

A. SUMMARY OF THE TERMS OF THE SALE AND PURCHASE AGREEMENT

Structure of the Skyland Acquisition

The Sale and Purchase Agreement provides for the acquisition of all of the issued and outstanding share capital of Skyland (the “Acquisition Shares”), from China National Gold Hong Kong and Rapid Result (collectively, the “Vendors”) by our Company and the assumption of the shareholder loans in the aggregate amount of approximately US\$42.3 million advanced to Skyland by the Vendors (the “Skyland Shareholder Loans”) by our Company. As a result of the transaction, Skyland will become a wholly owned subsidiary of our Company.

Completion of the Skyland Acquisition

The Skyland Acquisition will become effective at the Completion. The Completion is scheduled to occur concurrently with the completion of the Global Offering. At the Completion, each of the parties will deliver all relevant documents and complete all necessary filings to cause our Company to acquire all of the outstanding shares of Skyland and for the Skyland Shareholder Loans to be assigned to our Company, and for the Vendors to obtain an aggregate of 170,252,294 Shares to be issued at US\$4.36 per Consideration Share (the “Consideration Shares”) in consideration for their transfer of their 51% and 49% respective interest in Skyland. At the Completion, the parties will also deliver relevant legal opinions and other documents.

Consideration

Our Company has agreed to purchase the Acquisition Shares and the Vendors’ interest to the Skyland Shareholder Loan in consideration for the payment of US\$742.3 million to the Vendors, with such sum to be satisfied by delivery to the Vendors of the Consideration Shares (86,828,670 Consideration Shares will be issued to China National Gold Hong Kong as consideration for its Acquisition Shares and 83,423,624 Consideration Shares will be issued to Rapid Result as consideration for its Acquisition Shares), with each Consideration Share being issued at US\$4.36 per Consideration Share. The Consideration Shares 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.

The Sale and Purchase Agreement also provided for a working capital adjustment mechanism, whereby if, as of the Completion, the working capital of Skyland is less than US\$786,728 (the “**Target Capital**”), the Vendors will proportionately return that amount of Consideration Shares as is equal to the quotient of the difference of the working capital from the Target Capital divided by US\$4.36. Similarly, if the working capital exceeds the Target Capital, the Company will be obligated to issue to the Vendors, proportionately, that amount of additional Consideration Shares derived from the formula described above.

Deed of Non-Competition to China National Gold

As part of the Sale and Purchase Agreement, our Company agreed to provide a deed of non-competition to China National Gold, whereby the Company, on its own behalf and on behalf of any of its Controlled Entities (as such term is defined in the Listing Rules), will not compete with any member of China National Gold by engaging in any gold or other non-ferrous mining operations or assets located in the PRC in the form of asset acquisition, or acquisition of equity interests of PRC companies

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with gold or other non-ferrous mining assets located in the PRC without first receiving the written consent of China National Gold. The deed of non-competition will remain in place until the earlier of such time as the Company's shares are no longer listed on the Stock Exchange or the date on which China National Gold, directly or indirectly, ceases to be a "controlling shareholder" of the Company within the meaning of the Listing Rules of the HKSE.

Conditions Precedent to Completion of the Sale and Purchase Agreement

Completion of the Sale and Purchase Agreement is subject to various conditions (the "Condition(s)") being met at or prior to the Completion, including but not limited to:

