You should carefully consider all of the information set out in this Prospectus, including the risks and uncertainties described below and in "Appendix V — Competent Person's Report" in respect of, inter alia, our business and industry, before making an investment in the Shares being offered in this Global Offering. You should pay particular attention to the fact that our principal operations are conducted in China and are governed by a legal and regulatory environment that in some respects differs from that which prevails 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 Shares being offered in this Global 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 categorized into: (i) risks relating to our business and industry; (ii) risks relating to conducting operations in China; and (iii) risks relating to the Shares and the Global Offering. Prospective investors in the 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 BUSINESS AND INDUSTRY

As a developing mining company with limited operating history, we cannot guarantee that we will generate revenue or positive cash flow and grow our business as planned.

You should consider our business and prospects in light of the risks, uncertainties, expenses and challenges that we face as a developing mining company. We have only been in existence since April 2009 and, since then, we have focused on constructing and developing our non-ferrous metal mines. We only commenced commercial production at the Shizishan Mine in October 2011. As a result, we have only recently begun to generate revenue and positive cash flow from our mining operations and there is limited historical information available upon which you can base your evaluation of our business operations and prospects.

Our limited operating history makes the prediction of our future operating results, operating costs and prospects difficult. For example, the Competent Person's Report provides a forecast of our operating costs. This forecast is based upon, among other things, (i) anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed; (ii) anticipated recovery rates of minerals from the ore; (iii) operating costs of comparable facilities and equipment; and (iv) anticipated geographic and climatic conditions. If any of these factors change or if any of the assumptions is inaccurate, the actual operating costs, production and economic returns may differ significantly from the estimates.

The market price for lead, zinc, silver and other non-ferrous metal concentrates may fluctuate.

We expect to derive substantially all of our revenues from the sale of lead, zinc, silver and other non-ferrous metal concentrates. The prices of our non-ferrous metal concentrates are determined by the respective content and grade of the non-ferrous metals contained in our products and are affected by factors such as an imbalance in the supply of and demand for non-ferrous metal concentrates in local, national and global markets. Although we only operate in the PRC market, fluctuations in global pricing of lead, zinc, silver and other non-ferrous metal could also have an impact on our operations as they will affect demand and price competiveness of imports.

Government policies, macro-economic factors, including currency exchange, interest and inflation rates, global economic trends, inventory levels, actions by participants in the commodity markets and other factors beyond our control could result in fluctuations in the market price and demand for non-ferrous metal. Like our competitors, we have limited ability to anticipate and manage commodity price fluctuations. We did not carry out any activities to hedge the risk of market price fluctuations for lead, zinc, silver and other non-ferrous metal concentrates during the Track Record Period and as at the Latest Practicable Date. Since we focus on exploration, development and operations of mine projects, we currently do not plan to carry out any such hedging activities to mitigate risks associated with future commodity price fluctuation. There can be no assurance that the market price for any or all of the abovementioned metals will not decline in future or that such prices will otherwise remain at sufficiently high levels to support our profitability. A significant decline in the market prices of any of these metals, and in particular non-ferrous metal concentrates, could materially and adversely affect our business, financial condition and result of operations, and result in our actual financial performance significantly different from our profit forecast or loss forecast. For the sensitivity analysis of our current loss forecast for the year ending December 31, 2011 for the movements in average selling price of lead-silver concentrates and zinc-silver concentrates, please see "Financial Information — Loss Forecast for the Year ending December 31, 2011."

Our operations are primarily exposed to uncertainties in relation to one major project, the Shizishan Mine.

Our current operations are primarily focused on one project, the Shizishan Mine. We expect it to be our only operating mine on which we will depend for substantially all of our operating revenue and cash flows in the near term. The Shizishan Mine has commenced trial production at the end of July 2011 and commercial production in October 2011. If we fail to derive the expected economic benefits from the Shizishan Mine due to any delay or difficulty in its development, any problem that causes it to operate at less-than-optimal capacity, failure to obtain or renew related government approvals in time, or at all, or the occurrence of any other negative event described below and elsewhere in this Prospectus, our business, financial condition and results of operations could be materially and adversely affected.

