CAA Resources Limited
優 庫 資 源 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成的有限公司)

02112.HK

FY2013 Annual Results

March 2014

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Content

Company Overview

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An integrated operator of highly competitive iron ore mines in Malaysia

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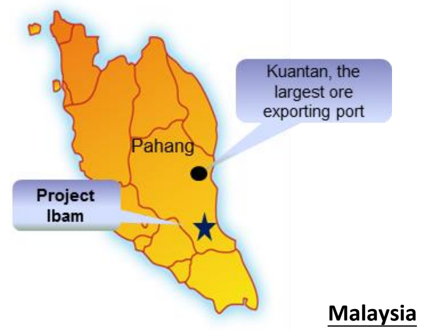
Competitive highlights

- Significant and high quality reserves
- Sustainable low-cost operation - superior grading iron ores & open pit mining method
- Longstanding & stable relationships with reputable Chinese steel manufacturers
- Benefit by the strong demand from China & ASEAN markets
- Robust growth driven by Project Ibam's capacity expansion & asset acquisitions in Malaysia

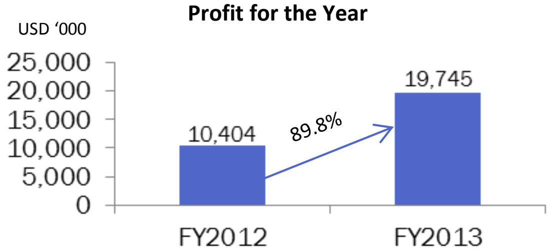
Our operations

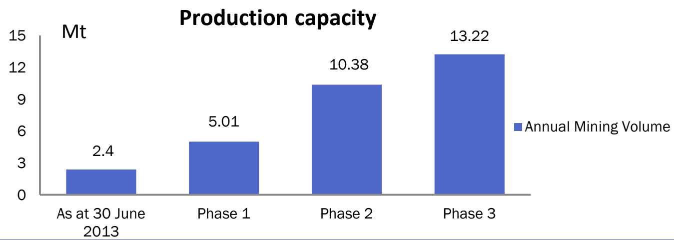
Principal asset Project Ibam is located in Pahang, the largest iron ore production state in Malaysia



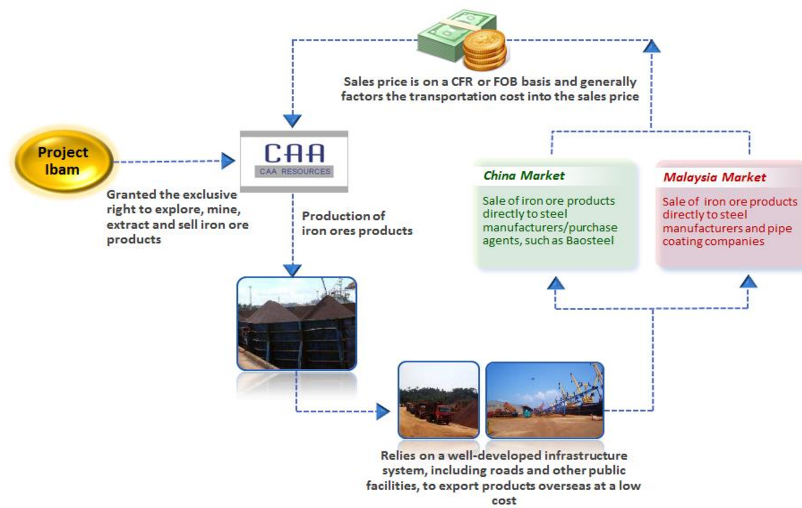
Integrated operations

Production capacity & profit in a rapid growth phase





Our business model



Quality reserves & apparent cost advantage – Ibam Mine

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Characteristics of Ibam Mine

1 Abundant resources

- Sizeable mining right area of 1.359 sq.km
- Estimated iron ore reserves of 151 Mt
- Mining life expected to exceed 26 years

2 High iron ore content

- Reserve with average iron grade of 46.5% total Fe
- Produces iron ore products with superior iron content ranges from 31% to 61%

3 Low impurities

- Mined ores have low sulphur, phosphorus and silicon level
- Simple and environmentally friendly processing methods were able to be adapted as no chemical reagents are required

4 Sufficient water supply

- Ample amount of natural water from local streams, natural runoff and pumping from a retention pond in the Mine area ensure adequate water supply

*Year 2013
Source：Company Info

Efficient mining operations

Mining Method

Open-pit mining
- Easy access to extraction areas and reduces operation risks
- Operating costs are low and easy to expand operation scale

Operating Logistics

Engages independent third party contractors
- Outsource mining & transportation logistics to contractors
- Lower operational costs while maintaining profitability & operational flexibility

Production Processes

Low-cost magnetic processing methods
- Superior quality of the iron ores enable simple product processing methods to be used
- Beneficiation cost is notably lowered

Apparent Cost Advantages *

CFR	**CAA Resources**	VS	Other China producers
	USD60.05		USD103.20
FOB	**CAA Resources**		Three largest Australian iron ore producers
	USD45.05		~USD50

Prime geographical location, efficient transportation and infrastructure

Strategic location

Close proximity to Kuantan port & major market

- Ibam Mine is closed to key coastal shipping facilities in Malaysia
- Also geographically closed to our main market – China & ASEAN

