CST MINING
GROUP LIMITED

INTERIM REPORT

2014

CONTENTS >>>

MINE TYPE
Open pit

STATUS
Producing

PROCESSING METHOD
Heap leach and solvent extraction and electrowinning

PRODUCT
London Metal Exchange Grade A equivalent copper cathode

Chiu Tao > *Chairman*

Dear Shareholders,

I am pleased to report that over the six months ended in September 2014 (the "Period"), the overall performance of CST Mining Group (the "Company") and its subsidiaries (collectively referred to as the "Group") have been very satisfactory. The Group as a whole recorded approximately US$84.34 million net profit for the Period. Although more than 90% of profits can be attributed to gains from fair value changes of financial assets, copper mining has also received encouraging results compared to the same period of last year. Copper business is still the focus of the Group, and copper operations remain stable and steady. The first half of this year has seen a further improvement in our financial standing and we are on track to meet our goals.

Operations in Lady Annie was further improved during this Period, with the successful implementation of cost control measures that have further improved the operation performance. The price of copper has remained low, but our production is stable. Although the Lady Annie reserves are depleting, we are employing development and exploration programs that will help locating additional resources and extend the mine life of the Lady Annie Operations. These efforts are always mindful of our sterling safety record, environmental performance, and corporate social responsibility.

The preliminary development stage of Anthill Project is coming to a close. Agreements with landlords have been completed. Negotiations with traditional owners are ongoing and the feedback is constructive. We hope the mining license for Anthill Project would be granted by the end of the second half of the 2014 financial year, or by early of the 2015 financial year.

These developments help keep the Group on a steady path, with a sound financial position and promising investment opportunities. I would like to thank our hardworking and talented staff for their efforts and commitment.

Sincerely yours,

Chiu Tao
Chairman

26 November 2014

PROJECT OVERVIEW

PROJECT DESCRIPTION AND LOCATION

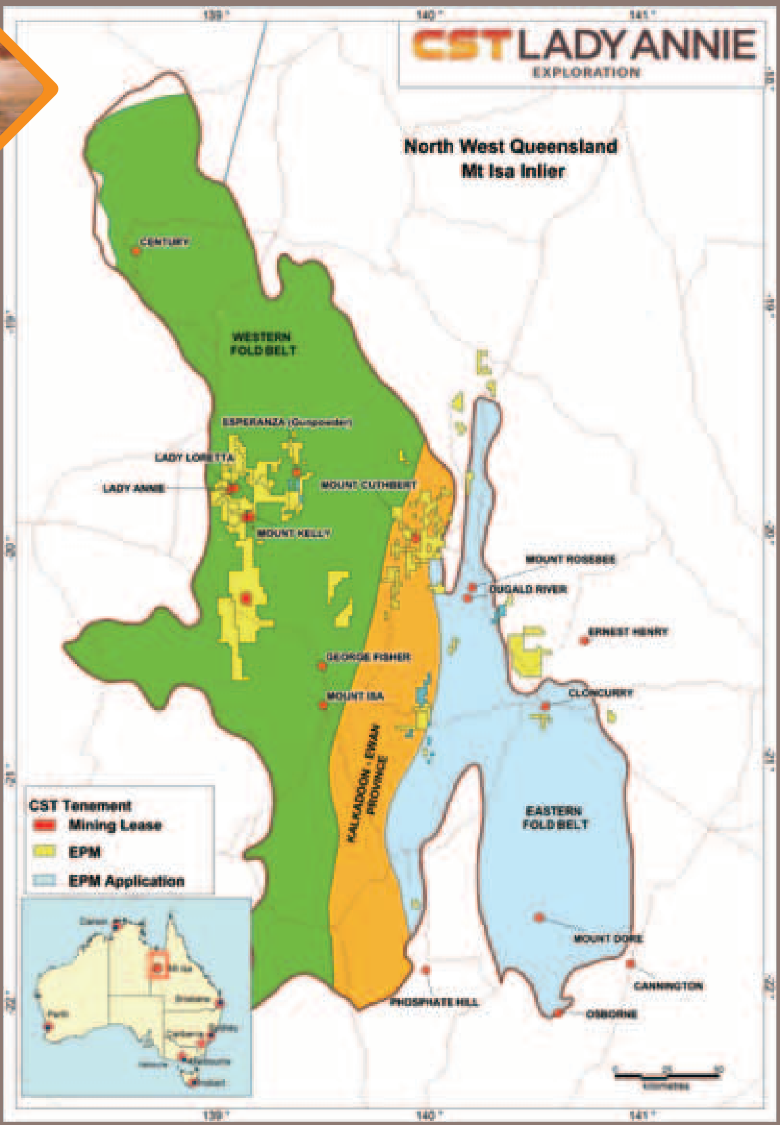


Figure 1: Location of Lady Annie Mine and Exploration Tenements with other Major Deposits – Mt Isa Inlier

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).

THE LADY ANNIE OPERATIONS

Ore Mined (Tonnes)	Production (Tonnes)	Revenue (US$)
2.52 million approximately	9,469	$61.43 million approximately

1. OPERATING RESULTS

The table below provides certain key operation information for Lady Annie Operations for the six months ended 30 September 2014 (the "Period") and 2013 respectively.

Key operational information

		2014	2013
Mined	Total material (tonnes)	**5,027,608**	5,303,213
	Ore (tonnes)	**2,517,322**	1,610,602
	Ore grade (copper %)	**0.81**	1.08
	Contained copper (tonnes)	**20,317**	17,428
Stacked	Ore (tonnes)	**1,341,041**	1,393,806
	Ore grade (copper %)	**0.96**	1.06
	Contained copper (tonnes)	**12,593**	14,710
Production	Copper cathode (tonnes)	**9,469**	10,426
Sales	Copper cathode (tonnes)	**8,728**	12,221
	Average price (US$/tonne)	**7,038**	7,217
	Revenue (US$'000)	**61,427**	88,201

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

	US$'000
Administration	**46**
Camp expense	**79**
Consultancy and contractor expense	**258**
Consumables	**74**
Drilling and assays expenses	**136**
Machinery and equipment	**52**
Tenement and mining leases fee	**207**
Others	**306**
Staff cost	**816**
Total	**1,974**

2. MINING, STACKING AND PROCESSING OPERATIONS

2.1 Mining

Total mining volume for the June 2014 and September 2014 quarters was 1,241,976 bank-cubic-meters and 1,089,751 bank-cubic-meters respectively.

Total ore tonnes mined for the June 2014 and September 2014 quarters were 1,251,786 and 1,265,536 tonnes respectively.

Average ore grades for the June 2014 and September 2014 quarters were 0.72% and 0.76% copper respectively.

Mining of the Lady Annie, Mount Clarke and Flying Horse open pits continued throughout September 2014 quarter and current mining areas in theses pits are scheduled to be finished prior to the wet season (December 2014 to March 2015).

During the September 2014 quarter, optimisation and evaluation work was undertaken on potential cutbacks on Lady Annie, Mount Clarke and Flying Horse and potential new pits at Lady Brenda and Swagman. Mining of these new pits and cutbacks will commence during the December 2014 quarter.

During the September quarter, changes were made to drill and blast operations with a new contractor engaged and CST taking on shot firing responsibilities. The new drill and blast operational model will deliver CST significant cost saving and better control over the process.

Mining assisted with haulage for the trial of dump leaching low grade ores and preliminary metallurgy test work commenced on Mount Clarke West pit transition ore.

2.2 Stacked Ore Copper Grade

Figure 2 shows the monthly stacked ore copper grade for the six months to September 2014. Total 1.34 million tonnes of ore (dry basis) were stacked for processing for the year with a mean copper grade of 0.97%. Ore grade remained fairly consistent over the period with the most significant variations being in the acid consuming components of Calcium, Magnesium, and soluble Iron.

Stacking of Stage 1 and Stage 2 Lift 4 pads finished in mid June 2014, and the Stacking machine was moved to Stage 3 Lift 2 pads.

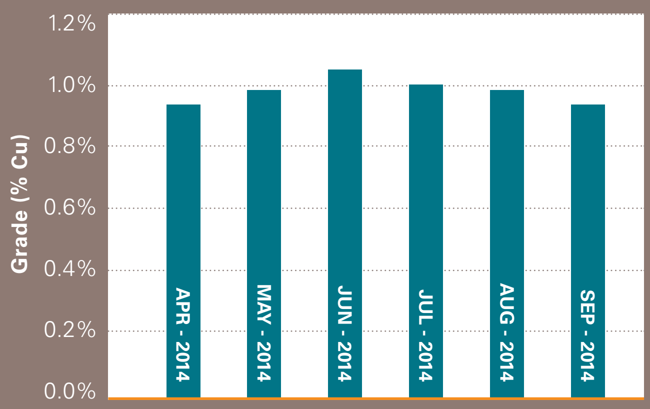


Figure 2: Stacked Ore Copper Grade

2.3 Stacked Copper Metal

Figure 3 shows the monthly stacked metal for the six months. 12,593 tonnes of copper metal was stacked. May 2014's lower value was directly related to operational issues resulting from wet ore.

