You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below in respect of our business and the industry we operate in, before making an investment in our Shares being offered in this International Offering. You should pay particular attention to the fact that our principal operations are conducted in Mongolia and are governed by a legal and regulatory environment which differs from that prevailing in other countries. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Offer Shares being offered in this International Offering could decline due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our Secondary Listing; (ii) risks relating to our business and the industry we operate in; (iii) risks relating to our projects in Mongolia; and (iv) risks relating to the International Offering. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that are presently deemed immaterial, could also harm our business, financial condition and operating results. Prospective investors of the Offer Shares should consider carefully all the information set forth in this prospectus and, in particular, this section in connection with an investment in us.

RISKS RELATING TO OUR SECONDARY LISTING

The characteristics of the Canadian share market and the Hong Kong share market are different.

The TSX and the Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Canadian Shares and the Offer Shares may not be the same. Fluctuations in the price of the Canadian Shares could materially and adversely affect the price of the Offer Shares, and vice versa. Moreover, fluctuations in the exchange rate between the Canadian dollar and the Hong Kong dollar could materially and adversely affect the price of the Canadian Shares and the Offer Shares. Because of the different characteristics of the Canadian and Hong Kong share markets, the historical prices of the Canadian Shares may not be indicative of the performance of our Shares (including the Offer Shares) after the listing of the Shares on the Stock Exchange. Investors should therefore not place undue reliance on the prior trading history of the Canadian Shares when evaluating an investment in the International Offering.

We are a Canadian listed company principally governed by Canadian laws and regulations and accordingly you may not have benefit of certain Hong Kong laws, rules and regulations such as those relating to shareholder protection which, although broadly commensurate with those protections afforded to shareholders of Canadian listed companies, are not identical.

We are governed by the BCBCA and are principally subject to Canadian laws, regulations and accounting standards. As highlighted in the section of this prospectus headed "Appendix VI — Summary of the Articles of our Company, Certain TSX Listing Policies, Certain British Columbia Laws and Canadian Federal Laws, and Shareholder Protection Matters", Canadian laws and regulations may differ in some respects from comparable laws and regulations of Hong Kong or other jurisdictions that you might be familiar with. Accordingly, you may not have the benefits of certain Hong Kong laws and regulations. For example, we are not subject to any requirement giving pre-emptive rights to Shareholders over further issues of Shares and therefore the requirement in the Listing Rules for our Directors to obtain the consent of the Shareholders prior to allotting, issuing or granting Shares does not apply to us. In addition, there are differences between Canadian Securities Laws and the TSX Listing Policies on the one hand and the Listing Rules on the other hand. The differences in the compliance requirements may subject us to additional regulatory burdens.

We have applied for, and been granted, waivers from certain requirements of Hong Kong laws, rules and regulations, by the Stock Exchange and the SFC. Shareholders will not have the benefit of those Hong Kong laws, rules and regulations that are waived. Additionally, those waivers could be revoked, exposing us and our Shareholders to additional legal and compliance obligations.

Our Company, whose primary listing is on the TSX, has applied for, and the Stock Exchange and the SFC have granted, a number of waivers from Hong Kong Laws and regulations, as highlighted in the section of this prospectus headed "Waivers".

Our Shareholders will not obtain the rights and benefits of those Hong Kong laws, regulations and Listing Rules for which we have applied, and been granted, waivers by the Stock Exchange and the SFC. For instance, as we have received a waiver from compliance with Chapters 14 and 14A of the Listing Rules, we would not be required to obtain independent shareholder approval or prepare a shareholder circular in connection with certain transactions. For details regarding the Canadian rules and regulations relating to independent shareholders' approval, preparation of a shareholder circular on notifiable transactions and connected transactions please see "Appendix VI — Summary of the Articles of our Company, Certain TSX Listing Policies, Certain British Columbia Laws and Canadian Federal Laws and Shareholder Protection Matters."

Additionally, if any of these waivers were to be revoked, additional legal and compliance obligations might be costly and time consuming, and may result in issues of interjurisdictional compliance, which could adversely affect us and our shareholders.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE

Some of our projects may not be completed as planned, costs may exceed our original budgets and may not achieve the intended economic results or commercial viability.

Our business strategy depends in large part on expanding our production capacity at the Ovoot Tolgoi Mine and further developing our other coal projects into commercially viable mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of mineral resources and environmental protection. Our current intention to develop mines at the Soumber Deposit and the Ovoot Tolgoi Underground Deposit in the future is based on geological, engineering, environmental and mine planning evaluations. The feasibility of mining at these projects as well as at the Tsagaan Tolgoi Deposit has not been and may never be established. If we are unable to develop all or any of our projects into a commercial working mine, our business, financial condition and results of operations will be materially and adversely affected.