Cost & delivery advantages

- Transportation cost is effectively lowered
- Shorter shipment period

Benefitting customers

- Less susceptible to the risk of price fluctuations of iron ore products during the short shipment period

Regions	Average Shipment Time to China
CAA Resources	**4-10 days**
Australia	9-12 days
India	12-15 days
South Africa	28-38 days
Brazil	40-45 days

Well developed infrastructures

Pahang's infrastructure system provides excellent support

- Accessible road network, sufficient public and port facilities enable products exporting especially to China, in a cost efficient manner

Own storage warehouse facilitates handling of export arrangements

- Products are stored in our Kuantan Warehouse, closed to the berths

Malaysia-China Kuantan Industrial Park commenced construction in 2013, deep-water berths are to be built

- Construction is ongoing and expect to be completed in 2015. Following completion, the Group's shipping cost will be lowered and loading time will also be shortened

Dedicated power line to reduce production cost

- Negotiating with local authority on construction of a dedicated power line linking local power grids to our mine

Three-pronged strategies to sustain our growth momentum

Organic growth

- Boosting production capacity at Project Ibam:
  - Upgrade and construct new iron ore beneficiation and crushing lines
  - Expand mining activities

Investments/ Acquisitions

- Expanding reserves through acquisitions of new mines and related production facilities in Malaysia that are:
  - Close to deep water berths with well developed port facilities
  - Reasonable cost
  - Long mine life
  - Mine reserves and resources with high grading iron ore

Technological innovation

- Actively comply with the economic adjustment and environment-friendly policies of the PRC government, and to meet customer demand following upgrades of steel-making equipment, the Group is making technological innovation on part of the production lines at Project Ibam.
  - To produce higher quality pelletizing iron concentrate with lower impurity, lower energy consumption, higher environment protection with stronger market demand and better price than ordinary iron ore fines. (An ultrafine concentrate with iron content of 66% and above)
- Production expected to commence in batches in 2014 Q2, and both the sales price and profits of the Group's products are expected to be positively impacted by then.

Stock performance steadily improved following business & production volume growth

- Outperforming the HSI and recorded a 40.5% increase in share price since listing on the Hong Kong Stock Exchange in July 2013
- Free float of the stock reached 25%
- The Group's Chairman & CEO Mr. Li Yang is the major shareholder holding 56.3% stakes in the company

FY2013 Financial Highlights

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Delivering sustainable value & return to shareholders

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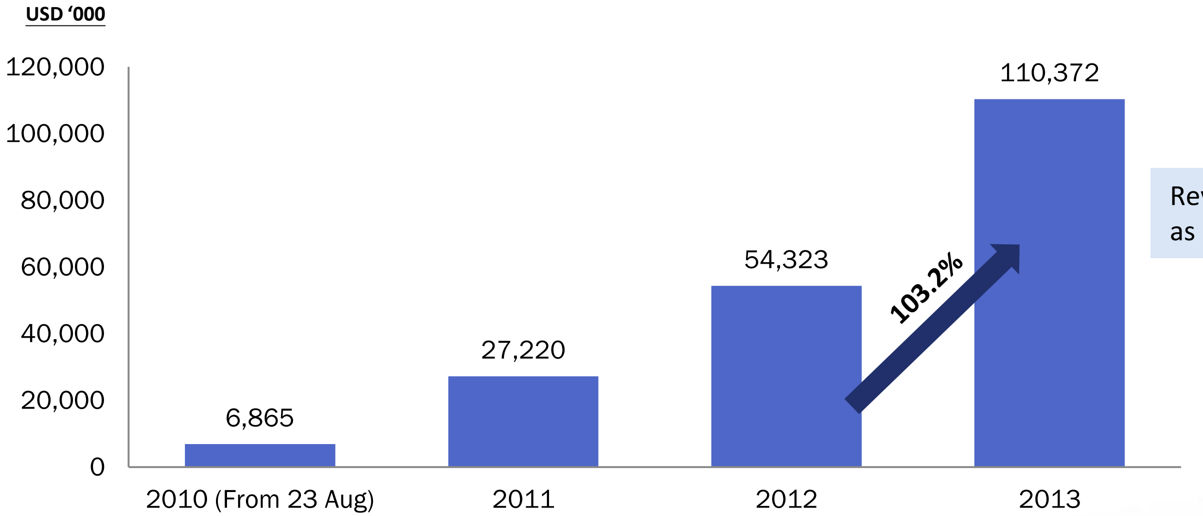
Financial Highlights

- Third consecutive year of rapid growth - revenue reached USD110.4 million, 103.2% higher than 2012; profit for the year increased 89.8% from 2012, reaching USD19.7 million.
- Leveraging on China's increasing demand in iron ore, 2013 sales volume on dry basis jumped 145.5% to reach 1,053 Kt , as compared to 429 Kt recorded in 2012.
- Project Ibam actively implemented its three-phased expansion plans. Mining and production volume respectively reached 1.2 million tonnes and 639.2 Kt, increases of 67.9% and 2.5x from 2012.
- The Group will continue to pursue its three potential acquisition projects in Terengganu and Kemahang to boost its resources and reserves.
- Basic earnings per Share for FY2013 were US1.51 cents.
- Proposed the payment of a final dividend of HKD 0.051 per Share, representing a payout ratio of 50% - listing commitment delivered. Dividend yield was around 2.78%.

