits currently being mined, or under development by Lady Annie Operations. The program totalled 108 holes for 12,061m. Possible 'halo' intersections were returned from drilling south and southeast of Anthill and from Johnson Creek:

   - Anthill S & SE: 16m @ 0.14% Cu and 14m @ 0.19% Cu
   - Johnson Creek: 30m @ 0.19% Cu, 42m @ 0.14% Cu, 14m @ 0.18% Cu and 36m @ 0.14% Cu

   The encouraging 'halo' grade intervals encountered during the target definition drilling were immediately followed up with further drilling. The follow-up drilling indicated scope for further exploration at Anthill South prospect.

2) Exploration drilling was carried out from October to December 2013, on targets identified from interpreted AEM data. The program totalled 117 holes for 12,186m. The drilling returned encouraging results from Area 1 Prospect (BUC). Significant intersections from this program are:

   - BURC0650: 34m @ 0.32% Cu and 14m @ 0.26g/t Au
   - BURC0658: 28m @ 0.12% Cu

   The Area 1 drill holes that returned significant results for copper were followed up by an RC drill program of 11 holes which commenced in late March 2014.

   A total of 225 RC drill holes of 24,247m were completed over the Buckley River Project Area.

As a follow up to drilling completed in 2012, three RC holes (384m) were completed at the Drifter Prospect (LAN) and two RC holes (396m) were completed at the New Hope Prospect (LAN).

Drilling — Sulphide Copper Targets

Drilling at Lady Colleen (MTK) for oxide copper mineralisation prior to 2013, intersected copper sulphide mineralisation along the 40° north dipping, Spinifex Fault. Intersections of transition and sulphide copper in the drilling included:

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

Seven RC/diamond drill holes for 3,125.5 metres were completed during the Year to test for extensions down dip of this mineralisation. 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 drill hole MTKCD080W1, which penetrated quartzite at the base of the sequence. Significant intersections from this program are:

- MTKCD075 10m @ 1.05% Cu from 398m
- 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

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

At the Exchange Prospect (MTK), two diamond drill holes were completed for 719m. The holes were designed to test an anomalous (copper) chert horizon adjacent to the Redie Creek Fault. Drill hole MEXD001 intersected chalcopyrite associated with quartz carbonate veining from 178–180m and 186–204m. The mineralisation is sub economic. This area is still considered prospective for a copper sulphide system and further work is required.

At the Dividend Prospect (MTK) two RC drill holes were completed for 396m. Drilling targeted outcropping ironstone on Dividend Hill, testing for a south-dipping sulphide copper feeder structure to the known copper oxide zone. No feeder structure was identified. Best results returned from the drilling were from the oxide zone which include:

- DVDC0017 15m @ 0.23% Cu from 18–33m and 12m @ 0.34% Cu from 45–57m
- DVDC0018 6m @ 0.30% Cu from 18–24m

Geological Mapping and Soil Sampling

Geological mapping and soil sampling was carried out during August 2013 over 11 areas at the Johnson Creek and Taipan Prospects (BUC). The work identified several target areas that were later drill tested as part of the oxide copper target definition drilling program discussed above. Several target areas remain untested and will require follow up.

Mapping and portable XRF analysis of soil samples from the Exchange Prospect identified a 500m x 200m soil anomaly (up to 0.77% copper) over ironstone that was drill tested.

A program of 389 soil samples over the Mount Kelly mining lease during July.

A program of 303 soil samples collected during July 2013 over the area south from Wild Gecko Prospect returned a 600m (low level) copper anomaly along a projection of the Mount Kelly fault that requires further work.

Airborne Electro-Magnetic (AEM) Survey

A 7,900 line kilometre AEM survey covering the majority of Lady Annie Operations' tenements (LAN, BUT, MGF, MTK and BUC Project Areas) in the Western Fold Belt province of the Mt Isa Inlier was carried out from June to August 2013.

The purpose of the survey was to define new oxide and sulphide targets by mapping depth of cover, faults and potential host rocks for copper mineralisation. The best exploration potential for oxide copper is interpreted as the southern block of the survey area where the weathering profile is well preserved.

Interpretation of Geophysical Datasets

Integration and interpretation of data by Lady Annie Operations' geologists for the southern section of the AEM survey area, with existing geochemical and geological data sets was completed by September 2013 and resulted in identification of 16 areas as prospective for oxide copper mineralisation. A number of these targets were drill tested as part of the oxide copper drill program. The AEM data covering the northern section of the survey area will be analysed and interpreted for target generation during calendar year 2014.

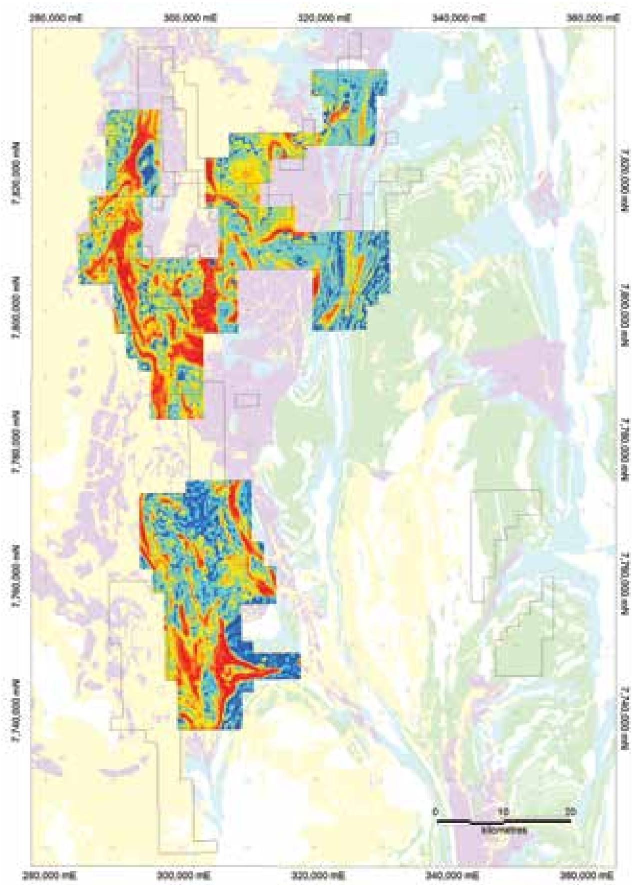

Figure 6: AEM survey covering majority of CST tenements in Western Block

3D inversions of geophysical datasets by Southern Geoscience Consultants for the Anthill, Johnson Creek, Mount Kelly and Redie Creek Prospects was carried out during May 2013, to better understand structures and the depth/geometry of the magnetic volcanic rocks (Eastern Creek Volcanics) underlying the sedimentary units.

Target Generation Study

From January to February 2014, a Target Generation study by external geological consultant was conducted over the Western Block tenements to generate further exploration targets for 2014. The study involved the integration of geophysical, geochemical, geological and radiometric information focused on identifying structurally controlled copper mineralisation. A total of 23 targets for copper, 2 for strata bound zinc-lead-silver and 1 for sediment hosted gold mineralisation were identified. These targets will be assessed in the field during calendar year 2014.

Review of Radiometric Datasets

During August 2013, an evaluation by Lady Annie Operations' geologists of uranium/thorium ratio anomalies, that can be indicative of alteration associated with mineralisation, resulted in identification of 34 targets for field investigation.

3.4 Exploration — Central Block Tenements

The Central Block exploration tenements of Lady Annie Operations comprise the following Project Areas — Miranda (MIR), Paroo (PAR), Round Mount (RND), and Cameron River (CAM).

Ground Magnetic Survey

Geological reconnaissance at Cameron River (CAM) Project confirmed a direct association between magnetite and copper sulphide in the area between the Town View and Mountain View Prospects. Drilling reported from 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 (50m line spacing) by Terra Search Pty Ltd was completed in August 2013 over 2.5km of strike between these two Prospects. In the area north of Mountain View, the improved resolution of the ground survey (compared to the 400m spaced airborne data) indicates much of the historical drilling is directed away from the prospective magnetic anomalies that were identified.

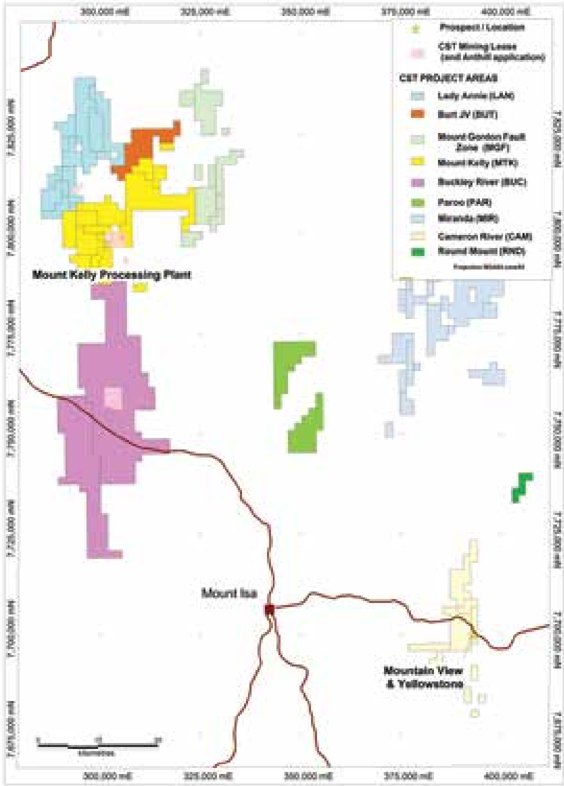

Figure 7: Location of Mountain View and Yellowstone Prospect drill holes — Cameron River Project

Drilling — Sulphide Copper Targets

A program of three diamond drill holes for 1,091.1m was carried out at the Mountain View and Yellowstone Prospects from November to December 2013 to test the areas identified as prospective from the ground magnetic survey. Drilling was designed to test for copper sulphide in a magnetite-dominated iron oxide copper/gold (IOCG) system, similar to that seen at the Ernest Henry Mine. The drilling intersected copper mineralisation in the form of chalcopyrite in association with pyrite, pyrrhotite and magnetite in amphibole, magnetite altered zones in meta-sediments and meta-volcanics.

• CAMD004	87.5m	@ 0.26% Cu, 0.11 g/t Au from 60.5m including:	
	o	3m	@ 1.38% Cu, 1.15 g/t Au from 68m
	o	2m	@ 1.04% Cu, 0.07 g/t Au from 126m
	o	1m	@ 1.16% Cu, 0.06 g/t Au from 139.3m
• CAMD006	58.4m	@ 0.20% Cu, 0.02 g/t Au from 12.6m including:	
	o	1m	@ 1.61% Cu, 0.04 g/t Au from 28m
	98m	@ 0.22% Cu, 0.06 g/t Au from 99m including:	
	o	2m	@ 1.21% Cu, 0.14 g/t Au from 99m
	o	2m	@ 1.30% Cu, 0.04 g/t Au from 117m
	o	3m	@ 1.03% Cu, 0.17 g/t Au from 169m
	o	1m	@ 1.93% Cu, 0.19 g/t Au from 196m

The Mountain View Prospect drill core was reviewed by a consultant with experience in IOCG mineralisation (Dr. Pat Williams) who confirmed the core displayed characteristics of IOCG deposits in the Cloncurry district such as Ernest Henry, Osborne and Strata.

Interpretation of Geophysical Datasets

Interpretation of geophysical datasets for the Cameron River and Round Mount Project Areas by Geo-Discovery Group during May 2013 suggested both areas had affinities with IOCG systems.

Target Generation Study

A study of local geology, airborne magnetics and known copper deposits for tenements in the Miranda (MIR) Project Area was carried out by Terra Search Pty Ltd from July to October 2013 and identified 17 target areas for investigation. A geological reconnaissance for 9 of these target areas resulted in 4 areas recommended for further exploration work and 3 areas recommended for addition field reconnaissance. Further work on all these areas will be carried out during calendar year 2014.

3.5 Eastern Block Tenements

The Eastern Block exploration tenements of Lady Annie Operations comprise the following Project Areas — Cloncurry (CLO) and Cloncurry North (CLN).

Helicopter Sub Audio Magnetics (Heli-SAM) Geophysical Survey

A Heli-SAM geophysical survey was undertaken over selected areas in the Cloncurry (CLO) Project Area from April to May 2013. The survey was designed to identify structures and possible vectors for 'blind' (covered) mineralisation. Data from the survey will be interpreted during 2014.

3.6 Planned Exploration for calendar year 2014

Exploration for the calendar year will continue to focus on discovery of oxide copper resources to extend the life of Lady Annie Operations. A model for economic copper mineralisation that incorporates the variables of tonnage/grade/calcium content/stripping ratio/trucking distance has been developed and will be used as a guide for prioritisation of oxide copper exploration targets. As a prospect returns significant copper results from drilling, the interpreted variables will be entered into the model and if it remains economic, further development will be undertaken. If it falls below the parameters for an economic deposit, exploration will keep moving to locate a deposit that will sustain a profitable mining operation.

A thorough review of the extensive hardcopy geological archive that exists for the Lady Annie Operations tenements was completed by early May 2014. All relevant data identified from this review will be turned into digital format where it can be interrogated under a GIS format for associations to significant mineralisation.

Lady Annie Operations has entered into collaboration with the Commonwealth Scientific Industrial Research Organisation (CSIRO), Australia's national science agency, to develop new models for genesis, alteration and element association to base and precious metal mineralisation in the Mount Isa Inlier. Recommendations from this study will provide targets for investigation and influence Lady Annie Operations exploration methodology in 2014 and beyond. It is hoped that 'cutting edge' science and innovative exploration will give Lady Annie Operations a competitive advantage in the region.

Through studies carried out in late 2013 and early 2014, Lady Annie Operations has developed over 40 targets for structurally controlled epigenetic Cu-Au and iron oxide Cu-Au deposits. These targets will be prioritised and systematically assessed in the field during 2014. As they return encouragement from initial prospecting, they will be drilled with low cost Rotary Air Blast (RAB) drilling to test for economic mineralisation at depth.

4. Mineral Resources and Reserves

4.1 Competent Person Statement

The following information that relates to mineral resources was completed under the overall supervision and direction of Mr. Joseph Fellows ("Mr. Fellows") BSc, MAIG, who is a Competent Person as defined by the Australasian Code for the Reporting of Exploration Results, Minerals Resources or Ore Reserves (JORC Code 2012 Edition). Mr. Fellows has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity under consideration to qualify as a competent person. Mr. Fellows is a full time employee of Lady Annie Operations and consents to the inclusion of this material in the form and context as it is presented.