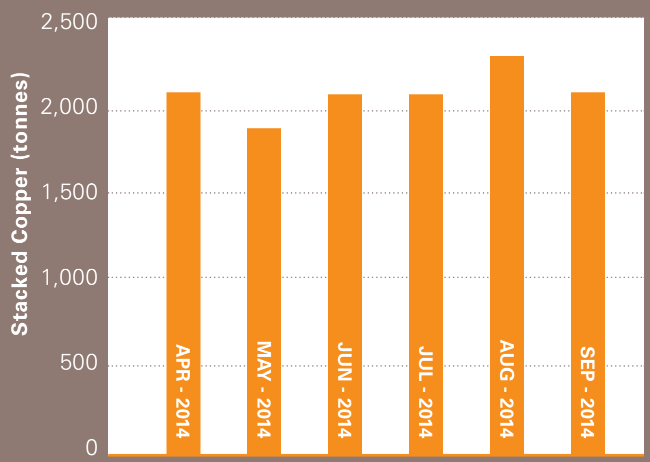


Figure 3: Stacked Copper Metal

2.4 Copper Cathode Production

Figure 4 shows the monthly copper cathode produced throughout the six months period. Lady Annie Operations produced 9,469 tonnes of copper cathode in the six months to September.

The Processing Department has had a strong focus on cathode refurbishment and quality control. This resulted in only 0.57% of cathode produced being downgraded to B-grade cathode production.

Production in April 2014 was comparatively low due to previous heavy rain events that had diluted the acidified leaching solution. This resulted in lower copper extraction and subsequently, lower stripped copper production. May 2014 saw a significant turnaround in production rates as acid addition was matched to production requirements, with budgeted cathode production being achieved by end of June 2014 then sustained.

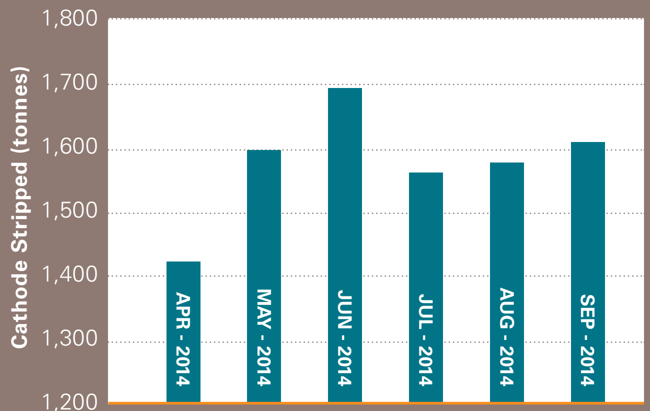


Figure 4: Copper Cathode Production

2.5 Transition Ore Processing

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, transition ore is being blended with traditional oxides as required to optimize the mining schedule while maintaining copper production.

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.

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.

> **Figure 1**: 1m Samples from 70m Rotary Air Blast (RAB) drill hole ready for spear sampling into 4m composites for assay – Lindsay's Lament Prospect

> **Figure 2**: Vertical RAB drilling for oxide copper/lead/zinc mineralisation – CST Western Tenements

3.2 Overview of Exploration Activities

Exploration — Western Block Tenements

Exploration activity for the 2014 interim reporting period focused on target generation for oxide copper/lead/zinc mineralisation in the CST Western Tenement Area. A total of 27 targets were defined during the period April to September 2014 and a Rotary Air Blast ("RAB")/Air Core ("AC") drilling programme commenced on the 10 September 2014 that is designed to test all the target areas to the base of oxidation.

A Reverse Circulation ("RC") drill programme (1,158m) was carried out at the Area 1 prospect in March to April to test zones adjacent to interpreted "halo" copper intervals from CST drilling in 2013.

Programmes of soil, lag and rock chip sampling were also carried out.

Exploration — Central Block Tenements

Reconnaissance of the Miranda region in the CST Central Tenement Area commenced on 26 August 2014 with evaluation and rock chip sampling of target areas identified from previous surface sampling, drilling and prospecting.

CST and The Commonwealth Scientific and Industrial Research Organisation ("CSIRO") Collaboration

During May 2014, collaboration between CST and CSIRO commenced. Under Module (1) of the collaboration, CSIRO was tasked with providing assistance to CST in the evaluation of multi-element geochemistry in the CST database, the evolution and structural framework of the Mount Isa Inlier and determining different styles of mineralisation that can be expected in the Inlier.

At the end of June, CSIRO presented their findings for Module (1). The most significant development was presenting a new software programme called Max-Ent that identifies new target areas for mineralisation by interrogating large regional datasets. Max-Ent was run for copper over CST's Western Block Tenements by CST/CSIRO and identified 26 new target areas that warranted investigation by CST.

Module (2) of the CST/CSIRO collaboration will allow for on-going development of the Max-Ent programme, further CSIRO consultancy services for exploration and an assessment of anomalous geochemical patterns surrounding Anthill Deposit, Lady Annie and Mount Clarke-Flying Horse open pits, throughout the full extent of the regolith profile. Module (2) is scheduled to be completed by the end of December 2014.

Portable XRF Analysis of Samples

In June 2014, CST upgraded the portable XRF machine ("pXRF") at the Lady Annie site to a high level of accuracy and instituted strict protocols for use of the machine from recommendations provided by CSIRO. A workshop on pXRF use was also conducted by CSIRO at site for exploration personnel. CST commenced using the pXRF for all sample analysis (except gold) from June 2014 and have already realised a significant saving in laboratory assay costs.

3.3 Exploration – Western Block Tenements

Target Definition

During May 2014, collaboration between CST and CSIRO commenced. Under Module (1) of the collaboration, CSIRO was tasked with providing assistance to CST in the evaluation of multi-element geochemistry in the CST database, the evolution and structural framework of the Mount Isa Inlier and determining different styles of mineralisation that can be expected in the Inlier. CST exploration personnel and CSIRO Geo-Scientists held a collaboration workshop at the Lady Annie mine in early May 2014. The workshop included relevant technical presentations by all the participants. Field excursions to both of CST's open pits and to other mines in the local area to examine core from typical mineralised intersections of copper, copper-gold and zinc-lead-silver were carried out.

At the end of June, CSIRO presented their findings for Module (1). The most significant development was presenting of a new software programme called Max-Ent that utilises maximum entropy theory to identify new targets areas for CST exploration. Max-Ent identifies target areas for mineralisation by first interrogating large regional datasets; the programme is then introduced to known deposits in the region as reference points. Max-Ent 'Machine Learns' the common characteristics of these known mineral deposits and then calculates the probability for these common characteristics elsewhere in the datasets, to identify new zones (target areas) for investigation. These new areas become exploration targets for CST to investigate in the field. Max-Ent was run for copper over CST's Western Block Tenements by CST/CSIRO and identified 26 new target areas that warranted investigation by CST.

CSIRO reported that after a study of available literature, it is clear that the early tectonic history of the Mount Isa Inlier is not well understood. Until this is resolved, CSIRO are not able to be definitive about the presence of other commodities in the region to those currently defined. It was acknowledged there are differences in the metallogeny of mineral deposits across the region with copper/gold deposits in the east and copper/zinc/lead/silver deposits in the west. In addition, there is an association of cobalt with the Western Fold Belt deposits.

Module (2) of the CST/CSIRO collaboration was agreed in late July 2014. This will allow for on-going development of the Max-Ent programme, further CSIRO consultancy services for exploration and an assessment of anomalous geochemical patterns surrounding Anthill Deposit, Lady Annie and Mount Clarke-Flying Horse open pits, throughout the full extent of the regolith profile. This study will be completed using drill hole geochemical data along traverse lines at right angles to the strike of mineralisation and extending up to 1km from the core of the mineralised zones. Module (2) is scheduled to be completed by the end of December 2014.

From January to February 2014, a target generation study by an external consultant was conducted over the CST Western Block Tenements to generate further exploration targets for 2014. This study involved the integration of geophysical, geochemical, geological and radiometric information that 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.

From April to September 2014, CST geologists carried out a re-evaluation of all target areas identified to date, including the 26 targets identified by the external consultant and 26 targets identified by the Max-Ent programme (see CST/CSIRO Collaboration). After all existing data was compiled into a GIS workspace; CST geologists also interrogated the datasets for any new target areas that had not been previously identified. A total of 27 target areas were agreed upon after a rigorous evaluation and ranking process. Drilling of these target areas (to the base of oxidation) with a 40,000m vertical drill programme, commenced on the 10 September 2014.