Revenue

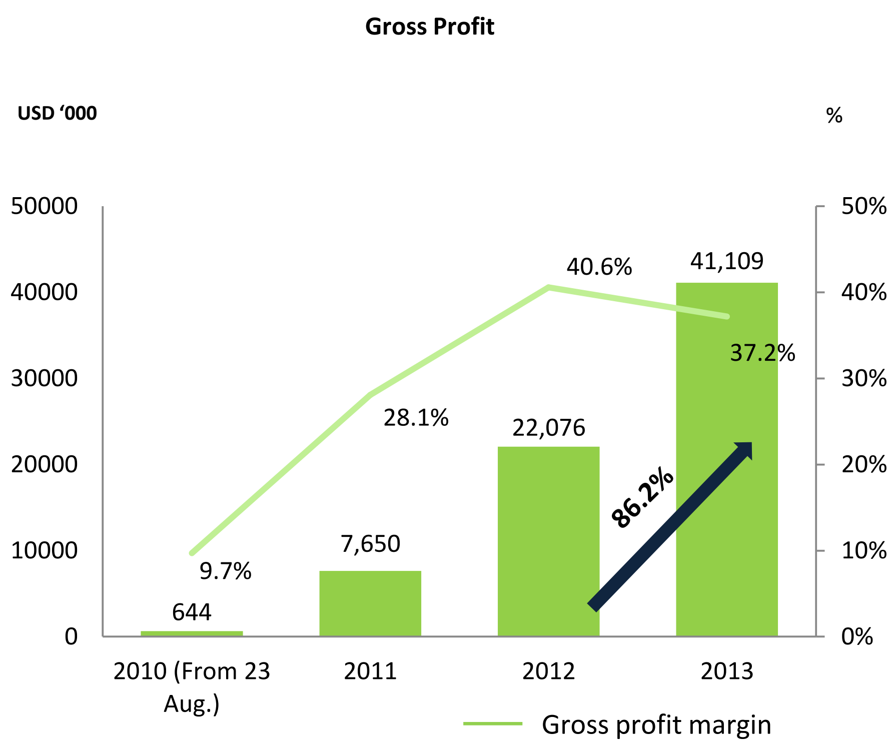
Revenue

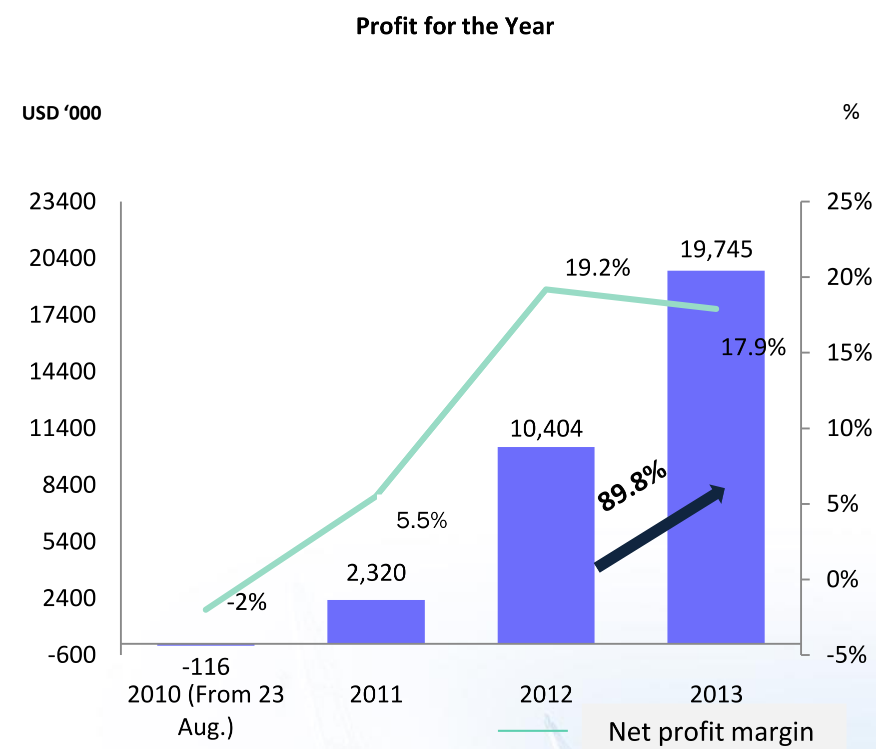


Revenue increased 103.2% from 2012, as driven by the surge in sales volume.

