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 2013

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 2013 with the comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 September 2013

	Notes	**Six months ended 30 September** **2013** **US$'000** **(unaudited)**	 2012 US$'000 (restated & unaudited)
Revenue	4	**91,660**	90,967
Cost of sales	5	**(79,476)**	(63,684)
Gross profit		**12,184**	27,283
Other income and other gains and losses	6	**(16,937)**	1,656
Distribution and selling expenses		**(4,662)**	(6,009)
Administrative expenses			
— (Expense) reversal of share-based payment		**(4,789)**	3,848
— Other administrative expenses		**(14,417)**	(16,248)
Gain on disposal of subsidiaries	16	**—**	249,146
Gain on disposal of available-for-sale investment		**205**	—
Impairment loss on available-for-sale investment		**(1,766)**	—
Loss on fair value changes of financial assets at fair value through profit or loss		**(2,605)**	(37,269)
Gain on fair value changes of derivative financial instruments		**—**	1,114
Gain on fair value changes of investment properties		**172**	1,627
Finance costs	7	**(765)**	(543)
(Loss) profit before taxation		**(33,380)**	224,605
Taxation	8	**1,314**	(80,006)

	Notes	Six months ended 30 September **2013** **US$'000** **(unaudited)**	2012 US$'000 (restated & unaudited)
(Loss) profit for the period, attributable to owners of the Company	9	**(32,066)**	144,599
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(17,909)**	1,083
Loss arising from fair value changes of available-for-sale investments		**(31,737)**	(12,218)
Other comprehensive expense for the period		**(49,646)**	(11,135)
Total comprehensive (expense) income for the period, attributable to owners of the Company		**(81,712)**	133,464
(LOSS) EARNINGS PER SHARE			
Basic and diluted	10	**US(0.12)cents**	US0.53 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	**30 September 2013 US$'000 (unaudited)**	31 March 2013 US$'000 (restated & audited)
Non-current assets			
Property, plant and equipment	12	**101,365**	161,558
Exploration and evaluation assets	12	**48,600**	50,501
Investment properties		**19,817**	19,645
Financial assets at fair value through profit or loss		**18,830**	29,271
Available-for-sale investments		**71,700**	106,545
Pledged bank deposits		**61,968**	68,228
		322,280	435,748
Current assets			
Inventories		**101,097**	95,778
Trade and other receivables	13	**89,170**	29,296
Financial assets at fair value through profit or loss		**379,018**	327,273
Derivative financial instruments		**—**	2,310
Bank balances and cash		**111,395**	197,360
		680,680	652,017
Current liabilities			
Trade and other payables	14	**16,009**	18,919
Amount due to a non-controlling interest		**256**	256
Tax payable		**3,747**	3,747
		20,012	22,922

	Note	**30 September 2013 US$'000 (unaudited)**	31 March 2013 US$'000 (restated & audited)
Net current assets		**660,668**	629,095
Total assets less current liabilities		**982,948**	1,064,843
Non-current liabilities			
Deferred tax liabilities		**8,815**	11,338
Provision for mine rehabilitation cost		**25,677**	28,126
		34,492	39,464
		948,456	1,025,379
Capital and reserves			
Share capital	15	**347,414**	347,414
Reserves		**601,048**	677,971
Equity attributable to owners of the Company		**948,462**	1,025,385
Non-controlling interests		**(6)**	(6)
		948,456	1,025,379

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 September 2013

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 ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

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

Impact of the Application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power over the investee to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

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

HKFRS 13 *Fair Value Measurement*

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

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

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 24 of the interim report 2013.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to HKAS1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

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

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

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

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

HK(IFRIC) – Int 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

Currently, stripping costs that are incurred to enhance the accessibility of the identified component of the ore are capitalised as part of the mine property and development assets in the period incurred, when the management determine that there is sufficient evidence that the expenditure will result in a probable future economic benefit to the Group.

HK(IFRIC) – Int 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply HK(IFRIC) – Int 20 for the first time.

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

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

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

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

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

Consolidated statement of financial position (extract)

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

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

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

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

Impact on basic and diluted (loss) earnings per share

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

4. REVENUE/SEGMENT INFORMATION

Revenue

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

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

Segment Information

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

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

The operating segment regarding the copper mining business in Peru was disposed of on 13 June 2012, as detailed in note 16. However, no discontinued operation was shown separately in the condensed consolidated financial statements since the directors of the Company considered that the financial results contributed by this operating segment was insignificant to the Group.