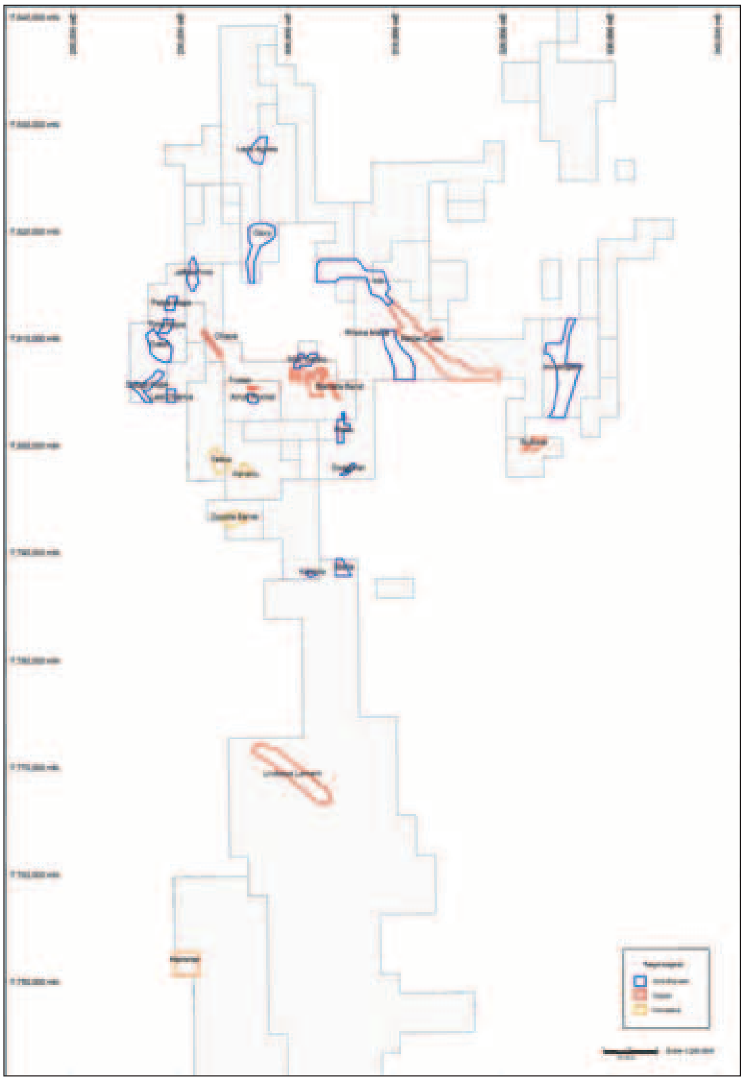


Figure 3: CST Drill Target Areas – Western Block Tenements

Drilling

A RC Drill Programme at Buckley River (EPM16244) Area 1 Prospect was carried out from the 29 March to 6 April 2014. The programme was designed to test zones adjacent to interpreted "halo" copper intervals from CST drilling at the Area 1 Prospect in 2013. A total of 11 holes for 1,158m were completed. The most significant drill intercepts returned are as follows:

Hole_ID	From	To	Copper Intercept (%)
BURC0667	34	38	4m @ 0.13%
BURC0668	34	44	10m @ 0.22%
BURC0671	52	60	8m @ 0.13%
BURC0673	10	36	26m @ 0.20%
BURC0673	52	84	32m @ 0.19%
BURC0673	88	90	2m @ 0.13%
BURC0673	94	102	8m @ 0.15%
BURC0673	106	108	2m @ 0.82%
BURC0677	42	48	6m @ 0.16%

> **Table 1**: Best RC drill intercepts from Area 1 Prospect

These results do not improve on those obtained previously from drilling at Buckley River (Area 1) and no further work is planned at this stage.

Drilling of the CST target areas by RAB/AC commenced on 10 September at the Swagman Prospect (9 holes for 471m), then Manu Prospect (20 holes for 1,531m) and finally Lindsay's Lament Prospect (22 holes for 1,624m) by the end of the reporting period. The best intercepts from pXRF analysis returned to date are shown in Table 2:

Prospect	Hole_ID	From (m)	To (m)	Element	Interval (m)	Grade (ppm*)
Lindsay's Lament	BUCB001	8	16	Cu	8	154.86
Lindsay's Lament	BUCB001	20	36	Cu	16	112.95
Lindsay's Lament	BUCB002	32	60	Cu	28	271.15
Lindsay's Lament	BUCB004	0	4	Cu	4	445.43
Lindsay's Lament	BUCB005	0	8	Cu	8	169.48
Lindsay's Lament	BUCB005	52	60	Cu	8	340.14
Lindsay's Lament	BUCB006	40	48	Cu	8	143.79
Lindsay's Lament	BUCB009	44	48	Cu	4	511.76
Lindsay's Lament	BUCB010	40	62	Cu	22	445.50
Lindsay's Lament	BUCB011	8	81	Cu	73	453.01
Lindsay's Lament	BUCB017	8	32	Cu	24	257.51
Lindsay's Lament	BUCB017	44	48	Cu	4	2,161.33
Lindsay's Lament	BUCB020	28	36	Cu	8	176.68
Swagman	MTKB001	28	52	Cu	24	232.04
Swagman	MTKB002	16	32	Cu	16	198.89
Swagman	MTKB002	36	59	Cu	23	127.51
Swagman	MTKB003	16	28	Cu	12	181.91
Manu	MTKB010	0	36	Cu	36	167.80
Manu	MTKB010	60	80	Cu	20	292.04
Manu	MTKB011	32	40	Cu	8	156.98
Manu	MTKB012	4	12	Cu	8	194.38
Manu	MTKB014	0	12	Cu	12	161.16
Manu	MTKB014	0	12	Zn	12	195.65
Manu	MTKB016	16	24	Zn	8	141.67
Manu	MTKB020	8	28	Zn	20	166.01
Manu	MTKB024	0	24	Zn	24	139.88
Manu	MTKB026	0	36	Zn	36	165.81

* ppm represents parts per million

> **Table 2**: Best RAB/AC drill intercepts from Western Block Tenement Target Areas

Surface Sampling

Recognition of the importance of understanding geochemical signatures developed above secondary copper (associated with structurally controlled primary mineralisation) prompted an orientation exercise to delineate the geochemical patterns in surface samples above known mineralisation. The Anthill area was selected for this purpose because it hosts a potentially mineable resource of secondary copper and the surface is only partially disturbed by drilling. The orientation programme demonstrated that the surface sample types that best identify the known copper mineralisation are the -1.6mm lag fraction and the 300 – 850 micron soil fraction. These lag and soil sample fractions were used in the regional surface sampling programmes going forward.

Lag/soil sampling during the interim period focused on a 400m x 400m diamond sampling pattern over central and northern sections of the Western Block Tenement Area. The most significant assay results (pXRF) to date are as follows:

Sample	Type	Mesh Size	Lease	Prospect	Cu (ppm)	Pb (ppm)	Zn (ppm)
XS00797	SOIL	-80#	EPM17789	Regional	187	6	31
XS00805	SOIL	-80#	EPM17789	Regional	200	5	20
XS00816	SOIL	-80#	EPM17789	Regional	161	6	22
XS00818	SOIL	-80#	EPM17789	Regional	168	7	39
XS00835	SOIL	-80#	EPM17789	Regional	238	10	89
XS00911	SOIL	-80#	EPM17789	Regional	172	7	43
XS00960	SOIL	-80#	EPM17789	Regional	364	7	38
XS00996	SOIL	-80#	EPM17789	Regional	198	6	50
XS00997	SOIL	-80#	EPM17789	Regional	224	12	39
XS00998	SOIL	-80#	EPM17789	Regional	225	11	62
XS01073	SOIL	-80#	EPM17789	Regional	197	4	45
B343458	LAG	1.6mm	EPM16243	Regional	311	12	36
B343487	LAG	1.6mm	EPM16243	Regional	344	12	36
B343693	SOIL	850um	EPM16244	Regional	40	12	150
B343703	LAG	1.6mm	EPM16244	Regional	95	18	353
B343704	SOIL	850um	EPM16244	Regional	70	8	359
B344156	LAG	1.6mm	EPM16243	Regional	164	16	40
B344157	SOIL	850um	EPM16243	Regional	238	8	32
B343992	LAG	1.6mm	EPM16244	Stada	26	162	24
B344284	LAG	1.6mm	EPM16244	Stada	79	20	181
B344537	SOIL	850um	EPM16241	Torpedo	279	16	39
B344555	LAG	850um	EPM16241	Torpedo	50	22	236
B344556	SOIL	1.6mm	EPM16241	Torpedo	37	24	184
B344565	SOIL	850um	EPM16241	Torpedo	37	34	293
B344566	LAG	1.6mm	EPM16241	Torpedo	37	32	200
B344572	LAG	1.6mm	EPM16241	Torpedo	157	10	30
B344573	SOIL	850um	EPM16241	Torpedo	271	9	16
B344583	SOIL	850um	EPM16241	Torpedo	175	7	23
B345343	SOIL	850um	EPM18816	Pelmo Extended	26	18	172
B345354	LAG	1.6mm	EPM18816	Pelmo Extended	45	18	174

> **Table 3**: Best assay results from lag/soil sampling – Western Block Tenement Area

Reconnaissance and Prospect rock chip sampling was carried out during the interim period as part of the target identification programme. The most significant assay results to date are as follows:

Sample	Prospect	Lease	Cu (ppm)	Pb (ppm)	Zn (ppm)
B187857	Galah	EPM17789	484	1,404	425
B187872	Regional	EPM17789	12	632	1,014
B187868	Regional	EPM16242	3,834	14	36
B187869	Regional	EPM16242	40,268	216	168
B187873	Regional	EPM17789	1,227	509	608
B187905	Galah	EPM17789	438	557	1,616
B187875	Regional	ML90170	112,900	0	0
B187893	Galah	EPM17789	0	2,027	0
B187913	Galah	EPM17469	0	344	1,705
B187915	Galah	EPM17789	7,587	2,203	1,999
B187916	Galah	EPM17789	6,191	779	3,677
B187920	Regional	ML5446	414,368	434	0
B187927	Regional	ML5446	1,518	0	58
B195001	Galah	EPM17789	249	324	1,133
B195109	Double Barrel	EPM14693	0	98	1,239
B195023	Galah	EPM17789	101	1,347	239
B195025	Amy's Pocket	EPM17415	1,504	401	135
B195026	Amy's Pocket	EPM17415	1,805	726	94
B195028	Amy's Pocket	EPM17415	2,228	733	266
B195029	Amy's Pocket	EPM17415	2,548	715	105
B195303	Weasel	EPM16240	1,437	259	12
B195307	Glory	EPM16243	1,152	303	500
B195049	Rhona Maria	EPM16242	405,684	31	0

> **Table 4**: Best assay results from rock chip sampling – Western Block Tenement Area

3.4 Exploration – Central Block Tenements

Reconnaissance Exploration

Reconnaissance of the Miranda region in the CST Central Block Tenement Area commenced on 26 August 2014 with evaluation and rock chip sampling of target areas identified from previous surface sampling, drilling and prospecting.