The following information that relates to mineral resources is based upon and accurately reflects data compiled or supervised by Mr. Matthew Nimmo, ("Mr. Nimmo") (MAIG), Principal Geologist, Golder Associates Pty Ltd ("Golder"). Mr. Nimmo has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Minerals Resources or Ore Reserves (JORC Code 2012 Edition). Mr. Nimmo is a full time employee of Golder and consents to the inclusion of this material in the form and context as it is presented. Golder is an independent resource industry consultancy firm engaged by Lady Annie Operations to undertake resource and reserve estimations.

The following information that relates to mineral reserves is based upon and accurately reflects data compiled or supervised by Mr. Ross Bertinshaw, ("Mr. Bertinshaw") (FAusIMM), Principal Mining Engineer of Golder. Mr. Bertinshaw has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Minerals Resources or Ore Reserves (JORC Code 2012 Edition). Mr. Bertinshaw is an employee of Golder and consents to the inclusion of this material in the form and context as it is presented. Golder is an independent resource industry consultancy firm engaged by Lady Annie Operations to undertake resource and reserve estimations.

4.2 Overview of Mineral Resources

In May 2014, Golder delivered to Lady Annie Operations a "Total Mineral Resource Estimate to 31 December 2013". This is not a new resource estimate but a revised estimate based on in-situ mining depletions since the last estimation in July 2012, and reported under the JORC Code 2012. The revised and updated resource figures are shown in Table 2 below. Resources are reported inclusive of reserves.

The Lady Annie, Lady Brenda (LAN), Lady Colleen, McLeod Hill (MTK) and Anthill (BUC) deposits are reported at a 0.3% Cu cut-off and the Flying Horse, Mt Clarke and Swagman (MTK) deposits are reported at a 0.2% Cu cut-off, to remain consistent with previous reporting.

The current total mineral resource incorporating mining depletion to end of December 2013 is 72.2Mt @ 0.67% Cu for 486kt of contained copper.

Lady Annie Operations 'in-situ' Mineral Resource Estimate Depleted to End-December 2013									
		Measured		Indicated		Inferred		Total	
Deposit	Oxide	MT	% Cu	MT	% Cu	MT	% Cu	MT	% Cu
Anthill (0.3% Cu cut-off)	Oxide	2.73	0.77	6.07	0.71	0.14	0.37	8.94	0.73
	Transition	0.29	0.90	1.82	0.76	0.26	0.47	2.37	0.74
	Sulphide	0.02	0.70	0.84	0.61	1.67	0.54	2.53	0.57
	Total	**3.04**	**0.79**	**8.73**	**0.71**	**2.07**	**0.52**	**13.84**	**0.70**
Flying Horse (0.2% Cu cut-off)	Oxide	2.46	0.49	1.67	0.41	0.07	0.25	4.19	0.45
	Transition	1.63	0.56	1.99	0.60	0.07	0.51	3.70	0.58
	Sulphide	1.03	1.09	6.38	0.79	4.43	0.72	11.85	0.79
	Total	**5.13**	**0.63**	**10.04**	**0.69**	**4.57**	**0.71**	**19.74**	**0.68**
Lady Annie (0.3% Cu cut-off)	Oxide	0.78	0.71	1.61	0.53	0.03	0.44	2.42	0.58
	Transition	2.46	0.71	3.87	0.83	0.12	0.57	6.45	0.78
	Sulphide	0.57	0.92	3.95	0.89	0.49	0.58	5.01	0.86
	Total	**3.81**	**0.74**	**9.43**	**0.81**	**0.64**	**0.57**	**13.88**	**0.78**
Lady Brenda (0.3% Cu cut-off)	Oxide	0.71	0.50	3.35	0.43	0.16	0.35	4.22	0.44
	Transition	0.39	0.60	3.09	0.53	0.65	0.46	4.13	0.52
	Sulphide	0.02	0.42	0.45	0.56	0.37	0.45	0.84	0.51
	Total	**1.13**	**0.53**	**6.88**	**0.48**	**1.18**	**0.44**	**9.19**	**0.48**
Lady Colleen (0.3% Cu cut-off)	Oxide			0.11	0.63	0.09	0.52	0.20	0.58
	Transition	0.07	0.93	1.30	0.84	0.70	0.55	2.07	0.75
	Sulphide	0.07	1.08	1.93	1.14	3.62	0.75	5.62	0.89
	Total	**0.14**	**1.00**	**3.35**	**1.01**	**4.41**	**0.72**	**7.89**	**0.84**
Mt Clarke (0.2% Cu cut-off)	Oxide	0.86	0.48	0.79	0.34	0.03	0.43	1.68	0.42
	Transition	1.45	0.48	0.39	0.37	0.01	0.29	1.85	0.46
	Sulphide	0.63	0.54	0.98	0.48	0.71	0.47	2.32	0.49
	Total	**2.94**	**0.49**	**2.16**	**0.41**	**0.75**	**0.46**	**5.85**	**0.46**
McLeod Hill (0.3% Cu cut-off)	Oxide					0.48	0.35	0.48	0.35
	Transition					0.55	0.57	0.55	0.57
	Sulphide					0.39	0.56	0.39	0.56
	Total					**1.42**	**0.49**	**1.42**	**0.49**
Swagman (0.2% Cu cut-off)	Oxide	0.14	0.67	0.03	0.62	0.02	0.53	0.19	0.65
	Transition			0.07	0.60	0.04	0.45	0.11	0.55
	Sulphide					0.03	0.45	0.03	0.45
	Total	**0.14**	**0.67**	**0.10**	**0.61**	**0.09**	**0.47**	**0.33**	**0.60**
Total	**Oxide**	**7.68**	**0.61**	**13.62**	**0.56**	**1.02**	**0.37**	**22.33**	**0.57**
	Transition	**6.29**	**0.62**	**12.53**	**0.69**	**2.41**	**0.52**	**21.23**	**0.65**
	Sulphide	**2.34**	**0.89**	**14.54**	**0.83**	**11.71**	**0.67**	**28.59**	**0.77**
	Total	**16.31**	**0.66**	**40.69**	**0.70**	**15.14**	**0.62**	**72.15**	**0.67**

Table 2: Lady Annie Operations' Total Mineral Resource — 31 December 2013

4.3 Overview of Mineral Reserves

In May 2014, Golder delivered to Lady Annie Operations a "Mineral Reserve Estimate to 31 December 2013". This reserve estimate constitutes an update of the previous mineral reserve estimates compiled and reported in 2012. Revised economic assumptions have been applied and in-situ mining depletions since the last estimation in July 2012 have been incorporated and reported under the JORC Code 2012. The revised and updated Reserve figures are shown in Table 3 below.

The current total mineral reserve incorporating mining depletion to end of December 2013 is 3.23Mt @ 0.87% Cu for 28kt of contained copper.

Additional material not reported in ore reserves includes ROM stockpiles and in-situ material at the Lady Brenda deposit.

As at 31 December 2013, the surveyed ROM stockpiles contained 0.39Mt @ 1.12% Cu and lower grade stockpiles contained 1.82Mt @ 0.42% Cu. Lady Brenda contains in-pit oxide resources of 0.28Mt @ 0.74% Cu and a preliminary mine plan is being developed for economic analysis.

Deposit	Category	Material Type	Tonnage (Mt)	Cu grade (%)	Contained Cu (kt)
Lady Annie	Proven Mineral Reserve	Oxide Transition	0.25 0.15	1.04 1.36	3 2
		Sub-Total	**0.40**	**1.16**	**5**
	Probable Mineral Reserve	Oxide Transition	0.23 0.35	1.03 1.26	2 4
		Sub-Total	**0.58**	**1.17**	**7**
	Proven + Probable Lady Annie Total		**0.98**	**1.17**	**11**
Mt Kelly	Proven Mineral Reserve	Oxide Transition	1.22 0.59	0.67 0.67	8 4
		Sub-Total	**1.81**	**0.67**	**12**
	Probable Mineral Reserve	Oxide Transition	0.22 0.22	0.95 1.17	2 3
		Sub-Total	**0.44**	**1.06**	**5**
	Proven + Probable Mt Kelly Total		**2.25**	**0.75**	**17**
Total	Proven Mineral Reserve	Oxide Transition	1.47 0.75	0.73 0.81	11 6
		Sub-Total	**2.21**	**0.76**	**17**
	Probable Mineral Reserve	Oxide Transition	0.46 0.56	0.99 1.22	5 7
		Sub-Total	**1.02**	**1.12**	**12**
	Proven + Probable All Lady Annie Operations Total		**3.23**	**0.87**	**28**

(Small discrepancies may occur due to rounding)

Table 3: Lady Annie Operations' Total Mineral Reserve — 31 December 2013

For further details on resources and reserves, copies of the updated resource and reserve statement for the Lady Annie Project 2014 are available at the website of the Company (www.cstmining.com).

In October 2012 Golder completed resource and reserve estimations for the Anthill deposit. Details of these resources were announced in CST's announcement dated 20 November 2012. As part of that estimation, pit optimisations were carried out utilising similar economic parameters and modifying factors to those used for the Lady Annie and Mt Kelly deposits, and in-pit mineable resources defined for the Anthill Project. The in-pit mineable mineral resources for Anthill are shown in Table 4. These resources are inclusive of ore loss and dilution and CST envisage they should be available for conversion to reserve upon grant of the Anthill mining lease ML90233 currently in application. This material is additional to mineral reserves shown in Table 3.

Deposit	Category	Material Type	Tonnage (Mt)	Cu grade (%)	Contained Cu (kt)
Anthill	Measured Mineral Resource	Oxide	1.32	0.99	13
		Transition	0.04	1.85	1
		Sub-Total	**1.36**	**1.02**	**14**
	Indicated Mineral Resource	Oxide	2.07	1.06	22
		Transition	0.11	1.94	2
		Sub-Total	**2.18**	**1.10**	**24**
		Total	**3.54**	**1.07**	**38**

(Small discrepancies may occur due to rounding)

Table 4: Lady Annie Operations potential additional mineral reserve pending grant of Anthill Mining Lease

For further details on these resources, a copy of the report "Anthill Copper Deposit Mineral Resources Estimate 2012" is posted on the website of the Company.

CORPORATE SUSTAINABILITY REPORT

Health, Safety, Environment & Community

Health and Safety

The previous 12 months period has resulted in a number of significant improvements in the safety performance for the site; of note is the injury per month statistic which has decreased significantly. This can partly attributed to the ongoing workplace hazard identification system and the improved action close out rate.

The lost time injury frequency rate continues to follow the downward trend over the year; this trend is supported by the significant decrease in the amount and severity of the injuries across site. CST's primary initiative of no injuries continues to be the target for all employees and contractors on site.

The incorporation of the computer based Cintellate program has proven to be a vital tool in the analysing of safety performance data for the Lady Annie Operations, with the reports available via the system new specific safety initiatives are able to be developed. The ability to identify incident and injury trends has supported the decrease in overall incidents for the reporting period.

The auditing schedule and area inspection program for site is ongoing with general improvements across site in housekeeping outstanding hazards. The hygiene monitoring for airborne contaminants and noise has been reduced to a 6 monthly schedule as a result of a site based exposure risk assessment. The previous 12 months of monitoring identified areas of concern and control measures have been implemented to reduce personnel exposure. The changing of manual stripping conveyor rollers to a rubber compound was a direct action from the noise monitoring schedule.

Instead keeping a stand-alone paramedical team, the Safety Department has been restructured by utilizing the cross skills of certain personnel from safety sector with the required medical skill set.

The training department has also been stream lined; this has been achieved by implementing a number of initiatives including the alignment of Lady Annie Operations with a registered training organisation that has the ability to provide all recognised training. Doing this allows the onsite trainers to deliver all training requirements without having to bring in external providers.

Emergency response training continues to be focused on with block training complete for hazardous substances, vertical rope rescue, road crash rescue and fire fighting. Weekly site training to maintain currency of skills continues with the emergency response teams highly visible around the site.

Figure 1: ERT – Emergency Response Team Training 2013

Environment

The Environment Department has consolidated a number of significant improvements during the reporting period. Changes to sampling techniques have resulted in an increase in the number of water quality samples obtained for analysis improving the knowledge base of natural variations within the lease area. This, together with importation of historical data into a specialist environmental software data warehousing and analysis package will see the improvement of both quantity and quality of environmental information collected. Other improvements include 3 new monitoring bores, refurbishment of other monitoring infrastructure and overhaul of aspects of the Environmental Management System in line with ISO14001 principles.

Environmental management reports that have been submitted to State and Federal Regulatory Authorities include: Annual Groundwater Report; Annual Return; Plan of Operations; National Pollutant Inventory; Dam Safety Inspection; Receiving Environment Monitoring Program report; National Greenhouse and Energy Reporting System; and Energy Efficiencies Opportunities ("EEO") plan. The EEO plan should provide a formal framework for achieving efficiencies in energy use throughout the organisation. Total energy usage has decreased within this reporting period.

The environmental aspects, including the submission and acceptance of the Environmental Management Plan for the tenement grant of the Anthill project are complete and work has commenced on approvals required to commence operations once the tenement is granted. Negotiations with landowners and traditional owner groups are well advanced and anticipated to be completed within the second half of 2014.

Indigenous and Community Relations

Indigenous Relations

Lady Annie Operations is committed to working with the Traditional Owners being the Kalkadoon and Indjalandji People with cultural heritage, employment and business opportunities associated with Lady Annie Operations and Anthill project.

Currently Lady Annie Operations employment consist of 7% Kalkadoon, 5% Aboriginal, 1% Torres Strait Islander and 87% Non-Indigenous people.

2013 has seen the Apprenticeship Scheme move into its third year and has been a successful year with Lady Annie Operations nominated for the 2014 MIGATE Awards as the Large Host Employer and Electrical/Instrumentation Apprentice Tyrone Renshaw being nominated as the Apprentice of the Year. Current Apprenticeships onsite are; 2 Electrical/Instrumentation, 1 Fitter & Turner and 1 Boilermaker.

Recognition and respect for cultural heritage of the Kalkadoon, Indjalandji and Mitakoodi People who have customary connections to country in which we operate on. Lady Annie Operations works closely with the traditional owners for any current and future projects that require a cultural clearance over the project with an opportunity of short term contract employment and business opportunities.

Lady Annie Operations is also actively involved with all employees partaking in a Cultural Awareness Program with both Kalkadoon and Indjalandji People. The Cultural Awareness Program is to educate employees of the significance and importance of cultural heritage to protect and preserve the traditions, significant sites, lore/laws, dreamings, cultural and traditional values of the country in which we operate on.

Community Relations

Lady Annie Operations have maintained a harmonious Indigenous and Community relations with Mount Isa and North West Queensland through its involvement with sponsorship, donations and in-kind support towards events, functions and employment opportunities. Regular community and stakeholder engagement meetings and information sessions have increased with focus on providing the community and traditional owners with updates of current and future mining activities, programs and upcoming opportunities with employment, training and development and small business contract.

