CST MINING GROUP LIMITED
中科礦業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 985)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of CST Mining Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011 with the comparative figures for the corresponding period in 2010 presented in the condensed consolidated financial statements in the later part of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The revenue of the Group for the six months ended 30 September 2011 (the "Period") was approximately US$91.13 million. Compared with the corresponding period 2010, this represented an increase of approximately US$87.88 million. The increase was mainly attributable to revenue from the Lady Annie Operation (details of which are disclosed below), which contributed over approximately 97.55% of total revenue for the Period. Of the remaining revenue, approximately 2.15% was generated from dividend income and approximately 0.30% from rental income.

Compared with the previous corresponding period, revenue from investments in financial instruments decreased approximately 34.35%, reflecting a fall in dividend income from financial instruments. Revenues from property investments slightly increased approximately 3.37%. Benefiting from a stable occupancy rate, rental income provided steady cash flow to the Group for the Period, and is expected to continue doing so in the future.

The Group recorded approximately US$2.56 million of other loss for the Period, mostly attributable to foreign exchange losses. For the same period in 2010, the Group recorded other income of approximately US$5.10 million.

Other administrative expenses for the Period were approximately US$15.70 million, representing an increase of approximately 125.42% compared with the same period last year. The Lady Annie Operation resumed copper production in late November 2010 and as a result produced copper and sales revenue throughout the Period, in contrast to the same period last year when preparations for a production re-start were still underway. With the mines now in production, the Company has hired a large number of new employees, so that administrative expenses increased accordingly. In addition, effective interest expense on provision for mine rehabilitation cost was calculated and booked in the Period. Thus, the finance costs for the Period had increased by approximately 93.08%.

Financial market fluctuations continued during the Period, with factors such as European sovereign debt, currency woes and the financial policies of the People's Republic of China sustaining uncertain market sentiment. It is expected that these factors will continue to remain unpredictable and that the market will remain volatile. The market uncertainty also had an impact on the performance of the Group's financial assets. This led to a loss of approximately US$71.88 million arising from fair value changes of financial assets recorded through the profit or loss statement. Overall, the net loss for the Period was approximately US$81.97 million as compared with a loss of approximately US$24.86 million in the same period last year.

Net Asset Value

As at 30 September 2011, the Group had bank balances and cash of approximately US$153.15 million (excluding cash balance included in assets classified as held for sale). In addition, the Group had bank deposit of approximately US$60.05 million pledged to banks mainly to cover the mine rehabilitation cost required by the State Government to allow the Group to operate in Queensland, Australia but also to provide a guarantee to the electric power supplier for the Lady Annie Operations. In line with a revised power purchase agreement, the supplier took fixed and floating charges during the Period on Lady Annie's assets to guarantee power supply to Lady Annie Operations until the end of 2020. The power purchase agreement can nonetheless be terminated on service of 24 months' notice on or after the beginning of 2015.

The fair value of available-for-sale investments and financial assets at fair value through profit and loss as at 30 September 2011 were approximately US$12.61 million and US$159.44 million, respectively. Following the resumption of copper production at the Lady Annie Operations in November 2010, trade and other payables increased by approximately 38.05% to approximately US$31.88 million and inventory increased by approximately 44.87% to US$35.35 million compared with 31 March 2011.

As at 30 September 2011, the Group had no outstanding loans or borrowings from banks or financial institutions, so that as of that date the gearing ratio was zero. A one-year US$75 million revolving loan facility with an interest rate of 1% per annum over LIBOR/HIBOR granted by a bank to a subsidiary of the Company expired during the Period and was renewed with a same amount facility with an interest rate of 1.5% per annum over LIBOR/HIBOR. The Company has provided a guarantee to the bank for this facility. As at 30 September 2011, the facility was not utilised. Marcobre (as defined as below) has contractual obligation to pay two independent third parties in the event of the Group and another joint venturer approving the commencement of the construction of mine and processing facilities of the Mina Justa project and when the resources of the Mina Justa project reached certain milestones. The Group's maximum share of such future payment is US$7 million assuming all the milestones are met. The above conditions were not reached as at 30 September 2011.

As at 30 September 2011, the net asset value of the Group amounted to approximately US$858.80 million.

