This summary provides you with an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are summarized in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Capitalized terms are defined in the "Definitions" section in this prospectus. Please also refer to the "Glossary of Technical Terms" section in this prospectus for definition and explanation of various technical expressions.

OVERVIEW

We are the only overseas listing vehicle of China National Gold, the largest gold producer in China in 2009 by gold output*, according to the China Gold Association (中國黃金協會). Incorporated in British Columbia, Canada, we are listed on the Toronto Stock Exchange and are seeking a dual primary listing on the Stock Exchange. Our principal business is to explore, develop, mine and process gold and other non-ferrous metals. We currently own and operate the CSH Mine, which, according to the CSH Technical Report, is one of the largest gold mines in China in terms of mineral resources under the JORC Code. In addition, upon the completion of the Global Offering, we will acquire and own the Jiama Mine, which, according to the Jiama Technical Report, will become one of the largest copper-polymetallic mining operations in China in terms of ore production rate, total metal production and mineral resources under the JORC Code. Among all the metal and mining enterprises that are ultimately controlled by the PRC government, we are among a limited number of companies that are incorporated and listed overseas.

As of June 30, 2010, according to the CSH Technical Report, the CSH Mine's gold resources (inclusive of reserves) and reserves, using a gold cutoff grade of 0.30 g/t, are as follows:

JORC Mineral Resource Category(1)(2)	Tonnage (million tonnes)	Grade (g/t)	Gold Content (Moz)
Measured	100.8	0.68	2.196
Indicated	135.9	0.61	2.663
Total Measured and Indicated	**236.7**	**0.64**	**4.858**
Inferred	**0.5**	**0.43**	**0.007**

JORC Ore Reserve Category(1)(3)	Tonnage (mt)	Grade Au (g/t)	Gold Content Au (koz)
Proved	79.7	0.70	1,784
Probable	52.2	0.63	1,059
Total	**131.9**	**0.67**	**2,843**

(1) JORC resources and reserves set forth in this table are the same as those under the CIM Standards. See Item 17.5 of the CSH Technical Report for further details.

(2) The procedures and parameters used for resource modelling are set out in Item 17.1 of the CSH Technical Report.

(3) The procedures and parameters used for reserve modelling are set out in Item 17.2 of the CSH Technical Report.

The CSH Mine commenced commercial production in July 2008 with a design processing capacity of 20,000 tonnes of ore per day. For the year ended December 31, 2009 and the nine months

* Gold output is calculated based on total output of finished gold produced from mines and from gold smelters.

ended September 30, 2010, the total gold production was approximately 83,570 ounces and 75,707 ounces, respectively. In September 2010, monthly production volume reached 14,307 ounces. We have recently completed a series of steps to achieve additional production growth. In particular, we have installed a new ore crushing facility which ramped up to its design processing capacity of 30,000 tonnes of ore per day in March 2010. It is expected that the rate of leaching as well as gold recovery will improve as a result of installation of the crushing facility. According to the CSH Technical Report, the total gold production is forecast to be approximately 116,000 ounces and 146,570 ounces in 2010 and 2011, respectively.

The Jiama Mine is a large copper-polymetallic deposit and will be developed into a combined open-pit and underground mining operation. The mine consists of skarn-type and hornfels-type mineralization.

As of June 30, 2010, according to the Jiama Technical Report, the Jiama Mine's resources (inclusive of reserves) and reserves of copper, molybdenum, gold, silver, lead and zinc are as follows:

JORC Mineral Resource Category(1)(2)	Tonnage	Grades						Contained Metals					
	(Kt)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (t)	Ag (t)	Pb (kt)	Zn (kt)
Skarn-Type(3)													
Measured	82,928	0.83	0.042	0.30	16.0	0.06	0.05	686.9	34.42	25.11	1,326	51.9	38.7
Indicated	102,187	0.68	0.041	0.22	13.7	0.10	0.05	691.6	42.07	22.33	1,396	100.6	55.4
Total Measured and Indicated	**185,116**	**0.74**	**0.041**	**0.26**	**14.7**	**0.08**	**0.05**	**1,378.5**	**76.49**	**47.44**	**2,722**	**152.5**	**94.1**
Inferred	**165,763**	**0.64**	**0.053**	**0.21**	**13.1**	**0.14**	**0.06**	**1,068.0**	**88.57**	**35.42**	**2,179**	**239.0**	**106.9**
Hornfels-Type(4)													
Inferred	655,000	0.23	0.045	0.02	1.17	0.00	0.01	1,500	290	13	770	—	—

JORC Ore Reserve Category(1)(2)(5)	Tonnage	Grades						Contained Metals					
	(Kt)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (kt)	Mo (kt)	Au (t)	Ag (t)	Pb (kt)	Zn (kt)
Total Reserve													
Proved	53,541	0.83	0.038	0.32	16.3	0.06	0.04	442.8	20.31	17.1	874	29.6	21.3
Probable	52,358	0.85	0.040	0.29	16.5	0.11	0.05	442.8	20.96	15.2	864	55.4	27.2
Total	**105,899**	**0.84**	**0.039**	**0.31**	**16.4**	**0.08**	**0.05**	**885.6**	**41.27**	**32.3**	**1,738**	**85.0**	**48.6**

(1) JORC resources and reserves set forth in this table are the same as those under the CIM Standards. See Item 17.5 of the Jiama Technical Report for further details.

(2) Cutoff grade for the estimate is 0.3% copper, 0.03% molybdenum, 1% lead or 1% zinc.

(3) The procedures and parameters used for the skarn-type resource modelling are set out in Item 17.1.2 of the Jiama Technical Report.

(4) The procedures and parameters used for the hornfels-type resource modelling are set out in Item 17.1.3 of the Jiama Technical Report.

(5) Please refer to Item 17.2.5 of the Jiama Technical Report for a description of the cutoff unit economic values for the reserve estimate.

Following the completion of its first phase of development, which primarily involves the Tongqianshan open-pit infrastructure, ore processing facilities and underground ore transportation system, the Jiama Mine commenced commercial production in September 2010. The second phase of development, which primarily involves the Niumatang open-pit infrastructure, development and equipping of underground mine and expansion of the processing facilities, is expected to commence at the end of 2010. We expect to ramp up the processing capacity at the Jiama Mine to 3.6 million tonnes of ore per annum (or 12,000 tonnes per day) at the beginning of 2012 after completion of the whole second phase development of the Jiama Mine.

In addition to our development plan, we are seeking to significantly increase the reserve base of our existing mines through further exploration efforts. With respect to the Jiama Mine, compared to two current mining permits, which only covers an area of approximately 2.9 square kilometers, two exploration permits of the Jiama Mine covered an area of approximately 76.9 square kilometers and 66.4 square kilometers, respectively. According to the Jiama Technical Report, the major mineralized body at the Jiama Mine is open along the dip direction, representing significant potential to discover more mineral resources after additional exploration in that area. The Independent Technical Expert also believes that with additional drilling and sampling, a significant portion of the inferred mineral resources at the Jiama Mine can be upgraded into the measured and indicated resource categories, which in turn can be used for ore reserve estimation. With respect to the CSH Mine, our mining permit covers an area of approximately 10.1 square kilometers, compared to our exploration permit which covers an area of approximately 25.9 square kilometers. The mineralization zone at the CSH Mine is generally open at depth, and the gold grade tends to increase with depth. The Independent Technical Expert believes that there is significant potential to discover additional mineral resources at depth and in other areas within the exploration permit where gold anomalies have been identified.