Our projects are subject to technical risk in that they may not perform as designed. Increased development costs, lower output or higher operating costs may all combine to make a project less profitable than expected at the time of the development decision. This would have a negative impact on our business and results of operations. No assurance can be given that we would be adequately compensated by third party project design and construction companies (if not performed by us) in the event that a project did not meet its expected design specification.

As with all exploration properties or projects taken on by mining companies, there is a risk that exploration projects will not be converted to commercially viable mines, in part because actual costs from capital projects may exceed the original budgets. As a result of project delays, cost overruns, changes in market circumstances or other reasons, we may not be able to achieve the intended economic benefits or demonstrate the commercial feasibility of these projects, which in turn may materially and adversely affect our business, results of operations and growth prospects. For example, as we progressed with efforts to prepare for the mining and shipment of a targeted 30,000 tonne trial cargo from the Mamahak Deposit, we became aware of the need for additional capital expenditure beyond what was originally budgeted. Based on these requirements and the revised resource estimates contained in the technical expert report that we had commissioned, we suspended further development works at the Mamahak Deposit pending a more detailed operational review. As a result of the suspension, we recorded an impairment charge of US$23 million in the third quarter of 2009. We sold our 85% interest in Mamahak on December 23, 2009.

Our coal reserves and resources are estimates based on a number of assumptions, and we may produce less coal than our current estimates.

The coal reserve and resource estimates are based on a number of assumptions that have been made by the independent technical experts in accordance with NI 43-101. See "Appendix V — Independent Technical Expert Reports" in this prospectus. Reserve and resource estimates involve expressions of judgment based on various factors such as knowledge, experience and industry practice, and the accuracy of these estimates may be affected by many factors, including quality of the results of exploration drilling and analysis of coal samples, as well as the procedures adopted by and the experience of the person making the estimates.

Estimates of the reserves and resources at our projects may change significantly when new information becomes available or new factors arise, and interpretations and deductions on which reserves and resources estimates are based may prove to be inaccurate. Should we encounter mineralisation different from that predicted by past drilling, sampling and similar examination, mineral resource and/or reserve estimates may have to be adjusted downward. This downward adjustment could materially affect our development and mining plans, which could materially and adversely affect our business and results of operations.

In addition, the rank of coal ultimately mined may differ from that indicated by drilling results. There can be no assurance that coal recovered in laboratory tests will be duplicated under on-site conditions or in production-scale operations. In the event that the actual level of impurities is higher than expected or the coal mined is of a lower quality than expected, the demand for, and realisable price of, our coal may decrease. Short term factors relating to reserves, such as the need for orderly development of coal seams or the processing of new or different quality coals, may also materially and adversely affect our business and results of operations.

The inclusion of reserve and resource estimates should not be regarded as a representation that all these amounts can be economically exploited and nothing contained herein (including, without limitation, the estimates of mine lives) should be interpreted as assurance of the economic lives of our coal reserves and resources or the profitability of our future operations.

We commenced mining in April 2008 and coal sales in September 2008 and have recorded substantial net losses and operating cash outflows to date, and our short operating history may make it difficult for investors to evaluate our business and growth.

We commenced mining in April 2008 and currently operate one revenue producing mine. In the year ended December 31, 2008 and in the nine months ended September 30, 2009, we recorded substantial net losses. As is typical for a start up mining company, we have recorded a deficit since inception, with a cumulative deficit for the track record period of US$252.4 million as of September 30, 2009. Our Directors estimate that, on the bases set out in Appendix III to this prospectus and in the absence of unforeseeable circumstances, our operating loss from continuing operations for the year ended December 31, 2009, will amount to no more than US$53.0 million and our net loss and comprehensive loss attributable to equity holders of our Company for the year ended December 31, 2009, will amount to no more than US$111.2 million after financing costs, other income and income taxes. Although we have no plans to pay dividends in the near future, should such deficits continue and cash reserves be depleted, it could adversely affect our ability to pay dividends in the future. Due to our limited operating history, there may not be an adequate basis on which to evaluate our future operating results and prospects. Because our past results may not be indicative of our results in the future, investors may have difficulties evaluating our business and prospects.

We do not insure against all risks to which we may be subject in planned operations and insurance coverage could prove inadequate to satisfy potential claims.