Community and stakeholder engagement is also a key focus for exploration to gain access (land access) and to develop mining operations; and to also build relationships and partnerships with government agencies, community and non-government organisations, registered training organisations and other entities.

Figure 2: Lady Annie Operators

Figure 3: North Queensland Rescue Helicopter

Lady Annie Operations is a proud sponsor of the North Queensland Helicopter Rescue Service and other community based programs, events and charities. Sponsorship during the Year was provided to The Drover Festival in Camooweal for the Bronco Branding category. The Drover Festival is an annual event in recognition of the Drovers who drove the largest cattle drives the world has ever seen across Queensland and the Northern Territory.


MANAGEMENT
Report

Biographical Details of Directors

Executive Directors

Chiu Tao, aged 58

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

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

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

Hui Richard Rui, aged 46

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

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

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

Lee Ming Tung, aged 52

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

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

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

Tsui Ching Hung, aged 61

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

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

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

Kwan Kam Hung, Jimmy, aged 52

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

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

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

Yeung Kwok Yu, aged 63

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

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

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

Independent Non-executive Directors

Yu Pan, aged 59

was appointed as an independent non-executive director of the Company on 28 September 2004.

Mr. Yu has over 20 years of experience in management positions of multinational trading companies in Hong Kong and China.

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

Tong So Yuet, aged 42

was appointed as an independent non-executive director of the Company on 24 February 2005. She graduated from The Hong Kong Polytechnic University with a Bachelor degree in Accountancy.

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

Ma Yin Fan, aged 50

was appointed as an independent non-executive director of the Company on 31 December 2012. She obtained a Bachelor degree with honours in Accountancy at Middlesex University in the United Kingdom. She also holds a Master degree in Business Administration and a Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University, respectively.

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

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

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"

For the year ended 31 March 2014 (the "Year"), the Group has 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 stripping costs in the Group's surface mines in the production phase in Australia as of 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 of 1 April 2012 was made and the interpretation was applied to production stripping costs incurred on or after 1 April 2012, requiring restatement of previously reported 2013 Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flow. Details of HK(IFRIC) — Int 20 and the effects of the application of HK(IFRIC) — Int 20 to the financial statements for the previous year can be found under the sub-heading HK(IFRIC) — Int 20 "Stripping Costs in the Production Phase of a Surface Mine" in note 2 to the consolidated financial statements in this annual report.

Business Review

Lady Annie Operations in Queensland, Australia sold 21,237 tonnes and generated approximately US$151.86 million in revenue for the Group from copper cathode production during the Year. During the Year, the Group invested approximately US$7.10 million in exploration, mining and development activities. A summary of these activities can be found in the "Project Overview" section of this annual report. Detailed financial information can be found in the consolidated financial statements in this annual report.

Financial Results

The total revenue generated by the Company and its subsidiaries (collectively referred to as the "Group") for the Year was approximately US$156.67 million. This figure represents a slight decrease of approximately 9.10% compared to the revenue of the previous year.

The slight decline in revenue was largely driven by a decrease in the operating revenue at Lady Annie Operations, which fell from approximately US$167.61 million to approximately US$151.86 million, representing a decrease of approximately 9.40% over the Year. Decrease in the market price of copper is the main reason behind the decrease in revenue. This decrease in revenue combined with an increase in the cost of sales driven largely by increases in the costs of direct materials and depreciation expenses for the Year, resulted in a significant reduction in gross profit for the Year. Dividends from trading securities and interest income from financial assets and rental income represented approximately 2.60% and 0.47% respectively of the total revenue over the Year.

Compared with the previous year, revenue derived from property investments increased by approximately 14.80% as a result of stable occupancy rates and an increase in the rental rate for newly signed rental contracts. Rental income provided a steady cash flow to the Group over the Year and is expected to continue in the future.

Dividends from trading securities and interest income from financial assets decreased marginally by approximately 0.27%. The instability of global economic conditions triggered volatility in the financial markets. Amidst the fluctuating market, the Group's investment portfolio recorded a loss in the first half of the Year, though it did rebound, making a turnaround in the second half of the Year. Overall performance of the investment portfolio was satisfactory. Despite challenging financial conditions, a net gain of approximately US$76.78 million on securities investments, compared to the net loss of approximately US$48.89 million posted in last year. Territorial and political disputes in East Asia, economic lows in Europe and the potential end to the quantitative easing policies of the United States continue to affect investors' sentiment, and will continue to create volatile economic market conditions. Other losses totaling approximately US$16.49 million were recorded for the Year, contrasting a gain of approximately US$0.75 million observed in last year. It was mainly attributable to foreign exchange losses arising from current accounts between the Company and its Australian subsidiaries as the Australian dollars fell against the Hong Kong dollars during the Year. Despite the accounting adjustments, which are required at the Year end, no significant effect to the Group's operation or cash flow has been observed as the balance of the current accounts are comprised of a large portion of the funds used to acquire the Lady Annie Operations in 2010.

Unlike last year in which a gain of approximately US$249.15 million from disposal of subsidiaries that held the Mina Justa project, the Group had no disposal of any of its subsidiaries during the Year. Furthermore, the Company cancelled employee share options related to the Mina Justa project during the Year, and recognised a non-cash share-based payment expense of approximately US$4.79 million. Following the decrease in copper price, along with an increase in production costs, the Group reviewed the carrying value of property, plant and equipment, and inventories of Lady Annie Operations and provided an impairment loss in respect of property, plant and equipment of approximately US$60.23 million (details of the impairment loss are disclosed in note 15 the consolidated financial statements in this annual report) and wrote down the carrying value of inventories by approximately US$36.21 million. Overall, the Group recorded a loss of approximately US$61.74 million for the Year, whereas the profit for a year earlier was approximately US$119.68 million.

Net Asset Value

As mentioned above in the "Financial Results" section, impairment loss in respect of property, plant and equipment was recognized and carrying value of inventories was written down for the Year, the balance of the property, plant and equipment and of inventories in the books was approximately US$7.72 million and US$79.17 million respectively as of 31 March 2014. As of 31 March 2014, the Group held bank balances and cash totaling approximately US$135.73 million. Bank deposits of approximately US$62.17 million were 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. As of 31 March 2014, 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 31 March 2014 was zero. As of 31 March 2014, the net asset value of the Group amounted to approximately US$944.51 million.

Human Resources

As of 31 March 2014, the Group had 32 staff (including directors of the Company) in Hong Kong and 181 staff in Australia. Staff costs (excluding directors' emoluments and share-based payment expenses) were approximately US$31.27 million for the Year. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, which include medical benefits.

The Group has a share option scheme. Details of this scheme and the movement of the share options are disclosed under the heading "Directors' Report" in this annual report.

Exposure to Fluctuations in Exchange Rates

The Group conducts most of its business in United States dollars, Australian dollars, Renminbi and Hong Kong dollars. Foreign currency exposure to United States dollars is minimal as the Hong Kong dollars is pegged to the United States dollars. 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 Year, the Group experienced depreciation in the value of the Australian dollars against the Hong Kong dollars, causing exchange losses for the Group. Details can be found under the sub-heading "Financial Results" above 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

The Lady Annie Operations, principally comprised of the Lady Annie mining area, the Mount Kelly mining area, and the Mount Kelly process plant and tenements, is located in the Mount Isa district of north-western Queensland, Australia. The Mount Isa Inlier hosts several known copper oxide and sulphide resources and several notable copper and lead-zinc silver mines. Tenements held by the Lady Annie project cover approximately 3,223 square kilometres, and include 14 mining leases and 59 EPMs (exploration permits for minerals).

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

	2014 US$'000	2013 US$'000 (restated)
Revenue	151,860	167,613
Cost of sales	(144,206)	(125,919)
Gross profit	7,654	41,694
Other income and other gains	4,631	2,835
Distribution and selling expenses	(8,346)	(8,779)
Administrative expenses	(14,380)	(17,965)
Finance costs*	(1,492)	(1,063)
Loss on inventories written down to net realisable value	(36,213)	—
Impairment losses on property, plant and equipment	(60,225)	—
(Loss) profit before taxation	(108,371)	16,722
Depreciation in administrative expenses	2,174	2,254
Depreciation in cost of sales	60,283	52,709
Total depreciation	62,457	54,963

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

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

	2014 US$'000	2013 US$'000 (restated)
Cash costs as reported in the income statement:		
Direct and indirect mining cost	107,047	104,402
Adjustment for change in inventory	(11,360)	(17,815)
Total operating costs	95,687	86,587
Copper sold (tonnes)	21,237	21,312
Copper sold (in thousand pounds)	46,820	46,986
C1 operating cost per pound of copper	US$2.04/lb	US$1.84/lb

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.

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 amortisation

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 units of production basis over the reserves of the identified component of the ore body.

2013 Financial Restatements

As a result of the adoption of HK(IFRIC) — Int 20, adjustments to 2013 annual financial statements are made. The main adjustment is to the Group's operating expenses, depreciation and amortisation and consequently profit before tax.

	Year ended 31 March 2013		
	Originally stated US$'000	HK(IFRIC) — Int 20 adjustment US$'000	Restated US$'000
Revenue	167,613	—	167,613
Cost of sales	(132,369)	6,450	(125,919)
Other income and expenses	(24,972)	—	(24,972)
Profit before taxation	10,272	6,450	16,722

C1 Operation Cost

	Year ended 31 March 2013		
	Originally stated US$'000	HK(IFRIC) — Int 20 adjustment US$'000	Restated US$'000
Direct and indirect mining cost	122,628	(18,226)	104,402
Adjustment for change in inventory	(18,234)	419	(17,815)
Total operating cost	104,394	(17,807)	86,587
Copper sold (in thousand pounds)	46,986	—	46,986
C1 operation cost — US$/lb	2.22	(0.38)	1.84

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

Global copper markets experienced a drop in pricing during the Year. Lady Annie Operations leveraged this opportunity to complete a maintenance program beginning in early 2013 which resulted in a slightly slowdown of its copper production. As a result, the Year's revenue from Lady Annie decreased by 9.40% compared with the previous year. Additionally, rising costs associated with certain direct materials and an increase in depreciation expenses for the Year resulted in a decrease in gross profit for the Year.

Despite the short-term costs, the maintenance program positions Lady Annie Operations for long-term success. During the program, the Company implemented a number of new initiatives to improve its current operations and advance its future exploration goals. Such improvements include the successful implementation of cost saving measures through the strengthening of its planning process, instilling the culture of controlled spending, broadening the outsourcing of supplies, and rearranging its shift management. The implementation of these measures has reduced administration expenses, minimized the expected plant down time and helped improve the quality of copper. The strong leadership of the Company's management team and the on-the-ground implementation support of our employees were instrumental in achieving these outcomes.

Since the resumption of copper production in Lady Annie Operations, the mine has been producing copper cathodes for more than three years. Along with the steady copper production, this utilization has resulted in a gradual depletion of copper reserves. The Exploration Department underwent a restructuring in the last quarter of the Year, recruiting additional senior geologists in order to make new discoveries in a faster pace and extend mine life. The Company looks forward to further improvements in all aspects of Lady Annie Operations.

In the meantime, the Anthill project is being reviewed and fine-tuned both its pit design and projected operating costs. At present, negotiation with traditional owners is well underway and the Company expects that the mining license for the Anthill project could be granted in the second half of 2014.

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

Directors' Report

The board of directors (the "Board") has pleasure in presenting its report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2014 (the "Year").

Principal Activities

The principal activity of the Company is investment holding and the principal activities of the Group are (i) acquisition, exploration, development and mining of copper and other mineral resources minerals; (ii) property investment and (iii) investments in financial instruments. The particulars of the Company's principal subsidiaries are set out in note 34 to the consolidated financial statements.

Results and Dividend

Results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 51 of this annual report.

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

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 15 to the consolidated financial statements.

Investment Properties

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

Reserves

Details of movements during the Year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 54 of this annual report.

Share Capital

Details of the share capital of the Company set out in note 28 to the consolidated financial statements.

Directors

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

Executive Directors:

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

Independent Non-executive Directors:

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

The Directors (including independent non-executive Directors) are subject to retirement by rotation and re-election at the annual general meeting of the Company (the "AGM") in accordance with the provision of the Company's articles of association (the "Articles of Association"). Accordingly, the Directors, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu and Ms. Tong So Yuet will retire from office and, being eligible, offer themselves for re-election at the forthcoming AGM.

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

Directors' and Chief Executives' Interests in Securities

As at 31 March 2014, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of 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 (the "Listing Rules"), were disclosed as follows:

Long positions in shares/underlying shares of the Company

	Number of *shares/underlying shares			
Name of Director	Personal interests	Share options	Total	Approximate % of the issued share capital of the Company
CHIU Tao	3,900,000,000	—	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 to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2014.

Share Option

Particulars of the share option scheme of the Company are set out in note 32 to the consolidated financial statements.

Share Option Scheme

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

Tranche A (Note a) Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2013	Granted during the Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2014	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 Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2014	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	—	—	—	(10,000,000)	7,300,000	0.2290	0.1004
Total for employees				47,500,000	—	—	—	(18,000,000)	29,500,000		
Total for Tranche B				117,500,000	—	—	—	(18,000,000)	99,500,000		
TOTAL FOR SCHEME				380,500,000	—	—	(263,000,000)	(18,000,000)	99,500,000		

Notes:

a. Vesting conditions for share options granted of Tranche A:

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

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

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

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

b. Vesting conditions for share options granted of Tranche B:

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

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

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

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

Share Option Agreements

On 24 March 2010, two Directors entered into share option agreements with the Company, pursuant to which the Company agreed to grant to each of them an option to subscribe for shares of the Company subject to fulfilment of the conditions (Note 1) under the share option agreement. The options regarding the agreements entered into on 24 March 2010 were subsequently granted on 31 May 2010 and 11 June 2010.

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

Name of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2013	Granted during the Year	Exercised during the Year	Cancelled during the Year	Forfeited during the Year	Outstanding as at 31.03.2014	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 conditions for share options granted on 31 May 2010 and 11 June 2010:

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

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

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

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

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

As at 31 March 2014, so far as known to the Directors or chief executives of the Company, the following persons/entities are the shareholders (other than the Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital	Notes
Cheung Chung Kiu	Beneficial owner/Interest of a controlled corporation	2,575,861,856	9.51%	1
Deutsche Bank Aktiengesellschaft	Beneficial owner/Person having a security interest in shares/ custodian corporation/ approved lending agent	1,625,688,282	6.00%	2

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 1,625,688,282 shares in long position. Deutsche Bank AG 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 chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 31 March 2014.

Independent Non-executive Directors

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

Directors' Service Contracts

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

Directors' Interests in Contracts of Significance

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

Directors' Interests in Competing Business

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

Sufficiency of Public Float

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

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

Major Customers and Suppliers

For the Year, the five largest customers accounted for approximately 97% of the Group's turnover, and the largest customer included therein amounted to approximately 48%. Purchases from the five largest suppliers accounted for approximately 42% of the total purchase for the Year, and purchase from the largest supplier included therein amounted to approximately 10%.