	For the period from the Incorporation Date of 23 Aug 2010 to 31 Dec 2010	For the Year ended 31 Dec 2011	For the Year ended 31 Dec 2012	For the Year ended 31 Dec 2013
Sales volume (tonne) (on dry basis)	76,232	220,332	429,000	1,053,000
Average selling price (USD/dry tonne)	90.1	122.3	116.6	102.5
Revenue from sales of iron ore products (USD'000)	6,865	26,954	49,986	107,873

Gross profit & profit for the Year

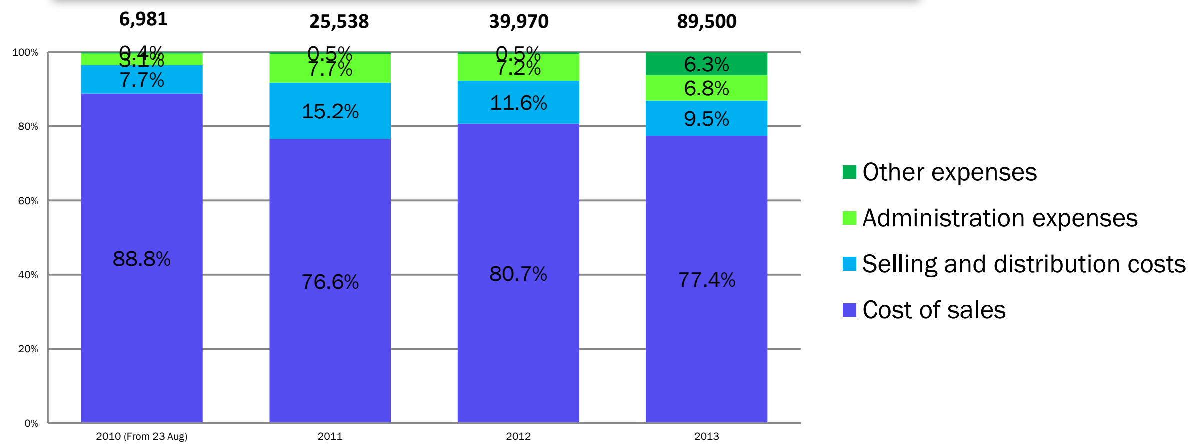




- Due to Malaysia's early arrived and exceptionally heavy precipitation of the rain season last year, the Group's tailing pond was temporarily closed for modification. However CAA Resources' 2013 overall performance was not impacted.
- Thanks to the Group's high-margin and low cost strategy, the Group's gross profit and profit for year respectively reached USD41.1 million and USD19.7 million, representing significant increases of 86.2% and 89.8% from 2012.
- Gross profit margin was 37.2%. Net profit margin was 17.9%.

Operating costs

Costs Breakdown



	2011	2012	2013
Production Volume (tonnes)	**100,510**	**178,770**	**639,200**
	USD	USD	USD
Mining cost	**24.52**	**24.52**	**22.00**
Total Processing Cost	**15.03**	**15.68**	**12.21**
On and Off-site Management	0.39	0.39	0.34
Transport to port, port costs and marketing	13.16	13.16	10.50
Total Cash Cost	**53.10**	**53.74**	**45.05**
Indicative Shipping costs to Chinese port	15.00	15.00	15.00
Pre-tax Operating Cost inclusive of shipping	**69.46**	**69.99**	**~61.30**

Balance sheet and key financial ratios

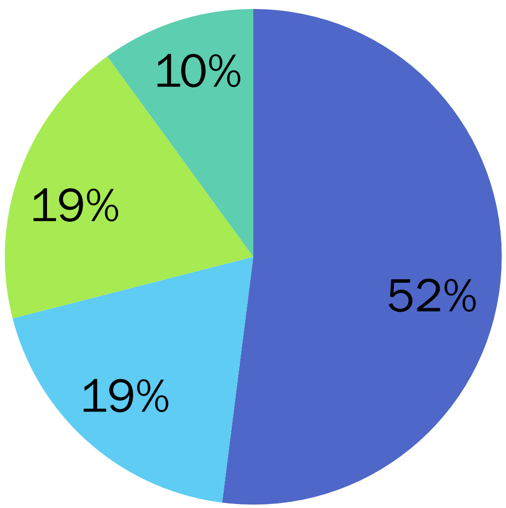
(USD' 000)	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 31 December 2013
Total Assets	**33,056**	**31,310**	**42,396**	**126,960**
Non-current assets	30,026	30,320	36,660	68,221
Current assets	3,030	990	5,736	58,739
of which: inventories	*1,638*	*222*	*1,282*	*5,583*
Total Liabilities	**(33,252)**	**(30,019)**	**(15,788)**	**(22,806)**
Non-current liabilities	(4,333)	(4,483)	(4,811)	(4,798)
Current liabilities	(28,919)	(25,536)	(10,977)	(18,008)
Net current liabilities	***(25,889)***	***(24,546)***	***(5,241)***	[40,731]
Total Equity	**(196)**	**1,291**	**26,608**	**104,154**

	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 31 December 2013
Current ratio[1]	0.10	0.04	0.52	3.26
Gearing ratio[2]	N/A	N/A	14.79%	*NIL*
Return on assets [3]	N/A	7.5%	28.3%	21.5%
Inventory turnover days[4]	17.3 days	17.3 days	8.5 days	18.1 days
Trade receivables turnover days[5]	--	--	2.5 days	*21.7days*
Trade payables turnover days[6]	0.9 day	2.7 days	11.5 days	11.8 days

Notes:
1) *Current ratio is the ratio of total current assets to total current liabilities*
2) *The gearing ratio is calculated by net debt divided by total equity plus net debt.*
3) *Return on assets represent the net profit as a percentage of the average of period-beginning balance and period-ending balance of total assets.*
4) *Inventories turnover days for the relevant year are calculated by dividing the average of the opening and closing balances of inventories for the relevant year by cost of sales and then multiplied by the number of days in the relevant period/year*
5) *Trade receivables turnover day is calculated based on the average of the beginning and ending balance of trade receivables for the year divided by cost of sales for the year, and multiplied by the number of days in the relevant period/year*
6) *Trade payables turnover day is calculated based on the average of the beginning and ending balance of trade payables for the year divided by cost of sales for the year, and multiplied by the number of days in the relevant period/year*