Segment revenue and results

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

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

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

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

Other segment information

Six months ended 30 September 2013

Amount included in the measure of segment results:

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

Six months ended 30 September 2012

Amount included in the measure of segment results:

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

5. COST OF SALES

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

6. OTHER INCOME AND OTHER GAINS AND LOSSES

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

7. FINANCE COSTS

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

8. TAXATION

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

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

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

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

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

During the period ended 30 September 2012, the Group is subject to Peruvian capital gains tax arising from the disposal of an indirect investment in the Peruvian joint venture, calculated as 30% (capital gains tax rate as stipulated in the Peruvian tax law) on the difference between the consideration of US$506,400,000 and the total capital injections made by the Group in the Disposal Group (defined in note 16) of US$249,857,000 up to the date of disposal.

9. (LOSS) PROFIT FOR THE PERIOD

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

10. (LOSS) EARNINGS PER SHARE

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

The computation of diluted loss per share for the six months ended 30 September 2013 does not assume the exercise of the Company's outstanding share options and warrants as the exercise of those options and warrants would result in a decrease in loss per share.

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

11. DIVIDEND

No dividends were paid, declared or proposed during the 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 2013, the Group incurred expenditures on mine property and development assets of US$3,250,000 (six months ended 30 September 2012: US$21,799,000 (restated)) and other property, plant and equipment of US$245,000 (six months ended 30 September 2012: US$100,000).

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

13. TRADE AND OTHER RECEIVABLES

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

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

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

Trade receivables as at 30 September 2013 and 31 March 2013 mainly either represent trade receivables from sales of copper cathodes in Australia. The balances are due on the fifth working days of the following month after delivery or seven working days after the presentation of original shipping documents. Management believes that no impairment allowance is necessary in respect of this balance as it is settled subsequently in full. The Group does not hold any collateral over this balance.

Included in other receivables are US$2,370,000 (31 March 2013: US$3,121,000) Goods and Services Tax recoverable to set-off expenditures incurred in mining operation in the future in accordance with the relevant tax laws and regulations in Australia, and the amounts due from brokers of US$68,613,000 (31 March 2013: Nil) being subscription monies to subscribe for rights shares of G-Resources Group Limited ("G-Resources") provisionally allotted to the Group and excess rights shares. The rights issue of G-Resources was closed on 26 September 2013 and became unconditional on 3 October 2013, subsequent to which US$41,884,000 was refund to the Group for unsuccessful application for excess rights shares.

14. TRADE AND OTHER PAYABLES

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

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

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

On 31 May 2010, the Group acquired the entire issued share capital of CST Minerals Lady Annie Pty Limited ("CSTLA") at cash consideration of AUD130,000,000 (equivalent to US$110,073,000) and an additional contingent consideration. Based on the relevant agreement, the Group is required to pay (i) an additional amount of AUD2,500,000 upon the production of the first 10,000 tonnes of copper cathode from CSTLA and (ii) a further AUD2,500,000 upon the delineation of additional ore reserves containing 25,000 tonnes of contained copper. Obligation stated in (i) of AUD2,500,000, equivalent to US$2,607,000 (31 March 2013: AUD2,500,000, equivalent to US$2,607,000) and (ii) of AUD2,500,000, equivalent to US$2,327,000 (31 March 2013: AUD2,500,000, equivalent to US$2,607,000) represents the estimated fair value of the Group's obligation as at 31 May 2010 and has been fully provided. Production of first 10,000 tonnes was completed in the year ended 31 March 2012 and US$2,607,000 was fully settled during the year ended 31 March 2013. As at 30 September 2013, the additional ore reserves are not yet delineated and the remaining AUD2,500,000 (equivalent to US$2,327,000) was included in other payables.

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

15. SHARE CAPITAL

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

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

16. GAIN ON DISPOSAL OF SUBSIDIARIES

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

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

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

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

	US$'000 (audited)
Gain on disposal of subsidiaries:	
Gross cash consideration	506,400
Less: net assets disposed of	(250,185)
Less: transaction costs	(7,069)
Gain on disposal	249,146
Net cash inflow arising on disposal:	
Total cash consideration	506,400
Less: Peruvian capital gains tax withheld (note 8)	(76,963)
Less: Transaction costs paid	(1,419)
Less: Bank balances and cash disposed of	(1,096)
	426,922

MANAGEMENT DISCUSSION AND ANALYSIS

Application of Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation 20 ("HK(IFRIC) – Int 20") Stripping Costs in the Production Phase of a Surface Mine

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

Financial Results

The revenue of the Company and its subsidiaries (collectively referred to as the "Group") for the period ended 30 September 2013 (the "Period") was approximately US$91.66 million. This represents a slight increase of approximately 0.76% when compared with the same period last year. This rise is mainly due to increased income from interest stemming from existing financial assets over the Period. However, operating revenue generated by the Lady Annie Operations dropped from approximately US$89.91 million to US$88.20 million, representing a decrease of approximately 1.90% over the Period. A drop in copper market price is the main reason for the decrease. The decrease of revenue along with increase of cost of sales which was mostly driven by direct materials and depreciation expenses for the Period caused a cut in profit before taxation for the Period. Dividends from trading securities and interest income from financial assets, and rental income represented approximately 3.38% and 0.39% respectively of the total revenue over the Period.