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

Emolument Policy

The remuneration policy of the employees of the Group is based on their merit, qualifications and competence.

The emoluments of the Directors are decided by the Board, having regard to the Company's operating results, the previling market condition and individual performance.

The Company has adopted the share option scheme as an incentive to the Directors and the eligible employees, details of the schemes are set out in note 32 to the consolidation financial statements.

Pre-emptive Rights

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

Corporate Governance

The information set out in pages 42 to 47 and information incorporated by reference, if any, constitutes the Corporate Governance Report of the Company.

Auditor

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

On behalf of the Board

Chiu Tao
Chairman
Hong Kong, 23 June 2014

CORPORATE Governance Report

Corporate Governance Report

Corporate Governance Practices

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

Board of Directors

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

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

Independent Non-executive Directors:
Mr. Yu Pan
Ms. Tong So Yuet
Ms. Ma Yin Fan

The Directors are considered to posses a balance of skill and experience appropriate for the requirements of the business of the Company; details related to the Directors are shown on pages 26 to 27 in the section of "Biographical Details of Directors".

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

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

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

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

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

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

Board Committees

Audit Committee

For the year ended 31 March 2014 ("Year"), the Audit Committee is composed 3 INEDs, namely:

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

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

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

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

Remuneration Committee

The Remuneration Committee comprises 2 INEDs, namely:

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

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

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

Nomination Committee

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

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

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

The Board has adopted the board diversity policy on 29 August 2013 and delegated the Nomination Committee to review and assess the Board composition and its effectiveness on an annual basis, and to review and monitor the implementation of the board diversity policy. The Nomination Committee has reviewed the existing board structure which is complies with the board diversity policy.

Investment and Management Committee

The Board has delegated management of daily operations and investment matters of the Group to the IMC. The IMC comprises 3 members of the Board, namely:

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

Corporate Governance Function

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

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

Attendances of Meetings

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

Name	Meeting(s) Attended/Held				
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	2013 AGM
Executive Directors:					
Mr. Chiu Tao	3/4	—	—	1/1	√
Mr. Hui Richard Rui	3/4	—	—	—	√
Mr. Lee Ming Tung	4/4	—	—	—	√
Mr. Tsui Ching Hung	4/4	—	—	—	√
Mr. Kwan Kam Hung, Jimmy	3/4	—	—	—	√
Mr. Yeung Kwok Yu	3/4	—	—	—	—
Independent Non-executive Directors:					
Mr. Yu Pan	3/4	2/2	1/1	1/1	√
Ms. Tong So Yuet	3/4	1/2	—	—	√
Ms. Ma Yin Fan	2/4	2/2	1/1	1/1	√

Chairman and Chief Executive Officer

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

Directors' Securities Transactions

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

Term of Appointment of Non-executive Directors

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

Continuous Professional Development

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

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

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

Company Secretary

Mr. Chow Kim Hang ("Mr. Chow"), has been appointed as the Company Secretary of the Company since 2006. Mr. Chow is a Solicitor of Ma Tang & Co., Solicitors, a corporate and commercial law firm in Hong Kong. He is a practicing solicitor in Hong Kong and a member of The Law Society of Hong Kong. His primary contact person at the Company is Mr. Lee Ming Tung, the executive Director.

During the Year, Mr. Chow has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

Auditors' Remuneration

For the Year, the Group engaged Deloitte Touche Tohmatsu, external auditors of the Company, to perform audit service.

During the Year, the fees for non-audit services in relation to taxation services and other professional and advisory services provided by the external auditors were approximately US$128,000. The fees for audit related services provided by the external auditors were approximately US$397,000.

Directors' Responsibility for Financial Statements

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

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

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

Internal Control

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

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

Shareholders' Rights And Communications

The Board recognises the importance of effective communications with all shareholders. Apart from the annual reports and the interim reports, we published and released, from time to time, announcements and updates related to developments of the Group.

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

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

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

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

Investor Relations

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

FINANCIAL OVERVIEW

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

We have audited the consolidated financial statements of CST Mining Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 51 to 125, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	NOTES	2014 US$'000	2013 US$'000 (restated)
Revenue	7	156,670	172,340
Cost of sales	8	(144,206)	(125,919)
Gross profit		12,464	46,421
Other income and other gains and losses	9	(16,486)	747
Distribution and selling expenses		(8,346)	(8,779)
Administrative expenses			
(Expense) reversal of share-based payment	32	(4,792)	1,313
Other administrative expenses		(31,820)	(38,684)
Gain on disposal of subsidiaries	35	—	249,146
Impairment loss recognised in respect of property, plant and equipment	15	(60,225)	—
Loss on inventories written down to net realisable value		(36,213)	—
Impairment loss on an available-for-sale investment	18	(28,964)	(2,812)
Gain on disposal of an available-for-sale investment		205	—
Gain (loss) on fair value changes of financial assets at fair value through profit or loss		104,766	(49,499)
Gain on fair value changes of derivative financial instruments		775	3,424
(Loss) gain on fair value changes of investment properties		(135)	1,238
Finance costs	11	(1,517)	(1,369)
(Loss) profit before taxation	12	(70,288)	201,146
Taxation	13	8,544	(81,471)
(Loss) profit for the year		(61,744)	119,675
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(19,058)	450
(Loss) gain arising from fair value changes of an available-for-sale investment		(31,399)	2,593
Item that will not be reclassified subsequently to profit or loss:			
Reclassification adjustment upon impairment on an available-for-sale investment		26,536	—
		(23,921)	3,043
Total comprehensive (expense) income for the year		(85,665)	122,718
(Loss) profit for the year attributable to owners of the Company		(61,744)	119,675
Total comprehensive (expense) income for the year attributable to owners of the Company		(85,665)	122,718
(Loss) earnings per share			
Basic and diluted	14	US(0.23) cents	US0.44 cents

Consolidated Statement of Financial Position

At 31 March 2014

	NOTES	2014 US$'000	2013 US$'000 (restated)	2012 US$'000 (restated)
Non-current assets				
Property, plant and equipment	15	7,716	161,558	180,588
Exploration and evaluation assets	16	50,925	50,501	38,756
Investment properties	17	19,510	19,645	18,407
Financial assets at fair value through profit or loss	23	7,326	29,271	—
Available-for-sale investments	18	84,927	106,545	15,677
Pledged bank deposits	20	62,167	68,228	65,370
		232,571	435,748	318,798
Current assets				
Inventories	21	79,168	95,778	69,743
Trade and other receivables	22	44,455	29,296	14,645
Financial assets at fair value through profit or loss	23	499,905	327,273	189,757
Derivative financial instruments	24	—	2,310	1,476
Bank balances and cash	20	135,734	197,360	119,912
		759,262	652,017	395,533
Assets classified as held for sale		—	—	249,434
		759,262	652,017	644,967
Current liabilities				
Trade and other payables	25	12,198	18,919	27,015
Amount due to a non-controlling interest	26	256	256	256
Derivative financial instruments	24	617	—	603
Tax payable		4,268	3,747	2,137
		17,339	22,922	30,011
Liabilities associated with assets classified as held for sale		—	—	598
		17,339	22,922	30,609
Net current assets		741,923	629,095	614,358
Total assets less current liabilities		974,494	1,064,843	933,156
Non-current liabilities				
Deferred tax liabilities	19	1,054	11,338	8,380
Provision for mine rehabilitation cost	27	28,934	28,126	18,063
		29,988	39,464	26,443
		944,506	1,025,379	906,713

	NOTE	2014 US$'000	2013 US$'000 (restated)	2012 US$'000 (restated)
Capital and reserves				
Share capital	28	**347,414**	347,414	349,518
Reserves		**597,098**	677,971	557,201
Equity attributable to owners of the Company		**944,512**	1,025,385	906,719
Non-controlling interests		**(6)**	(6)	(6)
		944,506	1,025,379	906,713

The consolidated financial statements on pages 51 to 125 were approved and authorised for issue by the Board of Directors on 23 June 2014 and are signed on its behalf by:

CHIU TAO
CHAIRMAN

HUI RICHARD RUI
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company											
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (note a)	Other capital reserve US$'000 (note b)	Investment revaluation reserve US$'000	Warrant reserve US$'000	Share options reserve US$'000	Exchange reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 April 2012 (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 2)	—	—	—	—	—	—	—	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 year	—	—	—	—	—	—	—	—	119,675	119,675	—	119,675
Other comprehensive income	—	—	—	—	2,593	—	—	450	—	3,043	—	3,043
Total comprehensive income for the year	—	—	—	—	2,593	—	—	450	119,675	122,718	—	122,718
Repurchase of shares (note 28)	(2,104)	(635)	—	—	—	—	—	—	—	(2,739)	—	(2,739)
Reversal of share-based payment expense (note 32)	—	—	—	—	—	—	(1,313)	—	—	(1,313)	—	(1,313)
Lapse of share options	—	—	—	—	—	—	(9,275)	—	9,275	—	—	—
At 31 March 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 year	—	—	—	—	—	—	—	—	(61,744)	(61,744)	—	(61,744)
Reclassification adjustment upon impairment on an available-for-sale investment	—	—	—	—	26,536	—	—	—	—	26,536	—	26,536
Other comprehensive expense	—	—	—	—	(31,399)	—	—	(19,058)	—	(50,457)	—	(50,457)
Total comprehensive expense for the year	—	—	—	—	(4,863)	—	—	(19,058)	(61,744)	(85,665)	—	(85,665)
Recognition of share-based payment expense (note 32)	—	—	—	—	—	—	1,549	—	—	1,549	—	1,549
Lapse of share options	—	—	—	—	—	—	(65)	—	65	—	—	—
Cancellation of unvested share options	—	—	—	—	—	—	3,243	—	—	3,243	—	3,243
Transfer upon cancellation of share options	—	—	—	—	—	—	(35,398)	—	35,398	—	—	—
Lapse of warrants	—	—	—	—	—	(9)	—	—	9	—	—	—
At 31 March 2014	**347,414**	**497,483**	**987**	**128,275**	**—**	**—**	**547**	**7,454**	**(37,648)**	**944,512**	**(6)**	**944,506**

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.

For the year ended 31 March 2014

	NOTE	2014 US$'000	2013 US$'000 (restated)
OPERATING ACTIVITIES			
(Loss) profit before taxation		(70,288)	201,146
Adjustments for:			
Interest income		(2,086)	(2,892)
Finance costs		1,517	1,369
Depreciation on property, plant and equipment		63,605	56,357
Expense (reversal) of share-based payment		4,792	(1,313)
Impairment loss on an available-for-sale investment		28,964	2,812
Impairment loss recognised in respect of property, plant and equipment		60,225	—
Loss on inventories written down to net realisable value		36,213	—
Loss on disposal of property, plant and equipment		6	85
Write-off of exploration and evaluation assets		—	1,687
Gain on disposal of subsidiaries		—	(249,146)
Loss (gain) on fair value changes of investment properties		135	(1,238)
Gain on disposal of an available-for-sale investment		(205)	—
(Gain) loss on fair value changes of financial assets at fair value through profit or loss		(104,766)	49,499
Operating cash flows before movements in working capital		18,112	58,366
Increase in inventories		(11,283)	(18,805)
Increase in trade and other receivables		(17,905)	(12,730)
Increase in held for trading investments		(62,652)	(152,180)
Increase (decrease) in trade and other payables		15,083	(15,114)
Decrease (increase) in derivative financial instruments		2,927	(1,437)
Net cash used in operations		(55,718)	(141,900)
Interest received		2,086	989
NET CASH USED IN OPERATING ACTIVITIES		(53,632)	(140,911)
INVESTING ACTIVITIES			
Purchase of available-for-sale investments	18	(13,531)	(93,010)
Additions to exploration and evaluation assets		(6,021)	(13,245)
Purchase of property, plant and equipment		(4,850)	(35,481)
Increase in pledged bank deposits		(1,550)	(2,243)
Proceeds on disposal of (purchases of) financial assets designated at fair value through profit or loss		16,731	(64,103)
Proceeds on disposal of available-for-sale investments		1,537	1,923
Net cash from disposal of subsidiaries		—	426,922
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(7,684)	220,763

For the year ended 31 March 2014

	2014 US$'000	2013 US$'000 (restated)
FINANCING ACTIVITIES		
Interest paid	(25)	(306)
Repurchase of shares	—	(2,739)
NET CASH USED IN FINANCING ACTIVITIES	(25)	(3,045)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,341)	76,807
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(285)	6
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	197,360	120,547
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	135,734	197,360
Represented by:		
Bank balances and cash	135,734	197,360

1. GENERAL

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

The Company is an investment holding company with its subsidiaries engaged in (i) acquisition, exploration, development and mining of copper and other mineral resources materials, (ii) investment in financial instruments, and (iii) property investment. The principal activities of each of its principal subsidiaries are set out in note 34.

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

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

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
Amendments to HKAS 1	Presentation of items of other comprehensive income
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
HK(IFRIC) — Int 20	Stripping costs in the production phase of a surface mine

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

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of the relevant standards is set out below.

Impact of the application of HKFRS 10 "Consolidated financial statements"

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and SIC 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 to affect its 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 have made an assessment as at the date of the initial application of HKFRS 10 (i.e. 1 January 2013) in respect of the Group's control in its investees under the new definition in the new and revised HKFRSs and concluded that the application of the new standard has no impact on the classification of investees currently reported in the consolidated financial statements.

Impact of the application of HKFRS 12 "Disclosure of interests in other entities"

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The directors of the Company reviewed and assessed the Group's interests in subsidiaries and determined that none of the Group's subsidiaries has non-controlling interests that are individually material to the Group, and hence the adoption of HKFRS 12 has not had a material impact on the disclosures in these consolidated financial statements.

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

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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 6 and note 18.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Furthermore, 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 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. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

HK(IFRIC) — Int 20 "Stripping costs in the production phase of a surface mine"

HK(IFRIC) — Int 20 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.

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.