Update on use of IPO proceeds

Plan in use of IPO proceeds



Current status of proceeds used

Purpose	Planned usage (USD' 000)	Proceeds Used (Period under review) (USD' 000)
Ibam Expansion	28,187	9,814
Building new berth at Kuatan port	10,488	--
Exploration rights & mining asset acquisitions	10,488	10,488
Working capital	5,463	5,463
Total *	54,626	25,792

*The remaining balance of the net proceeds has been placed in interest bearing deposit accounts with banks.

Project Ibam expansion plan actively implemented

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- Mining volume and production volume：

	For the year ended 31 December 2012	For the year ended 31 December 2013	Change（%）
Mining Volume (Mt）	0.7	**1.2**	**67.9**
Production Volume(Kt）	178.8	**639.2**	**257.5**

- Operation statistics：

	2012	2013	Change（%）
Crushing lines-owns and operates (lines) (As at 31 December）	2	**2**	**0 line**
Beneficiation lines -owns and operates (lines) (As at 31 December）	5	**9**	**4 lines**
Actual crushing volume (Mt) (For the year ended 31 December）	0.15	**0.84**	**462.0**
Actual beneficiation volume (Mt) (For the year ended 31 December)	0.27	**0.51**	**88.9**
Production volume (Mt) (For the year ended 31 December)	0.2	**0.6**	**255.6**

- Quarterly ore mined and crushed, and average Fe grade：

Quarter ended	Quarterly Ore mined and crushed (tonnes)	Average Fe Grade (%)
31 March 2013	73,220	46.7%
30 June 2013	507,969	47.3%
30 September 2013	336,588	50.0%
31 December 2013	330,400	50.8%

Average Fe grade notably higher than China's crude iron ore average grade at 30%

Tailing ponds modification

- Due to the early arrived and exceptionally heavy precipitations of Malaysia's rain season last year, the Ibam Mine was required to modify its tailing ponds in 2013 Q4. The modification was completed in January 2014.
- The modification was viewed as an important long-term initiative which will benefit the development of the Ibam mine, by reducing flooding risk in future.

Expanded customer base

Southeast Asian clientele

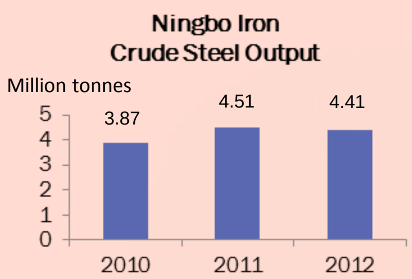
- Our management has established longstanding relationships with a number of Malaysia's reputable steel manufacturers and/or their respective purchase agents in China, such as steel sector leaders Shougang and the Lion Group.

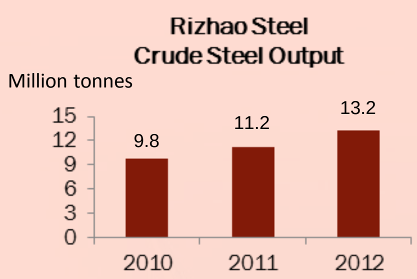
European and Middle Eastern clientele

- Entered agreement with Mercuria Energy Trading Pte in Sept 2013
- An estimated total of 1.5 million tonnes of iron ore concentrates will be purchased or procure customers to purchase from CAA Resources from 2013 to 2015. The products will also be distributed to the European and Middle Eastern market.
- Mercuria is one of the world's five largest independent energy traders, headquartered in Geneva, Switzerland, and with 37 additional offices in the world,.

Chinese clientele

- Ningbo Iron, a subsidiary of Baosteel, the largest integrated steel company of China, has been our customer for nearly three years
- Ningbo Iron has a steady crude steel output each year, their demand accounted for 50% of our total production volume.





- Rizhao Steel, one of the top steel manufacturers in China also has growing crude steel output each year; their demand accounted for 30% of our total production volume
- Rizhao is also going to invest in Malaysia going forward

Acquisitions to diversify reserves

Actively seeking potential exploration rights and mining assets

Started negotiation in Dec 2013 for a potential company's equity acquisition, which holds the mining right for a land lot in Kelantan

- Negotiates with all shareholders of SRI Jedok Mining Sdn. Bhd to obtain the controlling or entire interests of the company
- Its sole asset is the iron ore mining right to a land lot of approx.4.85 sq.km in the province

MOU entered for potential project at Kemahang 3, Kelantan in Dec 2013

•In exclusive negotiations with JKKR Felda Kemahang 3 and Bukit Besi Mining Sdn. Bhd in relation to the mining and the income right of a Project in Kemahang 3

•An area of approximately 1,940 hectare or its surrounding land lots

MOU entered for potential acquisition at Bukit Besi, Terengganu in Oct 2013

- For a proposed acquisition of a 60% equity interest in a company, in relation to the exploration, prospecting and mining of iron ore on parcels of land located at Bukit Besi
- The land has approx. 281 million tonnes of reserves, with 40-50% average iron ore grading
- Closed to a well established port with deep water berths. The Group's shipping in the future will be able to utilize Capesize bulk carrier, resulting a decrease in shipping cost by more than 50%