For certain aspects of our business operations, insurance coverage, in particular business interruption insurance, is restricted or prohibitively expensive. We currently hold our primary insurance policies through Canadian insurance providers to insure our properties. We have taken out insurance for risks including commercial general liability, umbrella liability, aviation premises liability, and kidnap and ransom. We maintain mining property insurance for all of our mining assets wherever located, property insurance on our office premises and liability insurance for our Directors and officers. However, no assurance can be given that we will be able to obtain such insurance coverage at economically reasonable premiums (or at all), or that any coverage we obtain will be adequate to cover the extent of any claims brought against us.

Exploration, development and production operations on mineral properties involve numerous risks, including environmental risks, such as unexpected or unusual geological operating conditions, rock bursts or slides, fires, floods, earthquakes or other environmental occurrences, and political and social instability. We do not maintain insurance against any environmental or political risks. Should any liabilities arise for which we are not insured or insurance coverage is inadequate to cover the entire liability, they could reduce or eliminate our actual or prospective profitability, result in increasing costs and a decline in the value of the Shares and could materially and adversely affect our business and results of operations.

Licences and permits are subject to renewal and various uncertainties and we may only renew our exploration licences a limited number of times and for limited periods of time.

In Mongolia, our exploration licences are subject to periodic renewal and may only be renewed a limited number of times for a limited period of time. While we anticipate that renewals will be given as and when sought, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith. Our business objectives may also be impeded by the costs of holding and/or renewing the exploration licences in Mongolia. Licence fees for exploration licences increase substantially upon the passage of time from the original issuance of each individual exploration licence. We need to assess continually the mineral potential of each exploration licence, particularly at the time of renewal, to determine if the costs of maintaining the exploration licences are justified by the exploration results to date, and may elect to let some of our exploration licences lapse. Moratorium on transfers of exploration licences has been imposed on two separate occasions and there is a risk that a similar moratorium could be imposed such that letting the exploration licences lapse may be the only practical option in some circumstances. Furthermore, we will require mining licences and permits to mine in order to conduct mining operations in Mongolia. There can be no assurance, however, that such licences and permits will be obtained on terms favourable to us or at all for our future intended mining and/or exploration targets in Mongolia.

In addition, certain provisions of the Land Law and the 2006 Minerals Law of Mongolia provide for the revocation of previously granted land use rights, exploration licences or mining licences on the grounds that the affected area of land has been designated as "special needs" territory. The Land Law grants the discretion to declare an area of land for special needs purposes to local governing authorities and identifies various broad categories which qualify as special needs. The 2006 Minerals Law requires the local governing authority that designates an area of land as a special needs' territory to compensate the licence holder whose rights or licence status are affected. If any of our land use rights, exploration licences or mining licences in Mongolia is revoked because the underlying land is declared as special needs territory, there is no assurance that we will receive adequate compensation or any compensation at all and our business and results of operation might be adversely and materially affected. We have had no land use rights or exploration/mining licences revoked to date. Pursuant to the recently enacted Mining Prohibition in Specified Areas Law, previously granted land use rights, exploration licences, and/or mining licences may be revoked on the grounds that the relevant area of land has been designated as a prohibited area.

Prolonged periods of severe weather conditions could materially and adversely affect our business and results of operations.

Severe weather conditions may require us to evacuate personnel or curtail operations and may cause damages to the project site, equipment or facilities, which could result in the temporary suspension of operations or generally reduce our productivity. Severe weather conditions have not caused any delay or damages to our operations to date. However, there can be no assurance that severe weather will not occur. Any damages to our projects or delays in our operations caused by prolonged periods of severe weather could materially and adversely affect our business and results of operations.

Our business and results of operations are susceptible to the cyclical nature of coal markets and are vulnerable to fluctuations in prices for coal.

We expect to derive substantially all of our revenue and cash flow from the sale of coal. Therefore, the market price of the Shares, our ability to raise additional financing and maintain ongoing operations and our financial condition and results of operations will be directly related to the demand for, and price of, coal and coal-related products. Coal demand and price are determined by numerous factors beyond our control, including the international demand for steel and steel products, the availability of competitive coal supplies, international exchange rates, political and economic conditions in Mongolia, the PRC and elsewhere in the world, milder or more severe than normal weather conditions, and production costs in major coal producing regions. The PRC and international coal markets are cyclical and have in the past exhibited significant fluctuations in supply, demand and prices from year to year. There has been significant price volatility on the coal spot market. An oversupply of coal in the PRC or a general downturn in the economies of any significant markets for our coal and coal-related products could materially and adversely affect our business and results of operations. In addition, our dependence on Asian markets may result in instability in our operations due to political and economic factors in those Asian jurisdictions which are beyond our control. The combined effects of any or all of these factors on coal prices or volumes are impossible for us to predict. If realised coal prices fall below the full cost of production of any of our future mining operations and remain at such a level for any sustained period, we could experience losses and may decide to discontinue operations, which could require us to incur closure costs and result in reduced revenues.