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 2013 consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

Impact on (loss) profit for the year of the application of HK(IFRIC) — Int 20

	Year ended 31.3.2014 US$'000	Year ended 31.3.2013 US$'000
(Increase) decrease in cost of sales	(4,068)	6,450
Decrease (increase) in taxation	1,230	(1,947)
(Increase in loss) increase in profit for the year	(2,838)	4,503
(Increase in other comprehensive expense) increase in other comprehensive income for the year	(2,522)	89
(Increase in total comprehensive expense) increase in total comprehensive income for the year attributable to owners of the Company	(5,360)	4,592

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

Summary of the effects of the above changes in accounting policies (continued)

Impact on assets, liabilities and equity as at 1 April 2012 of the application of HK(IFRIC) — Int 20

	As at 1 April 2012 as previously reported US$'000	HK(IFRIC) — Int 20 adjustments US$'000	As at 1 April 2012 as restated US$'000
Property, plant and equipment	152,125	28,463	180,588
Inventories	73,848	(4,105)	69,743
Deferred tax liabilities	(1,340)	(7,040)	(8,380)
Total effect on net assets	224,633	17,318	241,951
Exchange reserve	25,454	608	26,062
Accumulated losses	(157,036)	16,710	(140,326)
Total effect on equity	(131,582)	17,318	(114,264)

Impact on assets, liabilities and equity as at 31 March 2013 of the application of HK(IFRIC) — Int 20

	As at 31 March 2013 as previously reported US$'000	HK(IFRIC) — Int 20 adjustments US$'000	As at 31 March 2013 as restated US$'000
Property, plant and equipment	128,456	33,102	161,558
Inventories	97,946	(2,168)	95,778
Deferred tax liabilities	(2,314)	(9,024)	(11,338)
Total effect on net assets	224,088	21,910	245,998
Exchange reserve	25,815	697	26,512
Accumulated losses	(32,589)	21,213	(11,376)
Total effect on equity	(6,774)	21,910	15,136

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

Summary of the effects of the above changes in accounting policies (continued)

Impact on assets, liabilities and equity as at 31 March 2014 of the application of HK(IFRIC) — Int 20

	As at 31.3.2014 US$'000
Increase in property, plant and equipment	11,936
Increase in inventories	11,369
Increase in deferred tax liabilities	(6,755)
Increase in net assets	16,550
Increase in exchange reserve	(1,825)
Decrease in accumulated losses	18,375
Increase in equity	16,550

The effects of the above changes in accounting policies on the Group's basic and diluted (loss) earnings per share for the current and prior years are as follows:

Impact on basic and diluted (loss) earnings per share

	Year ended 31.3.2014 US cents	Year ended 31.3.2013 US cents
Figures before adjustments	(0.22)	0.42
Adjustments arising from change in the Group's accounting policy in relation to:		
— application of HK(IFRIC) — Int 20	(0.01)	0.02
Figures after adjustments	(0.23)	0.44

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

New and revised HKFRSs in issue but not yet effective

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[6]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory deferral accounts[5]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

6 Effective for annual periods beginning on or after 1 January 2016.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedging accounting.

Key requirements of HKFRS 9 are described as follows:

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

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

HKFRS 9 "Financial instruments" (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

HK(IFRIC) — Int 21 "Levies"

HK(IFRIC) — Int 21 "Levies" addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK(IFRIC) — Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's financial performance and positions.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

Revenue recognition

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

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

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

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

- sufficient data exists to determine technical feasibility and commercial viability; or

- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

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

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

Property, plant and equipment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost of assets, other than capital work in progress, less their residual values over their estimated useful lives, using the units of production method or straight-line method.

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

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

Mine property and development assets

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

Mine property and development assets include costs transferred from exploration and evaluation assets once technical feasibility and commercial viability of an area of interest are demonstrable, and also include subsequent costs to develop the mine to the production phase.

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the construction of the mine as mine property and development assets. These costs include direct costs and an allocation of relevant overhead expenditure. These costs are subsequently amortised over the life of mine on a units of production basis upon commencement of commercial production.

Production stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within mineral properties provided all the following conditions are met:

(a) it is probable that the future economic benefit associated with the stripping activity will be realised;

(b) the component of the ore body for which access has been improved can be identified; and

(c) the costs relating to the stripping activity associated with the improved access can be reliably measured.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Mine property and development assets (continued)

If all of the criteria are not met, the production stripping costs are charged to profit or loss as they are incurred.

The stripping activity asset is subsequently depreciated on a units of production basis over the life of the identified component of the ore body that became more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Leasehold land and buildings

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Capital work in progress

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

Depreciation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation (continued)

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

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

Investment properties

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

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

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

Inventories

Inventories are valued at the lower of weighted average production cost or net realisable value. Copper in process inventory consists of copper contained in mineral ores, the ore on leach pads and in-circuit material within processing operations. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL comprise financial assets held for trading.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

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

Available-for-sale financial assets

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

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

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

Impairment of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

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

Financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Warrants

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

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

Derivative financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

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

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

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

Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

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

Foreign currencies

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

Retirement benefit costs

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

Defined contribution plans

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

Borrowing costs

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

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

Operating leases

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

The Group as lessor

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

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

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

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

Provision for mine rehabilitation cost

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment arrangements

Equity settled share-based payment transactions

Share options granted to directors and employees of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

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

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

Share options granted to advisors

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

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

The following is the critical judgment, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that has a significant effect on the amounts recognised in the consolidated financial statements.

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

Critical judgments in applying accounting policies (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group is not subject to any income taxes on disposal of its investment properties in Hong Kong and the tax implication on disposal of its investment properties in The People's Republic of China (the "PRC") is insignificant. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties.

Key sources of estimation uncertainty

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

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

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

During the year ended 31 March 2013, the Group has reassessed the total proven ore reserves of certain deposits in its mining site in Australia and identified more ore reserves and higher grade than previous estimates. This resulted in an increase in total proven and probable ore reserves and adjusted the UOP rate for the depreciation calculation of the Group's mine property and development assets used in mining business segment in Australia. The effect of this change in accounting estimate was recognised prospectively from 1 August 2012.

The carrying amount for mine property and development assets is fully impaired during the year ended 31 March 2014 (2013 (restated): US$131,341,000).

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

Key sources of estimation uncertainty (continued)

Estimated impairment of property, plant and equipment

Estimated impairment of property, plant and equipment in relation to mining business

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Future cash flow estimates which are used to calculate the asset's recoverable amount are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves, operating and rehabilitation and restoration costs and estimated allocation of cost to inventories work in progress. Fair value less costs to sell estimates which are used to calculate the asset's recoverable amount are based on management's observation of market and certain assumptions based on assets condition and location. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management. As at 31 March 2014, property, plant and equipment is at carrying amount of US$7,716,000 (2013 (restated): US$161,558,000), net of impairment.

Estimated net realisable value of inventories

Inventories are reviewed for their net realisable value at the end of each reporting period, and makes allowance for inventories with net realisable values lower than their carrying amounts. The excess of net realisable value over carrying value of inventories as at 31 March 2014 was amounted to US$36,213,000 (2013: nil). The management estimates the net realisable value for goods based primarily on the latest selling prices and current market conditions and its related cost to completion. The carrying amount of inventories after allowance for write-down of the Group as at 31 March 2014 is US$79,168,000 (2013 (restated): US$95,778,000).

Provision for mine rehabilitation cost

A provision for future rehabilitation cost requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of profit or loss and other comprehensive income could be impacted. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. As at 31 March 2014, provision for mine rehabilitation cost is at carrying amount of US$28,934,000 (2013: US$28,126,000).

Fair value of investment properties

Fair value of investment properties was determined based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2014, investment properties are at fair value of US$19,510,000 (2013: US$19,645,000).

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

Key sources of estimation uncertainty (continued)

Estimated impairment on exploration and evaluation assets

In determining whether there is an impairment of the exploration and evaluation assets, management is required to assess whether there is any impairment indicators which indicates that there is impairment on the exploration and evaluation assets including (a) the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; (d) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to recovered in full from successful development or by sale. As at 31 March 2014, the carrying amount of exploration and evaluation assets is US$50,925,000 (2013: US$50,501,000).

Fair value of financial instruments

Fair value was based on valuation on the unlisted securities classified as fair value through profit or loss in level 3 conducted by an independent firm of professional valuer using valuation techniques which involve certain significant unobservable inputs. Favourable or unfavourable changes to these inputs would result in changes in the fair value of the Group's financial instruments and corresponding adjustments to the amount of gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2014, the total unlisted securities are at fair value of US$12,009,000 (2013: US$29,271,000).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of amount due to a non-controlling interest, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in the consolidated statement of changes in equity.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 US$'000	2013 US$'000
Financial Assets		
Loans and receivables (including cash and cash equivalents)	213,142	289,535
Financial assets at FVTPL	507,231	356,544
Available-for-sale investments	84,927	106,545
Derivative financial instruments	—	2,310
Financial Liabilities		
Amortised cost	5,087	8,544
Derivative financial instruments	617	—

	Contractual weighted average interest rate %	Less than 3 months or on demand US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31.3.2014 US$'000
Non-derivatives financial liabilities				
Trade and other payables	—	4,831	4,831	4,831
Amount due to a non-controlling interest	—	256	256	256
		5,087	5,087	5,087
Financial guarantee contracts	—	55,191	55,191	—
Derivatives — net settlement				
Commodity future contract	—	617	617	617

	Contractual weighted average interest rate %	Less than 3 months or on demand US$'000	Total undiscounted cash flows US$'000	Carrying amount at 31.3.2013 US$'000
Non-derivatives financial liabilities				
Trade and other payables	—	8,288	8,288	8,288
Amount due to a non-controlling interest	—	256	256	256
		8,544	8,544	8,544
Financial guarantee contracts	—	62,403	62,403	—

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

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

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

Market risk

Foreign currency risk management

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

In addition, the Group is also exposed to foreign currency risk to the extent of non-current intra-group balances that form part of the net investment when the subsidiaries which have HKD as their functional currency injected capital denominated in AUD for operations in Australia which have AUD as their functional currency. The carrying amount of the intra-group balances was US$119,873,000 at 31 March 2014 (2013: US$135,538,000).

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

	Assets		Liabilities	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Renminbi	**2,681**	2,738	**—**	—
Singapore dollars	**3,474**	3,197	**—**	—
Canadian dollars	**2,231**	1,883	**—**	—
USD	**150,767**	240,072	**—**	—
AUD	**1,482**	1,182	**—**	—

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Foreign currency risk management (continued)

The following table details the Group's sensitivity to a 5% (2013: 5%) increase or decrease in Renminbi, Singapore dollars, Canadian dollars and AUD. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rate. It excludes items denominated in USD held by group entities with HKD as functional currency as the directors consider that the Group's exposure to USD for such entities is insignificant on the ground that HKD is pegged to USD. A positive number indicates an decrease in post-tax loss for the year where the foreign currencies strengthens 5% (2013: increase in post-tax profit for the year where the foreign currencies strengthens 5%) against the functional currency of respective group entity. For a 5% (2013: 5%) weakening of the foreign currencies against the functional currency of respective group entity, there would be an equal and opposite impact.

	Profit or loss	
	2014 US$'000	2013 US$'000
Renminbi	112	114
Singapore dollars	145	133
Canadian dollars	93	79
USD	617	615
AUD	52	41

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

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets which are mainly short-term bank deposits and pledged bank deposits. If the bank interest rate had been 10 basis point (2013: 10 basis point) increase/decrease while all other variables were held constant, the Group's loss for the year ended 31 March 2014 would decrease/increase by US$198,000 (2013: profit for the year ended would increase/decrease by US$263,000).

6. FINANCIAL INSTRUMENTS (continued)

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

Market risk (continued)

Price risk

The Group is exposed to equity and other price risk through its financial assets at FVTPL and available-for-sale investments. The management of the Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. For sensitivity analysis purpose, the sensitivity rate is 30% (2013: 30%). If the prices of the financial assets at FVTPL and equity securities classified as available-for-sale investments had been 30% (2013: 30%) higher/lower while all other variables were held constant, the Group's post-tax loss for the year would decrease/increase by US$127,061,000 (2013: post-tax profit for the year would increase/decrease US$89,314,000) and investment revaluation reserve would increase/decrease by US$20,350,000 (2013: US$25,707,000).

Credit risk

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

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

The Group has concentration of credit risk of investment in financial assets designated as FVTPL, including unlisted debt securities of US$7,326,000 (2013: US$9,113,000) issued by a private entity incorporated in the Cayman Islands.

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

6. FINANCIAL INSTRUMENTS (continued)

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

Credit risk (continued)

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

As at 31 March 2014, the Group's trade receivable is due from two major customers based in Australia and Japan. These two major customers have a long history of manufacturing and sale of copper products and the Group's management monitors these customers' performance continuously to ensure the Group's exposure to credit risk is minimised.

The Group's concentration of credit risk by geographical location is mainly in Australia, which accounted for 100% (31 March 2013: 100%) of the total trade receivables as at 31 March 2014.

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

Liquidity risk

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

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

(c) Fair values of financial instruments

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

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

- the fair value of the unlisted debt securities and convertible notes is determined by independent professional valuer. The valuation methodologies and models adopted are detailed in note 23;

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

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

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

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

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

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

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

Financial assets	Fair value as at 31 March 2014 US$'000	Fair value hierarchy	Valuation technique(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Available-for-sale investments					
Equity securities listed in Hong Kong ("HK")	67,833	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets at fair value through profit or loss					
Equity securities listed in HK	432,497	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity securities listed in overseas	7,577	Level 1	Quoted bid prices in active markets	N/A	N/A
Investment funds	55,148	Level 2	Market price or net asset value per share or unit provided by the financial institutions	N/A	N/A
Unlisted investment, Note (as defined in note 23 (b))	4,683	Level 3	Discounted cash flow	Discount rate	The higher the discount rate, the lower the fair value
				Risk free rate	The higher the risk free rate, the lower the fair value
				Option adjusted spread	The higher the option adjusted spread, the lower the fair value
				Liquidity premium	The higher the liquidity premium, the lower the fair value
Unlisted investment, Unsecured Bond B (as defined in note 23 (b))	7,326	Level 3	Discounted cash flow and Hull-White model	Discount rate	The higher the discount rate, the lower the fair value
				Risk free rate	The higher the risk free rate, the lower the fair value
				Option adjusted spread	The higher the option adjusted spread, the lower the fair value
				Liquidity premium	The higher the liquidity premium, the lower the fair value

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

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

Note: For the Note and Unsecured Bond B, the most significant unobservable input is the discount rate. If the discount rate to the valuation model was 0.5% higher/lower while and the other variables were held constant, the total carrying amount of these unlisted investments would decrease/increase by US$16,000 and US$131,000 respectively.

There are no transfers between Level 1, 2 and 3 during both years.