Figure 4: Field trip in Miranda area – CST Central Block Tenements

3.5 Planned Exploration for the Period 1 October 2014 to 31 March 2015

Figure 5: Malachite in breccia from the Rhona Maria Workings in Western Tenement Area.

Exploration for the calendar period 1 October 2014 to 31 March 2015, will focus on drill testing of all 27 targets areas defined by September 2014 on a 400m x 400m basis with vertical holes. There will also be infill drilling around any promising intercepts returned from the 400m x 400m programme.

Any discovery made through the RAB/AC drill programme will be followed up with a RC resource definition drill programme.

Early in 2015, there will be an increased emphasis on generating target areas for drilling in the Central Block Tenement Area, through reconnaissance mapping and surface sampling (rock/soil/lag).

4 MINERAL RESOURCES AND RESERVES

There is no update on mineral resources and reserves since the last mineral resources estimate disclosed in CST's 2014 Annual Report.

HEALTH, SAFETY, ENVIRONMENT & COMMUNITY

Health and Safety

The safety performance for the site continues to improve with on-going low statistics for workplace injuries and a substantial increase in hazard identification close out rate. The on-going positive trends can partly be contributed to the increased presence by the safety department in the workplace and the safety coaching of the departmental safety representatives.

The lost time injury frequency rate continues to improve, this improvement is supported by the auditing and review of past significant injuries and associated follow up controls to ensure identified deficiencies have been addressed. A specific focus to decrease the action closed out time and improve the action close out compliance rate was implemented.

The auditing schedule and area inspection program continues to identify areas of improvement in the workplace with the compliance rate of area inspections improving. An internal audit was conducted on the computer based Cintellate safety program. This audit identified a number of outstanding actions relating to past incidents which have now been addressed.

Figure 1: ERT – Emergency Response Team Training 2014

A complete review of the isolation and tagging system for site was conducted with significant improvement to the process of isolating plant and machinery. Development of new supporting procedures and the permit system was established with associated site training 100% complete. An external audit of the implemented system was conducted by the Government Mines Department with no issues identified.

The training section of the safety department has now been combined with the safety advisor role. The amalgamation of duties was capable due to the experience and qualifications by existing staff members.

The safety department has been working closely with other mining companies in the local area in regards to traffic management and compliance with site and state road regulations. Random speed checks and vehicle safety equipment compliance were two initiatives.

Emergency response training is on-going with on-site training conducted by CST staff, with Road Crash rescue training was completed in the month of August. A working at heights training facility was constructed onsite to facilitate Vertical Rescue Recovery training for the Mines Rescue team members.

Environment

Lady Annie Operations recognizes that through effective environmental management practices and continual improvement carried out via strong inter-departmental co-operation and liaison with key stakeholders, we aim to minimize our impact on the environment, as far as practicable. The development of integral environmental management practices has allowed the Environment Department to continue to meet its environmental monitoring requirements during the reporting period as specified under the approved Environmental Authority.

On-going liaisons with Regulatory Authorities has progressed several major projects, with the commencement of mining at the Lady Brenda Pits occurring in recent months and the gaining of momentum with the regulatory approvals associated with the Anthill Project. Developments associated with the Anthill Project include application submission for the Johnson Creek diversion and progression of required Biodiversity Offsets, and improvements to final landform design of the Waste Rock Dumps. Agreements with landowners have been completed and negotiations with traditional owner groups are well progressed with completion anticipated by the end of 2014.

> **Figure 2**: Testing Water Quality

> **Figure 3**: Checking Water Levels in Bore

Environmental regulatory reporting obligations for State and Federal Government Agencies have been on-going with the submission of the Annual Groundwater Report, Johnson Creek Borefield Performance Review, Annual Return, Plan of Operations and National Pollutant Inventory reporting completed within this reporting period.

A strong Environmental Management System developed around ISO14001 principles is and will continue to be the cornerstone on which CST ensures on-going compliance outcomes and improvements to the company's environmental footprint.

Figure 4: Indigenous Employee

Indigenous and Community Relations

Indigenous Relations

Lady Annie Operations has a strong commitment 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, 6% Aboriginal, 1% Torres Strait Islander and 86% Non-Indigenous people and endeavor to focus on employment opportunities for Indjalandji people with the Anthill Project.

The Apprenticeship Scheme is near the end of its third year and Lady Annie Operations has successfully retained the following Apprenticeships onsite: 2 Electrical/ Instrumentation, 1 Fitter & Turner and 1 Boilermaker.

On-going negotiations with traditional owners being the Kalkadoon and Indjalandji people, for the Anthill Project and Mining Lease application.

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 completing 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, which is to protect and preserve the traditions, significant sites, lore/ laws, dreamings, cultural values of the country in which we operate on.

Figure 5: Cultural Heritage Clearance Work – Kalkadoon people

Community Relations

Lady Annie Operations has 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.

On-going community and stakeholder engagement meetings are continuing with a 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 and a main focus with Anthill Mining Lease Project.

Community and stakeholder engagement is a strong focus of exploration to gain 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 6**: The Drover Festival – Camooweal Queensland people

> **Figure 7**: Kalkadoon Family Day – Sarmardin Family

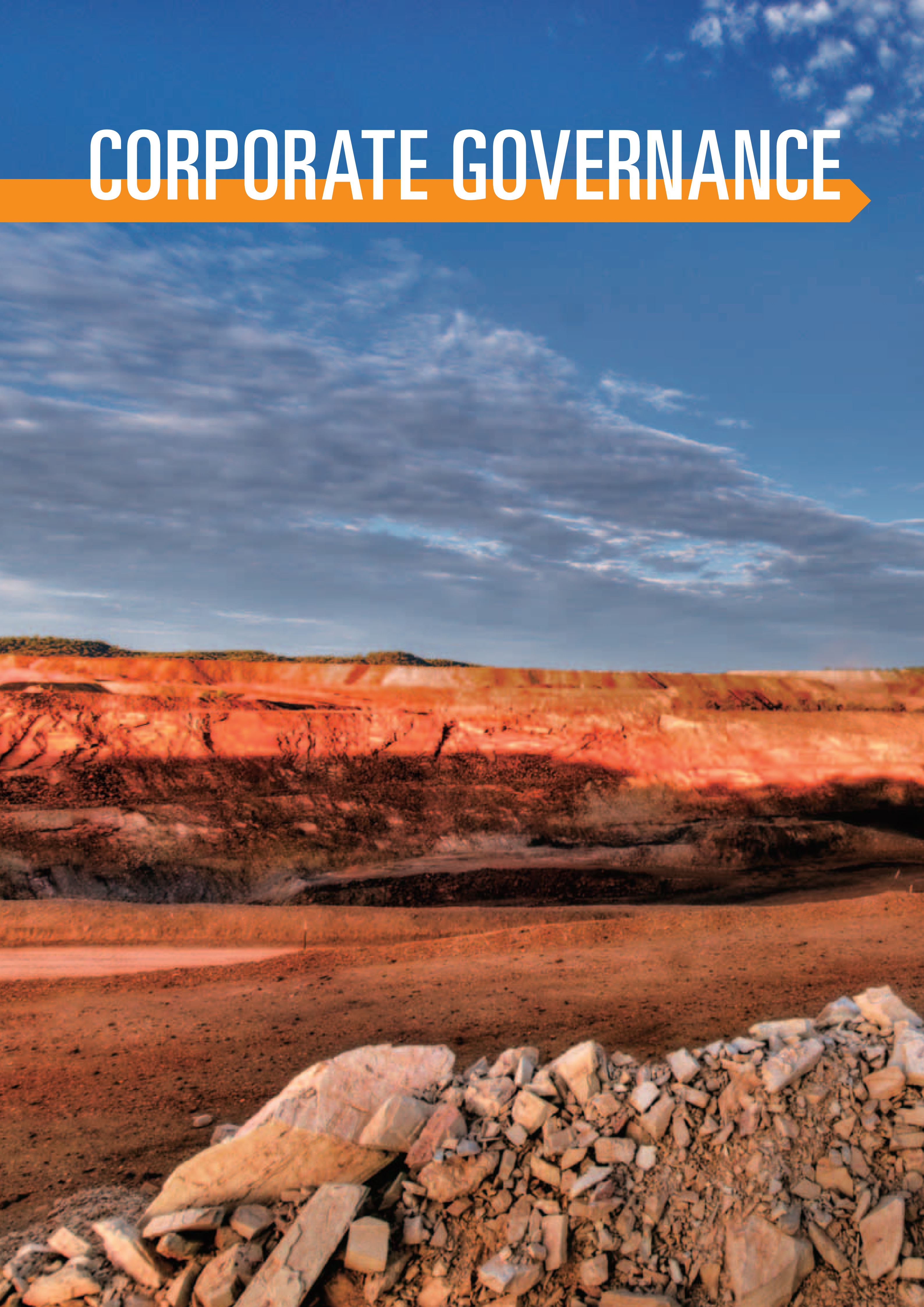
Current negotiations with Anthill Project for its Mining Lease application with all stakeholders from government and non-government within the affected area. On-going negotiations are also in place with the local traditional owners being the Kalkadoon and Indjalandji people.