Our coal mining activities are subject to operational risks including equipment breakdown.

Our coal mining operations are subject to a number of operational risks, some of which are beyond our control, which could delay the production and delivery of coal. These risks include unexpected maintenance or technical problems, periodic interruptions to our mining operations due to inclement or hazardous weather conditions and natural disasters, industrial accidents, power or fuel supply interruptions and critical equipment failure, including malfunction and breakdown of our shovels, upon which our coal mining operations are heavily reliant and which would require considerable time to replace. These risks and hazards may result in personal injury, damage to, or destruction of, properties or production facilities, environmental damage, business interruption and damage to our business reputation. In addition, breakdowns of equipment, difficulties or delays in obtaining replacement shovels and other equipment, natural disasters, industrial accidents or other causes could temporarily disrupt our operations, which in turn may also materially and adversely affect our business, prospects, financial condition and results of operations.

The unavailability or shortage of reliable and sufficient coal transportation capacity could reduce our coal revenue by causing us to reduce our production volume or impairing our ability to supply coal to our customers.

We anticipate that the majority of our coal production from the projects in Mongolia will be exported into the PRC. While we expect to sell and deliver most of our coal from the Ovoot Tolgoi Mine at the mine gate, inadequate transportation infrastructure is likely to affect the pricing terms on which we can sell the coal to customers and the willingness and ability of such customers to purchase coal from us. Potential customers are likely to factor in any delays and the costs and availability of transportation in determining the price they are prepared to pay to purchase our coal. Therefore, our mining operations are anticipated to be highly dependent on road and rail services in Mongolia and, to a lesser extent, in the PRC.

In Mongolia, a bottleneck in the transportation of coal from the Ovoot Tolgoi Mine to customers in the PRC may arise if the road connecting the Ovoot Tolgoi Mine to the Shivee Khuren-Ceke border crossing does not have sufficient capacity to support the increased amount of cargo traffic or is affected by external factors such as disruptions caused by bad weather. The opening hours of the Shivee Khuren-Ceke border crossing also affect our ability to expedite the movement of our coal shipment. There can be no assurance that there would be any other cost effective means of transporting the coal to our primary market in the PRC. As a result, we may experience difficulty expediting the movement of our coal shipments and/or significant cost escalation for the transportation services, which could affect our production and reduce our profitability.

In the PRC, rail and road infrastructure and capacity have in the past been affected by extreme weather conditions, earthquakes, delays caused by major rail accidents, the diversion of rolling stock needed to deliver emergency food relief and seasonal congestion during public holidays. There can be no assurance that these problems will not recur or that new problems will not occur. In any of these circumstances, the customers may not be able to take delivery of our coal, which may lead to delays in payment, or refusal to pay, for our coal and, as a result, our business and results of operations could be materially and adversely affected.

Please see the section headed "Industry Overview" in this prospectus for more detailed information on the PRC's transportation capacity.

Our prospects depend on our ability to attract, retain and train key personnel.

Recruiting, retaining and training qualified personnel is critical to our success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition within the mining industry for such persons is intense. In particular, Mongolian law requires that at least 90% of a mining company's employees be of Mongolian nationality. This provision of the law, coupled with the large number of active mining projects in Mongolia, further limit the number of available personnel and increase competition for skilled personnel.

As our business activity grows, we will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional operations staff. If we are not successful in attracting such key personnel, or retaining existing key personnel, our business and results of operations could be materially and adversely affected.

In addition, our ability to train operating and maintenance personnel is a key factor for the success of our business activities. If we are not successful in recruiting, training and retaining such personnel, our business and results of operations could be materially and adversely affected.

Competition in the coal industry may hinder development plans and adversely affect our coal sales if we are not able to compete effectively.

Continued growth in mining and mineral exploration activities in Mongolia could create an increasing demand for mining equipment and related services. Shortages of, or higher costs for, equipment and services could restrict our ability to carry out the exploration, development and production activities, increase our costs of operations and adversely affect our future plans.