Human Resources

As at 30 September 2011, the Group employed 40 staff in Hong Kong, 235 staff in Australia and 30 staff in Peru. Staff costs (excluding directors' emoluments, and direct and indirect labour costs) was approximately US$6.79 million for the Period. Staff remuneration packages are normally reviewed annually. The Group also participated in the Mandatory Provident Fund Scheme in Hong Kong. In addition, the Group provided other staff benefits, which include medical benefits.

The Group has a share option scheme. Details and the movement of the share options are disclosed under the heading "Statutory Disclosure" in the 2011 interim report.

Exposure to Fluctuations in Exchange Rates and Related Hedging

The Group conducts most of its business in United States Dollars, Australian Dollars, Renminbi, Peruvian Nuevo Soles and Hong Kong Dollars. Foreign currency exposure to United States Dollars is minimal as the Hong Kong Dollar is pegged to the United States Dollar. The exposure to Renminbi is also minimal as business conducted in Renminbi represents a very small portion of the Group's total business in terms of revenue. The Group is exposed to foreign currency risk denominated in Peruvian Nuevo Soles and Australian Dollars and does not have any hedging policy against these two foreign currencies . However, management monitors the Group's foreign currency exposure continuously and will consider hedging significant foreign exchange rate exposure should the need arise.

Marcobre

Marcobre S.A.C. ("Marcobre") is a Peruvian company, which is 70% owned by the Company. Marcobre in turn owns 100% of the Mina Justa copper project in coastal southern Peru. The project has a resource base of more than three million tonnes of contained copper and reserves of more than one million tonnes of contained copper. A Definitive Feasibility Study has been completed for average production of 110,000 tonnes per annum of copper as copper cathode and copper contained in concentrates, starting in 2013 for 10 years of initial reserves. The project has potential for further reserves in and around the existing ore bodies (all known as Mina Justa). The project has the support of the national and regional governments of Peru and nearby communities. The National Government of Peru has awarded the Mina Justa Project "National Interest" status.

The Ministry of Agriculture of Peru granted a provisional water licence for two years to Marcobre in April 2011. It also guaranteed the future granting of a water licence to Marcobre on the condition that the competent authority in Peru verifies that Marcobre has built the relevant hydraulic works in strict compliance with the terms of the provisional water licence.

On 9 June 2011, the Company entered into a memorandum of understanding ("MOU") with Glencore International AG ("Glencore") in connection with the proposed disposal of the Company's 100% interest in CST Resources Limited (CST Resources), a wholly-owned subsidiary of the Company, which in turn indirectly owns 70% of the Mina Justa Project for US$475 million. More details are provided in the "Significant Events" section below.

Lady Annie

The Lady Annie Operations, which comprises principally the Lady Annie mining area, the Mount Kelly mining area, and the Mount Kelly process plant and tenements, is located in the Mount Isa district of north-western Queensland, Australia. The Mount Isa Inlier hosts several known copper oxide and sulphide resources and several notable copper and lead-zinc silver mines. Tenements held by the Lady Annie Project cover approximately 1,640 square kilometres, and include 14 mining leases and 28 EPMs (exploration permits for minerals).

The Lady Annie Operations resumed copper cathode production in November 2010 and started generating revenue in December 2010. A summary of the financial results for the six months period ended 30 September 2011 for Lady Annie is set out below:

	2011 Apr - Sept US$'000
Revenue	88,896
Cost of sales	(64,325)
Gross Profit	24,571
Other income and other gains	240
Distribution and selling expenses	(8,695)
Administrative expenses	(8,379)
Finance costs	(541)
Profit before taxation	7,196
Depreciation in administrative cost	402
Depreciation in cost of goods sold	25,334
Total depreciation	25,736

Non-HKFRS financial measure

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

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

	2011 Apr - Sept US$'000
Costs as reported in the income statement:	
Direct and indirect mining cost	58,907
Adjustment for change in inventory	(5,557)
Total operating costs	53,350
Copper sold (tonnes)	9,738
Copper sold (in thousand pounds)	21,469
C1 operating cost per pound of copper	**US$2.49/lb**

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

Significant Events

On 9 June 2011, the Company entered into the MOU with Glencore pursuant to which the Company will sell or procure to sell to Glencore or its wholly-owned subsidiary the Company's 100% interest in CST Resources . CST Resources is a wholly-owned subsidiary of the Company, which indirectly owns 70% of the interest of Macrobre, which in turn owns 100% of the Mina Justa copper project in coastal southern Peru. The price agreed was a total consideration of US$475 million in readily available funds.