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 – Camooweal
- Yelvertoft Camp Draft – Yelvertoft Station
- Kalkadoon Family Day – Kalkadoon People Mount Isa
- Mount Isa NAIDOC Ball – Mount Isa
- Mount Isa All Blacks Rugby League Team – Under 21 and Seniors Male and Female

CORPORATE GOVERNANCE

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FINANCIAL RESULTS

The revenue of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended September 30, 2014 (the "Period") was approximately US$70.07 million. This was a decrease of approximately 23.55% when compared with the same period last year. Operating revenue generated by Lady Annie Operations fell from approximately US$88.20 million to US$61.43 million, representing a decrease of approximately 30.36% over the Period. The continuous drop in copper market prices and fewer copper sales are the main reasons for the decrease. Nevertheless, application of effective cost control measures has lowered the cost of production and lifted the gross profit as a whole. Compared with the same period last year, there was an approximately US$12.29 million increase in gross profit, a rise of more than 100%. Dividends from trading securities and interest income from financial assets, and rental income represented approximately 11.79% and 0.55% respectively of the total revenue over the Period.

Compared with the corresponding period last year, revenue derived from property investments increased by approximately 7.78% as a result of stable occupancy rates and an increase in the rental rate for newly signed rental contracts. Rental income provided steady cash flow to the Group over the Period, and this is expected to continue in the future. Financial markets also noticed an upturn during the Period. There was a significant increase in dividend income received from securities investments. Compared to the same period of the previous year, dividends from trading securities and interest income from financial assets increased by approximately 166.51% period-on-period. Hence, the overall performance of the Group's investment portfolio has improved greatly. The Group's investment portfolio recorded a net gain of approximately US$74.00 million for the Period, compared to a net loss of approximately US$4.17 million for the corresponding period of last year. However, the instability of the global economic environment will affect the direction of the financial markets. Uncertainties such as the continuing difficult economic conditions in Europe, the financial policies of the People's Republic of China, the possibility of tighter monetary policy in United States, as well as the territorial and the political disputes in East Asia will prompt fluctuations in market sentiment. These factors will influence the global investor sentiment, and therefore market conditions are likely to be volatile. Other losses of approximately US$3.73 million were recorded for the Period, compared to a loss of approximately US$16.94 million for the same period last year. The decrease is mainly due to a smaller devaluation of the Australian dollar versus the U.S. dollar compared to the same period a year ago. Overall, the Group recorded a profit of approximately US$84.34 million for the Period, contrasting a loss of approximately US$32.07 million for the same period a year earlier.

NET ASSET VALUE

As of September 30, 2014, the Group held bank balances and cash totalling approximately US$141.02 million. A bank deposit of approximately US$59.74 million was pledged, mainly for the mine rehabilitation costs mandated by the government of Queensland, Australia to operate mining business, and as a guarantee to the electric power supplier for the Lady Annie mine site. Fair value of available-for-sale investments and financial assets at fair value through profit and loss were approximately US$99.48 million and US$588.97 million respectively. As of September 30, 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 September 30, 2014 was zero. As of September 30, 2014, the net asset value of the Group amounted to approximately US$1,025.99 million.

HUMAN RESOURCES

As of September 30, 2014, the Group had 33 staff (including directors of the Company) in Hong Kong and 185 staff in Australia. Staff costs (excluding directors' emoluments, direct and indirect labor costs and share-based payment expenses) were approximately US$3.78 million for the Period. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, which includes medical benefits.

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

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

During the Period, the Australian dollar depreciated against U.S. dollar, causing exchange losses for the Group. More information can be found in note 6 to the Condensed Consolidated Financial Statements. 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 processing 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 3,340 square kilometres, and include 14 mining leases and 62 exploration permits for minerals.

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

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Revenue	**61,427**	88,201
Cost of sales	**(45,602)**	(79,476)
Gross profit	**15,825**	8,725
Other income and other gains	**1,548**	3,278
Distribution and selling expenses	**(3,308)**	(4,662)
Administrative expenses	**(5,723)**	(7,974)
Finance costs*	**(861)**	(752)
Profit (loss) profit before taxation	**7,481**	(1,385)
Depreciation in administrative expenses	**454**	1,095
Depreciation in cost of sales	**374**	32,806
Total depreciation	**828**	33,901

* 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 it is prepared on a per-pound of copper sold basis. The term C1 operating cost does not have a 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 it is prepared and presented herein on a basis consistent with industry standard definitions. C1 operating cost includes all mining and processing costs, mine site overheads and realization costs through to refined metal.

The table below provides, 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 for the period indicated.

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

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**41,912**	56,801
Adjustment for change in inventory	**(313)**	(3,467)
Total operating costs	**41,599**	53,334
Copper sold (tonnes)	**8,728**	12,221
Copper sold (in thousand pounds)	**19,242**	26,943
C1 operating cost per pound of copper	**US$2.16/lb**	US$1.98/lb

OUTLOOK

The copper market continuously experienced a drop in price over the Period. The sales of copper also fell during the Period. As a result, the half year revenue from Lady Annie Operations decreased by 30.36% compared with the same period in the previous year. In response to these circumstances, Lady Annie Operations implemented many cost control measures to lower the production costs such as strengthening its planning process, controlling spending, broadening the outsourcing of supply, and rearranging shifts. Thus, the operation performance of the copper business for the Period was improved. A profit for the Period was recorded.

The Company has undertaken to improve its current operations and advance future exploration goals through the strong leadership of the Company's management team and on the ground implementation of our employees.

As a result of the current copper market price, lower market demand, and depleting of copper reserves, the copper production in the second half of 2014 financial year will be remain at the same level as the first half of 2014 financial year. The resources development and exploration program will continue in order to make new discoveries and extend the life of mine. The Company looks forward to realizing further improvement in all aspects of Lady Annie Operations.

The preliminary development stage of Anthill is coming to a close. Agreements with landlords have been completed. Negotiations with the traditional owners are ongoing and the feedback has been constructive. We expect the mining license for the Anthill Project to be granted by the end of the second half of the 2014 financial year or by early in the 2015 financial year.

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

DIRECTORS AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 30 September 2014, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the shares, underlying shares, convertible notes or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (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 30 September 2014.

SHARE OPTION

Particulars of the share option scheme of the Company are set out in note 23 to the condensed consolidated financial statements.

Share Option Scheme

The following table disclose movements in the Company's share options held by each of the Directors and the employees of the Group in aggregate granted under the share option scheme of the Company during the period ended 30 September 2014:

(Notes)

Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	Outstanding as at 01.04.2014	Granted during the Period	Exercised during the Period	Cancelled during the Period	Forfeited during the Period	Outstanding as at 30.09.2014	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	18,200,000	–	–	–	–	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	7,300,000	–	–	–	(400,000)	6,900,000	0.2290	0.1004
Total for employees				29,500,000	–	–	–	(4,400,000)	25,100,000		
Total for Scheme				99,500,000	–	–	–	(4,400,000)	95,100,000		

Notes:

Vesting conditions for share options granted:

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

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

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF PERSONS OTHER THAN DIRECTORS AND CHIEF EXECUTIVES

As at 30 September 2014, so far as known to the Directors or the chief executives of the Company, the following person is the shareholder (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 to the Company and the Stock Exchange.

Long positions in shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of shares/ underlying shares	Approximate % of the issued share capital	
Cheung Chung Kiu	Beneficial owner/Interest of a controlled corporation	2,575,861,856	9.51%	(Notes)

Notes:

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.

Save as disclosed above, the Company has not been notified by any person (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company and the Stock Exchange as at 30 September 2014.