We intend to sell a majority of the coal we produce into the PRC. Competition in the PRC coal industry is based on many factors, including, among others, price, production capacity, coal quality and characteristics, transportation capability and costs, blending capability and brand name. Our coal business will most likely compete in the PRC with other large PRC and international coal mining companies. Due to their location, some of our PRC competitors may have lower transportation costs than we do. The PRC coal market is highly fragmented and we face price competition from some small local coal producers that produce coal for significantly lower costs than us due to various factors, including their lower expenditure on safety and regulatory compliance. Some of our international competitors, including the Mongolian coal producers, may have greater coal production capacity as well as greater financial, marketing, distribution and other resources than we do, and may benefit from more established brand names in international markets. Our future success will depend on our ability to respond in an effective and timely manner to competitive pressure.

There are a number of risks associated with our dependence on a limited number of customers and our potential inability to attract additional customers.

We depend on a small number of customers. The incremental cost of transporting coal products from the Ovoot Tolgoi Mine and our other coal projects over long distances effectively limits our potential customer base to a relatively proximate geographical area. Additionally, we have been selling our coal products only since September 2008. We currently have three customers with the largest customer representing approximately 62%, and the remaining customers accounting for 38% of our total sales for the first nine months of 2009. Our relatively brief history of coal sales makes it difficult to evaluate the strength of our relationships with current customers and our ability to attract additional customers. Accordingly, inability to attract additional customers or the loss of, or a significant reduction in, purchases by any of the limited number of potential customers could materially and adversely affect our future revenue and the economic viability of our exploration and development projects.

In addition, we expect to sell the majority of the coal from our Mongolian mining operations to the customers in China. PRC law requires specific authorisation to be obtained by entities responsible for the import of coal into the PRC. In the event that our customers, or the agents of such customers who are responsible for importing coal into the PRC on their behalf, fail to obtain and retain the necessary authorisations, their ability to import our coal into the PRC may be affected, which could materially and adversely affect our business and results of operations.

Our operations are exposed to risks in relation to environmental protection and rehabilitation.

The operations of coal mines involve substantial environmental risks and hazards and our operations are subject to laws and regulations relating to the environment, health and safety and other regulatory matters in Mongolia.

The risk of environmental liability is inherent in the operation of our business. Environmental hazards may occur in connection with our operations as a result of human negligence, force majeure, or otherwise. Claims may be asserted against us arising out of our operations in the normal course of business, including claims relating to land use, safety, health and environmental matters. We are not insured against environmental liabilities and there can be no assurance that environmental liabilities would not materially and adversely affect on our business and results of operations.

In addition, we are subject to reclamation requirements. Our mines contain a finite amount of recoverable resources and will eventually close. The key tasks in relation to the closure of the mines involve (i) long-term management of permanent engineered structures (for example, spillways, roads, waste dumps); (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programmes to new owners. The successful completion of these tasks is dependent on our ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved, which could materially and adversely affect our business and results of operations.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. We have not incurred any environmental research and development costs to date. We may experience increased costs of production arising from compliance with environmental laws and regulations. Should we fail to comply with current or future environmental laws and regulations, we may be required to pay penalties or take corrective actions, any of which may have a material adverse effect on our results of operations and financial condition.

Foreign currency fluctuations could affect expenses and any future earnings.

We are exposed to foreign exchange fluctuations with respect to the MNT, A$, Renminbi and Canadian dollar. Our financial results are reported in U.S. dollars. The salaries for local labourers in Mongolia are paid in local currency. Sales of coal into the PRC have been and may continue to be settled in U.S. dollars. Since our headquarters is in Canada, a minor portion of our expenses are in Canadian dollars and we hold a portion of our cash and short-term investments in Canadian dollars. As a result, our financial position and results are impacted by the exchange rate fluctuations between the aforementioned currencies and the U.S. dollar.

Our results of operations are subject, to a significant extent, to economic, political and legal developments in the PRC.

We expect that a majority of coal sales from the Ovoot Tolgoi Mine will be made to customers based in the PRC. Accordingly, the economic, political and social conditions, as well as government policies, of the PRC may affect our business. The PRC economy differs from the economies of most developed countries in many respects, including: (i) structure; (ii) level of government involvement; (iii) level of development; (iv) growth rate; (v) control of foreign exchange and (vi) allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. For the past two decades, the PRC government has implemented economic reform measures emphasising the utilisation of market forces in the development of the PRC economy. Changes in the PRC's political, economic and social conditions, laws, regulations and policies could materially and adversely affect our business and results of operations.

In addition, the PRC government indirectly influences coal prices through its regulation of power tariffs and its control over allocation of the transportation capacity of the national rail system. Any significant downturn in coal prices in the PRC could materially and adversely affect our business and results of operations. Additionally, the PRC government could adopt new policies that could shift demand away from coal to other energy sources. Any significant decline in demand for, or over-supply of, coal could materially and adversely affect our revenues from coal export sales.