Existing principal mine – Project Ibam, Bukit Ibam

Outlook

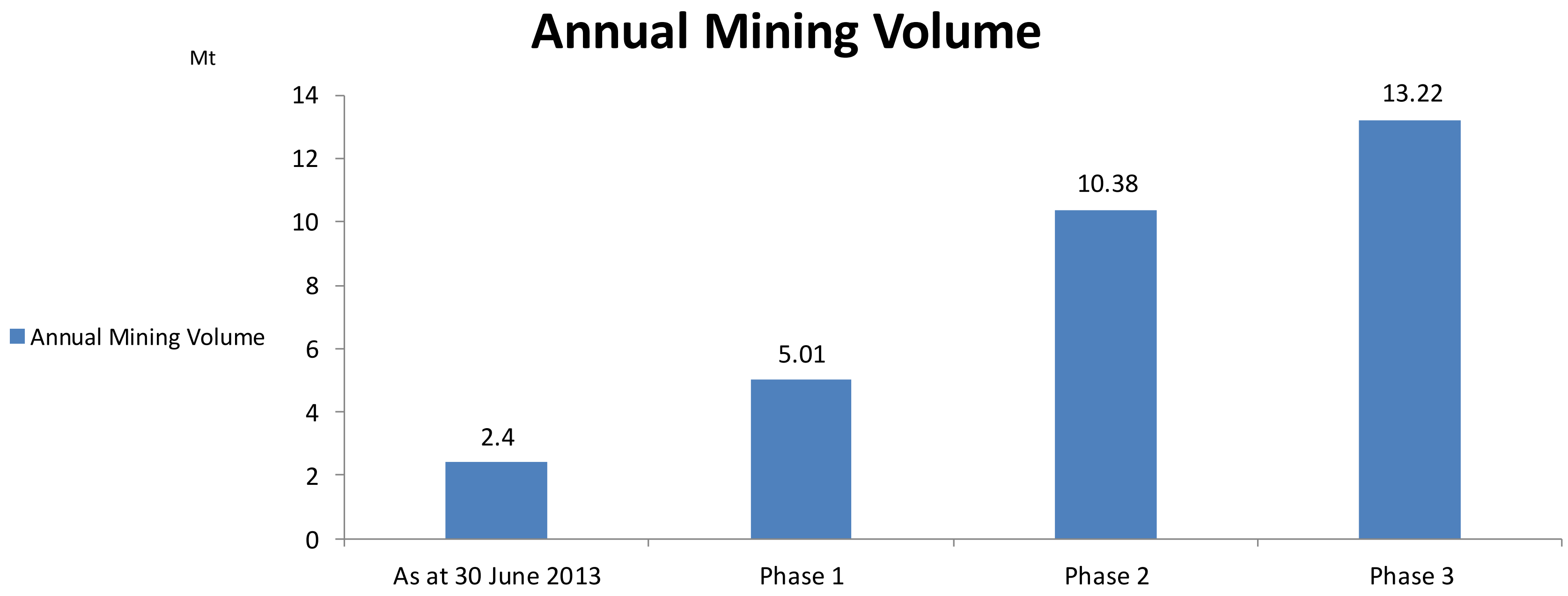
Project Ibam capacity expansion

Strong ramp up potential

A three-phased development plan starting from 2013 is undertaken to boost Ibam Mine's production capacity

Efficiency enhanced

- Increase in production capacity
- Lower unit production cost
- Economies of scale in production



	2013				2014				2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Ibam	Phase One						Phase Two			Phase Three		
Capital Expenditure	US$26.0 million						US$20.80 million			US$15.60 million		

Outlook & strategy

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Macro Environment Factors

- China's economy is forecasted to grow at about 7.5 percent this year.
- In order to guarantee the achievement of this goal, crude steel production and consumption were expected at 780 million and 720 million tonnes respectively in 2014. Growth is expected to sustain during the year.
- Industry consolidation on highly polluting and low efficiency steel mills may boost demand for high-grade iron ore.
- China's developing cooperation with countries in Southeast Asia, the Middle East and Eastern Europe through the export of high-speed rail technology and products as well as the development of railway in Western China and the Silk Road economic belt are expected to continue to fuel long-term demand for steel and iron ore.

Our Strategy

1. Sustain the low cost, low pollution and low energy consumption operations to reinforce our competitiveness
2. Continue to build and grow production capacity at the Ibam Mine
3. Produce value-added products to strengthen our pricing power
4. Proactively seek mines with superior quality resources