CORPORATE GOVERNANCE

The Company has, during the six months ended 30 September 2014 met the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except for the following deviation:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding director's 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 during the six months ended 30 September 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The 2014 Interim Report has been reviewed by the Company's audit committee which comprises three independent non-executive directors of the Company and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

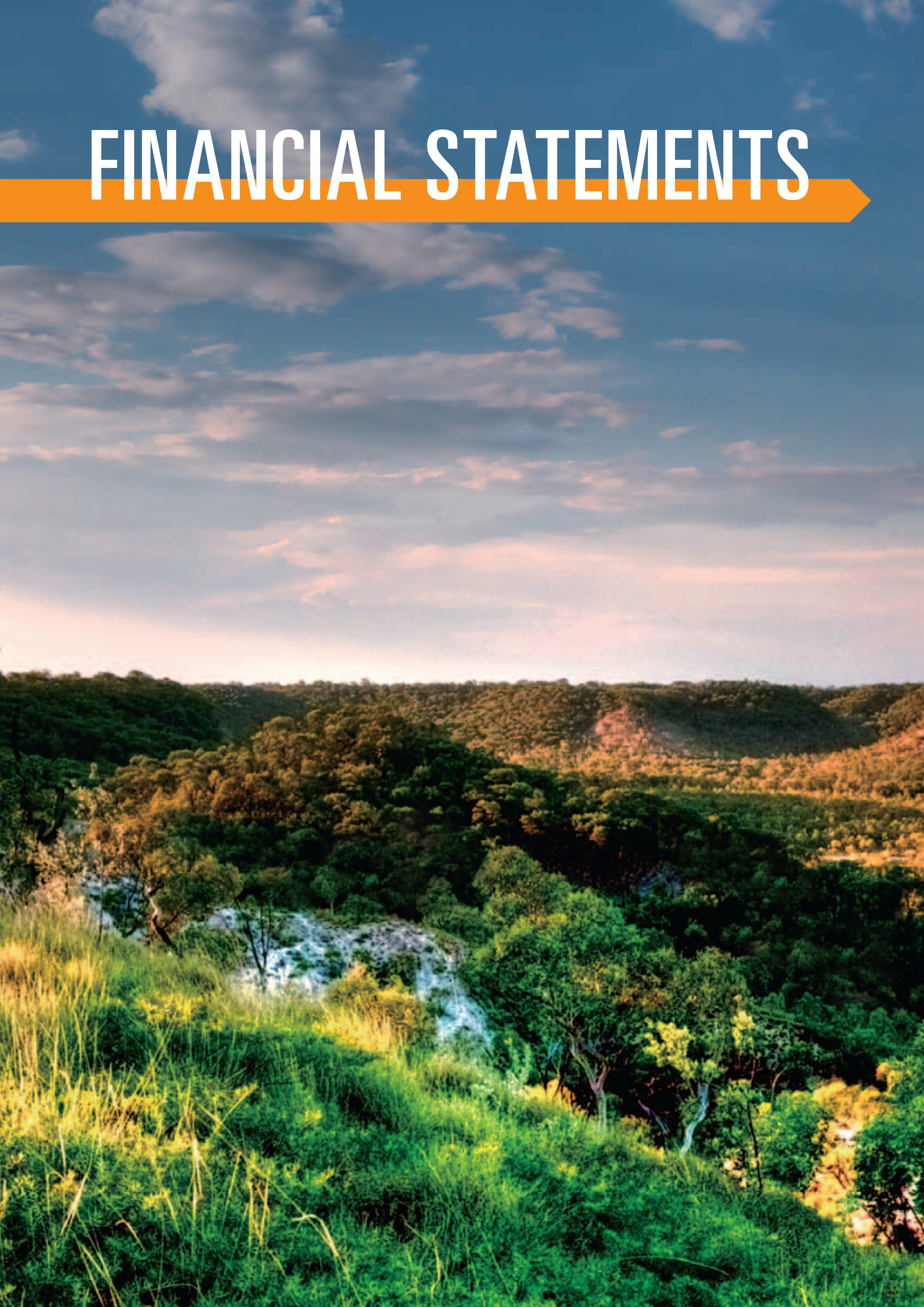
By order of the Board

Chiu Tao

Chairman

Hong Kong, 26 November 2014

FINANCIAL STATEMENTS



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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of CST Mining Group Limited (the "Company") and its subsidiaries set out on pages 37 to 57, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 November 2014

For the Six Months Ended 30 September 2014

	Notes	Six months ended 30 September 2014 US$'000 (unaudited)	2013 US$'000 (unaudited)
Revenue	4	**70,074**	91,660
Cost of sales	5	**(45,602)**	(79,476)
Gross profit		**24,472**	12,184
Other income and other gains and losses	6	**(3,730)**	(16,937)
Distribution and selling expenses		**(3,308)**	(4,662)
Administrative expenses			
– Expense of share-based payment	23	**(19)**	(4,789)
– Other administrative expenses		**(12,417)**	(14,417)
Gain on disposal of an available-for-sale investment		**336**	205
Impairment loss recognised on an available-for-sale investment	14	**(17,479)**	(1,766)
Gain (loss) on fair value changes of financial assets at fair value through profit or loss		**91,133**	(2,605)
(Loss) gain on fair value changes of investment properties	13	**(98)**	172
Finance costs	7	**(885)**	(765)
Share of profit of a joint venture		**5,323**	–
Profit (loss) before taxation		**83,328**	(33,380)
Taxation	8	**1,013**	1,314
Profit (loss) for the period, attributable to owners of the Company	9	**84,341**	(32,066)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,881)**	(17,909)
Loss arising from fair value changes of an available-for-sale investment		**–**	(31,737)
Other comprehensive expense for the period		**(2,881)**	(49,646)
Total comprehensive income (expense) for the period, attributable to owners of the Company		**81,460**	(81,712)
EARNINGS (LOSS) PER SHARE			
Basic and diluted	10	**US0.31 cents**	US(0.12) cents

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Notes	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**7,458**	7,716
Exploration and evaluation assets	12	**49,917**	50,925
Investment properties	13	**19,412**	19,510
Financial assets at fair value through profit or loss	18	**7,719**	7,326
Available-for-sale investments	14	**99,475**	84,927
Pledged bank deposits	15	**59,738**	62,167
Interests in a joint venture	16	**5,323**	–
		249,042	232,571
Current assets			
Inventories		**73,334**	79,168
Trade and other receivables	17	**22,479**	44,455
Amount due from a joint venture	16	**2,509**	–
Financial assets at fair value through profit or loss	18	**581,250**	499,905
Bank balances and cash		**141,021**	135,734
		820,593	759,262
Current liabilities			
Trade and other payables	20	**10,651**	12,198
Amount due to a non-controlling interest		**256**	256
Derivative financial instruments	19	**–**	617
Tax payable		**4,469**	4,268
		15,376	17,339
Net current assets		**805,217**	741,923
Total assets less current liabilities		**1,054,259**	974,494
Non-current liabilities			
Deferred tax liabilities		**–**	1,054
Provision for mine rehabilitation cost	21	**28,274**	28,934
		28,274	29,988
		1,025,985	944,506
Capital and reserves			
Share capital	22	**347,414**	347,414
Reserves		**678,577**	597,098
Equity attributable to owners of the Company		**1,025,991**	944,512
Non-controlling interests		**(6)**	(6)
		1,025,985	944,506

For the Six Months Ended 30 September 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)/ Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total US$'000
At 1 April 2013 (audited and originally stated)	347,414	497,483	987	128,275	4,863	9	31,218	25,815	(32,589)	1,003,475	(6)	1,003,469
Adjustments	–	–	–	–	–	–	–	697	21,213	21,910	–	21,910
At 1 April 2013 (restated)	347,414	497,483	987	128,275	4,863	9	31,218	26,512	(11,376)	1,025,385	(6)	1,025,379
Loss for the period	–	–	–	–	–	–	–	–	(32,066)	(32,066)	–	(32,066)
Other comprehensive expense for the period	–	–	–	–	(31,737)	–	–	(17,909)	–	(49,646)	–	(49,646)
Total comprehensive expense for the period	–	–	–	–	(31,737)	–	–	(17,909)	(32,066)	(81,712)	–	(81,712)
Lapse of share option	–	–	–	–	–	–	(48)	–	48	–	–	–
Recognition of share-based payment expense	–	–	–	–	–	–	1,546	–	–	1,546	–	1,546
Cancellation of unvested share options	–	–	–	–	–	–	3,243	–	–	3,243	–	3,243
Transfer upon cancellation of share options	–	–	–	–	–	–	(35,398)	–	35,398	–	–	–
At 30 September 2013 (unaudited)	347,414	497,483	987	128,275	(26,874)	9	561	8,603	(7,996)	948,462	(6)	948,456
At 1 April 2014 (audited)	**347,414**	**497,483**	**987**	**128,275**	**–**	**–**	**547**	**7,454**	**(37,648)**	**944,512**	**(6)**	**944,506**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**84,341**	**84,341**	**–**	**84,341**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,881)**	**–**	**(2,881)**	**–**	**(2,881)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,881)**	**84,341**	**81,460**	**–**	**81,460**
Lapse of share option	**–**	**–**	**–**	**–**	**–**	**–**	**(19)**	**–**	**19**	**–**	**–**	**–**
Recognition of share-based payment expense	**–**	**–**	**–**	**–**	**–**	**–**	**19**	**–**	**–**	**19**	**–**	**19**
At 30 September 2014 (unaudited)	**347,414**	**497,483**	**987**	**128,275**	**–**	**–**	**547**	**4,573**	**46,712**	**1,025,991**	**(6)**	**1,025,985**