The parties agreed to use their best efforts to formalise the Sale and Purchase Agreement and all other necessary legal documents by 15 July 2011 with a view to completion of the transaction on or before 5 October 2011. It was also agreed that the MOU may be terminated: (a) by mutual written agreement of the Company and Glencore; (b) by Glencore, upon written notice to the Company, if the results of the due diligence review conducted by Glencore are not reasonably satisfactory to Glencore; or (c) if by 15 July 2011, no definitive sale and purchase agreement is signed by the Company and Glencore. Details of the MOU were disclosed in the Company's announcement dated 14 June 2011.

On 17 July 2011, the Company and Glencore entered into a Share Purchase Agreement ("SPA") pursuant to which Glencore conditionally agreed to acquire CST Resources from the Company for a cash consideration of approximately US$475 million. Closing to SPA is conditional upon the fulfilment or waiver of the certain conditions (the "Conditions Precedent"). Details of the SPA were disclosed in the Company's announcement dated 18 July 2011.

On 2 October 2011, the Company received from Glencore a Notice of Satisfaction with respect to its technical due diligence enquiries in respect of the Mina Justa Project. The Company and Glencore further agreed to extend the satisfaction date for the remaining Conditions Precedent to 30 November 2011 with anticipated closing in December 2011. Both Glencore and the Company remain committed to achieving completion of the transaction, details of which were disclosed in the Company's announcement dated 2 October 2011.

Outlook

During the second half of this financial year, the Company estimates production at Lady Annie will be approximately 9,400 tonnes. This will get us close to an annualised rate of around 20,000 tonnes which is an improvement on the first half of the year. Production cash cost for the second half of the year will be approximately US$2.50 per pound of copper.

The Company continued to carry out integrated programs of resource development drilling, exploration drilling, mine optimisation, and metallurgical testing. The objectives are to improve mining and processing efficiency, to increase and maintain copper production at between 20,000 and 25,000 tonnes per year, and to potentially extend the life of Lady Annie Operations.

The resource development drilling program incorporates a 40,000m infill drilling program at the Lady Annie and Mt Kelly mining areas (consists of Flying House, Mt. Clarke West and Mt. Clarke East Open Pit), using five drill rigs to fast-track the development. The results of the infill drilling program will enable substantial improvements in block-model confidence, mine optimization, and mine planning for existing and new reserves. The program includes significant transition ore extensions which will add to the Lady Annie and Mt Kelly reserves. Approximately 2,500m of diamond-drilling have been incorporated into the campaign to guarantee quality assurance.

The exploration drilling program incorporates near-mine drilling at granted exploration and mining leases. The objectives are to reveal the potential for mineral resource extensions to contribute to the Company's global copper resources. During the third quarter of 2011, this program resulted in the discovery of the Lady Colleen deposit and the extension of the Anthill deposit. Resource updates of these deposits are anticipated toward first quarter of 2012. Future exploration drilling will follow up any exceptional drilling results received early next year.

And finally for exploration activities, there is potential for brand new mineral discoveries among the Company's extensive exploration tenures. Here, new targets will continue to be pursued using integrated programs of drilling, geophysics, surface mapping and geochemical sampling.

Metallurgical testing programs are being performed simultaneously with any exploration drilling program that reveals a promising resource. Two testing programs have been undertaken during the second half of 2011 on the most significant resources; 1) transition ore resources at the Lady Annie and Mt Kelly mining areas, and 2) the Anthill oxide resource. Additional metallurgical programs will be performed as new potential resources are revealed, such as the Lady Colleen deposit.

To date, the transition ore metallurgical program has shown very fast copper recovery from Mt Clarke West Pit transition ore in pilot-scale leach tests. Leach Pad 2 was therefore constructed to process 210,000 tonnes of transition ore using full commercial-scale forced-aeration heap leaching, a relatively new and inexpensive technology. This will commence during December 2011 and will add to copper production. Lady Annie, Mt Clarke East, Flying Horse and other transition resources will be tested and processed in the same manner as they become accessible for mining. The pilot-scale testing programs for Mt Clarke West and Lady Annie transition resources will be completed and reported by March 2012.