Q&A Session

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Appendices

Appendix 1: CAA Resources' milestones

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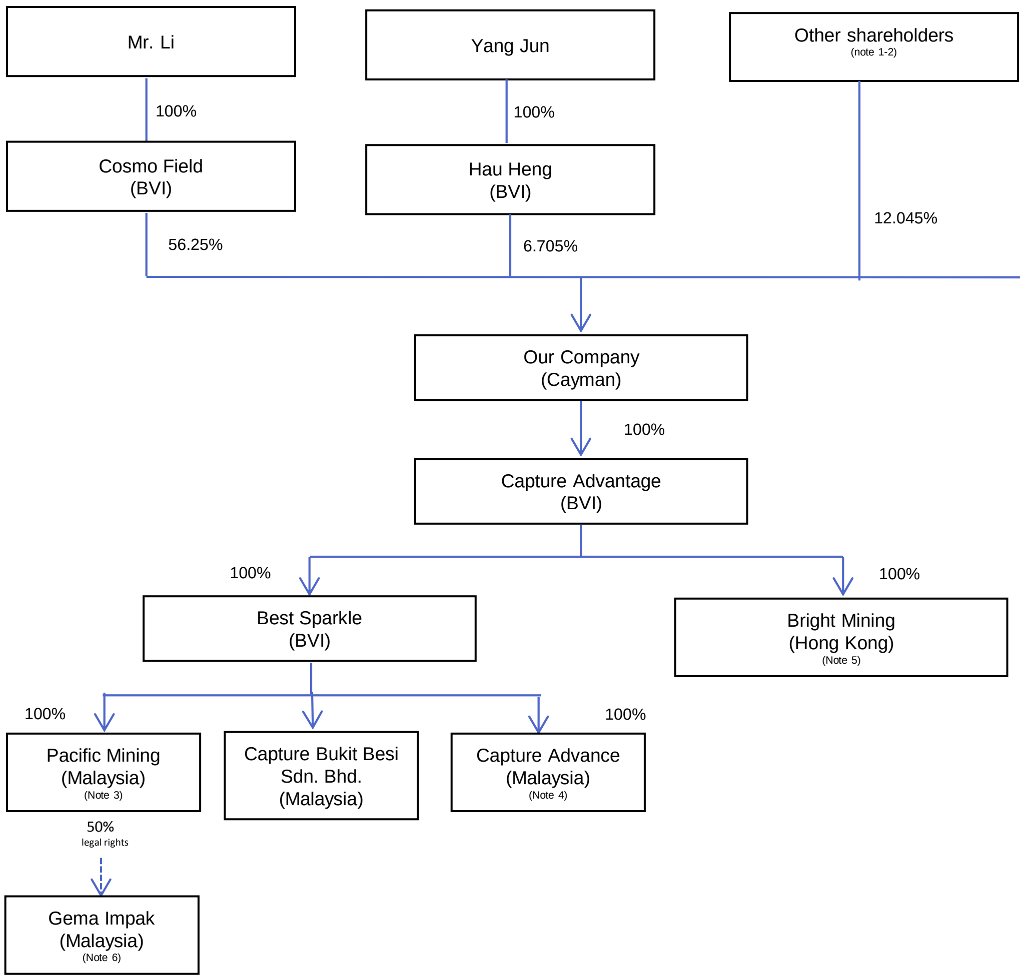
- **Oct 2007** — Commenced exploring mining opportunities in Malaysia
- **Feb 2008** — Kuantan Warehouse was built in Pahang State, Malaysia and two on-site crushing lines were installed
- **Aug 2009** — Gema Impak* obtained the Prospecting Licence for Ibam Mine
- **Oct 2009** — Entered into the Mining Agreement with Gema Impak
- **Dec 2010** — Commenced mining activities in Ibam Mine through the Mining Contractor
- **Jan 2011** — Recorded sale of iron ore products from Project Ibam
- **Sept 2011** — Installed first beneficiation line in Ibam Mine
- **Dec 2011** — Two crushing lines and two beneficiation lines started operating
- **Dec 2012** — A total of two crushing lines and five beneficiation lines were in operation
- **July 2013** — The Group listed on the Stock Exchange
- **Sept 2013** — Entered coorperation agreement with Mercuria
- **Oct 2013** — Entered MOU for a proposed 60% stake acquisition of Red Sun Resources, a company with a land lot at Bukit Besi, Terengganu
- **Dec 2013** — Entered MOU for the mining and income interest of a potential project at Kemahang 3, Kelantan. Negotiated the potential equity acquisition of SRI Jedok Mining Sdn. Bhd, which owns mining right to a land lot in Kelantan.
- **Dec 2013** — A total of two crushing lines and nine beneficiation lines were in operation
- **Feb 2014** — Announced the production of environmentally friendly pelletizing iron concentrates with iron content of 66%

** Registered holder of the Mining Lease of Ibam mine*

Appendix 2: Corporate structure



Note 1: Other investors include Yang Yiwei, Liu Ping, Jin Lixuan and Gao Pengxiang, who respectively hold stakes of 4.245%, 3.675%, 3% and 1.125%.

Note 2: Ms. Yang Yiwei is the daughter of Ms. Li Xiaolan, one of our executive Directors.

Note 3: Pacific Mining has entered into the Mining Agreement with Gema Impak.

Note 4: Capture Advance is our principal operating entity in respect of Project Ibam.

Note 5: Bright Mining is our Group’s main contracting entity in respect of iron ore sales agreements with our customers since its incorporation.

Note 6: Since 20 March 2013 and as at the Latest Practicable Date, Pacific Mining held 150,000 shares in Gema Impak (representing 50% of the issued share capital) as nominee for the Original Shareholders who were beneficial owners of 100% shareholding in Gema Impak and Independent Third Parties, on a pro-rata basis. Pacific Mining is entitled to exercise the Voting Rights.