The Competent Person has identified a number of risks and recommendation in estimating our resources and reserves and operating the Shizishan Mine, as set forth in "Appendix V — Competent Person's Report — Comments and Recommendations." The key risks and recommendations identified by the Competent Person include the following:

- Operating risks of cut-and-fill mining method: The cut-and-fill mining method adopted by the Shizishan Mine requires mining workers to operate in active stope areas, which exposes the workers to the risk of rock falls. Such risk will potentially increase as mining progresses, but can be mitigated through effective operational safety practices. We are undertaking a geotechnical testing program to assess the ground conditions and stability of the underground workings of the Shizishan Mine and expect to complete such program by the end of 2011. We are also developing a detailed ground control management plan and expect to finalize and implement such plan at the Shizishan Mine by the end of 2011. We will also closely monitor the underground workings of the Shizishan Mine and are committed to undertake high-standard operational safety measures and effective mine management to mitigate safety risks;

- Absence of a detailed geotechnical study: The Competent Person has noted that detailed geotechnical study has not been completed to determine the ground conditions or stability of the underground workings of the Shizishan Mine. Although it is not essential to have detailed geotechnical study to conduct efficient and/or profitable mining operation, the Competent Person recommends us to conduct a detailed geotechnical study for the project and develop and implement a ground control management plan in order to fully optimize the mining operation at the Shizishan Mine. If the ground conditions of the Shizishan Mine are less than expected, mining dilution may increase and recovery rate could be less than expected. As set forth above, we are undertaking a geotechnical testing program to assess the ground conditions and stability of the underground workings of the Shizishan Mine and developing a detailed ground control management plan that will be implemented at the Shizishan Mine; and

- Preliminary grade estimate: According to the Competent Person, detailed understanding of the mineralization style and control of mineralization in the deposit often rests with the identification of the characteristics which controls the internal high-grade domains. Although the closely spaced drill holes of the Shizishan Mine have confirmed the continuity of the high-grade lenses surrounded by lower-grade materials, the larger spacing of drill holes in some portions of the Shizishan Mine results in a lower level of confidence for the estimated grade. The Competent Person recommends us to conduct a detailed grade study for the project in order to fully optimize the mining operation at the Shizishan Mine. We will further review the mineralization style of and conduct grade control activities for the Shizishan Mine upon commencement of its underground production and will continue the mineralization style review and grade control activities for the Shizishan Mine on an ongoing basis as production at the Shizishan Mine progresses.

The Competent Person has confirmed that the risks identified by the Competent Person are classified as either low or moderate risks and none of these risks is critical. The Competent Person has further noted that the risk profile of the Shizishan Mine is typical of mining projects at similar levels of resource estimation, mine planning and project development and, in most instances, the risks indentified will be mitigated through provision of further documentation and additional technical studies.

In April 2011, we mortgaged our mining right to the Shizishan Mine to Agricultural Bank of China to secure banking facilities amounting to RMB130 million, which has been completely drawn down as of September 30, 2011. Such mining right mortgage will be released upon repayment of all borrowings under the banking facilities in 2014. If such mining right mortgage is ever foreclosed due to our failure to perform our obligations under the banking facilities, we may lose our mining right to the Shizishan Mine or our operations at the Shizishan Mine may be interrupted, in which case our business, financial condition and results of operations could be materially and adversely affected.

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.

In accordance with our ramp-up plan, we intend to further expand our mining capacity at the Shizishan Mine, construct a new gravity-selection processing line at the Shizishan Mine ore processing plant to process raw ore sourced from Xiangcaopo Mining, which owns rights to the Lushan Mine, and invest in other mining projects in the future. We are currently in the process of making significant capital expenditures in connection with the ramp-up of our mining capacity at the Shizishan Mine. See "Business — Ramp-Up Plan for Our Mining and Processing Capacities." This and other major capital expenditure projects may not be completed as planned and involve significant risks.

We typically conduct feasibility studies to determine whether to undertake significant construction projects. Anticipated results under our feasibility studies, however, may differ significantly from actual results. Such projects may be delayed or adversely affected by a variety of factors including discrepancies between the anticipated and actual levels of mineral resources, failure to obtain the necessary regulatory approvals and permits or sufficient funding, construction difficulties, technical difficulties and manpower or other resource constraints. In addition, disruptions, uncertainty or volatility in the capital and credit markets may limit our ability to obtain adequate financing to meet our funding requirements. We may postpone certain construction projects if we determine that doing so would be in our best interests after taking into consideration market conditions, our financial performance and other relevant factors. Costs of these projects may also exceed our planned investment budget. Even if we are able to complete the projects without any delay and within budget, we may not achieve the intended economic benefits of these projects due to changes in market circumstances or other factors. As a consequence of any delay in completing our capital expenditure projects, cost overruns, changes in market circumstances or other factors, the intended economic benefits from these capital expenditure projects may not materialize, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our failure or inability to obtain and renew required government approvals, permits and licenses for our exploration and mining activities could prevent us from continuing operations.