The Anthill oxide metallurgical program will be completed and reported during December 2011. This pilot-scale program has shown that the Anthill oxide resource is amenable to heap leach processing for copper extraction, and that it could be added to reserves.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	**2011 US$'000 (unaudited)**	2010 US$'000 (unaudited and restated)
Revenue	3	**91,131**	3,251
Cost of sales		**(64,325)**	—
Gross profit		**26,806**	3,251
Other income and other (loss) gains	4	**(2,563)**	5,099
Distribution and selling expenses		**(8,695)**	—
Administrative expenses			
Share-based payment expenses		**(8,123)**	(8,213)
Other administrative expenses		**(15,698)**	(6,964)
Acquisition-related costs on business combination		**—**	(5,640)
Loss on fair value changes of financial assets at fair value through profit or loss		**(71,883)**	(12,102)
Finance costs	5	**(558)**	(289)
Loss before taxation		**(80,714)**	(24,858)
Taxation	6	**(1,255)**	(4)
Loss for the period	7	**(81,969)**	(24,862)

	Notes	2011 US$'000 (unaudited)	2010 US$'000 (unaudited and restated)
Loss for the period		**(81,969)**	(24,862)
Other comprehensive (expenses) income			
Exchange differences arising on translation		**(4,295)**	16,746
(Loss) gain arising from fair value changes of available-for-sale investments		**(5,394)**	710
Total comprehensive expenses for the period		**(91,658)**	(7,406)
Loss for the period attributable to:			
Owners of the Company		**(81,969)**	(24,862)
Non-controlling interests		**—**	—
		(81,969)	(24,862)
Total comprehensive expenses attributable to:			
Owners of the Company		**(91,658)**	(7,406)
Non-controlling interests		**—**	—
		(91,658)	(7,406)
Loss per share			
Basic and diluted (US cents)	8	**(0.30)**	(0.16)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2011

	Notes	**30 September 2011 US$'000 (unaudited)**	31 March 2011 US$'000 (audited and restated)
Non-current assets			
Property, plant and equipment	10	**162,085**	392,995
Exploration and evaluation assets		**30,288**	25,600
Investment properties	11	**17,941**	16,950
Available-for-sale investments		**12,608**	17,361
Other receivable		**—**	10,208
Deferred tax assets		**—**	70
Pledged bank deposits	12	**60,052**	27,189
		282,974	490,373
Current assets			
Inventories		**35,345**	24,397
Trade and other receivables	13	**41,021**	37,116
Financial assets at fair value through profit or loss		**159,435**	232,538
Bank balances and cash		**153,145**	191,785
		388,946	485,836
Assets classified as held for sale	17	**247,668**	—
		636,614	485,836
Current liabilities			
Trade and other payables	14	**31,881**	23,094
Amount due to a non-controlling interest		**256**	256
Tax payable		**1,211**	1,211
		33,348	24,561
Liabilities associated with assets classified as held for sale	17	**890**	—
		34,238	24,561
Net current assets		**602,376**	461,275
Total assets less current liabilities		**885,350**	951,648

	Notes	**30 September 2011 US$'000 (unaudited)**	31 March 2011 US$'000 (audited and restated)
Non-current liabilities			
Deferred tax liabilities		**1,081**	—
Provision for mine rehabilitation cost	12	**25,465**	17,587
		26,546	17,587
		858,804	934,061
Capital and reserves			
Share capital	15	**350,498**	343,103
Reserves		**508,312**	590,964
Equity attributable to owners of the Company		**858,810**	934,067
Non-controlling interests		**(6)**	(6)
		858,804	934,061

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2011

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2011.

Application of new and revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

HKFRSs issued but not yet effective

The Group has not early applied revised standards, amendments and interpretations that have been issued but are not yet effective. The following revised standards and amendments have been issued after the date of the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised in 2011)	Employee Benefits[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for accounting periods beginning on or after 1 January 2013.
[2] Effective for accounting periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of the above revised standards and amendments will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments, based on information provided to the chief operating decision maker for the purpose of allocating to segments and to assessing their performance, for the period under review:

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

	Segment revenue		Segment results	
	Six months ended 30 September		Six months ended 30 September	
	2011	2010	**2011**	2010
	US$'000	US$'000	**US$'000**	US$'000
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Investments in financial instruments	**1,959**	2,984	**(70,774)**	(9,203)
Property investment	**276**	267	**1,176**	1,538
Mining business - Australia	**88,896**	—	**7,369**	28
Mining business - Peru	**—**	—	**(29)**	(341)
	91,131	3,251	**(62,258)**	(7,978)
Other (loss) gain			**(3,723)**	3,762
Acquisition-related costs on business combination			—	(5,640)
Share-based payment expenses			**(8,123)**	(8,213)
Central administration costs			**(6,052)**	(6,500)
Finance costs			**(558)**	(289)
Loss before taxation			**(80,714)**	(24,858)