- each covenant and agreement of the parties to the Sale and Purchase Agreement will have been performed on or before the date on which the Completion occurs (the "Completion Date"), and each representation and warranty of the parties shall remain true and correct as of such date;
- receipt from the TSX of conditional approval, subject only to customary post-completion deliveries and filings for the Skyland Acquisition;
- receipt by the by the special committee of independent non-executive Directors of our Company established to review the Skyland Acquisition (the "Special Committee") of a valuation of Skyland (the "Haywood Valuation") and a fairness opinion to be prepared by Haywood Securities Inc. ("Haywood") (the "Haywood Fairness Opinion") as of August 26, 2010 prepared by Haywood (collectively, the "Haywood Opinions"), providing that the acquisition, as a whole, is fair, from a financial point of view, to our Shareholders;
- the Skyland Acquisition and the transaction contemplated thereunder and the issuance of the Consideration Shares shall have been approved by the requisite numbers of votes cast by all of our Shareholders, other than China National Gold Hong Kong and its affiliates (the "Disinterested Shareholders") at a special meeting of our Shareholders (the "Special Meeting") held to approve the Skyland Acquisition and the issuance of the Consideration Shares;
- no action or proceeding will be pending or threatened to prohibit:
 - (i) the purchase and sale of the Acquisition Shares or the right of our Company to own the Acquisition Shares;
 - (ii) the right of Skyland to conduct its operations and carry on the business and operations in the normal course as such business and operations have been carried on in the past; and
 - (iii) the phase 1 development of the Jiama Mine, with an estimated production capacity of 6,000 tonnes per day of ore, as contemplated by the Jiama Technical Report, or the phase 2 development of the Jiama Mine, with an estimated production capacity of up to 12,000 tonnes per day of ore, as contemplated by the Jiama Technical Report;
- execution of the deed of non-competition and call option by China National Gold in favor of our Company;
- receipt of all required governmental authorizations, actions, approvals, orders and consents of, or declarations or filings with, or expirations or terminations of waiting periods imposed by any governmental authority or other person necessary to effect the transactions contemplated by the Skyland Acquisition;

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- at the Completion Date, there shall be no encumbrances against any of the assets of any member of the Skyland Group, except for those encumbrances permitted under the Sale and Purchase Agreement;
- the absence of any material adverse change in the financial condition, assets, liabilities (contingent or otherwise) or results of operations of Skyland;
- delivery, together with the applicable certificates and consents of authors, of each of the CSH Technical Report and the Jiama Technical Report;
- delivery of certain legal opinions; and
- we shall have entered into the International Underwriting Agreement and the Hong Kong Underwriting Agreement in connection with the Global Offering, which agreements shall contain representations and warranties, covenants, conditions precedent, indemnification and other provisions customary for these agreements entered into in connection with the Global Offering.

In addition, the Completion shall not be deemed to have occurred until the completion of the Listing which is expected to take place concurrently.

Representations and Warranties

The Sale and Purchase Agreement contains representations and warranties made by our Company, including but not limited to those relating to:

- our Company and our subsidiaries' authorized and outstanding share capital;
- the truthfulness, completeness and accuracy of our Company's required public disclosure filings and financial statements;
- other than as described in the aforementioned public disclosure of our Company, an absence of litigation or any material change to our Company or its operations;
- the good standing of title and a description of the mining rights to the CSH Mine;
- all necessary corporate action taken to authorize the entering of the contemplated transaction and to deliver the Consideration Shares to the Vendors at the Completion in exchange for the Acquisition Shares;
- compliance with all applicable laws, including environmental laws;
- payment of all applicable taxes;
- the status of our Company as a reporting issuer under applicable Canadian securities laws; and
- our compliance with the rules and regulations of the TSX.

The Sale and Purchase Agreement also contains representations and warranties by each of the Vendors in respect of Skyland, including but not limited to the following:

- the authorized and outstanding share capital of Skyland and its subsidiaries that hold the mining rights to the Jiama Mine;
- the good standing of title and the mining rights to the Jiama Mine;

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- all applicable books and corporate records of Skyland and its subsidiaries had been provided for review by our Company prior to execution of the Sale and Purchase Agreement;
- the truthfulness, completeness and accuracy of Skyland's consolidated financial statements;
- an absence of litigation or any material change to either Skyland or its subsidiaries, or their respective operations;
- compliance by Skyland and its subsidiaries with all applicable laws, including environmental laws;
- payment by Skyland and its subsidiaries of all applicable taxes;
- the Vendors' title to the Acquisition Shares;
- receipt of all necessary approvals required to deliver the Acquisition Shares to our Company in exchange for the Consideration Shares; and
- the absence of any third party rights to the Acquisition Shares.

The representations and warranties given by our Company and each of the Vendors expire on the fifth anniversary of the Sale and Purchase Agreement.