Compared with the corresponding period last year, revenue derived from property investments increased by approximately 12.50% as a result of stable occupancy rates and an increase in the rental rate for newly signed rental contracts. Rental income provided steady cash flow to the Group over the Period, and this is expected to continue in the future. In addition, dividends from trading securities and interest income from financial assets increased by approximately 317.65% year-on-year. The significant increase was achieved through interest income received from bond investments in the last financial year. However, the gloomy global economic environment continued to affect the overall performance of the Group's investment portfolio. Financial markets fluctuated during the Period as difficult economic conditions in

Europe, financial policies of the People's Republic of China, and the potential end to the U.S's quantitative easing policies prompted fluctuations in market sentiment. These factors are expected to continue affecting global investor sentiment, and therefore market conditions are likely to remain volatile. Other losses of approximately US$16.94 million were recorded for the Period, contrasting a gain of approximately US$1.66 million for the same period of last year. This is attributed to exchange losses arising from current accounts between a subsidiary and Australian subsidiaries of the Company due to a decrease in the exchange rate of the Australian Dollar against the Hong Kong Dollar during the Period. Accounting adjustments are required at the Period end. There is no significant effect to the Group's operation or cash flow. During the Period, the Group had no large exceptional gain from disposing of subsidiaries like the gain of approximately US$249.15 million achieved by disposing of subsidiaries that held the Mina Justa project in the corresponding period a year earlier. Furthermore, the Company cancelled employee share options related to the Mina Justa project during the Period, and recognised a non-cash share-based payment expense of approximately US$4.79 million. Overall, the Group recorded a loss after taxation of approximately US$32.07 million for the Period, whereas the profit for the same period a year earlier was approximately US$144.60 million.

Net Asset Value

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

Human Resources

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

The Group has a share option scheme. Details of this scheme and the movement of the share options are disclosed under the heading "Statutory Disclosure" in the 2013 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 Company experienced depreciation in the value of the Australian Dollar against U.S. Dollar, causing exchange losses for the Group. Details can be found under the sub-heading “Financial Results” of this Management Discussion and Analysis. Management will continue to monitor the Group's foreign currency exposure and will consider hedging its exchange rate exposure should the need arise.

Lady Annie

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

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

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

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

Non-HKFRS Financial Measure

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

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

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

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

HK (IFRIC) - INT 20 ADJUSTMENTS TO C1 COSTS

BACKGROUND

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

HK(IFRIC) - Int 20 does not apply to:
- Underground mining activities
- Costs incurred in the development phase of a surface mine.

In broad terms, HK(IFRIC) - Int 20 provides guidance in relation to:
1) The apportionment of mining costs between:
   - Current production – as a period cost of production (inventory)
   - Future production – initial capitalisation as an asset (deferred waste asset) and a cost of production (inventory) in future periods via amortization.

2) The subsequent measurement (amortisation) of any recognised deferred waste asset.
   The key requirements of the interpretation are:
   - Component calculation
   - Incremental capitalisation
   - Component amortisation.

COMPONENT CALCULATION

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

INCREMENTAL CAPITALISATION

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

COMPONENT AMORTISATION

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

2012 FINANCIAL RESTATEMENTS

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

Period ended 30 September 2012

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

Period ended 30 September 2012
C1 costs

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

Significant Events

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

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

Outlook

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

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

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

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

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

CORPORATE GOVERNANCE

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

Code Provision A.2.1

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

REVIEW BY AUDIT COMMITTEE

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

By order of the Board
CST Mining Group Limited
Chiu Tao
Executive Director and Chairman

Hong Kong, 27 November 2013

As at the date of this announcement, the Board comprises (i) Mr. Chiu Tao (Chairman), Mr. Hui Richard Rui, Mr. Lee Ming Tung, Mr. Kwan Kam Hung, Jimmy, Mr. Yeung Kwok Yu and Mr. Tsui Ching Hung as executive directors of the Company and (ii) Mr. Yu Pan, Ms. Tong So Yuet and Ms. Ma Yin Fan as independent non-executive directors of the Company.