Our principal product from the CSH Mine is gold dore bars, which we sell to China National Gold at prevailing market prices pursuant to a long-term agreement. For the years ended December 31, 2008 and 2009 and the six months ended June 30, 2010, our total revenue was US$29.4 million, US$81.0 million and US$37.7 million, respectively. The products of the Jiama Mine consist of copper concentrate, molybdenum concentrate and lead concentrate. Gold and silver contained in our concentrates can be separated and smelted in downstream processing.

China National Gold, our Controlling Shareholder, will hold approximately 38.98% of our outstanding Shares immediately after the Global Offering and the Skyland Acquisition. It is the only enterprise directly supervised by the State Council that focuses on the exploration, mining, processing, smelting, refining and sale of gold. Under the terms of China National Gold's non-competition undertaking to us, we will have a mandate from China National Gold to focus on International Mining Businesses and to grow into a leading international mining company. China National Gold has undertaken not to compete with us in International Mining Businesses. As part of its undertaking, China National Gold has also granted us preferential rights on future International Mining Business opportunities as well as a right of first refusal and a call option right relating to such businesses. Meanwhile, with respect to any mineral assets located in China that are held directly or indirectly by an offshore company, in the event that Zhongjin Gold Corporation decides not to take up the business opportunity, China National Gold will refer such opportunity to us. Furthermore, China National Gold has also undertaken to procure all Controlled Entities to abide by its non-competition undertaking to us. However, as none of the Controlled Entities is a party to, or otherwise legally bound by, China National Gold's non-competition undertaking to us, there can be no assurance that the Controlled Entities will not compete with us for International Mining Business opportunities in the future. See "Risk Factors — Risk relating to Our Business and Industry—If our relationship with China National Gold materially changes, our growth prospects and results of operations may be materially and adversely affected" and "Relationship with Controlling Shareholder — Our Controlling Shareholder, China National Gold" and "— Non-competition Undertaking from China National Gold to Our Company".

Notwithstanding China National Gold's non-competition undertaking to us and our efforts to seek and acquire attractive International Mining Businesses with a particular focus on gold, we will own and focus on operating the CSH Mine and the Jiama Mine located in China immediately after the

Global Offering, which we believe have the potential to generate significant future growth through production ramp-up and resources upgrade and expansion. While we have been a Canadian listed company since April 23, 2001 and our management team is experienced in overseas acquisitions and capital market activities and we believe we are well-positioned to pursue the strategy of focusing on overseas gold and other non-ferrous business opportunities, we do not yet have any experience in operating any mines located outside of China. We are still in the process of identifying any mines or projects as potential acquisition targets outside of China and we may not be able to acquire and operate any gold or other non-ferrous mine outside of China in the future.

COMPETITIVE STRENGTHS

We believe the following competitive strengths distinguish us from our competitors:

- We benefit from our close relationship with China National Gold;
- Our overseas incorporated and listed status provides us benefits not yet available to many other metal and mining enterprises that are ultimately controlled by the PRC government;
- Our mines have substantial mineral reserves and growth prospects;
- Our mines are positioned for strong production growth;
- We are positioned to enjoy favorable cost efficiencies; and
- We are led by a distinguished integrated PRC and international management team.

BUSINESS STRATEGIES

We intend to continue to grow our business into a leading international mining company by pursuing the following strategies:

- leverage our relationship with China National Gold;
- expand production at our mines;
- upgrade and expand mineral resources in our mines;
- acquire high-quality mineral resources; and
- continue to undertake best international environmental and cultural practices.

ACQUISITION OF SKYLAND

Skyland, a company incorporated in the Cayman Islands, holds 100% interest of the Jiama Mine through its wholly-owned PRC subsidiary, Huatailong. China National Gold Hong Kong, a wholly owned subsidiary of China National Gold, and Rapid Result currently hold 51% and 49% interests in Skyland, respectively. On August 30, 2010, we entered into the Sale and Purchase Agreement with China National Gold Hong Kong and Rapid Result to acquire a 100% interest in Skyland and to assume the shareholders' loan in the aggregate amount of approximately US$42.3 million advanced to Skyland by China National Gold Hong Kong and Rapid Result, and in consideration, we agreed to issue 86,828,670 new Shares and 83,423,624 new Shares to China

National Gold Hong Kong and Rapid Result, respectively, at a price of US$4.36 per Share, representing a total consideration of US$742.3 million. The Shares for both the Skyland Acquisition and the Global Offering will be issued concurrently on the Listing Date.

The consideration we will pay for the Skyland Acquisition is subject to a working capital adjustment mechanism to be determined within 30 days following the Completion Date, whereby additional Consideration Shares will be issued to China National Gold Hong Kong and Rapid Result if the working capital deficit of Skyland is less than the target amount of US$786,728, and Consideration Shares will be returned to our Company if the working capital deficit of Skyland exceeds US$786,728. If all Shares under the working capital adjustment mechanism up to the maximum approved by TSX, amounting to 4,747,706 additional Consideration Shares, are issued, the number of Consideration Shares held by China National Gold Hong Kong and Rapid Result upon the Completion will be 89,250,000 and 85,750,000, respectively. In such event, China National Gold Hong Kong and Rapid Result will hold 39.13% and 21.40% of the issued share capital of our Company, respectively, upon completion of the Global Offering and the Skyland Acquisition, and assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised. Whereas, if no Shares are issued under the working capital adjustment mechanism, China National Gold Hong Kong and Rapid Result will hold 38.98% and 21.07% of the issued share capital of our Company, respectively, upon completion of the Global Offering and the Skyland Acquisition, and assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised. The diluting effect pursuant to the working capital adjustment mechanism, if any, will be immaterial.

The acquisition of Skyland and the related share issuance by our Company are conditional upon, and will be completed concurrently with, the completion of the Global Offering. We will make an announcement of the completion of the Skyland Acquisition on the day of the completion of the Global Offering. The new Shares to be issued to China National Gold Hong Kong and Rapid Result will be subject to a non-disposal lockup undertaking of a term of six months following the completion of the Global Offering. Such non-disposal lockup undertakings provided by China National Gold Hong Kong and Rapid Result under the Sale and Purchase Agreement are subject to further lockup undertakings as set out in the section headed “Underwriting” in this prospectus.

On October 14, 2010, a special meeting of shareholders (in which the controlling shareholder had abstained from voting) was held, at which disinterested shareholders approved the Skyland Acquisition. Save for customary post-closing filings with TSX as of the date of this prospectus, all the governmental and third party approvals and consents for the Skyland Acquisition have been obtained. Further information is set forth in “Appendix IX — Summary of the Terms of the Skyland Acquisition” to this prospectus.