Conduct of Operations Before Completion of Sale and Purchase Agreement Transactions

Under the terms of the Sale and Purchase Agreement, until the Completion or the termination thereof, the Vendors have agreed to cause Skyland to do the following in respect of the Skyland Group:

- carry on business in the ordinary course and substantially in accordance with the procedures and practices currently in effect;
- maintain its current insurance coverage on its assets, including the Jiama Mine;
- use best efforts to preserve and maintain Skyland's goodwill and keep available the services of current officers, directors and employees of Skyland;
- confer with our Company on all operational matters of a material nature;
- take reasonable care to protect and safeguard its assets, including the Jiama Mine;
- not to permit Skyland from engaging in any of the following:
 - except in the ordinary course of business, purchase or sell, consume or otherwise dispose of any assets, including the Jiama Mine;
 - enter into any contract or assume or incur any liabilities except in the ordinary course of business;
 - settle any accounts receivable of a material nature at less than face value;
 - waive or surrender any material right;
 - discharge, satisfy or pay any lien, encumbrance, obligation or liabilities; or
 - make any capital expenditures or commitment for any capital expenditures.

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Termination of the Sale and Purchase Agreement

Our Company and the Vendors may mutually agree to terminate the Sale and Purchase Agreement and abandon the transactions contemplated therein at any time prior to the Completion, whether before or after the vote of our Shareholders taken at the Special Meeting. In addition, any of the parties could decide, without the consent of the other, to terminate the Sale and Purchase Agreement in the following circumstances:

- by either our Company or the Vendors, if the Completion shall not have occurred by January 31, 2011, provided that such party is not involved in the failure to fulfill any obligation under the Sale and Purchase Agreement and/or being the cause of the failure of the Completion to occur on or before such date;
- by either of the Vendors, on the one hand, or our Company, on the other hand, if there has been a breach by the other party, which breach would cause the failure of any Conditions set forth in the Sale and Purchase Agreement, provided that any such breach has not been cured within ten (10) business days (“Business Day” means a day in both Hong Kong and Vancouver, British Columbia banks are open, other than Saturday, Sunday, a Hong Kong or Canadian federal holiday) following receipt by the breaching party of written notice of such breach;
- by any party, if there shall be any law or order of an applicable governmental authority that makes consummation of the Skyland Acquisition illegal or otherwise prohibited;
- by any party if the Special Meeting shall have been held and completed and the Skyland Acquisition is not approved by the requisite majority of our Disinterested Shareholders; or
- by our Company, on the one hand, if there has been a material adverse change with respect to any member of the Skyland Group, and by mutual agreement of the Vendors, on the other hand, if there has been a material adverse change with respect to our Company.

Amendment and Waiver

The Sale and Purchase Agreement may be amended in writing by the parties thereto at any time prior to the Completion, so long as no amendment that requires shareholders’ approval under applicable laws shall be made without the requisite approval of such shareholders.

At any time prior to the Completion, the parties may:

- extend the time for the performance of any of the Conditions of the other party; or
- subject to applicable laws, waive compliance with any of the Conditions contained in the Sale and Purchase Agreement, including the Condition that the Completion and the Listing shall take place concurrently.

Provided that after approval of the share issuance by our Disinterested Shareholders, no extension or waiver may be made without further Shareholders’ approval which, by law or in accordance with the rules of the TSX, requires further approval by our Disinterested Shareholders.

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B. SUMMARY OF RELEVANT REQUIREMENTS AND PROCEDURES PURSUANT TO CANADIAN SECURITIES LAWS IN RELATION TO THE SKYLAND ACQUISITION

The Skyland Acquisition constitutes a related party transaction pursuant to Canadian securities laws, and as such our Company is obligated to undertake numerous steps in order to ensure that the Skyland Acquisition meets these requirements. The Special Committee consisting of independent non-executive Directors of the Company was formed in August 2009 and met regularly to consider progress of the transaction on behalf of the Disinterested Shareholders of Company. The Special Committee retained Haywood, an independent and one of Canada's leading groups of investment bankers, to advise it in its negotiations with China National Gold Hong Kong and Rapid Result, to prepare the Haywood Valuation and to complete Haywood Fairness Opinion. Haywood commenced the preparation of the Haywood Opinion in or about May 2010, and delivered the opinions prior to the execution of the Sale and Purchase Agreement. The negotiation of the purchase price in the Sale and Purchase Agreement was determined by the Special Committee on the one hand and China National Gold Hong Kong and Rapid Result on the other, principally by reference to the Haywood Valuation. Meanwhile, the deemed price of the Consideration Shares issued to purchase the interest in Skyland was determined principally by reference to the share price of our Company on the date that the commercial terms of the Share Purchase Agreement was conditionally approved by the Special Committee and the Haywood Valuation.