Under the PRC Mineral Resources Law, all mineral resources in China are owned by the state. Mining companies like ourselves are required to obtain certain government approvals, permits and licenses for each of their exploration and mining projects. Our ability to carry on our business is therefore subject to our ability to obtain and the government's willingness to issue, renew and not revoke such requisite exploration and mining rights and other requisite government approvals.

As advised by our PRC legal advisor, we have obtained the necessary licenses, approvals and permits which are material for our current operations in China. As also advised by our PRC legal advisor, we have obtained all the licenses, permits and approvals required for the commencement of our commercial production at the Shizishan Mine in October 2011. We cannot guarantee that we will be able to renew our existing approvals, permits and licenses in a timely manner, or at all, or that such approvals, permits and licenses will not be subsequently revoked by the relevant authorities. We are at the early exploration stage of the Dazhupeng Mine and plan to apply for its mining permit upon completion of such exploration activities. However, we cannot guarantee that we will be able to obtain its mining permit in a timely manner or at all. We may also be required to obtain additional licenses, permits and approvals following new PRC laws and regulations that may be promulgated in the future. Failure to obtain or renew such approvals, permits and licenses as planned may cause us to experience delays or, in extreme cases, may force us to halt our production or expansion plans, thereby materially and adversely affecting our business, financial condition and results of operations.

Furthermore, our mining permit for the Shizishan Mine are subject to annual verification by the competent bureau of land and resources in Yunnan Province. In the annual verification, the government will consider whether our mining activities in the past year have been in compliance with the relevant laws and regulations. If we do not pass the annual verification, we may be penalized according to the relevant laws and regulations, be given a deadline to rectify the situation or our mining permit may be revoked. Should our mining permit be suspended or revoked due to our failure to pass the annual verification, our business and results of operations will be materially and adversely affected.

Our inability to develop existing mineral reserves or acquire additional ones may adversely impact our financial condition and interfere with our development plans.

We have not explored and developed all of the mineralized bodies in the 3.20 sq. km area covered by our mining permit for the Shizishan Mine. We obtained an exploration permit for the Dazhupeng Mine which is valid for three years from April 2011 to April 2014 and covers an area of 15.19 sq. km. Because the Dazhupeng Mine is at the early stage of geological assessment, information regarding its estimated resources and reserves and ore quality are not yet available. Moreover, currently available information on the anticipated resources and reserves of the Shizishan Mine and the Dazhupeng Mine may turn out to be inaccurate. If we fail to discover mineable resources or develop them into commercially viable assets, our exploration and development plans for the Shizishan Mine and the Dazhupeng Mine may be adversely affected. Specifically, if we fail to discover mineable resources for the Dazhupeng Mine, we might need to write off, in part or in whole, the capital expenditures incurred in respect of the Dazhupeng exploration right, which was RMB2.1 million, RMB3.2 million and RMB3.2 million as of December 31, 2010, June 30, 2011 and October 31, 2011, respectively.

We entered into a share transfer agreement to acquire the Liziping Mine and an option agreement to acquire the Dakuangshan Mine. As at the Latest Practicable Date, we have not completed acquisition of the Liziping Mine, and have not exercised the option to acquire the Dakuangshan Mine. There is no assurance that we will do so or that we would be able to complete such acquisition in accordance with the current terms of the share transfer agreement and the option agreement. We also intend to acquire additional non-ferrous metal ore assets in the future to expand our mineral resources. We may encounter intense competition for such acquisitions and may fail to select or value our targeted assets appropriately. One of the important factors that we consider when selecting or evaluating target acquisitions is resource and reserve data. Such data are estimates that are affected by many factors and may be inaccurate. The failure to select or value our targeted assets appropriately may result in our inability to complete our acquisition plans at a reasonable cost, if at all. See also "Risk Factor — The resource and reserve data cited in this Prospectus are estimates based on a number of assumptions and may be inaccurate."