MINING RIGHTS AND EXPLORATION PERMITS

The table below summarizes the mining permits in respect of the CSH Mine and the Jiama Mine:

	Mining area (sq. km.)	Elevation range (m)	Validity period of mining rights/mining method
Mining permit for CSH Mine	10.1	1,436 –1,696	From October 25, 2009 to August 30, 2013; Open-pit mining
Mining permit for Jiama Mine	2.2	4,100 – 5,300	From July 2, 2008 to July 2, 2013; Underground mining
Mining permit for Niumatang area of Jiama Mine	0.7	4,100 – 5,000	From July 15, 2010 to July 15, 2015; Open-pit mining

Our mining permit for the CSH Mine will expire in August 2013, the underground mining permit for the Jiama Mine will expire in July 2013 and the open-pit mining permit for Niumatang area of the Jiama Mine will expire in July 2015. According to the Independent Technical Reports, the Independent Technical Expert believes that (i) based on the ore mineral reserve estimates of 131.9 million tonnes as of June 30, 2010 and the long-term production rate of 10.65 million tonnes per annum, the remaining life of the CSH Mine as of June 30, 2010 is approximately 12.4 years; and (ii) based on the ore reserves estimates of 105.9 million tonnes as of June 30, 2010 for the skarn-type mineralization of the Jiama Mine and the planned long-term production rate of 3.6 million tonnes per annum, the remaining life of the Jiama Mine is approximately 29.4 years as of June 30, 2010.

As our current mining permit for the CSH Mine and the current underground mining permit for the Jiama Mine will expire in 2013 and the current open-pit mining permit for Niumatang area of the Jiama Mine will expire in 2015, in each case, before the end of the estimated mine life of the CSH Mine or Jiama Mine, we plan to apply for renewal of the mining permits for the CSH Mine and the Jiama Mine in due course. We do not expect there will be any material substantive obstacles in renewing any of such mining permits. As advised by our PRC legal advisers, according to the "Mineral Resources Law of the PRC" (礦產資源法) and its implementation rules, the "Administrative Measures on Registration of Mineral Resources Exploitation" (礦產資源開採登記管理辦法) and relevant PRC laws and regulations, if there are residual reserves in a property when the mining permit in respect of such property expires, the holder of the expiring mining permit will be entitled to make an extension application at least 30 days prior to its expiration date and the approval for extension, as well as the renewed mining permits, will be granted by the competent authorities once such authorities conclude that the substantive and procedural conditions required by the relevant PRC laws, rules and regulations have been fulfilled by the applicant. As our current mining permits will expire in 2013 and 2015, respectively, our PRC legal advisers are of the view that, if the current relevant PRC laws and regulations, as well as the current mining industry policy remain unchanged at the time of our extension application and we have fulfilled all the substantive and procedural conditions required by the relevant PRC laws, rules and regulations and other request of the competent authorities at that time, there will be no material substantive obstacle in renewing such permits.

Our current exploration permit for the CSH Mine, which covers an area of 25.9 sq. km., will expire in August 2012. The two exploration permits for the Jiama Mine, which covered an aggregate area of 143.3 sq. km., expired in early October 2010. The renewal applications for the exploration permits for the Jiama Mine have been submitted and are currently in progress. Based on the current communications with the relevant PRC authority, we expect to obtain the renewed permits before the end of 2010. Our PRC legal advisers are of the view that, as long as we have fulfilled all the substantive and procedural conditions required by the relevant PRC laws and the request of the relevant authority, there will be no material substantive impediment in renewing such permits.

SUMMARY OF FINANCIAL INFORMATION OF OUR GROUP

The following information summarizes our financial information and is extracted from, and is to be read in conjunction with, our audited consolidated financial statements, as of and for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 and our unaudited consolidated financial statements for the six months ended June 30, 2009 prepared in accordance with IFRS, included in "Appendix I-A — Accountants' Report" to this prospectus. The basis of preparation is set forth in note 2 in "Appendix I-A — Accountants' Report" to this prospectus.

Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	US$	US$	US$	US$ (unaudited)	US$
Revenues	**—**	**29,371,411**	**81,047,414**	**25,990,353**	**37,679,906**
Cost of sales	—	20,499,517	56,178,404	18,438,691	18,638,434
Mine operating earnings	—	8,871,894	24,869,010	7,551,662	19,041,472
Expenses					
General and administrative	4,974,556	6,141,235	3,714,554	1,837,155	2,116,293
Exploration and evaluation expenditure	6,604,015	5,287,610	1,909,015	606,273	93,477
	11,578,571	11,428,845	5,623,569	2,443,428	2,209,770
(Loss) income from operations	(11,578,571)	(2,556,951)	19,245,441	5,108,234	16,831,702
Other (expenses) income					
Gain on disposal of subsidiaries	—	—	—	—	20,000
Foreign exchange (loss) gain	(3,319,847)	8,058,114	(5,887,144)	(2,129,104)	(253,306)
Interest income	439,032	174,620	5,537	3,440	1,885
Listing expenses	—	—	(2,147,906)	—	(1,544,558)
Finance costs	(1,699,415)	(3,592,471)	(6,308,158)	(2,289,443)	(2,228,167)
Fair value change on warrant liabilities	(14,274,106)	12,792,931	(7,186,721)	(1,164,408)	(7,155,807)
	(18,854,336)	17,433,194	(21,524,392)	(5,579,515)	(11,159,953)
(Loss) income before income tax	(30,432,907)	14,876,243	(2,278,951)	(471,281)	5,671,749
Income tax expense	—	—	6,091,949	962,221	4,887,012
Net (loss) income and comprehensive (loss) income for the year/period	**(30,432,907)**	**14,876,243**	**(8,370,900)**	**(1,433,502)**	**784,737**
Attributable to					
Non-controlling interest	—	295,731	976,481	233,001	323,702
Owners of the Company	(30,432,907)	14,580,512	(9,347,381)	(1,666,503)	461,035
	(30,432,907)	14,876,243	(8,370,900)	(1,433,502)	784,737
Basic (loss) earnings per share	(20.05) cents	9.00 cents	(5.58) cents	(1.02) cents	0.27 cents
Diluted (loss) earnings per share	(20.05) cents	1.08 cents	(5.58) cents	(1.02) cents	0.27 cents
Basic weighted average number of common shares outstanding	151,747,438	162,059,379	167,629,459	163,889,159	169,511,321
Diluted weighted average number of common shares outstanding	151,747,438	164,780,867	167,629,459	163,889,159	169,937,452

We commenced pre-commercial production at the CSH Mine in July 2007 and commercial production in July 2008. Notwithstanding the significant increases in revenue and mine operating earnings in 2009, we recorded a net loss and comprehensive loss for the year of US$8.4 million in 2009 as compared to net loss and comprehensive loss for the year of approximately US$14.9 million in 2008, primarily because we had a gain of US$12.8 million in the fair value of warrant liabilities and foreign exchange gain of US$8.1 million in 2008 while we incurred a loss of US$7.2 million in the fair value of warrant liabilities and a foreign exchange loss of US$5.9 million in 2009. These foreign exchange gain and losses are largely attributable to the Canadian dollar denominated promissory notes that the Company has issued. By the end of June 2010, all the warrants had been exercised. As a result, going forward there will not be any further impact from such warrant liabilities.

Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	US$	US$	US$	US$
Current assets				
Cash and cash equivalents	26,952,425	12,142,739	23,984,660	16,331,252
Restricted cash	—	5,215,704	—	10,756,703
Accounts receivable	348,914	148,771	1,681,880	2,070,198
Prepaid expenses and deposits	2,001,980	7,176,502	1,734,181	1,557,936
Inventory	434,609	27,644,767	10,166,429	30,385,142
	29,737,928	52,328,483	37,567,150	61,101,231
Assets classified as held for sale	—	—	188,971	69,794
	29,737,928	52,328,483	37,756,121	61,171,025
Non-current assets				
Inventory	—	—	18,852,686	15,485,352
Property, plant and equipment	55,512,070	66,982,216	117,918,672	117,876,668
Prepaid expenses and deposits	—	—	—	796,430
Long-term receivable	—	—	49,689	24,252
	55,512,070	66,982,216	136,821,047	134,182,702
Total assets	85,249,998	119,310,699	174,577,168	195,353,727
Current liabilities				
Accounts payable and accrued expenses	15,066,485	18,932,644	35,072,604	39,768,345
Borrowings	—	41,603,514	12,092,005	8,513,998
	15,066,485	60,536,158	47,164,609	48,282,343
Liabilities classified as held for sale	—	—	41,252	17,706
	15,066,485	60,536,158	47,205,861	48,300,049
Non-current liabilities				
Deferred lease inducement	—	—	193,758	193,758
Borrowings	44,267,023	14,929,121	80,841,331	81,134,730
Warrant liabilities	13,825,817	274,507	5,286,123	—
Deferred tax liabilities	—	—	1,339,601	3,526,047
Environmental rehabilitation	2,244,633	4,131,735	1,599,120	1,993,537
	60,337,473	19,335,363	89,259,933	86,848,072
Total liabilities	75,403,958	79,871,521	136,465,794	135,148,121
Net current assets (liabilities)	14,671,443	(8,207,675)	(9,449,740)	12,870,976
Total assets less current liabilities	70,183,513	58,774,541	127,371,307	147,053,678
Owners' equity				
Share capital	76,281,053	90,384,469	99,186,918	120,577,351
Equity reserve	4,271,321	4,884,800	3,125,447	3,044,509
Deficit	(70,706,334)	(56,125,822)	(65,473,203)	(65,012,168)
	9,846,040	39,143,447	36,839,162	58,609,692
Non-controlling interest	—	295,731	1,272,212	1,595,914
Total owners' equity	9,846,040	39,439,178	38,111,374	60,205,606
Total liabilities and owners' equity	85,249,998	119,310,699	174,577,168	195,353,727

Consolidated Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	US$	US$	US$	US$ (unaudited)	US$
Net cash flows (used in) from operating activities	(7,657,563)	(33,048,859)	10,758,040	7,834,839	(14,255,418)
Net cash flows (used in) from investing activities	(22,541,564)	(11,149,173)	(31,365,475)	(21,555,092)	1,482,335
Net cash flows from financing activities	27,190,288	29,932,784	32,375,052	8,895,650	4,898,624
Effect of foreign exchange rate changes on cash and cash equivalents	2,084,761	(544,438)	74,304	(4,347)	221,051
Net (decrease) increase in cash and cash equivalents	(924,078)	(14,809,686)	11,841,921	(4,828,950)	(7,653,408)
Cash and cash equivalents, beginning of the year/period	27,876,503	26,952,425	12,142,739	12,142,739	23,984,660
Cash and cash equivalents, end of year/period	**26,952,425**	**12,142,739**	**23,984,660**	**7,313,789**	**16,331,252**

SUMMARY OF FINANCIAL INFORMATION OF SKYLAND GROUP

The following information summarizes Skyland Group's financial information and is extracted from, and is to be read in conjunction with, the audited consolidated financial statements as of and for the years ended December 31, 2007, 2008 and 2009 and the six months ended June 30, 2010 and our unaudited consolidated financial statements for the six months ended June 30, 2009 of Skyland Group, prepared in accordance with IFRS, included in "Appendix I-B — Accountants' Report of Skyland" to this prospectus.

Consolidated Statements of Comprehensive Income

	Year ended December 31,			Six months ended June 30,	
	2007	2008	2009	2009	2010
	US$	US$	US$	US$ (unaudited)	US$
Revenue	—	—	—	—	917,250
Cost of sales	—	—	—	—	(710,348)
	—	—	—	—	206,902
Other income	231,933	330,046	142,853	62,845	183,590
Exploration and evaluation expenditure	—	(13,171,016)	—	—	—
Administrative expenses	(3,848)	(2,953,143)	(4,802,128)	(2,046,878)	(2,213,672)
Other expenses	—	(299,183)	(6,811,176)	(1,057,153)	(4,745,850)
Finance costs	—	(790,762)	(1,510,485)	(602,011)	(1,935,580)
Income (loss) before income tax	228,085	(16,884,058)	(12,980,936)	(3,643,197)	(8,504,610)
Income tax	—	—	—	—	(24,113)
Income (loss) for the year/period	228,085	(16,884,058)	(12,980,936)	(3,643,197)	(8,528,723)
Other comprehensive (loss) income, representing exchange difference arising on translation	(70,385)	(285,183)	18,574	10,340	49,760
Total comprehensive income (loss) for the year/period	157,700	(17,169,241)	(12,962,362)	(3,632,857)	(8,478,963)
Income (loss) for the year/period attributable to:					
Owners of Skyland	228,085	(16,884,058)	(12,980,936)	(3,643,197)	(8,562,886)
Non-controlling interests	—	—	—	—	34,163
	228,085	(16,884,058)	(12,980,936)	(3,643,197)	(8,528,723)
Total comprehensive income (loss) for the year/period attributable to:					
Owners of Skyland	157,700	(17,169,241)	(12,962,362)	(3,632,857)	(8,515,247)
Non-controlling interests	—	—	—	—	36,284
	157,700	(17,169,241)	(12,962,362)	(3,632,857)	(8,478,963)

Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2007	2008	2009	2010
	US$	US$	US$	US$
Non-current assets				
Property, plant and equipment	—	18,161,009	98,361,523	145,980,033
Prepaid lease payments	—	—	3,573,002	3,555,834
Intangible assets	—	42,847,731	42,948,451	43,227,060
Other receivables	—	237,832	732,257	957,163
Amount due from a non-controlling shareholder of a subsidiary	—	—	358,806	409,371
Deposit paid for acquisition of property, plant and equipment	—	8,577,242	18,874,617	20,388,911
	—	69,823,814	164,848,656	214,518,372
Current assets				
Inventories	—	—	—	1,207
Trade receivables, other receivables and prepayments	694,207	1,909,724	658,297	2,141,431
Prepaid lease payments	—	—	73,185	73,587
Cash and cash equivalents	563	4,893,935	5,584,297	36,788,414
	694,770	6,803,659	6,315,779	39,004,639
Total assets	694,770	76,627,473	171,164,435	253,523,011
Current liabilities				
Accounts payables and accrued expenses	1,583,526	7,449,866	15,030,546	19,290,621
Advance received from a customer	—	—	—	36,813,972
Amounts due to related companies	—	24,760,326	10,746,976	19,805,386
Tax payable	—	—	—	21,114
	1,583,526	32,210,192	25,777,522	75,931,093
Non-current liabilities				
Amounts due to a related companies	—	16,094,578	34,274,747	34,816,654
Bank loan	—	—	95,193,462	131,860,284
Deferred income	—	—	—	3,475,239
	—	16,094,578	129,468,209	170,152,177
Total liabilities	1,583,526	48,304,770	155,245,731	246,083,270
Owners' equity				
Share capital	1,000,000	47,380,700	47,380,700	47,380,700
Reserves	(1,888,756)	(19,057,997)	(31,820,802)	(40,336,049)
Equity attributable to owners of Skyland	(888,756)	28,322,703	15,559,898	7,044,651
Non-controlling interests	—	—	358,806	395,090
Total (deficiency) equity	(888,756)	28,322,703	15,918,704	7,439,741
Total liabilities and equity	694,770	76,627,473	171,164,435	253,523,011
Net current liabilities	(888,756)	(25,406,533)	(19,461,743)	(36,926,454)
Total assets less current liabilities	(888,756)	44,417,281	145,386,913	177,591,918

Consolidated Statements of Cash Flows

	For the year ended December 31,			For the six months ended June 30,	
	2007	2008	2009	2009	2010
	US$	US$	US$	US$ (unaudited)	US$
Net cash flows (used in) from operating activities	(16,194)	(10,263,091)	(2,049,375)	(5,523,624)	21,395,963
Net cash flows from (used in) investing activities	171,348	(36,471,428)	(91,780,840)	(43,328,893)	(32,080,043)
Net cash flows (used in) from financing activities	(156,782)	51,627,852	94,493,994	69,760,334	41,895,201
Net (decrease) increase in cash and cash equivalents	(1,628)	4,893,333	663,779	20,907,817	31,211,121
Effect of foreign exchange rate changes on cash and cash equivalents	(162)	39	26,583	1,934	(7,004)
Cash and cash equivalents at the beginning of the year/period	2,353	563	4,893,935	4,893,935	5,584,297
Cash and cash equivalents at the end of year/period	**563**	**4,893,935**	**5,584,297**	**25,803,686**	**36,788,414**

SUMMARY OF UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following summary of unaudited pro forma consolidated financial information of the Enlarged Group is extracted from, and is to be read in conjunction with, the unaudited pro forma consolidated financial statements of the Enlarged Group, together with notes thereto, included in Appendix I-C to this prospectus. The summary of unaudited pro forma consolidated financial information provides certain pro forma information on how the Skyland Acquisition might affect the financial information of the Group if the Skyland Acquisition had been completed as of and for the six month period ended June 30, 2010. See "— Acquisition of Skyland". The summary of unaudited pro forma consolidated information is presented for illustrative purposes only, is hypothetical in nature and is not necessarily indicative of the operating results or financial condition of the Enlarged Group that would have been if the Skyland Acquisition had been completed on the date or for the period presented, nor does it purport to project the results of operations or financial position of the Enlarged Group for any future period or any future date. The pro forma adjustments relating to the Skyland Acquisition are those that are (i) directly attributable to the Skyland Acquisition; and (ii) factually supportable as if the Skyland Acquisition has been completed on January 1, 2010. The actual results may differ significantly from such estimates and assumptions.

Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Enlarged Group for the Six Months Ended June 30, 2010

	The Group	Skyland Group	Pro forma adjustments	Enlarged Group
	US$	US$	US$	US$
Revenues	37,679,906	917,250	—	38,597,156
Cost of sales	18,638,434	710,348	—	19,348,782
Mine operating earnings	19,041,472	206,902	—	19,248,374
Expenses				
General and administrative	2,116,293	2,213,672	—	4,329,965
Exploration and evaluation expenditure	93,477	—	—	93,477
	2,209,770	2,213,672	—	4,423,442
Income (loss) from operations	16,831,702	(2,006,770)	—	14,824,932
Other (expenses) income				
Gain on disposal of subsidiaries	20,000	—	—	20,000
Foreign exchange loss	(253,306)	—	157,580	(95,726)
Interest income	1,885	—	19,677	21,562
Listing expenses	(1,544,558)	—	(1,544,558)	(3,089,116)
Finance costs	(2,228,167)	(1,935,580)	1,022,504	(3,141,243)
Fair value change on warrant liabilities	(7,155,807)	—	—	(7,155,807)
Other expenses	—	(4,745,850)	1,544,558 (2,200,000)	(5,401,292)
Other income	—	183,590	(177,257)	6,333
	(11,159,953)	(6,497,840)	(1,177,496)	(18,835,289)
Income (loss) before income tax	5,671,749	(8,504,610)	(1,177,496)	(4,010,357)
Income tax expense	4,887,012	24,113	—	4,911,125
Net income (loss) for the period	784,737	(8,528,723)	(1,177,496)	(8,921,482)
Other comprehensive income representing exchange difference arising on translation	—	49,760	—	49,760
Net income (loss) and comprehensive income (loss) for the period	784,737	(8,478,963)	(1,177,496)	(8,871,722)
Income (loss) for the period attributable to				
Non-controlling interest	323,702	34,163	—	357,865
Owners of the Company	461,035	(8,562,886)	(1,177,496)	(9,279,347)
	784,737	(8,528,723)	(1,177,496)	(8,921,482)
Total comprehensive income (loss) for the period attributable to				
Non-controlling interest	323,702	36,284	—	359,986
Owners of the Company	461,035	(8,515,247)	(1,177,496)	(9,231,708)
	784,737	**(8,478,963)**	**(1,177,496)**	**(8,871,722)**

Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group as of June 30, 2010

	The Group	Skyland Group	Pro forma adjustments	Enlarged Group
	US$	US$	US$	US$
Current assets				
Cash and cash equivalents	16,331,252	36,788,414	(2,200,000)	50,919,666
Restricted cash	10,756,703	—	—	10,756,703
Accounts receivable	2,070,198	—	(1,748,756) 666,959	988,401
Prepaid expenses and deposits	1,557,936	—	1,474,472	3,032,408
Trade receivables, other receivables and prepayment	—	2,141,431	(2,141,431)	—
Prepaid lease payments	—	73,587	—	73,587
Inventory	30,385,142	1,207	—	30,386,349
	61,101,231	39,004,639	(3,948,756)	96,157,114
Assets classified as held for sale	69,794	—	—	69,794
	61,171,025	39,004,639	(3,948,756)	96,226,908
Non-current assets				
Property, plant and equipment	117,876,668	145,980,033	873,245,086	1,137,101,787
Prepaid lease payments	—	3,555,834	—	3,555,834
Intangible assets	—	43,227,060	—	43,227,060
Inventory	15,485,352	—	—	15,485,352
Long-term receivable	24,252	—	957,163	981,415
Amounts due from a non-controlling shareholder of a subsidiary	—	409,371	—	409,371
Other receivables	—	957,163	(957,163)	—
Prepaid expense and deposits	796,430	—	—	796,430
Deposit paid for acquisition of property, plant and equipment	—	20,388,911	—	20,388,911
	134,182,702	214,518,372	873,245,086	1,221,946,160
Total assets	195,353,727	253,523,011	869,296,330	1,318,173,068
Current liabilities				
Accounts payable and accrued expenses	39,768,345	19,290,621	—	59,058,966
Advance received from a customer	—	36,813,972	—	36,813,972
Amounts due to related companies	—	19,805,386	(1,748,756) (8,119,685)	9,936,945
Tax payable	—	21,114	—	21,114
Borrowings	8,513,998	—	—	8,513,998
	48,282,343	75,931,093	(9,868,441)	114,344,995
Liabilities classified as held for sale	17,706	—	—	17,706
	48,300,049	75,931,093	(9,868,441)	114,362,701
Non-current liabilities				
Deferred lease inducement	193,758	—	—	193,758
Amounts due to related companies	—	34,816,654	(34,180,315)	636,339
Borrowings	81,134,730	131,860,284	—	212,995,014
Deferred income	—	3,475,239	(3,475,239)	—
Deferred tax liabilities	3,526,047	—	130,986,763	134,512,810
Environmental rehabilitation	1,993,537	—	—	1,993,537
	86,848,072	170,152,177	93,331,209	350,331,458
Total liabilities	135,148,121	246,083,270	83,462,768	464,694,159
Net current assets (liabilities)	12,870,976	(36,926,454)	5,919,685	(18,135,793)
Total assets less current liabilities	147,053,678	177,591,918	879,164,771	1,203,810,367
Owners' equity				
Share capital	120,577,351	47,380,700	(47,380,700) 795,078,213	915,655,564
Equity reserve	3,044,509	—	—	3,044,509
Deficit	(65,012,168)	(40,336,049)	40,336,049 (2,200,000)	(67,212,168)
	58,609,692	7,044,651	785,833,562	851,487,905
Non-controlling interests	1,595,914	395,090	—	1,991,004
Total owners' equity	60,205,606	7,439,741	785,833,562	853,478,909
Total liabilities and owners' equity	195,353,727	253,523,011	869,296,330	1,318,173,068

Unaudited Pro Forma Consolidated Statement of Cash Flow of the Enlarged Group for the Six Months Ended June 30, 2010

	The Group	Skyland Group	Pro forma adjustments	The Enlarged Group
	US$	US$	US$	US$
Net cash flows (used in) from operating activities	(14,255,418)	21,395,963	(2,200,000)	4,940,545
Net cash flows (used in) from investing activities	1,482,335	(32,080,043)	5,584,297	(25,013,411)
Net cash flows from financing activities	4,898,624	41,895,201	—	46,793,825
Effect of foreign exchange rate changes on cash and cash equivalents	221,051	(7,004)	—	214,047
Net (decrease) increase in cash and cash equivalents	(7,653,408)	31,204,117	3,384,297	26,935,006
Cash and cash equivalents, beginning of the period	23,984,660	5,584,297	(5,584,297)	23,984,660
Cash and cash equivalents, end of the period	**16,331,252**	**36,788,414**	**(2,200,000)**	**50,919,666**

CERTAIN UNAUDITED INTERIM FINANCIAL INFORMATION OF OUR GROUP

As a listed company on the TSX in Canada, we are required to publish quarterly unaudited interim financial information prepared in accordance with IFRS in compliance with applicable Canadian securities regulatory requirements. Because we released certain interim financial statements regarding the third quarter of 2010 and related management's discussion and analysis prior to the date of this prospectus, we have included these interim condensed consolidated financial statements and related management's discussion and analysis as Appendix I-D to this prospectus. The quarterly condensed consolidated financial statements included in "Appendix I-D — Unaudited Interim Financial Information of Our Group" to this prospectus were prepared in accordance with IFRS and have been reviewed by our reporting accountants in accordance with International Standards on Review Engagements 2410 "Review of the Interim Financial Information Performed by the Independent Auditor of the Entity". Other than as disclosed in note 3 of our unaudited interim financial information in Part A of Appendix I-D to the prospectus, the accounting policies used in our unaudited interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended December 31, 2009. These quarterly condensed consolidated financial statements and related management's discussion and analysis have been included in our report published on SEDAR. Please refer to (i) Appendix I-D to this prospectus for details on these quarterly condensed consolidated financial statements and related management's discussion and analysis and (ii) the section headed "Financial Information — Recent Developments" for a summary discussion of certain operating results and condensed consolidated statement of financial position items for the third quarter of 2010.

NET CURRENT LIABILITIES, ACCUMULATED DEFICIT POSITION AND WORKING CAPITAL

During the Track Record Period, both the CSH Mine and the Jiama Mine were in the early stages of development and production. Therefore, our Group and Skyland Group had experienced net current liabilities, accumulated deficit positions and significant net cash outflows from operating activities.

Our Company had net current liabilities of US$8.2 million and US$9.4 million as of December 31, 2008 and 2009, respectively, primarily due to (i) the short term bank borrowings we incurred to fund part of our capital expenditure and (ii) accounts payable and accrued expenses in relation to the installation of the crushing facilities and mining services provided by third-party contractors for the CSH Mine. Our net current liabilities as of December 31, 2009 increased by US$1.2 million from the net current liabilities as of December 31, 2008, partly because we classified a significant portion of our gold-in-process inventory as non-current assets in 2009.

We recorded accumulated deficits of US$70.7 million, US$56.1 million, US$65.5 million and US$65.0 million as of December 31, 2007, 2008 and 2009 and June 30, 2010, respectively. For the years ended December 31, 2007 and 2008 and the six months ended June 30, 2010, we had net cash outflows from operating activities of US$7.7 million, US$33.0 million and US$14.3 million, respectively.

As the CSH Mine has been ramping up its production since the installation of a new crushing facility in August 2009, the working capital position of our Company has also improved. As of June 30, 2010, we had net current assets of US$12.9 million. In addition, our revenue increased from US$26.0 million for the six months ended June 30, 2009 to US$37.7 million for the six months ended June 30, 2010. We had sought and obtained financial support from China National Gold to address various liquidity issues. See "Relationship with Controlling Shareholder — Independence from China National Gold — Financial Independence".

Skyland Group had net current liabilities of US$0.9 million, US$25.4 million, US$19.5 million and US$36.9 million as of December 31, 2007, 2008 and 2009 and June 30, 2010, respectively, mainly attributable to borrowings, construction costs and other payables as well as the fact that the Jiama Mine had not commenced production during the relevant periods. Skyland Group recorded accumulated deficits of US$1.9 million, US$18.8 million, US$31.8 million and US$40.3 million as of December 31, 2007, 2008 and 2009 and June 30, 2010, respectively. For the years ended December 31, 2008 and 2009, Skyland Group had net cash outflows from operating activities of US$10.3 million and US$2.0 million, respectively.