The interests of our principal shareholder, Ivanhoe, may differ from those of our other Shareholders.

Immediately after, and assuming the completion of the Offerings, Ivanhoe will hold approximately 65% of our Company's issued and outstanding Shares (assuming no exercise of the Over Allotment Options or any options outstanding under our EIP). The interests of Ivanhoe may conflict with the interests of our other Shareholders, and there is no assurance that Ivanhoe will vote its Shares in a way that benefits our minority Shareholders. Ivanhoe's ownership interest enables Ivanhoe to elect the entire Board without the concurrence of any of our other Shareholders. Accordingly, unless applicable laws or regulations would require approval by our minority Shareholders, Ivanhoe is in a position to:

- control our policies, management and affairs;
- subject to applicable laws, regulations and the Articles, adopt amendments to certain provisions of the Articles; and
- otherwise determine the outcome of most corporate actions, including a change in control, merger or sale of all or substantially all of our assets.

The Company believes that third parties may be discouraged from making a tender offer or bid to acquire us because of this concentration of ownership. For further information on the ownership of the Shares, see the section entitled "Share Capital" in this prospectus.

It could be difficult for investors to enforce any judgment obtained outside Canada against us or any of our associates.

Our Company is a British Columbia, Canada company and many of our officers and Directors are residents of Canada. A substantial portion of our assets and the assets of our officers and Directors, at any one time, are and may be located in jurisdictions outside Hong Kong. As such, it may not be possible for the investors to effect service of process within Hong Kong on our Directors and officers who reside outside Hong Kong. In addition, if a judgment is obtained against us or any Directors in a Hong Kong court, additional requirements may need to be satisfied in order to attempt to enforce the judgment in Canada and foreign court orders may not be enforceable in Mongolia. Therefore you may not be able to recover against us or our Directors and officers on judgments of Hong Kong courts predicated upon the laws of Hong Kong.

Information in this document regarding future plans reflects current intentions and is subject to change.

Whether we ultimately implement the business plans described in this prospectus, and whether we achieve the objectives described in this prospectus, will depend on a number of factors including, but not limited to: the availability and cost of capital; current and projected coal prices; coal markets; costs and availability of drilling services, costs and availability of heavy equipment, supplies and personnel; success or failure of activities in similar areas to those in which our projects are situated; and changes in estimates of project completion costs. We will continue to gather information about our projects, and it is possible that additional information will cause us to alter our schedule or determine that a project should not be pursued at all. Accordingly, our plans and objectives may change from those described in this prospectus.

Under Canadian rules and regulations all material information must be disclosed immediately to the public. If the material information constitutes a material change to the group's plans or objectives, then the Company is obligated to immediately issue a news release and subsequently file a material change report with the relevant securities regulatory authorities in the event of any material change to the group's plans or objectives.

RISKS RELATING TO OUR PROJECTS IN MONGOLIA

Legislation in Mongolia may be subject to conflicting interpretations, which may have adverse consequences on our business.

The Mongolian legal system shares several of the qualitative characteristics typically found in a developing country and many of its laws, particularly with respect to matters of taxation, are still evolving. A transaction or business structure that would likely be regarded under a more established legal system as appropriate and relatively straightforward might be regarded in Mongolia as outside the scope of existing Mongolian law, regulation or legal precedent. As a result, certain business arrangements or structures and certain tax planning mechanisms may carry significant risks. In particular, when business objectives and practicalities dictate the use of arrangements and structures that, while not necessarily contrary to settled Mongolian law, are sufficiently novel within a Mongolian legal context, it is possible that such arrangements may be invalidated.

The legal system in Mongolia has inherent uncertainties that could limit the legal protections available to us, which include (i) inconsistencies between laws; (ii) limited judicial and administrative guidance on interpreting Mongolian legislation; (iii) substantial gaps in the regulatory structure due to delay or absence of implementing regulations; (iv) the lack of established interpretations of new principles of Mongolian legislation, particularly those relating to business, corporate and securities laws; (v) a lack of judicial independence from political, social and commercial forces; and (vi) bankruptcy procedures that are not well developed and are subject to abuse. The Mongolian judicial system has relative little experience in enforcing the laws and regulations that currently exist, leading to a degree of uncertainty as to the outcome of any litigation. It may be difficult to obtain swift and equitable enforcement, or to obtain enforcement of a judgment by a court of another jurisdiction.