Future acquisitions may also expose us to potential risks, including risks associated with the assimilation of new technologies, business and personnel, unforeseen or hidden liabilities, diversion of management attention and resources and the inability to generate sufficient revenue to offset the costs and expenses of an acquisition. Any difficulty encountered in the acquisition and integration process may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our exploration and mining projects, acquisition activities and expansion plans require substantial capital investment, and may not achieve the intended economic results.

Exploration of mineral properties is speculative in nature. There is no assurance that our exploration activities will result in the discovery of mineable resources and that feasibility assessments will justify ore extraction. If a viable deposit is discovered, it can take several years and significant capital expenditure from the initial phases of exploration until commencement of commercial production, during which time the capital cost and economic feasibility may change. For example, we spent approximately RMB253.1 million to acquire and develop Shizishan Mine as of October 31, 2011, and the total capital expenditure for the Shizishan Mine project until its completion at the end of 2012 is estimated to be approximately RMB403.3 million. In addition, we obtained an exploration permit for the Dazhupeng Mine which is valid for three years from April 2011 to April 2014 and covers an area of 15.19 sq. km, and paid an exploration right fee of RMB2.02 million. We expect that the total capital expenditure for the exploration and construction of the Dazhupeng Mine to be approximately RMB225.1 million, assuming we determine it beneficial to, and will, develop the Dazhupeng Mine upon completion of its exploration activities. For additional information about our estimated financing needs for our expansion plan, see "Business — Ramp-up Plans for Our Mining and Processing Capacities." We also entered into a share transfer agreement and an option agreement that may enable us to acquire two additional mine assets in Yunnan Province, and such proposed acquisitions of the mine assets will also require substantial capital investments. In the event that we are unable to obtain adequate financing for these projects and plans on acceptable terms, or at all, our business, financial condition and results of operations may be materially and adversely affected.

Furthermore, actual production results may differ from those anticipated at the time of discovery for a variety of reasons, such as actual ore mined varying from estimates in grade, tonnage, metallurgical and other characteristics; industrial accidents, equipment failures and power shortages; natural disasters such as earthquakes, weather conditions, floods and rock slides; shortages of principal and auxiliary materials, as well as machinery and equipment needed for operation; and restrictions imposed by government authorities. Additionally, we may face delays due to our workers' or our third-party contractors' unfamiliarity with operational procedures, inherent shortcomings with such procedures and the need to recalibrate equipment settings. These will affect our ability to meet planned production targets during our initial stages of commercial production.

New operations are especially prone to unexpected problems during the initial development phase. Such occurrences could result in damage to mineral properties or processing facilities, interruptions in production, injury or death to persons, damage to the property, monetary losses and legal liabilities. Failure to achieve our production estimates as a result of these or other unfortunate occurrences could have a material and adverse effect on our future cash flow, results of operations and financial condition.

If we fail to manage our liquidity situation carefully, our ability to expand and, in turn, our results of operations may be materially and adversely affected.

As of December 31, 2009 and 2010, we had net current liabilities of RMB5.4 million and RMB131.0 million, respectively. We also had a net deficit of RMB2.7 million as of December 2010. As of June 30, 2011, we had net current assets of RMB220.2 million as a result of the subscription of one share by Silver Lion in our share capital by way of share premium in the amount of US$80,500,000 on June 27, 2011. Please see the section headed "Financial Information — Current assets and current liabilities" in this Prospectus for further details. In addition, we had negative operating cash flows during the period from April 23, 2009 to December 31, 2009, the year ended December 31, 2010 and the six months ended June 30, 2011 of RMB1.7 million, RMB62.5 million and RMB33.2 million, respectively. Please see the section headed "Financial Information — Liquidity and Capital Resources — Cash Flow" for further details.

In the future, we expect to increasingly rely on cash flows from operations to fund our capital expenditure, but there is no assurance that our business will generate sufficient cash flows from operations in the future to serve any future debts and fund necessary capital expenditures. If we are unable to do so, we may be required to seek additional financing, dispose of certain assets or seek to refinance some or all of our future debts. We may also in the future seek to enter into additional borrowing facilities. If we are unable to repay any of our future debts when they fall due, our creditors may take action to recover such debts, which may have a material adverse effect on our business, financial condition and results of operations. If we are unable to raise additional funding or there is a delay in obtaining such funding, our business, financial condition and results of operations may be materially and adversely affected.