Fair value hierarchy

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2014				
Financial assets at FVTPL	**440,074**	**55,148**	**12,009**	**507,231**
Available-for-sale investments	**67,833**	**—**	**—**	**67,833**
	507,907	**55,148**	**12,009**	**575,064**

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

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair values of financial instruments (continued)

Fair value hierarchy (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Unsecured Bond A (as defined in note 23 (a)) US$'000	Note US$'000	Unsecured Bond B (as defined in note 23(b)) US$'000	Convertible Bond (as defined in note 23 (c)) US$'000	Total unlisted securities US$'000
At 1 April 2012	—	—	—	—	—
Purchase	23,077	5,128	19,230	16,668	64,103
Total losses recognised in profit or loss	(13,760)	(641)	(10,117)	(10,314)	(34,832)
At 31 March 2013	9,317	4,487	9,113	6,354	29,271
Disposal	(8,013)	—	(385)	(8,333)	(16,731)
Total (losses) gain recognised in profit or loss	(1,304)	196	(1,402)	1,979	(531)
At 31 March 2014	—	4,683	7,326	—	12,009

Of the total gains or losses for the year included in profit or loss, loss of US$531,000 (2013: US$34,832,000) relates to financial assets at FVTPL held at the end of the reporting period. Fair value gains or losses on financial assets at FVTPL are included in the consolidated statement of profit or loss and other comprehensive income.

Fair value measurements and valuation process

The board of directors of the Company has closely monitored 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 valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The Group engages the valuer to perform the valuations of the Unsecured Bond A, Unsecured Bond B, the Note 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 are disclosed above.

7. REVENUE/SEGMENT INFORMATION

Revenue

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

	2014 US$'000	2013 US$'000
Sale of copper cathodes	**151,860**	167,613
Residential rental income	**468**	452
Office rental income	**261**	183
Dividend income from trading of securities	**1,304**	1,788
Interest income from financial assets at fair value through profit or loss	**2,777**	2,304
	156,670	172,340

Segment information

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

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

An operating segment regarding the copper mining in Peru was disposed of on 13 June 2012 as detailed in note 35. However, no discontinued operation was shown separately in the consolidated financial statements since the directors of the Company considered the financial results contributed by this operating segment was insignificant to the Group.

7. REVENUE/SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue		Segment results	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000 (restated)
Mining business				
— Australia	151,860	167,613	(116,710)	15,003
— Peru	—	—	—	(23)
Investments in financial instruments	4,081	4,092	83,546	(49,413)
Property investment	729	635	288	1,419
	156,670	172,340	(32,876)	(33,014)
Other income and other gains and losses			(16,486)	747
Central administration costs			(14,617)	(15,677)
Gain on disposal of subsidiaries			—	249,146
(Expense) reversal of share-based payment			(4,792)	1,313
Finance costs			(1,517)	(1,369)
(Loss) profit before taxation			(70,288)	201,146

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

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the results of each segment without allocation of other income and other gains and losses, (expense) reversal of share-based payment, gain on disposal of subsidiaries, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

7. REVENUE/SEGMENT INFORMATION (continued)

Segment assets

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

	2014 US$'000	2013 US$'000 (restated)
Segment assets:		
— Investments in financial instruments	**592,158**	463,089
— Property investment	**19,510**	19,645
— Mining business — Australia	**222,396**	399,709
Total segment assets	**834,064**	882,443
Unallocated assets:		
— Bank balances and cash	**127,825**	194,648
— Property, plant and equipment	**2,184**	2,957
— Others	**27,760**	7,717
	157,769	205,322
Consolidated total assets	**991,833**	1,087,765

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

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

7. REVENUE/SEGMENT INFORMATION (continued)

Other segment information

2014

	Investments in financial instruments US$'000	Property investment US$'000	Mining business — Australia US$'000	Mining business — Peru US$'000	Unallocated US$'000	Total US$'000
Amounts included in the measure of segment results or segment assets:						
Gain on fair value changes of financial assets at FVTPL	104,766	—	—	—	—	104,766
Loss on fair value changes of investment properties	—	(135)	—	—	—	(135)
Additions to non-current assets (Note)	—	—	19,364	—	377	19,741
Deprecation on property, plant and equipment	—	—	(82,066)	—	(1,149)	(83,215)
Impairment loss on property, plant and equipment recognised in profit or loss	—	—	(60,225)	—	—	(60,225)
Loss on inventories written down to net realisable value	—	—	(36,213)	—	—	(36,213)

2013

	Investments in financial instruments US$'000	Property investment US$'000	Mining business — Australia US$'000 (restated)	Mining business — Peru US$'000	Unallocated US$'000	Total US$'000 (restated)
Amounts included in the measure of segment results or segment assets:						
Loss on fair value changes of financial assets at FVTPL	(49,499)	—	—	—	—	(49,499)
Gain on fair value changes of investment properties	—	1,238	—	—	—	1,238
Additions to non-current assets (Note)	—	—	59,877	—	192	60,069
Deprecation on property, plant and equipment	—	—	(61,886)	—	(1,393)	(63,279)
Write-off of exploration and evaluation assets	—	—	(1,687)	—	—	(1,687)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Gain on disposal of subsidiaries	—	—	—	249,146	—	249,146

Note: Non-current assets comprise property, plant and equipment, exploration and evaluation assets and pledged bank deposits.

7. REVENUE/SEGMENT INFORMATION (continued)

Geographical information

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

	Revenue from external customers		Carrying amounts of non-current assets	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000 (restated)
The PRC, other than Hong Kong	318	302	5,702	5,543
Hong Kong	4,492	4,425	15,992	17,060
Australia	151,860	167,613	56,457	209,101
	156,670	172,340	78,151	231,704

Information about major customers

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

	Year ended 31 March	
	2014 US$'000	2013 US$'000
Customer A[1]	75,516	144,542
Customer B[1]	70,643	23,071

[1] Revenue from mining business in Australia

8. COST OF SALES

	2014 US$'000	2013 US$'000 (restated)
Depreciation	79,653	59,515
Drilling & blasting, earthmoving & haulage	25,960	33,994
Staff costs	21,486	24,722
Direct materials	21,389	18,656
Electricity	12,766	14,997
Diesel/Fuel	7,949	8,359
Overhead	3,756	4,953
Maintenance	1,973	2,849
Equipment rental	623	720
Production stripping cost capitalised	(618)	(18,226)
Movement in inventories	(30,731)	(24,620)
	144,206	125,919

9. OTHER INCOME AND OTHER GAINS AND LOSSES

	2014 US$'000	2013 US$'000
Bank interest income	2,086	2,892
Net foreign exchange loss	(19,695)	(1,414)
Write-off of exploration and evaluation assets	—	(1,687)
Others	1,123	956
	(16,486)	747

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

(a) Directors

The emoluments paid or payable to each of the nine (2013: fourteen) directors were as follows:

	2014					
Name	Fees US$'000	Basic salaries allowances and benefits-in-kind US$'000	Performance related bonus US$'000	Contributions to retirement benefit scheme US$'000	Share-based payments US$'000	Total US$'000
Chiu Tao (Chairman)	—	4,072	3,205	2	—	7,279
Hui Richard Rui	—	232	91	2	11	336
Kwan Kam Hung Jimmy	—	142	115	2	8	267
Lee Ming Tung	—	135	90	2	8	235
Tsui Ching Hung	—	158	26	2	2	188
Yeung Kwok Yu	—	150	38	2	8	198
Yu Pan	15	—	—	—	—	15
Tong So Yuet	26	—	—	—	—	26
Ma Yin Fan	26	—	—	—	—	26
	67	4,889	3,565	12	37	8,570

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

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

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

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

(b) Information regarding employees' emoluments

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

11. FINANCE COSTS

	2014 US$'000	2013 US$'000
Interest on overdrafts	25	306
Effective interest expense on provision for mine rehabilitation cost	1,492	1,063
	1,517	1,369

12. (LOSS) PROFIT BEFORE TAXATION

	2014 US$'000	2013 US$'000 (restated)
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration (note 10(a))	8,570	9,027
Contributions to retirement benefit scheme to employees	1,964	2,207
Share-based payment expenses (reversal) to employees	4,755	(261)
Other staff costs	29,303	37,408
Total staff costs	44,592	48,381
Less: amount capitalised in		
Exploration and evaluation assets	(2,212)	(4,706)
Mine property and development assets	(301)	(476)
Inventories	(21,486)	(24,722)
Total staff costs included in administrative expenses	20,593	18,477
Auditor's remuneration	397	392
Depreciation on property, plant and equipment	63,605	56,357
Loss on disposal of property, plant and equipment	6	85
Cost of inventories recognised as an expense	144,206	125,919
Minimum lease payments paid under operating leases in respect of rented premises	1,333	490
and after crediting:		
Gross rental income less direct operating expenses of US$126,000 (2013: US$120,000) from investment properties that generated rental income during the year	603	515

13. TAXATION

	2014 US$'000	2013 US$'000 (restated)
Current tax:		
Hong Kong Profits Tax	—	—
PRC	21	8
Australian withholding tax	523	1,593
Peruvian capital gains tax	—	76,963
Deferred tax (note 19)	(9,088)	2,907
Taxation (credit) charge for the year	(8,544)	81,471

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

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

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

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

During the year ended 31 March 2013, the Group was 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 (as defined in note 35) of US$249,857,000 up to the date of disposal.

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

	2014 US$'000	2013 US$'000 (restated)
(Loss) profit before taxation	(70,288)	201,146
Taxation at the domestic income tax rate (Note)	26,935	(34,502)
Tax effect of expenses not deductible for tax purpose	(5,039)	(1,008)
Tax effect of income not taxable for tax purpose	1,479	44,203
Tax effect of tax losses not recognised	(28,366)	(11,644)
Tax effect of utilisation of tax losses previously not recognised	14,058	36
Australian withholding tax	(523)	(1,593)
Peruvian capital gains tax (note 35)	—	(76,963)
Taxation credit (charge) for the year	8,544	(81,471)

Note: The domestic tax rate in Hong Kong of 16.5% (2013: 16.5%) and Australia of 30% (2013: 30%), which are jurisdictions where the operations of the Group are substantially used.

14. (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 following data:

	2014 US$'000	2013 US$'000 (restated)
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(61,744)**	119,675

	Number of share	
	2014 '000	2013 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**27,098,309**	27,147,095

The computation of diluted (loss) earnings per share for both years does not assume the exercise of the Company's outstanding share options and warrants as the exercise prices of those share options and warrants were higher than the average market price of shares for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress US$'000	Mine property and development assets US$'000	Plant and equipment US$'000	Leasehold land and buildings US$'000	Leasehold improvements US$'000	Furniture and equipment US$'000	Motor vehicles US$'000	Vessel US$'000	Total US$'000
COST									
At 1 April 2012 (restated)	16,970	205,403	26,058	7,546	367	1,598	787	3,719	262,448
Exchange adjustments	587	671	60	13	—	3	—	—	1,334
Additions	14,372	29,284	—	—	3	96	71	22	43,848
Reallocation	(28,105)	21,149	6,514	111	—	331	—	—	—
Disposals/write off	—	—	(153)	—	(31)	(71)	—	—	(255)
At 31 March 2013 (restated)	3,824	256,507	32,479	7,670	339	1,957	858	3,741	307,375
Exchange adjustments	(442)	(29,645)	(3,709)	(691)	—	(164)	—	—	(34,651)
Additions	1,917	5,126	—	—	17	76	90	194	7,420
Reallocation	(3,455)	—	2,809	511	—	135	—	—	—
Disposals/write off	—	—	(87)	—	(16)	(4)	(70)	—	(177)
At 31 March 2014	1,844	231,988	31,492	7,490	340	2,000	878	3,935	279,967
DEPRECIATION AND IMPAIRMENT									
At 1 April 2012 (restated)	—	71,401	5,774	1,760	162	234	575	1,954	81,860
Exchange adjustments	—	736	88	20	—	4	—	—	848
Provided for the year	—	53,029	7,044	1,505	107	506	150	938	63,279
Eliminated on disposals/write off	—	—	(98)	—	(27)	(45)	—	—	(170)
At 31 March 2013 (restated)	—	125,166	12,808	3,285	242	699	725	2,892	145,817
Exchange adjustments	(7)	(14,887)	(1,527)	(372)	—	(64)	—	—	(16,857)
Provided for the year	—	70,919	9,259	1,557	59	528	94	799	83,215
Impairment loss recognised in profit or loss	1,851	50,790	5,479	1,529	—	576	—	—	60,225
Eliminated on disposals/write off	—	—	(60)	—	(16)	(3)	(70)	—	(149)
At 31 March 2014	1,844	231,988	25,959	5,999	285	1,736	749	3,691	272,251
CARRYING VALUES									
At 31 March 2014	—	—	5,533	1,491	55	264	129	244	7,716
At 31 March 2013 (restated)	3,824	131,341	19,671	4,385	97	1,258	133	849	161,558

15. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Depreciation on the mine property and development assets of items in area of interest where mine production commenced is provided using the UOP method based on the actual production volume over the total estimated proved and probable ore reserves of the copper mines.

The effective depreciation rate for the year ended 31 March 2014 is 29% (2013 (restated): 23%).

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

Plant and equipment	20%–33%, or over the life of the mines whichever is shorter
Leasehold land and buildings	2%
Leasehold improvements	20%–33%
Furniture and equipment	10%–25%
Motor vehicles	25%
Vessel	10%–25%

Depreciation expense of property, plant and equipment of US$239,000 and US$79,653,000 (2013 (restated): US$117,000 and US$59,515,000) incurred during the year ended 31 March 2014 were capitalised as part of exploration and evaluation assets and inventories, respectively. US$60,282,000 (2013 (restated): US$52,710,000) of these capitalised costs was charged to profit or loss as cost of goods sold during the year.

During the year, the directors conducted a review on the recoverable amount of cash-generating units ("CGU") for the mining of copper on the Group's property, plant and equipment and determined that a number of those assets were impaired. Accordingly, an impairment loss of US$60,255,000 (2013: nil) has been recognised in respect of property, plant and equipment, which are used in the Mining business — Australia segment. The recoverable amounts of the relevant assets have been determined on the basis of their value in use. The discount rate in measuring the amount of value in use was 9.7% in relation to property, plant and equipment.

Under the circumstances of the decrease in copper price during the year, there is impairment indicator of the property, plant and equipment leading to the recognition of the impairment loss. Therefore, the director conducted a review on the CGU of the mining with the discount rate of 9.7% on the assessment of the impairment.

At 31 March 2014, leasehold land and buildings with a carrying amount of US$1,491,000 (2013: US$1,525,000) are situated in Hong Kong under long-term leases. The remaining leasehold land and buildings are situated in Australia under medium-term leases.

16. EXPLORATION AND EVALUATION ASSETS

	US$'000
COST	
At 1 April 2012	38,756
Exchange adjustments	70
Additions	13,362
Write-off recognised in profit or loss	(1,687)
At 31 March 2013	50,501
Exchange adjustments	(5,836)
Additions	6,260
At 31 March 2014	50,925

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

During the year ended 31 March 2014, no further surrender of exploration permits for minerals in Australia was considered necessary following a review by the management.