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 Six Months Ended 30 September 2014

	Notes	Six months ended 30 September 2014 US$'000 (unaudited)	2013 US$'000 (unaudited)
Net cash from (used in) operating activities		**41,831**	(79,144)
Investing activities			
Purchase of available-for-sale investments	14	**(33,000)**	–
Purchase of property, plant and equipment	12	**(2,353)**	(3,495)
Additions to exploration and evaluation assets	12	**(1,583)**	(3,393)
Increase in pledged bank deposit		**(730)**	(1,050)
Proceeds on disposal of available-for-sale investments		**1,309**	1,547
Net cash used in investing activities		**(36,357)**	(6,391)
Cash used in a financing activity			
Interest paid		**(24)**	(13)
Net increase (decrease) in cash and cash equivalents		**5,450**	(85,548)
Effect of foreign exchange rate changes		**(163)**	(417)
Cash and cash equivalents at the beginning of the period		**135,734**	197,360
Cash and cash equivalents at the end of the period, represented by bank balances and cash		**141,021**	111,395

1. GENERAL

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

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

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

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

4. REVENUE/SEGMENT INFORMATION

Revenue

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

	Six months ended 30 September	
	2014 **US$'000** **(unaudited)**	2013 US$'000 (unaudited)
Sale of copper cathodes	**61,427**	88,201
Residential rental income	**258**	232
Office rental income	**130**	128
Dividend income from trading of securities	**7,632**	1,064
Interest income from financial assets at fair value through profit or loss	**627**	2,035
	70,074	91,660

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. The Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

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

4. REVENUE/SEGMENT INFORMATION (continued)

Segment revenue and results

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

	Segment revenue Six months ended 30 September		Segment results Six months ended 30 September	
	2014 US$'000 (unaudited)	2013 US$'000 (unaudited)	**2014 US$'000 (unaudited)**	2013 US$'000 (unaudited)
Mining business				
– Australia	**61,427**	88,201	**4,662**	(3,911)
Investments in financial instruments	**8,259**	3,099	**82,567**	(1,651)
Property investment	**388**	360	**123**	386
	70,074	91,660	**87,352**	(5,176)
Other income and other gains and losses			**(3,730)**	(16,937)
Central administration costs			**(4,713)**	(5,713)
Share-based payment expense			**(19)**	(4,789)
Finance costs			**(885)**	(765)
Share of profit of a joint venture			**5,323**	–
Profit (loss) before taxation			**83,328**	(33,380)

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

Segment results represent the results of each segment without allocation of other income and other gains and losses, central administration costs, share-based payment expense, finance costs and share of profit of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Other segment information

Six months ended 30 September 2014

Amount included in the measure of segment results:

	Mining business – Australia US$'000 (unaudited)	Investments in financial instruments US$'000 (unaudited)	Property investment US$'000 (unaudited)	Consolidated US$'000 (unaudited)
Depreciation	**828**	–	–	**828**
Staff costs	**10,581**	–	–	**10,581**
	11,409	–	–	**11,409**

4. REVENUE/SEGMENT INFORMATION (continued)

Other segment information (continued)

Six months ended 30 September 2013

Amount included in the measure of segment results:

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

5. COST OF SALES

	Six months ended 30 September	
	2014 US$'000 (unaudited)	2013 US$'000 (unaudited)
Electricity	**5,693**	6,739
Diesel/fuel	**3,934**	4,102
Direct materials	**11,301**	10,637
Equipment rental	**257**	318
Staff costs	**8,091**	11,789
Drilling & blasting, earthmoving & haulage	**10,731**	14,031
Overhead	**2,559**	1,961
Maintenance	**964**	1,083
Depreciation	**1,870**	45,221
Production stripping cost capitalised	**(1,470)**	–
Movement in inventories	**1,672**	(16,405)
	45,602	79,476

6. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
	(unaudited)	(unaudited)
Bank interest income	**1,073**	1,042
Net foreign exchange loss	**(4,953)**	(18,790)
Others	**150**	811
	(3,730)	(16,937)

7. FINANCE COSTS

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
	(unaudited)	(unaudited)
Interest on other borrowings wholly repayable within five years	**24**	13
Effective interest expense on provision for mine rehabilitation cost	**861**	752
	885	765

8. TAXATION

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
	(unaudited)	(unaudited)
The credit (charge) comprises:		
Current tax:		
People's Republic of China	**(13)**	(11)
Australian withholding tax	**(213)**	–
Deferred tax	**1,239**	1,325
Taxation credit for the period	**1,013**	1,314

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

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

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

9. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 September	
	2014	2013
	US$'000	US$'000
	(unaudited)	(unaudited)
Profit (loss) for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	**966**	34,586
Directors' remuneration, including share-based payment expenses of US$24,000 (six months ended 30 September 2013: US$4,697,000)	**2,359**	6,974

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the profit for the period of US$84,341,000 (six months ended 30 September 2013: loss for the period of US$32,066,000) and 27,098,308,961 ordinary shares (six months ended 30 September 2013: 27,098,308,961 ordinary shares) in issue during the period.

The computation of diluted earnings (loss) per share for both periods 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 for both periods.

11. DIVIDEND

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

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

During the six months ended 30 September 2014, the Group incurred expenditures on mine property and development assets of US$2,304,000 (six months ended 30 September 2013: US$3,250,000) and other property, plant and equipment of US$49,000 (six months ended 30 September 2013: US$245,000).

During the six months ended 30 September 2014, the Group incurred expenditures on exploration and evaluation assets of US$1,583,000 (six months ended 30 September 2013: US$3,393,000).

13. INVESTMENT PROPERTIES

	US$'000
Fair value at 1 April 2014 (audited)	**19,510**
Unrealised fair value changes recognised in profit or loss	**(98)**
Fair value at 30 September 2014 (unaudited)	**19,412**
Fair value at 1 April 2013 (audited)	19,645
Unrealised fair value changes recognised in profit or loss	172
Fair value at 30 September 2013 (unaudited)	19,817

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

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Land and buildings in Hong Kong held under long leases	**13,808**	13,808
Land and buildings in the mainland China (the "PRC") held under medium-term leases	**5,604**	5,702
	19,412	19,510

The Group's investment properties in Hong Kong and the PRC as at 30 September 2014 and 31 March 2014 were valued by an independent qualified professional valuer not connected with the Group. The valuations were arrived at by reference to market evidence of transaction prices for similar properties. The decrease in fair value of investment properties of US$98,000 has been recognised directly in profit or loss for the six months ended 30 September 2014 (six months ended 30 September 2013: increase in fair value of US$172,000).

14. AVAILABLE-FOR-SALE INVESTMENTS

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

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Unlisted equity securities (note a)	**51,961**	20,270
Less: Impairment loss recognised	**(13,353)**	(5,689)
	38,608	14,581
Equity securities listed in Hong Kong (note b)	**58,354**	67,833
Club membership	**2,513**	2,513
	99,475	84,927

14. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

(a) As at 31 March 2014, the Group held 25,500,000 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 25,500,000 shares represent approximately 2.86% 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 1,700,000 shares at a consideration of US$1,309,000 during the period ended 30 September 2014, resulting in a gain on disposal of US$336,000, the Group holds 23,800,000 shares of the investee company, which represents approximately 2.38% of the issued shares in the investee company as at 30 September 2014.

During the six months ended 30 September 2014, the management considered that the unstable global economic environment may adversely affect the securities trading and provision of brokerage and financial services business of the investee company and has engaged an independent professional valuer to determine the fair value of this investment with reference to publicly available information of comparable companies applying a marketability discount. Following such assessment, no impairment loss was recognised during the six months ended 30 September 2014 (six months ended 30 September 2013: US$1,766,000) and no reversal of impairment is permitted if the financial assets recognised at cost.

During the period ended 30 September 2014, the Group acquired 52,479 equity shares of a private company and unlisted company incorporated in the Cayman Islands which is a leading wholesaler of agriculture products in China, at a total consideration of US$33,000,000. The 52,479 shares represent approximately 2.19% of the issued share capital of the investee company.

The unlisted equity securities are measured at cost less impairment at the end of the reporting period because variability in the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the period, the management considered that the unstable global economic environment could have adverse effect on the wholesale of agriculture business of the investee and engaged an 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$8,000,000 related to this unlisted investment was recognised in profit or loss for the period ended 30 September 2014.

(b) As at 30 September 2014 and 31 March 2014, the Group's available-for-sale investments included equity securities listed in Hong Kong, which represent 2,310,459,999 shares in G-Resources Group Limited ("G-Resources") incorporated in Bermuda, with a carrying amount of US$58,354,000 as at 30 September 2014 (31 March 2014: US$67,833,000). The investment represents 8.72% of holding of the ordinary shares of G-Resources as at 30 September 2014 (31 March 2014: 8.72%). At the end of the reporting period, the listed equity securities are stated at fair values which have been determined based on quoted market bid prices available on the Stock Exchange. Fair value loss amounting to US$9,479,000 was recognised during the period ended 30 September 2014 (2013: nil).