As the Jiama Mine commenced commercial production in September 2010, the working capital position of Skyland Group has improved. Pursuant to the copper concentrate purchase and sale contract it entered into with Jinchuan Group Ltd. in February 2010, Skyland Group has received RMB250 million from Jinchuan Group Ltd. as advance payment. Furthermore, the Skyland Group obtained syndicated loan facilities amounting to RMB750 million in June 2010. For the six months ended June 30, 2010, Skyland Group recorded net cash inflows from operating activities of US$21.4 million.

PROFIT FORECAST OF THE ENLARGED GROUP FOR THE YEAR ENDING DECEMBER 31, 2010

We forecast that, on the bases and assumptions set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, the net profit attributable to the shareholders of the Enlarged Group for the year ending December 31, 2010 is expected to be not less than US$23.4 million in accordance with IFRS.

The forecast is presented on a basis consistent in all material respects with the accounting policies currently adopted by us as set out in the "Accountants' Report" in Appendix I-A and "Accountants' Report of Skyland" in Appendix I-B to this prospectus. The forecast is derived on the basis that we will wholly own the Skyland Group upon completion of the Global Offering and Skyland Acquisition (which will be completed concurrently), which is currently expected to occur by the end of November 2010. Therefore, the operating results of Skyland Group for December 2010 are consolidated into the forecast of the Enlarged Group for the year ending December 31, 2010.

The unaudited pro forma forecast basic earnings per Share for the year ending December 31, 2010 is expected to be not less than US$0.10, which has been calculated based on the forecast net profit attributable to the shareholders of the Company for the year ending December 31, 2010 divided by 239,277,424 Shares, assuming that the Global Offering had been completed since January 1, 2010 and no outstanding share option will be exercised during the period from the date of this Prospectus to December 31, 2010, without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and Pre-IPO Share Options.

GLOBAL OFFERING STATISTICS(1)

	Based on an Offer Price of HK$37.21 per Offer Share	Based on an Offer Price of HK$44.96 per Offer Share
Market capitalization of our Shares(2)	HK$14,732.6 million	HK$17,801.1 million
Prospective price/earnings multiple-Pro forma(3)	48.96 times	59.16 times
Unaudited pro forma adjusted net tangible assets value per Share(4)	US$2.66	US$2.79

(1) All statistics are based on the assumption that the Over-allotment Option and the Pre-IPO Share Options are not exercised.

(2) The calculation of market capitalization is based on 395,931,753 Shares expected to be in issue immediately after completion of the Global Offering and the Skyland Acquisition (which will be completed concurrently), and assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised.

(3) The calculation of the prospective price/earnings multiple on a pro forma basis is based on the forecast earnings per Share for the year ending December 31, 2010 on a pro forma basis of HK$0.76 at the respective Offer Price of HK$37.21 and HK$44.96.

(4) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after the adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information of Our Group" to this prospectus and on the basis of 395,931,753 Shares in issue at the respective Offer Price of HK$37.21 and HK$44.96 immediately following completion of the Global Offering and the Skyland Acquisition (which will be completed concurrently), and assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised.

USE OF PROCEEDS

Assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised and assuming an indicative Offer Price of HK$41.09 per Share (being the mid-point of the proposed range of the Offer Price), we estimate that the net proceeds to us from the Global Offering, after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, will be approximately HK$2,105.4 million. We intend to use the net proceeds to us from the Global Offering as follows:

- approximately 30% (approximately HK$631.6 million) will be used to provide part of the funds required for the production expansion of the Jiama Mine, including:

  (i) the planned expansion of the ore processing plant and its related tailings storage facilities for the second phase development of the Jiama Mine, representing approximately 12% of the net proceeds (approximately HK$252.7 million);

  (ii) the pre-production stripping at the Niumatang Pit in preparation for the Niumatang open-pit mining operations of the Jiama Mine, representing approximately 9% of the net proceeds (approximately HK$189.5 million);

  (iii) the development and equipping of the underground mining operation at the Jiama Mine, representing approximately 6% of the net proceeds (approximately HK$126.3 million); and

(iv) the development and construction of miscellaneous supporting and ancillary facilities, representing approximately 3% of the net proceeds (approximately HK$63.1 million);

- approximately 30% (approximately HK$631.6 million) for potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect;
- approximately 15% (approximately HK$315.8 million) will be used for further exploration activities to upgrade and expand the resource and reserve of the Jiama Mine and CSH Mine;
- approximately 20% (approximately HK$421.1 million) will be used to repay
  (i) the senior unsecured promissory notes in the principal amount of CAD7.5 million held by China National Gold Hong Kong. The interest rate is 12% per annum and payable on a quarterly basis commencing on September 30, 2007. The maturity date is June 26, 2011; and
  (ii) the unsecured non-revolving shareholder's loan we received in December 2009 from China National Gold Hong Kong. The principal amount is US$40 million, with an interest rate of 6% per annum and payable on a quarterly basis. It matures in December 2011; and
- approximately 5% (approximately HK$105.3 million) for additional working capital and other general corporate purposes.

In the event the Offer Price is set below the indicative price of HK$41.09, we intend to reduce the net proceeds to be used for additional working capital and other general corporate purposes, and also fund the remaining difference with cash generated from operations or bank loans.

In the event the Offer Price is set above the indicative price of HK$41.09, we intend to use the additional funds to fund potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect.

If the Over-allotment Option is exercised in full and no Pre-IPO Share Options are exercised, based on an indicative Offer Price of HK$41.09, the net proceeds from the Global Offering are currently estimated to be increased to approximately HK$2,414.3 million. We intend to use the additional net proceeds to fund potential acquisition of gold and non-ferrous mineral resources outside of China by focusing on mines at operating stages and advanced mining or exploration projects with high growth prospect.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by PRC law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments.

DIVIDEND AND DIVIDEND POLICY

We have not declared or paid any dividend during the Track Record Period. We do not currently have a fixed dividend policy. The Directors will determine any future dividend policy on the basis of, among others, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits and all other relevant factors.

Subject to the BCBCA, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and time and method of payment provided that the record date for the purpose of determining Shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash, specific assets, fully paid Shares, bonds, debentures or other securities of the Company, or in any one or more of those ways. No dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

In addition, we and the Skyland Group are subject to various customary conditions and covenants under the terms of certain financing agreements, including those restricting our and the Skyland Group's ability to declare and distribute dividends. Such financing agreements include:

- Under the indenture for the outstanding promissory notes held by China National Gold, we are required to obtain China National Gold's consents prior to distributing dividends.
- Under the RMB700 million loan facility agreement with Bank of China, Huatailong is prohibited from declaring and distributing dividends before repaying all amounts due (including principal and interest) in the same fiscal year.
- The RMB750 million syndicate loan facility agreement with Bank of China and two other PRC banks contains restrictive covenants that prohibit Huatailong from distributing any dividends for any year if (i) it does not have any post-tax income or incurs a loss for the year, (ii) its post-tax income is insufficient to cover the accumulated deficit, or (iii) its income before tax for the year is insufficient to pay the principal, interest and other fees that are due to the lenders during the year or payable in the next due date subsequent to the end of the year.