On March 22, 2010, the Special Committee convened and received a report (the "Prior Report") from an independent financial adviser that set out a preliminary range of values, and included a discussion of methodology, assumptions and comparable transactions. The Special Committee considered the Prior Report and determined that the parameters upon which the valuation was based were too narrow, and that the then current structure of the deal would not meet the commercial requirements of the parties. Accordingly, subsequent to such meeting, the Special Committee undertook a process, and directed the management of the Company to implement the process, to restructure the transaction and to expand the scope of the technical review of the Jiama Mine. On April 6, 2010 and April 29, 2010, the Special Committee convened to consider restructuring alternatives, to consider the scope and expansibility of the geological resources at the Jiama Mine, the scope and scale of metal production at the Jiama Mine, various commodity inputs and other factors related to the development of the Jiama Mine and structuring of the Skyland Acquisition. Following such meetings, the management of the Company co-ordinated discussions between the Special Committee on the one hand and the Vendors on the other hand with varying transaction alternatives and the Company engaged Behre Dolbear Asia, Inc. to prepare an expanded technical report that reviewed exploration and development data that was not covered in its draft technical report. The Special Committee members also conducted their own market analysis of transaction pricing and structuring and relevant commodity pricing, particularly in relation to long-term copper prices. On May 14, 2010, the Special Committee engaged Haywood to prepare the Haywood Opinions.

Canadian securities laws also impose a requirement for Disinterested Shareholders' approval of the Skyland Acquisition. The Company prepared an information circular that contained Canadian prospectus level disclosure of Skyland, the Jiama Mine and the terms of the Skyland Acquisition including the Sale and Purchase Agreement for consideration by the Shareholders in connection with the Special Meeting to vote on the Skyland Acquisition. The information circular included three years of audited financial statements of Skyland, the Jiama Technical Report, a copy of the Share Purchase Agreement and copies of the Haywood Opinion. The Special Meeting was held on October 14, 2010 and received approval of a majority of all voting Shareholders, excluding China National Gold Hong Kong and its affiliates.

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We have obtained conditional approval of the TSX for the Skyland Acquisition and for the listing of the Consideration Shares on the TSX. Final approval of the TSX is subject to submission of customary post-closing documentation after the Listing. In particular, on September 14, 2010, the TSX conditionally approved the issuance of up to 175,000,000 Consideration Shares (170,252,294 Consideration Shares plus a maximum of 4,747,706 additional Shares issuable in connection with the working capital adjustment) as consideration for the Skyland Acquisition. Final approval of the Skyland Acquisition by the TSX remains subject to Disinterested Shareholders' approval of the Skyland Acquisition at the Special Meeting on October 14, 2010; clearance by the TSX of the materials sent to our Shareholders for the Special Meeting; written confirmation (by press release or otherwise) of the Completion of the Skyland Acquisition; and an opinion of legal counsel with respect to the Consideration Shares being fully paid and non-assessable upon issuance. The opinion to be provided by Goodmans, our legal advisers on Canadian law, with respect to the TSX approval is expected to be in substantially the form below, subject to customary, assumptions, limitations, reliances and qualifications in such opinion:

“As of the date of this prospectus, and without conducting any specific inquiry, Goodmans is not aware of any legal impediment to the filing of customary post-closing filings provided that the company meets the necessary conditions set forth in the TSX conditional approval letter and completes the necessary matters required for Goodmans to provide an opinion to TSX as to the valid issuance of common shares in connection with the Skyland Acquisition, including necessary board resolutions, treasury orders and other corporate procedural matters.”