In addition, while legislation has been enacted to protect private property against expropriation and nationalisation, due to the lack of experience in enforcing these provisions and political factors, these protections may not be enforced in the event of an attempted expropriation or nationalisation. Expropriation or nationalisation of any of our assets, or portions thereof, potentially without adequate compensation, could materially and adversely affect our business and results of operations.

Application of and amendments to legislation could adversely affect our mining rights in our projects or make it more difficult or expensive to develop our projects and carry out mining.

In 2006, the Mongolian Government enacted a new minerals law. The 2006 Minerals Law, preserves to a limited extent some of the substance of the former 1997 minerals legislation, which was drafted with the assistance of legal experts in the area of mining legislation and was widely regarded as progressive, internally consistent and effective legislation. However, the 2006 Minerals Law contains new provisions that have increased the potential for political interference and weakened the rights and security of title holders of mineral tenures in Mongolia. Certain provisions of the 2006 Minerals Law are ambiguous and it is unclear how they will be interpreted and applied in practice. Examples of such provisions include those relating to the designation of a mineral deposit as a Mineral Deposit of Strategic Importance. For details see "— The Mongolian Government could determine that any one or more of our projects in Mongolia is a Mineral Deposit of Strategic Importance".

In addition, the introduction of new Mongolian laws and regulations and the interpretation of existing ones may be subject to policy changes reflecting domestic political or social changes. For example, on July 16, 2009, Parliament enacted a new law (the "Mining Prohibition in Specified Areas Law") that prohibits minerals exploration and mining in areas such as headwaters of rivers and lakes, forest areas as defined in the Forest Law of Mongolia and areas adjacent to rivers and lakes as defined in the Water Law of Mongolia. Pursuant to the Mining Prohibition in Specified Areas Law, the Mongolian government was instructed to define the boundaries of the areas in which exploration and mining would be prohibited by October 16, 2009. However, the Mongolian government has not yet approved and published this information. New exploration licences and mining licences overlapping the defined prohibited areas will not be granted — and previously granted licences that overlap the defined prohibited areas will be terminated within five months following the adoption of the law. It is not clear whether such termination will only apply to the overlap areas. The Mining Prohibition in Specified Areas Law provides that affected licence holders shall be compensated, but there are no specifics as to the way such compensation will be determined.

MRAM has prepared a draft list of licences that overlap with the prohibited areas described in the new law — based on information submitted by water authority agencies, forest authority agencies and local authorities — for submission to the MMRE. Subsequent to the MMRE's approval of this preliminary list, the Mongolian government must still give its final approval before the final list can be published. During the MMRE's and the Mongolian Government's review of the draft list of licences prepared by MRAM, licences may be added to or removed from the list at any time prior to approval and publication of the final list.

Four of our exploration licences — included on MRAM's draft list of licences — may be included on the final list published by the Mongolian Government, potentially affecting the status of those licences under the Mining Prohibition in Specified Areas Law. Activities being carried out on these properties include drilling, trenching and geological reconnaissance. We have no immovable company assets located in any of the potentially affected areas and the loss of any or all of the potentially affected properties would not materially and adversely affect our existing operations.

As such, there can be no assurance that future political and economic conditions in Mongolia will not result in the Mongolian Government adopting different policies in relation to foreign development and ownership of mineral resources. Any such changes in government or policy may result in changes in laws affecting ownership of assets, environmental protection, labour relations, repatriation of income, return of capital, investment agreements, income tax laws, royalty regulation, government incentive and other areas, each of which may materially and adversely affect our ability to undertake exploration and development activities in the manner currently contemplated. Similarly, any restrictions imposed, or Mongolian Government charges levied or raised (including royalty fees), under Mongolian law on the export of coal could harm our competitiveness.

Our ability to carry on business in Mongolia is subject to political risk.

Our ability to efficiently conduct our exploration and development activities is subject to changes in government policy or shifts in political attitudes within Mongolia that are beyond our control.

Government policy may change to discourage foreign investment, nationalisation of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented. There is no assurance that our assets will not be subject to nationalisation, requisition or confiscation, whether legitimate or not, by any authority or body. The provisions under Mongolian law for compensation and reimbursement of losses to investors under such circumstances may not be effective to restore the value of our original investment.

In addition, Mongolia may experience political instability. Such instability could have a material adverse effect on economic or social conditions in Mongolia and may result in outbreaks of civil unrest, terrorist attacks or threats or acts of war in the affected areas, any of which could materially and adversely affect our business and results of operations.

The Mongolian Government could determine that any one or more of our projects in Mongolia is a Mineral Deposit of Strategic Importance.