17. INVESTMENT PROPERTIES

	2014 US$'000	2013 US$'000
FAIR VALUE		
At the beginning of the year	**19,645**	18,407
(Loss) gain on fair value changes recognised in profit or loss	**(135)**	1,238
At the end of the year	**19,510**	19,645

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

	2014 US$'000	2013 US$'000
Land and buildings in Hong Kong held under long leases	**13,808**	14,102
Land and buildings in the PRC held under medium-term leases	**5,702**	5,543
	19,510	19,645

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

The properties were rented out under operating leases.

17. INVESTMENT PROPERTIES (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2014 are as follows:

	Fair value 2014 US$'000
Property units located in Hong Kong	13,808
Property units located in the PRC	5,702
	19,510

The following table gives information about how the fair values of these investment properties as at 31 March 2014 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

	Fair value hierarchy	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
Property 1 — Properties in Quarry Bay, Hong Kong	Level 3	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square foot, using market direct comparable and taking into account of location and other individual factors such as age and location of the property, of HK$6,310 per square foot	A slight increase in the price per square foot will increase significantly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by HK$1,830,000.
Property 2 — Properties in Quarry Bay, Hong Kong	Level 3	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square foot, using market direct comparable and taking into account of location and other individual factors such as age and location of the property, of HK$6,602 per square foot	A slight increase in the price per square foot will increase significantly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by HK$3,555,000.
Property 3 — Properties in Changning District, Shanghai City, the PRC	Level 3	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square metre, using market direct comparable and taking into account of location and other individual factors such as age and location of the property, of RMB22,708 per square metre	A slight increase in the price per square metre will increase significantly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by RMB730,000.
Property 4 — Properties in Luohu District, Shenzhen, the PRC	Level 3	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject property	Price per square metre, using market direct comparable and taking into account of location and other individual factors such as age and location of the property, of RMB13,044 per square metre	A slight increase in the price per square metre will increase significantly the fair value.	If the market price to the valuation model is 5% higher/lower while all the other variables were held constant, the carrying value of the investment properties would increase/decrease by RMB1,030,000.

There was no transfer into or out of Level 3 during the year.

18. AVAILABLE-FOR-SALE INVESTMENTS

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

	2014 US$'000	2013 US$'000
Unlisted equity securities	**20,270**	21,808
Less: Impairment loss recognised	**(5,689)**	(3,466)
	14,581	18,342
Equity securities listed in Hong Kong	**67,833**	85,690
Club membership	**2,513**	2,513
	84,927	106,545

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. The 27,500,000 shares represent approximately 3.09% of the issued share capital of the investee company.

These 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.

Following the disposal of 2,000,000 shares at a consideration of US$1,538,000 during the year ended 31 March 2014, resulting in a gain on disposal of US$205,000, the Group holds 25,500,000 shares of the investee company, which represents approximately 2.86% of the issued shares in the investee company.

The management considers that the continuously unstable global economic environment have adversely affected the securities trading and provision of brokerage and financial services business of the investee company and has engaged independent professional valuer to determine the fair value of this investment with reference to publicly available information of comparable companies applying a marketability discount. An impairment loss of US$2,428,000 (2013: US$2,812,000) related to this unlisted investment was recognised in profit or loss for the year ended 31 March 2014. The valuer use market approach to determine the price to book ratio derived from the market prices and financial data of listed companies in a similar business and with a similar business model as those of the company being valued. Furthermore, the valuer applied a discount of 20.14% for the lack of liquidity of the business operation being valued due to the fact that it is not a listed company. The inputs of the valuation are the price to book ratio and the liquidity discount.

As at 31 March 2013, the Group's available-for-sale investments included equity securities listed in Hong Kong, which represented 1,650,328,571 shares (approximately 8.72% shareholding) in G-Resources Group Limited ("G-Resources") incorporated in Bermuda. At the end of the reporting period, the listed equity securities were stated at fair values which have been determined based on quoted market bid prices available on the Stock Exchange. A fair value gain of US$2,593,000 was recognised in investment revaluation reserve during the year ended 31 March 2013.

18. AVAILABLE-FOR-SALE INVESTMENTS (continued)

During the year ended 31 March 2014, the Group subscribed for 660,131,000 rights shares issued by G-Resources at a subscription price of HK$0.16 per rights share (on the basis of two rights shares for every five existing shares held). The right shares were 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).

Included in equity securities listed in Hong Kong above is the Group's investment in G-Resources, a company incorporated in Bermuda, with a carrying amount of US$67,833,000 as at 31 March 2014 (2013: US$85,690,000). The investment represents 8.72% of holding of the ordinary shares of G-Resources as at 31 March 2014 (2013: 8.72%).

The investment in G-Resources as at 31 March 2014 was stated at fair value based on quoted market bid price. Fair value loss amounting to US$31,399,000 was recognised during the year ended 31 March 2014 (2013: nil). Due to a significant decline in the fair value of the investment in G-Resources below its cost, an impairment loss amounting to US$26,536,000 (2013: nil) has been recognised during the year ended 31 March 2014 which was reclassified from the investment revaluation reserve.

19. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES

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

	Depreciation allowance in excess of related depreciation expenses US$'000	Tax losses US$'000	Accrued expenses US$'000	Others US$'000	Total US$'000
At 1 April 2012 (restated)	(25,430)	15,981	2,108	(1,039)	(8,380)
(Charge) credit to profit or loss	(1,733)	(5,093)	4,114	(195)	(2,907)
Exchange realignment	(78)	(18)	49	(4)	(51)
At 31 March 2013 (restated)	(27,241)	10,870	6,271	(1,238)	(11,338)
Credit (charge) to profit or loss	24,221	(9,631)	(5,541)	39	9,088
Exchange realignment	3,020	(1,239)	(730)	145	1,196
At 31 March 2014	—	—	—	(1,054)	(1,054)

At 31 March 2014, the Group had unused tax losses of US$307,087,000 (2013: US$288,534,000) available to offset against future profits. No deferred tax asset (2013: US$41,010,000) has been recognised due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

At 31 March 2014, the Group has deductible temporary differences of US$66,652,000. No deferred tax asset (2013: US$230,420,000) has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which deductible temporary differences can be utilised.

20. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less at prevailing market interest rates. The effective interest rate ranges from 0.15% to 2.5% (2013: 0.4% to 3.5%) per annum.

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contracts. These guarantees are backed by collateral deposits which amounted to US$28,950,000 as at 31 March 2014 (2013: US$31,758,000).

Another US$33,217,000 (2013: US$36,470,000) represents deposit paid by the Group to a bank as required by the government of Queensland, Australia for operating in the mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirement (see note 27).

The interest rates for the pledged bank deposits range from 2.33% to 2.95% (2013: 2.85% to 4.30%) per annum for the year ended 31 March 2014.

21. INVENTORIES

	2014 US$'000	2013 US$'000 (restated)
Copper in process	**67,759**	75,028
Copper cathodes	**8,506**	17,381
Spare parts and consumables	**2,903**	3,369
	79,168	95,778

22. TRADE AND OTHER RECEIVABLES

	2014 US$'000	2013 US$'000
Trade receivable	**12,128**	17,868
Less: allowance for doubtful debts	**—**	—
	12,128	17,868
Other receivables	**32,327**	11,428
Total trade and other receivables	**44,455**	29,296

22. TRADE AND OTHER RECEIVABLES (continued)

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

	2014 US$'000	2013 US$'000
0–60 days	**12,128**	17,868

Trade receivable as at 31 March 2014 represents trade receivable from sales of copper cathodes in Australia. The balances is due on the fifth working days of the following month after delivery. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

Included in other receivables are deposit paid for an acquisition of a held for trading investment, amounting to US$25,000,000 (2013: nil) and Goods and Service Tax recoverable to set-off expenditures incurred in mining operation in the future in accordance with the relevant tax laws and regulation in Australia, amounting to US$2,085,000 (2013: US$3,121,000).

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 US$'000	2013 US$'000
Held for trading investments (current assets)		
Equity securities listed in Hong Kong	**432,497**	274,546
Equity securities listed outside Hong Kong	**7,577**	7,565
Investment funds	**55,148**	45,162
Unlisted debt securities (note b)	**4,683**	—
	499,905	327,273
Designated at fair value through profit or loss (non-current assets)		
Unlisted debt securities (notes a and b)	**7,326**	22,917
Unlisted convertible bonds (note c)	**—**	6,354
	7,326	29,271
	507,231	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 values of the underlying assets of the funds which are provided by the counterparty financial institutions.

Included in equity securities listed in Hong Kong above is the Group's investment in G-Resources, a company incorporated in Bermuda, with a carrying amount of US$70,986,000 as at 31 March 2014 (2013: US$87,569,000). The investment represents 7.96% of holding of the ordinary shares of G-Resources as at 31 March 2014 (2013: 7.74%).

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

As at 31 March 2014 and 31 March 2013, the Group held several unlisted debt securities and unlisted convertible bonds as follows:

(a) During the year ended 31 March 2013, the Group acquired through a broker the unlisted unsecured bonds at purchase price of HK$180,000,000 (equivalent to approximately US$23,077,000) (the "Unsecured Bond A"), which was 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 is 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 31 March 2013 was arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected with the Group. The fair value of the Unsecured Bond A at 31 March 2013 was determined using discounted cash flows method using the interest rate of 30.48% applied at the time by the market to instruments of comparable credit status, credit quality and taking into account the probability of extension of the Unsecured Bond A. The fair value of the embedded derivative, which was the extension option of the issuer, was US$10,791,000. A loss on fair value changes of US$13,760,000 was recognised in profit or loss during the year ended 31 March 2013.

During the year ended 31 March 2014, the Group disposed of the Unsecured Bond A at a consideration of HK$62,500,000 (equivalent to approximately US$8,013,000). A loss on disposal of US$1,304,000 was recognised in profit or loss during the year accordingly.

(b) During the year ended 31 March 2013, the Group acquired the unlisted unsecured loan note (the "Note") issued by a company with its shares listed on the Stock Exchange at purchase price of HK$40,000,000 (equivalent to approximately US$5,128,000) and the unlisted unsecured bond (the "Unsecured Bond B") issued by a private company incorporated in the Cayman Islands at HK$150,000,000 (equivalent to approximately US$19,230,000) respectively.

The Note with a principal amount of HK$40,000,000 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 31 March 2014, the fair value of the debt component of the Note was determined as discounted cash flow using the interest rate of 20.02% which has been carried out by an independent qualified valuer. A gain of US$196,000 was recognised in profit or loss during the year ended 31 March 2014 (2013: loss of US$641,000).

The Unsecured Bond B with a principal amount of HK$147,000,000 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.

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

(b) (continued)

During the year ended 31 March 2014, 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, resulting in a gain of US$207,000 being recognised in profit or loss accordingly.

As at 31 March 2014, the fair value of the debt component of the Unsecured Bond B was determined as discounted cash flows using the prevailing market interest rate of 25.39% while the fair value of the embedded derivative of the early redemption option of the issuer was determined using Hull-White Model by an independent professional valuer. A loss on fair value change of US$1,609,000 was recognised in profit or loss during the year ended 31 March 2014 (2013: US$10,117,000).

(c) During the year ended 31 March 2013, the Group acquired the unlisted unsecured convertible bonds (the "Convertible Bond") issued by a company with its shares listed on the Stock Exchange at a purchase price of HK$130,000,000 (equivalent to approximately US$16,668,000). The Convertible Bond with principal amount of HK$130,000,000 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 Bonds are designated as financial assets at fair value through profit or loss on initial recognition and are subsequently measured at fair value.

During the year ended 31 March 2013, a decrease in fair value of US$10,314,000 was recognised in profit or loss for the Convertible Bond. As at 31 March 2013, the fair value of the Convertible Bond was 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 was determined using the prevailing market interest rate of 35.79% while the fair value of the embedded derivatives (included conversion option and issuer's early redemption right) of the Convertible Bond was determined using FinCAD with the following inputs:

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

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

(c) (continued)

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

During the year ended 31 March 2014, the Group disposed of the Convertible Bond at a consideration of HK$65,000,000 (equivalent to approximately US$8,333,000). A gain on disposal of US$1,979,000 was recognised in profit or loss during the year accordingly.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Current	
	2014 US$'000	2013 US$'000
Derivative financial assets (not under hedge accounting) Future contracts on non-ferrous metals (Note)	—	2,310
Derivative financial liabilities (not under hedge accounting) Future contracts on non-ferrous metals (Note)	617	—

Note: Major terms of future contracts on non-ferrous metals are set out below:

At 31 March 2014

Contracted future price	Standard trading unit	Total unit	Maturity
Copper future contracts:			
Buy at a price at USD7,075 and sell at a price at USD6,932 (settled in net)	25 tonnes	60	23 May 2014
Buy at a price at USD7,093 and sell at a price at USD6,932 (settled in net)	25 tonnes	100	23 May 2014

At 31 March 2013

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

24. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The copper future contracts are not designated and effective as a hedging instrument. Therefore, the fair value gains or losses are recognised in profit or loss in the period in which they arise. At 31 March 2014 and 2013, the fair value of the copper future contracts is determined based on price quoted by financial institutions.

25. TRADE AND OTHER PAYABLES

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

	2014 US$'000	2013 US$'000
Total trade payables (0–30 days)	640	4,740
Other payables	11,558	14,179
	12,198	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 approximately 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 approximately US$2,305,000 (2013: AUD2,500,000, equivalent to approximately US$2,607,000) and (ii) of AUD2,500,000, equivalent to approximately US$2,305,000 (2013: AUD2,500,000, equivalent to approximately 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 31 March 2014, the additional ore reserves are not yet delineated and the remaining AUD2,500,000 (equivalent to approximately US$2,305,000) was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$839,000 and US$1,346,000 (2013: US$2,163,000 and US$1,386,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

26. AMOUNT DUE TO A NON-CONTROLLING INTEREST

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

27. PROVISION FOR MINE REHABILITATION COST

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

27. PROVISION FOR MINE REHABILITATION COST (continued)

Rehabilitation costs have been estimated based on the current regulatory requirements and determined based on the net present value of future cash expenditures upon rehabilitation, and which is expected to result in cash outflow for CSTLA of such mine rehabilitation cost in July 2015. Rehabilitation costs are capitalised as mine property and development assets in property, plant and equipment, and are amortised over the life of the mine on an UOP basis.

A bank guarantee of US$33,217,000 (2013: US$36,470,000) is placed with the Department of Environment and Heritage Protection, Queensland Government, Australia for the purposes of settling these rehabilitation costs (see note 20).