Appendix 3: Mining agreement

Mining Fee of RM40 (USD12.6) per tonne of iron ore products

Gema Impak ①

On 26 Oct 2009

Mining Agreement
- mining rights at Ibam Mine

- Initial term 16 Dec 2010 to 15 Dec 2016
- Subject for renewal at least 12 months prior to the expiring date
- Duration is determined by the State Authority of Pahang
- Each extension shall not be less than 5 years

Pacific Mining ②

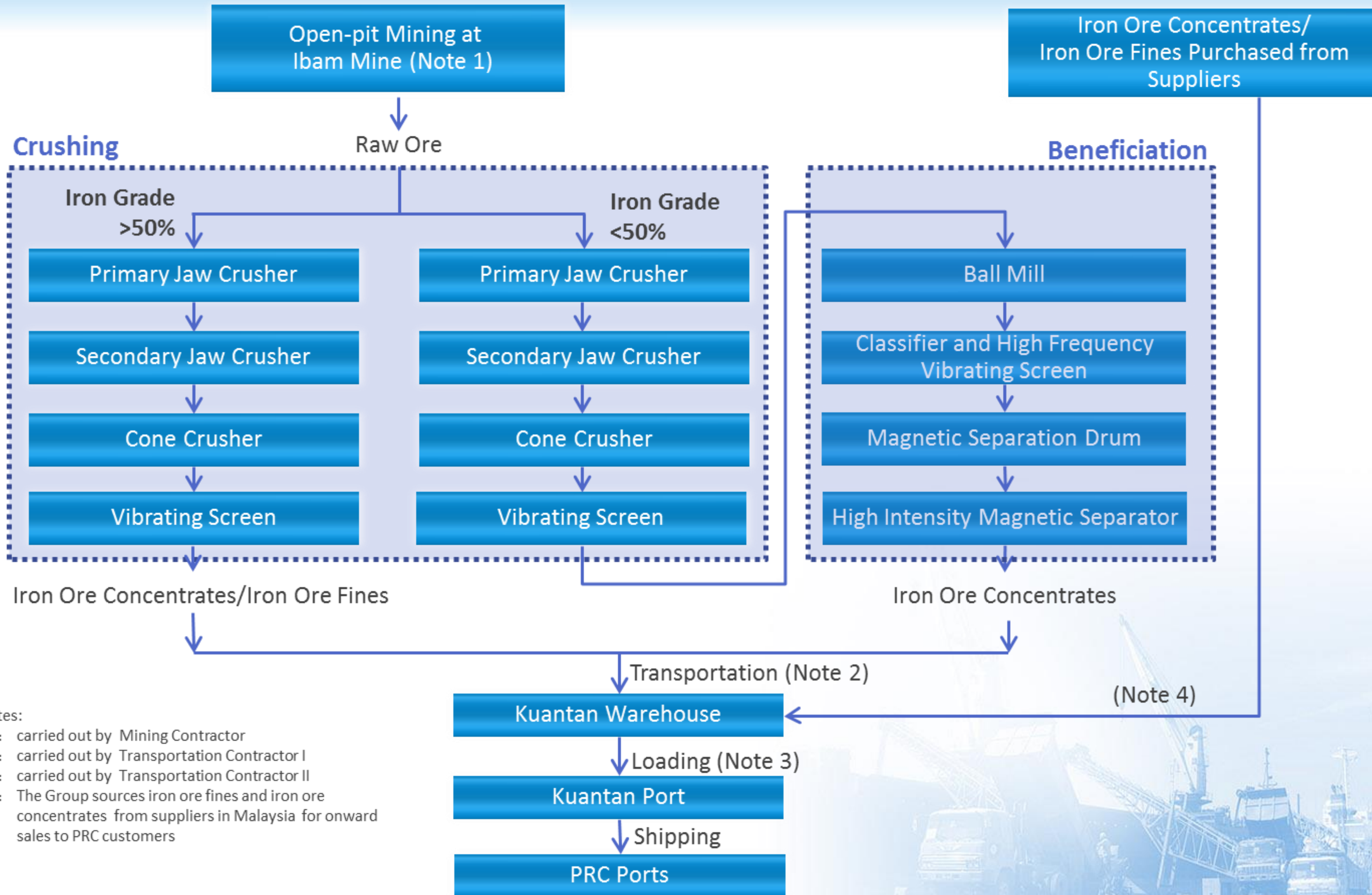
On 11 May 2012

Capture Advance ③

- As a contractor to manage, supervise, conduct and carry out mining activities at the Ibam Mine

Note ①: Gema Impak is the registered holder of the Mining Lease under which Gema Impak has been granted the right to extract and mine iron ores at the Ibam Mine for a period of six years commencing from 16 December 2010 and expiring on 15 December 2016.
Note ②: Pacific Mining, wholly owned by the Group, has entered into the Mining Agreement with Gema Impak.
Note ③: Capture Advance, wholly owned by the Group, is the Group's principal operating entity in respect of Project Ibam.

Appendix 4: Production Process of Iron Ore Products



Notes:
(1): carried out by Mining Contractor
(2): carried out by Transportation Contractor I
(3): carried out by Transportation Contractor II
(4): The Group sources iron ore fines and iron ore concentrates from suppliers in Malaysia for onward sales to PRC customers

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Thank You

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