Pursuant to the 2006 Minerals Law, the Parliament of Mongolia has wide discretion to designate mineral deposits to be Mineral Deposits of Strategic Importance. The Mongolian Government is empowered to participate on an equity basis with the licence holder in the exploitation and/or mining of each Mineral Deposit of Strategic Importance on terms to be negotiated between the Mongolian Government and such licence holder. Details of any minerals reserves must be filed by the relevant licence holder with the Mongolian Government, and those deposits on the Strategic Deposits List represent most of the largest and highest profile deposits in Mongolia. In addition to deposits currently on the Strategic Deposits List and the additional Tier 2 Deposits List, the Mongolian Parliament may at any time designate other deposits not yet currently on either list to be Mineral Deposits of Strategic Importance, add such deposits to either the Strategic Deposits List or the Tier 2 Deposits List and, in the former case, commence negotiations with the relevant licence holder with respect to the terms under which the Mongolian Government will take an interest in such deposit. Whilst the Mongolian Government is in the process of adding the exact location and coordinates for each Mineral Deposit of Strategic Importance, a number of deposits on the Strategic Deposits List are identified by name only with no indication of the latitude and longitude coordinates for the deposit, and it is therefore not always possible to precisely determine the intended geographic area covered by each designated Mineral Deposit of Strategic Importance or to accurately determine whether or not any given licence area is within, or overlaps a Mineral Deposit of Strategic Importance.

Under the 2006 Minerals Law, the size of the Mongolian Government's participation is determined largely by the level of state funding which has been provided for the exploration and development of any deposit, with the Mongolian Government entitled to participate up to 50% in the event that there has been state funding of such depositor and up to 34% if there has not. However the 2006 Minerals Law is very vague as to the details and method by which the Mongolian Government will take its interest and the final arrangements in respect of the Mongolian Government's interest in each Mineral Deposit of Strategic Importance, including the amount of compensation to be paid to the licence holder and the actual form of the Mongolian Government's interest are subject to negotiation between the Mongolian Government and the licence holder.

The 2006 Minerals Law also contains provisions requiring any company which holds a Mineral Deposit of Strategic Importance to list no less than 10% of its shares on the Mongolian Stock Exchange. This particular provision of the 2006 Minerals Law has not yet been enforced and it is not clear how it will work in practice.

In recent years there have been a number of proposed amendments to the 2006 Minerals Law suggested by various parties, many of which have centred on amending the 2006 Minerals Law to increase the Mongolian Government's participating interest in excess of 50%. Whilst the 2006 Minerals Law provides that the interest of the

Mongolian Government should take the form of an equity interest, based on past practice, and depending on the results of individual negotiations, the interest maybe in the form of production or profit sharing or some other arrangement negotiated between the licence holder and the Mongolian Government. There can be no assurance that legislation will not be enacted which further strengthens the Mongolian Government's right to participate in privately held mineral resources in Mongolia.

None of the deposits covered by our existing mining licences or exploration licences are currently designated as Mineral Deposits of Strategic Importance. However, there can be no assurance that any one or more of these deposits will not be so designated in the future, in which case our business and results of operations may be materially and adversely affected.

RISKS RELATING TO THE INTERNATIONAL OFFERING

Future share market conditions may change.

There are risks involved with any investment in listed shares. The market price of our Shares may rise or fall depending upon a range of factors and stock market conditions, which are unrelated to our future financial performance. Movements on international stock markets, local interest rates and exchange rates, domestic and international economic and political conditions, as well as government, taxation and other policy changes may affect the stock market. As our Company is a listed company on the TSX, our Share price will also be subject to numerous influences that impact the price of our Canadian Shares, including broad trends in the share market and the share prices of individual companies or sectors.

The liquidity and future market price of our Shares following the International Offering could be volatile.

Prior to the International Offering, our Shares were not offered to the public in Hong Kong. The Offer Price will be determined by the Joint Global Coordinators, on behalf of the Underwriters, and us. The Offer Price may not be indicative of the price at which our Shares will trade following the completion of the International Offering. In addition, there can be no assurance that there will be an active trading market for our Shares or, if it exists, that it can be sustained following the completion of the International Offering, or that the price at which our Shares will trade will not fall below the Offer Price.

Future issuances or sales, or perceived possible issuances or sales, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of the Shares and our ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, including sales by our substantial Shareholders, or the issuance of new Shares by our Company, or the perception that such sales or issuances may occur. Future sales, or perceived possible sales, of substantial amounts of the Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to us, and our Shareholders may experience dilution in their holdings upon issuance or sale of additional Shares or other securities in the future.

The market price of our Shares when trading begins could be lower than the Offer Price as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth Business Day after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.