	US$'000
At 1 April 2012	18,063
Exchange adjustment	53
Additions	8,947
Effective interest	1,063
At 31 March 2013	28,126
Exchange adjustment	(3,254)
Additions	2,570
Effective interest	1,492
At 31 March 2014	28,934

28. SHARE CAPITAL

	Number of shares	Share capital
Authorised		
At 1 April 2012, 31 March 2013 and 2014		
— Ordinary shares of HK$0.1 each	50,000,000,000	HK$5,000,000,000
		US$'000
Issued and fully paid		
At 1 April 2012	27,262,396,961	349,518
Shares repurchased and cancelled (Note)	(164,088,000)	(2,104)
At 31 March 2013 and 2014		
— Ordinary shares of HK$0.1 each	27,098,308,961	347,414

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

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

28. SHARE CAPITAL (continued)

Note: (continued)

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

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

29. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The MPF Scheme is funded by monthly contribution from both employees and the Group at a rate of 5% of the employee's relevant income with maximum employee's contribution of not exceeding HK$1,250 per month (equivalent to approximately US$160) (2013: HK$1,000 (equivalent to approximately US$128) per month and HK$1,250 (equivalent to approximately US$160) per month as effective on 1 June 2012).

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

During the year, the amount contributed by the Group to the MPF Scheme charged to profit or loss was US$52,000 (2013: US$70,000). The Group also contributed US$1,922,000 (2013: US$2,139,000) and nil (2013: US$16,000), respectively, to the superannuation operated in Australia and social security in Peru and the contribution amounts were charged to profit or loss, or capitalised as exploration and evaluation assets and mine property and development assets (included in the property, plant and equipment) or inventories and to cost of sales according to its nature.

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2014 US$'000	2013 US$'000
In respect of rented premises:		
Within one year	**1,340**	964
In the second to fifth years inclusive	**1,487**	1,465
	2,827	2,429

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

30. OPERATING LEASE ARRANGEMENTS (continued)

The Group as lessor

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

	2014 US$'000	2013 US$'000
Within one year	**546**	397
In the second to fifth years inclusive	**315**	65
	861	462

Leases are negotiated for an average term of two years.

31. CAPITAL COMMITMENTS

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

	2014 US$'000	2013 US$'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**135**	912
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**2,759**	395

32. SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 99,500,000 (2013: 380,500,000), representing approximately 0.4% (2013: 1.4%) of the shares of the Company in issue at that date.

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

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

Share options granted under the Scheme

Category of participants	Notes	Date of grant	Exercise period	Exercise price HK$	As at 1.4.2012	Forfeited during the year	As at 31.3.2013	Forfeited/ cancelled during the year	As at 31.3.2014
Directors	(a)	02.09.2010	17.09.2011–16.09.2015	0.2000	290,000,000	(85,000,000)	205,000,000	(205,000,000)	—
	(a)	30.09.2010	30.09.2011–29.09.2015	0.2350	16,000,000	(16,000,000)	—	—	—
Total for directors					306,000,000	(101,000,000)	205,000,000	(205,000,000)	—
Employees of the Group	(a)	02.09.2010	17.09.2011–16.09.2015	0.2000	16,800,000	(8,000,000)	8,800,000	(8,800,000)	—
	(a)	30.09.2010	30.09.2011–29.09.2015	0.2350	20,000,000	—	20,000,000	(20,000,000)	—
	(a)	05.12.2010	05.12.2011–04.12.2015	0.2350	10,000,000	(10,000,000)	—	—	—
	(a)	13.12.2010	13.12.2011–12.12.2015	0.2700	16,000,000	—	16,000,000	(16,000,000)	—
	(a)	28.02.2011	28.02.2012–27.02.2016	0.2350	30,000,000	(16,800,000)	13,200,000	(13,200,000)	—
Total for employees					92,800,000	(34,800,000)	58,000,000	(58,000,000)	—
Total for Tranche A					398,800,000	(135,800,000)	263,000,000	(263,000,000)	—
Directors	(b)	02.09.2010	17.09.2011–16.09.2015	0.2000	110,000,000	(40,000,000)	70,000,000	—	70,000,000
	(b)	30.09.2010	30.09.2011–29.09.2015	0.2350	4,000,000	(4,000,000)	—	—	—
	(b)	03.10.2011	03.10.2012–02.10.2016	0.2000	100,000,000	(100,000,000)	—	—	—
Total for directors					214,000,000	(144,000,000)	70,000,000	—	70,000,000
Employees of the Group	(b)	02.09.2010	17.09.2011–16.09.2015	0.2000	57,200,000	(31,000,000)	26,200,000	(8,000,000)	18,200,000
	(b)	13.12.2010	13.12.2011–12.12.2015	0.2700	4,000,000	—	4,000,000	—	4,000,000
	(b)	28.02.2011	28.02.2012–27.02.2016	0.2350	43,500,000	(26,200,000)	17,300,000	(10,000,000)	7,300,000
Total for employees					104,700,000	(57,200,000)	47,500,000	(18,000,000)	29,500,000
Total for Tranche B					318,700,000	(201,200,000)	117,500,000	(18,000,000)	99,500,000
Advisor of the Group	(c)	30.09.2011	01.10.2011–30.09.2012	0.2000	50,000,000	(50,000,000)	—	—	—
Weighted average exercise price (HK$)					0.2075	0.2066	0.2083	0.2094	0.2054

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share options granted under the Scheme (continued)

Notes:

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

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

(ii) as to another one-third of the share options, upon the first copper production by the Mina Justa Project (as defined in note 35); and

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

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

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

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

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

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

Share options granted under share option agreements

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

Category of participants	Date of share option agreement	Exercise period	Exercise price HK$	As at 1.4.2012	Forfeited during the year	As at 31.3.2013	Cancelled during the year	As at 31.3.2014
Directors	24.03.2010	22.06.2011–21.06.2015	0.2000	305,000,000	(90,000,000)	215,000,000	(215,000,000)	—
Directors	24.03.2010	06.07.2011–05.07.2015	0.2000	1,220,000,000	(360,000,000)	860,000,000	(860,000,000)	—
Total				1,525,000,000	(450,000,000)	1,075,000,000	(1,075,000,000)	—

Vesting condition:

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

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share options granted under share option agreements (continued)

Vesting condition: (continued)

(ii) as to another one-third of the share options, (a) upon the first copper production by the Mina Justa Project after the completion of acquisition of Chariot Resources Limited and its 70% interest in a Peruvian joint venture; or upon twelve months after the copper production by CSTLA after the completion of acquisition of entire issued share capital of CSTLA (the "Second Event"); and

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

Weighted average exercise price of the share options is HK$0.2054 (equivalent to US$0.0263) at 31 March 2014 (2013: HK$0.2022).

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

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

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

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

During the year ended 31 March 2014, 18,000,000 share options were forfeited prior to vesting as a result of resignation of employees, and the corresponding share-based payment expenses of US$65,000 previously recognised were transferred to the accumulated losses.

32. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Share options granted under share option agreements (continued)

In addition, as the Group disposed of the Mina Justa Project (as defined in note 35) 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 to profit or loss 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 year ended 31 March 2014, share-based payment of US$14,000 was recognised for the share options remaining as at the end of the year. As a result, share-based payment expenses of US$4,792,000 was recognised in profit or loss for the year (2013: a net reversal share based payment expenses of US$1,313,000 was recognised).

During the year ended 31 March 2013, 695,000,000 and 82,000,000 share options were forfeited prior to the vesting as a result of the resignation of directors and employees, respectively, and reversal share-based payment expenses of US$6,208,000 and US$330,000 were recognised, respectively. Furthermore, management of the Group reviewed the current production plan and considered that the condition to achieve 2,300 tonnes per month of saleable copper production over a six consecutive month period under the mining business of the Australian subsidiary could not be met. The number of share options expected to vest has been reduced. Based on the same production plan, management also expected that the timing to achieve an annual copper production of 25,000 tonnes and a cumulative saleable copper cathodes production of 75,000 tonnes (another two vesting conditions) would be delayed, accordingly, a reversal share-based payment expenses of US$519,000 and US$1,182,000 was recognised, respectively.

33. RELATED PARTY DISCLOSURES

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

	2014 US$'000	2013 US$'000
Short-term benefits	8,521	10,061
Share-based payment expenses (reversal) (Note)	37	(1,052)
Post-employment benefits	12	18
	8,570	9,027

Note: Share-based payment expenses (reversal) represent the portion of the total fair value at the grant date of share options issued under the Scheme and the share option agreements which has been charged to profit or loss during the years ended 31 March 2013 and 2014.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2014 and 31 March 2013 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued share capital/registered and paid-up capital		Proportion of nominal value of issued share capital/registered and paid-up capital held by the Company		Principal activities
		2014	2013	Directly	Indirectly	
China Sci-Tech Secretaries Limited	Hong Kong	HK$10,000	HK$10,000	100%	—	Provision of secretarial services and investment holding
CST Minerals Lady Annie Pty Limited	Australia	AUD2	AUD2	—	100%	Exploration, mining, processing and sale of copper in Australia
Deep Bowl Limited	British Virgin Islands	US$1	US$1	—	100%	Vessel holding
Isenberg Holdings Limited	Hong Kong	HK$2	HK$2	—	100%	Property investment
Jabour Limited	Hong Kong	HK$2	HK$2	—	100%	Property investment
Kingarm Company Limited	Hong Kong	HK$2	HK$2	—	100%	Property investment
Skytop Technology Limited	Hong Kong	HK$127,490,481	HK$3	—	100%	Securities investment
Unigolden Limited	Hong Kong	HK$2	HK$2	—	100%	Property investment

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

None of the subsidiaries had issued any debt securities at 31 March 2013 and 2014 or at any time during both years.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 2014	2013
Inactives	Hong Kong	12	18
Investment holdings	Hong Kong	25	24
Mining business	Australia	1	1
Securities Investment	Hong Kong	4	3
		42	46

Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interest:

Name of subsidiary	Incorporation and principal place of business	Proportion of ownership interest held by non-controlling interests		Proportion of voting power held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
China Sci-Tech (Far East) Limited	Hong Kong	49%	49%	49%	49%	—	—	6	6

35. DISPOSAL OF SUBSIDIARIES

On 12 January 2012, the Company engaged an independent financial advisor to provide financial advisory services to the Company in relation to the disposal of the Company's wholly owned subsidiary, CST Resources Limited, which indirectly owns 70% interest in Marcobre S.A.C., the Peruvian joint venture, which fully hold the mine property and development assets of a copper mine located in Peru (the "Mina Justa Project").

On 23 April 2012, the Group entered into conditional share purchase agreement with Cumbres Andinas S.A. (the "Purchaser"), an independent third party to the Group, to dispose of CST Resources Limited at total consideration of US$506,400,000, being the cash consideration of US$505,000,000, plus a reimbursement cash payment of US$1,400,000 by the Purchaser, to compensate capital injection made by the Company to Marcobre S.A.C. between 31 March 2012 and the date of completion, less capital gains tax to be withheld by the Purchaser in accordance with relevant rules and regulations in Peru. Details of the disposal are set out in the Company's circular dated 21 May 2012. The disposal was completed on 13 June 2012.

	2013 US$'000
The net assets of the Disposal Group at the date of disposal were as follows:	
Property, plant and equipment	238,229
Other receivable (non-current portion)	11,084
Trade and other receivables	69
Bank balances and cash	1,096
Trade and other payables	(293)
Net assets disposed of	250,185
Gain on disposal of subsidiaries:	
Gross cash consideration	506,400
Net assets disposed of	(250,185)
Transaction costs for the disposal of subsidiaries	(7,069)
Gain on disposal	249,146
Net cash inflow arising on disposal:	
Cash consideration	506,400
Less: Peruvian capital gains tax (Note 13)	(76,963)
Less: transaction costs paid	(1,419)
Less: bank balances and cash disposed of	(1,096)
	426,922

Except for the gain on disposal of subsidiaries and the proceeds from disposal of subsidiaries, the Disposal Group did not make any significant contribution to the profit or loss and cash flows of the Group during the years ended 31 March 2013 and 2012.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 US$'000	2013 US$'000
ASSETS		
Property, plant and equipment	116	247
Investments in subsidiaries	11,083	6,572
Available-for-sale investment	2,025	2,025
Financial assets at fair value through profit or loss	8,844	9,649
Other receivables	913	483
Amounts due from subsidiaries	781,624	710,031
Bank balances and cash	95,151	187,492
	899,756	916,499
LIABILITIES		
Other payables	281	366
Derivative financial instruments	617	—
Amounts due to subsidiaries	7,608	8,879
	8,506	9,245
	891,250	907,254
CAPITAL AND RESERVES		
Share capital	347,414	347,414
Reserves	543,836	559,840
Total Equity	891,250	907,254

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000 (Note a)	Other capital reserve US$'000 (Note b)	Warrant reserve US$'000	Share options reserve US$'000	Accumulated losses US$'000	Total US$'000
At 1 April 2012	349,518	498,118	4,503	128,275	9	41,806	(77,228)	945,001
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(33,695)	(33,695)
Repurchase of shares	(2,104)	(635)	—	—	—	—	—	(2,739)
Reversal of share-based payment expenses	—	—	—	—	—	(1,313)	—	(1,313)
Lapse of share options	—	—	—	—	—	(9,275)	9,275	—
At 31 March 2013	347,414	497,483	4,503	128,275	9	31,218	(101,648)	907,254
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(20,796)	(20,796)
Recognition of share-based payment expenses	—	—	—	—	—	1,549	—	1,549
Lapse of share options	—	—	—	—	—	(65)	65	—
Cancellation of unvested share options	—	—	—	—	—	3,243	—	3,243
Transfer upon cancellation of share options	—	—	—	—	—	(35,398)	35,398	—
Lapse of warrants	—	—	—	—	(9)	—	9	—
At 31 March 2014	347,414	497,483	4,503	128,275	—	547	(86,972)	891,250

Notes:

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

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

	Year ended 31 March				
	2014 US$'000	2013 US$'000 (restated)	2012 US$'000 (restated)	2011 US$'000 (restated)	2010 US$'000 (restated)
Results					
(Loss) profit for the year	**(61,744)**	119,675	(53,881)	(25,987)	(7,228)

	At 31 March				
	2014 US$'000	2013 US$'000 (restated)	2012 US$'000 (restated)	2011 US$'000 (restated)	2010 US$'000 (restated)
Assets and liabilities					
Total assets	**991,833**	1,087,765	963,765	983,596	319,506
Total liabilities	**(47,327)**	(62,386)	(57,052)	(48,262)	(1,823)
Net assets	**944,506**	1,025,379	906,713	935,334	317,683

Notes:

1. In 2011, the Group has changed its presentation currency from Hong Kong dollars to United States dollars in order to present more relevant information as the management controls and monitors the performance and financial position of the Group based on United States dollars and to provide international investors a better comparison with the Group's international peers. The comparative figures in 2010 have been restated accordingly to achieve comparability with the current years.

2. In order to comply with HK(IFRIC) — Int 20 "Stripping costs in the production phase of a surface mine", the Group adopted a new accounting policy for production stripping cost in 2014. Figures for 2011 to 2013 have been adjusted as a result of the adoption of new accounting policy.

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

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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Grand Cayman KY1-1103
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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

985

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