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

4. OTHER INCOME AND OTHER (LOSS) GAINS

	Six months ended 30 September	
	2011	2010
	US$'000	US$'000
	(unaudited)	(unaudited and restated)
Bank interest income	**1,585**	312
Gain on fair value changes of investment properties	**991**	1,324
Exchange (loss) gain, net	**(5,266)**	3,432
Others	**127**	31
	(2,563)	5,099

5. FINANCE COSTS

	Six months ended 30 September 2011 US$'000 (unaudited)	2010 US$'000 (unaudited and restated)
Interest on other borrowings wholly repayable within five years	**17**	289
Effective interest expense on provision for mine rehabilitation cost	**541**	—
	558	289

6. TAXATION

	Six months ended 30 September 2011 US$'000 (unaudited)	2010 US$'000 (unaudited and restated)
Current tax:		
People's Republic of China income tax	**5**	4
Deferred tax	**1,250**	—
Taxation for the period	**1,255**	4

No provision for Hong Kong Profits Tax, Peruvian Corporate Income Tax and Australian Income Tax are made during both periods since the Hong Kong group entities, the Peruvian jointly controlled entity and Australian subsidiaries have no assessable profits in both periods.

Hong Kong Profits Tax is 16.5% for both periods. Under the applicable corporate tax law in Australia and Peru, the tax rate is 30% of the estimated assessable profits.

7. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2011	2010
	US$'000	US$'000
	(unaudited)	(unaudited and restated)
Loss for the period has been arrived at after charging:		
Depreciation on property, plant and equipment	**26,488**	662
Directors' remuneration, including US$6,892,000 (six-months ended 30 September 2010: US$8,213,000) share-based payment expenses	**9,297**	10,131
Allowance for bad and doubtful debts	**—**	74

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss for the period of US$81,969,000 (2010: US$24,862,000) and the weighted average number of 27,182,076,807 ordinary shares (2010: 15,764,105,820 ordinary shares) in issue during the period.

The computation of diluted loss per share does not include adjustments for the Company's outstanding share options and warrants as they have anti-dilutive effect in both periods.

9. DIVIDEND

No dividends were paid, declared or proposed during the current period. The directors do not recommend the payment of an interim dividend during the six months ended 30 September 2011 (six months ended 30 September 2010: nil).

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2011, the Group incurred expenditures on mine property and development assets of US$21,731,000 (2010: US$13,796,000) and other property, plant and equipment of US$5,863,000 (2010: US$166,000).

During the six months ended 30 September 2010, the Group acquired mine property and development assets of US$321,342,000, and other property, plant and equipment of US$18,777,000 through acquisition of a subsidiary and acquisition of assets and liabilities.

11. INVESTMENT PROPERTIES

The fair values of the Group's investment properties at 30 September 2011 and 31 March 2011 have been arrived at on the basis of valuations carried out as of these dates by Asset Appraisal Limited, an independent qualified professional valuer not connected with the Group. The valuations were arrived at by reference to market evidence of transactions prices for similar properties.

12. PLEDGED BANK DEPOSITS/PROVISION FOR MINE REHABILITATION COST

Pledged bank deposits

The Group has provided certain bank guarantees in connection with the terms of supplier contracts in respect of which the Group is obliged to indemnify the banks. At the end of the reporting period, no claims have been made under these guarantees. The amount of these guarantees may vary from time to time depending upon the requirements of the contract terms of the supplier contract. These guarantees are backed by collateral deposits which amounted to US$27,752,000 as at 30 September 2011 (31 March 2011: US$3,834,000).

Another US$32,300,000 (31 March 2011: US$23,355,000) represents deposit paid by the Group to a bank as required by the government of Queensland, Australia for operating in the mining industry in Queensland, Australia as at 30 September 2011. The deposit are restricted until the cessation of mining activities or closure of mines and the environmental rehabilitation work of relevant mines meets the government's requirement.