15. PLEDGED BANK DEPOSITS

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contracts. These guarantees are backed by collateral deposits which amounted to US$27,752,000 as at 30 September 2014 (31 March 2014: US$28,950,000).

Another US$31,986,000 (31 March 2014: US$33,217,000) represents deposit placed by the Group with a bank as required by the government of Queensland, Australia for operating in the mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirements in note 21.

16. INTERESTS IN A JOINT VENTURE

During the current interim period, the Group and a third party set up a company, Mission Right Limited ("Mission Right"), which principally engages in the business of investments in equity instruments.

For this joint venture without entering into any agreements, the Group and the other shareholder each has owned 50% interest and the directors are of the opinion that both parties have implicitly agreed that they have joint control on this entity because decision on operating activities cannot be made without both parties agreeing.

Details of the Group's investment in a joint venture as follows:

	As at 30 September 2014 US$'000
Share of profit in a joint venture	5,323
Amount due from a joint venture	2,509

Details of a joint venture at the end of the reporting period as follows:

Name of entity	Form of entity	Country of incorporation	Class of shares held	Proportion of ownership interest held by the Group 30.9.2014	Proportion of voting rights held by the Group 30.9.2014	Principal activity
Mission Right Limited	Incorporated	British Virgin Islands	Ordinary	50%	50%	Investment in equity instruments

16. INTERESTS IN A JOINT VENTURE (continued)

The joint venture is accounted for using the equity method in financial statements:

	As at 30 September 2014 US$'000
Current assets	**15,664**
Non-current assets	**–**
Current liabilities	**5,019**
Non-current liabilities	**–**
Revenue	**–**
Profit (loss) for the period	**10,645**

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mission Right recognised in the financial statements:

	As at 30 September 2014 US$'000
Net assets of Mission Right	**10,645**
Proportion of Group's ownership interest in Mission Right	**50%**
Carrying amount of Group's interest in Mission Right	**5,323**

17. TRADE AND OTHER RECEIVABLES

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Trade receivable	**8,409**	12,128
Other receivables	**14,070**	32,327
Total trade and other receivables	**22,479**	44,455

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

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
0 – 60 days	**8,409**	12,128

17. TRADE AND OTHER RECEIVABLES (continued)

Trade receivable as at 30 September 2014 and 31 March 2014 mainly represent trade receivables from sales of copper cathodes in Australia. The balance 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 an investment, amounting to US$7,500,000 (31 March 2014: US$25,000,000) and Goods and Services 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$2,058,000 (31 March 2014: US$2,085,000).

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Held for trading investments (current assets)		
Equity securities – listed in Hong Kong	510,873	432,497
Equity securities – listed outside Hong Kong	8,781	7,577
Investment funds	56,359	55,148
Unlisted debt securities (Note)	5,237	4,683
	581,250	499,905
Designated at fair value through profit or loss (non-current assets)		
Unlisted debt securities (Note)	7,719	7,326
	588,969	507,231

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.

As at 30 September 2014 and 31 March 2014, the Group held several unlisted debt securities as follows:

Note: As at 31 March 2014, the unlisted debt securities represents the unlisted unsecured loan note (the "Note") issued by a company with its shares listed on the Stock Exchange and the unlisted unsecured bond (the "Bond") issued by a private company incorporated in the Cayman Islands with principal amount of HK$40,000,000 (equivalent to approximately US$5,128,000) and HK$147,000,000 (equivalent to approximately US$18,846,000), respectively.

The Note carries coupon rate of 6% per annum and is redeemable by the issuer at any time before or upon maturity at its principal amount together with interest accrued at the redemption date. The Note is payable upon maturity on 9 February 2015. As at 30 September 2014, the fair value of the debt component of the Note is determined as discounted cash flows using the interest rate of 10.76% (31 March 2014: 20.02%) which was carried out by an independent qualified valuer. A gain of US$554,000 was recognised in profit or loss during the six months ended 30 September 2014 (six months ended 30 September 2013: US$130,000).

The Bond 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 Bond is payable upon maturity on 9 October 2020.

At 30 September 2014, the fair value of the debt component of the Bond is determined as discounted cash flows using the prevailing market interest rate of 24.14% (31 March 2014: 25.39%) while the fair value of the embedded derivative of the early redemption option of the issuer is determined using Hull-White Model by an independent professional valuer. A gain on fair value changes of US$393,000 was recognised in profit or loss during the six months ended 30 September 2014 (six months ended 30 September 2013: loss of US$759,000).

19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Derivative financial liabilities (not under hedge accounting)		
Future contracts on non-ferrous metals	–	617

The copper future contracts were not designated and effective as a hedging instrument. Therefore, the fair value gains or losses were recognised in profit or loss in the period in which they arise. At 31 March 2014, the fair value of the copper future contracts was determined based on price quoted by financial institutions. During the six months end 30 September 2014, the copper future contracts were settled.

20. TRADE AND OTHER PAYABLES

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

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Trade payables		
0 – 30 days	3,261	640
Other payables	7,390	11,558
Total trade and other payables	10,651	12,198

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$2,188,000 (31 March 2014: AUD2,500,000, equivalent to approximately US$2,305,000) and (ii) of AUD2,500,000, equivalent to approximately US$2,188,000 (31 March 2014: AUD2,500,000, equivalent to approximately US$2,305,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. Production of the first 10,000 tonnes was completed in the year ended 31 March 2012 and US$2,607,000 was fully settled during the year ended 31 March 2013. As at 30 September 2014, the additional ore reserves are not yet delineated and the remaining AUD2,500,000 (equivalent to approximately US$2,188,000) was included in other payables.

Other payables also include Goods and Services Tax payable and Royalty payable to the Australian Government of US$869,000 and US$1,261,000 (31 March 2014: US$839,000 and US$1,346,000), respectively, in respect of sales made in Australia under relevant rules and regulations.

21. PROVISION FOR MINE REHABILITATION COST

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

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

During the six months ended 30 September 2014, no movement in mine rehabilitation cost was recognised. No payment was made in the current period for rehabilitation works (six months ended 30 September 2013: nil).

22. SHARE CAPITAL

	Number of shares	Share capital US$'000
Ordinary shares of HK$0.10 each:		
Authorised		
At 1 April 2013, 31 March 2014 and 30 September 2014	**50,000,000,000**	641,026
Issued and fully paid		
At 1 April 2014 and 30 September 2014 (unaudited)	**27,098,308,961**	347,414

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

23. SHARE-BASED PAYMENTS TRANSACTION

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

	Number of share options
Outstanding at 1 April 2014	**99,500,000**
Forfeited during the period	**(4,400,000)**
Outstanding at 30 September 2014	**95,100,000**

23. SHARE-BASED PAYMENTS TRANSACTION (continued)

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

During the six months ended 30 September 2014, there were share options forfeited after the vesting date as a result of the resignation of employees, and the corresponding share-based payment expenses of US$19,000 previously recognised were transferred to the retained profits.

During the six months ended 30 September 2014, net share-based payment of US$19,000 was recognised for the share options remaining as at the end of the period (six months ended 30 September 2013: net share-based payment of US$4,789,000).

24. CAPITAL COMMITMENTS

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

	As at 30 September 2014 US$'000 (unaudited)	As at 31 March 2014 US$'000 (audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**10**	135
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	**2,137**	2,759

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Financial assets	Fair value as at 30 September 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")	58,354	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets designated at fair value through profit or loss					
Equity securities listed in HK	510,873	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity securities listed in overseas	8,781	Level 1	Quoted bid prices in active markets	N/A	N/A
Investment funds	56,359	Level 2	Market price or net asset value per share or unit provided by the financial institutions	N/A	N/A
Unlisted investment – Note	5,237	Level 3	Discounted cash flows	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 – Bond	7,719	Level 3	Discounted cash flows 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

Note: For the Note and the Bond, the most significant unobservable input is the discount rate. If the discount rate to the valuation model was 0.5% higher/lower while the other variables were held constant, the total carrying amount of these unlisted investments would decrease/increase by US$157,000 and US$161,000 respectively.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

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

Reconciliation of Level 3 fair value measurements of financial assets

	Note US$'000	Bond US$'000	Total unlisted securities US$'000
At 1 April 2014 (audited)	4,683	7,326	12,009
Total gains recognised in profit or loss	554	393	947
At 30 September 2014 (unaudited)	5,237	7,719	12,956

Included in the profit for the period is an amount of US$947,000 being fair value gain related to the Note and the Bond classified as financial assets designated at fair value through profit or loss held at the end of the reporting period.

Fair value measurements and valuation process

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

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

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

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

26. RELATED PARTY DISCLOSURES

Key management personnel compensation

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

	Six months ended 30 September	
	2014 **US$'000** **(unaudited)**	2013 US$'000 (unaudited)
Short-term benefits	**2,329**	2,271
Expenses of share-based payment	**24**	4,697
Post-employment benefits	**6**	6
	2,359	6,974

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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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Windward 1
Regatta Office Park
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Grand Cayman KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
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183 Queen's Road East
Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKER

Hang Seng Bank Limited

STOCK CODE

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