Therefore, prior to the repayment of the promissory notes in full, we will not be able to declare or distribute any dividends without the prior consent of China National Gold. We intend to repay such promissory notes in full with a portion of the net proceeds from the Global Offering. Similarly, in the event of failure to repay all amounts due in a fiscal year under the loan agreement with Bank of China, or, in the event that Huatailong fails to meet the requirements under the abovementioned restrictive covenants of the syndicate loan facility agreement, Huatailong will not be able to declare or distribute dividends in the same fiscal year, which in turn could materially and adversely affect our cash flow position and significantly limit our ability to make any dividend or other distributions to our shareholders. Huatailong's RMB700 million loan facility agreement with Bank of China has been completely drawn down and the total borrowings of RMB700 million remained outstanding as of September 30, 2010. The terms of loans range from two years to 69 months and the repayment of the last installment is due and currently expected to be made on December 28, 2014. The total amount of borrowings of Huatailong under the RMB750 million syndicate loan facility agreement with Bank of China and two other PRC banks was approximately RMB327.0 million as of the September 30, 2010. The term of the loan was six years and the repayment of the last installment is due and currently expected to be made in June 2016.

RISK FACTORS

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to conducting operations in the PRC; and (iii) risks relating to the dual primary listing and the Global Offering. These risk factors are summarized below and are further described in the "Risk Factors" section in this prospectus.

Risks relating to Our Business and Industry

- Fluctuations in the market prices of gold and other non-ferrous metals that we produce could materially and adversely affect our business and results of operations.
- We have a limited operating history and our future revenues and profits are subject to uncertainties.
- Our acquisition of Skyland may not yield the benefits we anticipate, which could materially and adversely affect our business and results of operations.
- If our relationship with China National Gold materially changes, our growth prospects and results of operations may be materially and adversely affected.
- We experienced net losses for certain years during the Track Record Period, and there is no assurance that we will be profitable in the future.
- We and Skyland Group had net current liabilities and significant net cash outflows from operating and investing activities during the Track Record Period.
- We depend on our two operating mines, namely, the CSH Mine and the Jiama Mine, for substantially all of our revenue and cash flow from operating activities in the foreseeable future. Failure to obtain the expected economic benefits from these mines could materially and adversely affect our business, financial condition and results of operations.
- We are relatively inexperienced in the acquisition and development of mining assets outside of China and we may not be able to acquire and operate any gold or other non-ferrous mine outside of China in the future.
- Fluctuations in exchange rates could materially and adversely affect our financial position and results.
- The interests of China National Gold, our Controlling Shareholder, may not be the same as, and may conflict with, those of our other shareholders.
- Our reserve and resource estimates are based on assumptions which may prove to be inaccurate, and we may produce less mineral than the current estimates.
- Our failure to achieve our production estimates could have a material adverse effect on our future cash flow, results of operations and financial condition.
- Failure to discover new reserves, maintain or enhance existing reserves, develop new operations or expand our current operations could negatively affect our business and results of operations.
- A portion of our estimated resources and reserves for the CSH Mine falls outside of the scope of our current mining permit. We may not be able to obtain the relevant

governmental confirmation if we plan to conduct mining activities on this portion of the CSH Mine.

- Operating costs of the CSH Mine and Jiama Mine may differ from our estimates.
- Our failure to obtain and maintain required government approvals, permits and licenses for our exploration and mining activities or renewals thereof could materially and adversely affect our business and results of operations.
- We may be unable to renew the mining permits or the exploration permits for the CSH Mine and Jiama Mine.
- We may not pass the annual verification of the mining rights to the CSH Mine and Jiama Mine.
- Our future acquisitions may prove to be difficult to integrate and manage or may not be successful.
- We own the CSH Mine and the Dadiangou project through CJV companies, which are established pursuant to CJV agreements. Therefore, we are subject to risks relating to operations through CJV companies.
- Changes in PRC tax laws and regulations could materially and adversely affect our business and results of operations.
- Our existing and future major capital expenditure projects may not be completed within the expected time frame and within our budget, or at all, and may not achieve the intended economic results.
- We may not be able to obtain further financing to fund the expansion and development of our business.
- Our indebtedness and the conditions and restrictive covenants imposed on us by our financing agreements could materially and adversely affect our business and results of operations.
- We rely on third-party contractors to conduct a substantial portion of our exploration, mine construction and mining activities.
- Our operations may face material risk of liability, delays and increased production costs from design defects, environmental and industrial accidents and other factors such as severe weather conditions, natural disasters, community protests or civil unrest.
- We may not be able to maintain an adequate and timely supply of electricity, water, auxiliary materials, equipment, spare parts and other critical supplies at reasonable prices or at all.
- We face operational and other risks relating to our operations in Tibet.
- We face certain risks relating to the real properties that we own, use or lease.
- Our operations are governed by extensive and increasingly stringent environmental and other laws and regulations.
- Our mining operations have a limited life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.

- Dividends payable by our PRC subsidiaries to us, dividends payable by us to our shareholders and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws.
- Limitations on the ability of our PRC subsidiaries or CJVs to pay dividends to us could have a material adverse effect on our ability to conduct our business.
- The global financial markets have experienced significant volatility recently, which has had negative repercussions on the global economy. As a result, our business, financial condition and results of operations could be materially and adversely affected.
- Our risk management and internal control systems may not be adequate or effective.
- We may not be able to retain or secure key qualified personnel, key senior management or other personnel for our operations.
- We may not be adequately insured against losses and liabilities arising from our operations.
- Some of our Directors and officers are directors and officers of other mineral resource companies. We cannot assure you that these directors and officers will not encounter conflicts of interests with us.
- We face increasing domestic and foreign competition.
- Acts of God, acts of war and terrorism, riots, epidemics and other disasters could affect our business.

Risks relating to Conducting Operations in the PRC

- Changes to the PRC regulatory regime for the mining industry may materially and adversely affect our business and results of operations.
- PRC political, economic and social conditions and government policies could affect our business.
- Our business could be negatively affected by changes and uncertainties in the PRC legal system.
- We may be unable to enforce our legal rights in certain circumstances.
- Government control of currency conversion and changes in the exchange rate between the RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends.
- Certain restrictions on foreign investment in the PRC mining industry could materially and adversely affect our business and results of operations.

Risks relating to the Dual Primary Listing and the Global Offering

- The characteristics of the Canadian share market and Hong Kong share market are different.
- We are a Canadian listed company principally governed by the laws and regulations of British Columbia. Except for the waivers that we have received, we are required to comply with both the TSX Listing Rules and the Listing Rules.

- As we are a Canadian company, it could be difficult for investors to effect service of process on and recover against us or our Directors and officers. Our shareholders may face difficulties in protecting their interest.
- Investors should not place undue reliance on industry and market information and statistics derived from official government publications contained in this prospectus.
- The liquidity and market price of our Shares may be volatile.
- The market price of our Shares when trading begins could be lower than the Offer Price.
- Purchasers of our Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.