Provision for mine rehabilitation cost

In accordance with relevant rules and regulations in Australia and Peru, the Group accrued for the cost of land rehabilitation and mine closure for the Group's copper mines. The provision for mine rehabilitation cost has been estimated in accordance with the local rules and regulations in the said two countries. It is determined based on the net present value of future cash expenditures upon rehabilitation, and which is expected to result in cashflow of such mine rehabilitation cost in December 2014. Rehabilitation costs are amortised using a unit-of-production basis.

Mine rehabilitation cost provided for the current period of US$8,816,000 (2010: nil) was capitalised as part of mine property and development assets (included in property, plant and equipment). US$250,000 (2010: nil) was paid in the current period for rehabilitation work.

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2011 US$'000 (unaudited)	As at 31 March 2011 US$'000 (audited)
Trade receivables	**29,780**	27,467
Less: allowance for doubtful debts	**—**	—
	29,780	27,467
Other receivables	**11,241**	9,649
Total trade and other receivables	**41,021**	37,116

	As at 30 September 2011 US$'000 (unaudited)	As at 31 March 2011 US$'000 (audited)
0-60 days	**29,780**	27,467

Trade receivables as at 30 September 2011 mainly represents trade receivable due from a reputable customer in Australia. The balances are due 2-3 days from the date of invoice. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not held any collateral over this balance.

14. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date. The analysis below excludes those classified as part of a disposal group classified as held for sale.

	As at 30 September 2011 US$'000 (unaudited)	As at 31 March 2011 US$'000 (audited)
0 - 60 days	**11,888**	7,414
Total trade payables	**11,888**	7,414
Accruals	**13,317**	13,456
Other payables	**6,676**	2,224
	31,881	23,094

15. SHARE CAPITAL

	Notes	**Number of shares**	**Share capital** US$'000
Ordinary shares of HK$0.10 each:			
Authorised			
At 1 April 2010, 31 March 2011 and 30 September 2011		50,000,000,000	641,026
Issued and fully paid			
At 1 April 2010 (audited)		3,186,087,644	40,848
Issue of shares	(a)	23,400,000,000	300,000
Issue of shares upon exercise of warrants	(b)	175,934,714	2,255
At 1 April 2011 (audited)		26,762,022,358	343,103
Issue of shares upon exercise of warrants	(c)	684,446,603	8,775
Repurchase of shares	(d)	(107,648,000)	(1,380)
At 30 September 2011 (unaudited)		27,338,820,961	350,498

Notes:

(a) On 25 June 2010, the Company placed 23,400,000,000 ordinary shares of HK$0.10 each in the share capital of the Company at a placing price of HK$0.20 per share, at a proceeds of HK$4,680,000,000. The proceeds received are mainly used for the settlement of the consideration for acquisition of a subsidiary and acquisition of assets and liabilities.

(b) During the year ended 31 March 2011, 66,975,636 and 108,959,078 warrants were exercised, resulting in the issuance of 66,975,636 and 108,959,078 ordinary shares of the Company, respectively, at a subscription price of HK$0.20 and HK$0.113 per share respectively. The new shares rank pari passu in all respects with the then existing issued shares.

(c) During the six months ended 30 September 2011, 684,446,603 warrants were exercised, resulting the issuance of 684,446,603 additional ordinary shares of HK$0.10 each of the Company at a subscription price of HK$0.113 per share. All new shares rank pari passu with the then existing shares in all respects. 23,366,464 warrants remained unexercised were lapsed on 2 June 2011.

At 30 September 2011, the Company had outstanding 685,000,000 (31 March 2011: 1,392,813,067) warrants.

(d) In September 2011, the Company repurchased 109,072,000 of its own ordinary shares on The Stock Exchange of Hong Kong Limited at aggregate price of US$1,638,000. The highest and lowest price paid per share are HK$0.1420 and HK$0.0894, respectively. As at 30 September 2011, 107,648,000 shares being repurchased were cancelled and another 1,424,000 shares remained outstanding.

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

16. SHARE-BASED PAYMENTS

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 2011	2,912,500,000
Granted during the period	50,000,000
Forfeited/lapsed during the period	(530,000,000)
Outstanding at 30 September 2011	2,432,500,000

On 30 September 2011, 50,000,000 share options were granted to an advisor who provides services similar to employees of the Group, which are vested immediately on 1 October 2011 and are exercisable within one year after the date of vest. The Company's share price on the date immediate before the date of grant is HK$0.103.

The following assumptions were used to calculate the fair values of share options granted on 30 September 2011:

Share price on date of grant	HK$0.10
Exercise price	HK$0.20
Expected life	1 year
Expected volatility	46.688%
Dividend yield	nil
Risk-free interest rate	0.14%

The Binomial model has been used to estimate the fair value of the options. Fair value of each share option granted is estimated as HK$0.002. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

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

17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 17 July 2011, the Company entered into a share purchase agreement with Glencore International AG, an independent third party, in connection with the proposed disposal of the Company's 100% interest in CST Resources Limited for a total consideration of US$475 million. CST Resources Limited is a wholly owned subsidiary of the Company, which in turn indirectly owns 70% of a Peruvian jointly controlled entity, which hold the mine property and development assets and construction in progress of a copper mine located in Peru (the "Mina Justa Project"). The proposed disposal, subjects to certain conditions precedent as set out in share purchase agreement to be fulfilled, has not yet completed as at 30 September 2011 and up to the date of this report. The transaction is expected to be completed by December 2011 if all the conditions precedent are fulfilled by 30 November 2011.

CST Resources Limited and its subsidiaries and jointly controlled entity are presented as disposal group classified as held for sale.

The major classes of assets and liabilities of the disposal group at 30 September 2011, which have been presented separately in the condensed consolidated statement of financial position, are as follows:

	US$'000
Net assets of disposal group:	
Property, plant and equipment	236,019
Other receivable (non-current portion)	10,591
Trade and other receivables	138
Bank balances and cash	920
Total assets classified as held for sale	247,668
Trade and other payables	(890)
Total liabilities associated with assets classified as held for sale	(890)

As at 30 September 2011, CST Resources Limited's 70% indirect equity interest in the Peruvian jointly controlled entity was pledged to secure the Peruvian jointly controlled entity's contractual obligations to make payments to two independent third parties, in the event of the Group and another joint venturer approving the commencement of the construction of mine and processing facilities on the copper mine in Peru and when the mine resources in the relevant copper mine in Peru reached certain milestones. The Group's share of such future payment is US$7,000,000 assuming all the milestones are met. In the opinion of the directors, not all of above conditions are reached as at 30 September 2011.

CORPORATE GOVERNANCE

The Company has, during the six months ended 30 September 2011 met the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the following deviations:

(a) Code provision A.4.1

The Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Currently, all independent non-executive directors of the Company are not appointed for specific term. However, the Company's articles of association provide that every director is subject to retirement by rotation at least once every 3 years and re-election at the annual general meeting, the board considers that the Company meets the objectives of the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model code during the six months ended 30 September 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2011, the Company purchased a total of 109,072,000 shares at prices ranging from HK$0.0894 to HK$0.1420 per share on the The Stock Exchange of Hong Kong Limited. We made these repurchases with a view to enhance shareholder value in the long-term.

Particulars of these repurchases are as follows:

Date (MM/YYYY)	Number of shares repurchased	Highest price paid per share (HK$)	Lowest price paid per share (HK$)	Aggregate consideration paid (HK$)
09/2011	109,072,000	0.1420	0.0894	12,777,534.40

Of the total repurchased shares during the period, 107,648,000 shares were cancelled by 30 September 2011. The issued share capital of the Company was diminished by the nominal value thereof. Save as disclosed above, neither we nor any of our subsidiaries purchased, sold or redeemed any of our listed securities during the six months ended 30 September 2011.

REVIEW BY AUDIT COMMITTEE

The 2011 interim report has been reviewed by the Company's audit committee which comprises the three independent non-executive directors of the Company and the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
CST Mining Group Limited
Yang Yi-fang
Executive Director and Chief Executive Officer

Hong Kong, 28 November 2011

As the date of this announcement, the Board of the Company comprise (i) Mr. Chiu Tao (Chairman), Mr. Owen L. Hegarty, Ms. Yang Yi-fang, Mr. Wah Wang Kei, Jackie, Mr. Hui Richard Rui, Mr. Kwan Kam Hung, Jimmy, Mr. Lee Ming Tung, Mr. Yeung Kwok Yu, Mr. Tsui Ching Hung and Mr. Chung Nai Ting as executive directors of the Company and (ii) Mr. Yu Pan, Ms. Tong So Yuet and Mr. Chan Shek Wah as independent non-executive directors of the Company.