Our business, financial condition and results of operations may be adversely affected if Xiangcaopo Mining fails or refuses to perform the agreed upon transaction with us or if our exclusive supply agreement with Xiangcaopo Mining fails to yield anticipated benefits.

The Lushan Mine is a tungsten-tin polymetallic mine owned and operated by Xiangcaopo Mining, an Independent Third Party. We do not have legal ownership right to the Lushan Mine. On December 31, 2010, we entered into an exclusive supply agreement with Xiangcaopo Mining and Li Jincheng, the owner of Xiangcaopo Mining, pursuant to which Xiangcaopo Mining agreed to supply all its polymetallic raw ore mined from the Lushan Mine to us on an exclusive basis. As of October 31, 2011, we also made RMB90.6 million of prepayment, interest-free loans and other receivables to the Xiangcaopo Mining and Li Jincheng pursuant to the exclusive supply agreement. In connection with such exclusive supply agreement, Li Jincheng pledged 100% of his equity interests in Xiangcaopo Mining to us in May 2011. Li Jincheng also entered into a guarantee agreement with us on July 7, 2011. Pursuant to such guarantee agreement, Li Jincheng agrees to guarantee Xiangcaopo Mining's performance of its duties under the exclusive ore supply agreement, including Xiangcaopo Mining's refund of any prepayment amount advanced by us if Xiangcaopo Mining defaults in its raw ore supply to us. See "Business — Lushan Mine and Exclusive Ore Supply Agreement." Our exclusive supply agreement with Xiangcaopo Mining involves a number of risks, including:

- disputes with Xiangcaopo Mining and/or Li Jincheng in connection with the performance of each party's obligations under the agreement;
- financial difficulties encountered by Xiangcaopo Mining affecting its ability to perform its obligations under the agreement;
- conflicts between the policies or objectives adopted by Xiangcaopo Mining and those adopted by us;
- breaches by Xiangcaopo Mining and/or Li Jincheng of their obligations under the agreement, including failure to renew the mining permit by Xiangcaopo Mining during the term of the exclusive ore supply agreement; and
- failure by Xiangcaopo Mining and/or Li Jincheng to refund the prepayment, interest-free loans and other receivables we made pursuant to the exclusive supply agreement.

Any of these risks and other factors may lead to disputes with Xiangcaopo Mining and/or Li Jincheng and cause disruptions in the supply of polymetallic ore to us and, as a result, our business, financial condition and results of operations may be materially and adversely affected. In the event where Xiangcaopo Mining breaches its obligations under the exclusive ore supply agreement, it will be responsible for compensating us for the loss we may incur, and we can elect to foreclose the Xiangcaopo Mining equity interests pledged to us by Li Jincheng and have the right to make a claim against Li Jincheng, its guarantor, to compensate us for the loss we may incur.

However, we cannot assure you that we will be fully compensated for the loss that we may incur. In addition, we are in the process of constructing a new gravity-selection processing line at the Shizishan Mine ore processing plant to process tungsten-tin polymetallic ore from the Lushan Mine. If the Lushan Mine project does not meet our performance expectations or prematurely terminates for any reason, we may have difficulties in securing alternative tungsten-tin polymetallic ore for the gravity-selection processing line, which will negatively impact our financial results.

Our business, financial condition, results of operations and expansion plan may be adversely affected if the owners of the Liziping Mine and the Dakuangshan Mine fail to refund the deposits made by us in connection with the proposed acquisition of the Liziping Mine and the option to acquire the Dakuangshan Mine in the event of an abortion of the related acquisition or otherwise default in the share transfer agreement or the option agreement.

We entered into a share transfer agreement on June 9, 2011 with Song Denghong (an Independent Third Party), the owner of the Liziping Company which owns the exploration right to the Liziping Mine, a lead-zinc-silver polymetallic mine in Yunnan Province, pursuant to which we agreed to purchase 90% equity interests in the Liziping Company from Song Denghong. We also entered into an option agreement on May 21, 2011 with Xi Wanli (an Independent Third Party), a shareholder of the Dakuangshan Company which owns the mining right to the Dakuangshan Mine. Such option agreement allows us to purchase 90% equity interests in the Dakuangshan Company from Xi Wanli at our sole discretion within a period of 18 months starting from May 2011.

As of October 31, 2011, we made deposit of RMB100.0 million in connection with the potential acquisition of the Liziping Mine, and a good-faith deposit of RMB40.0 million in connection with the option to acquire the Dakuangshan Mine. Song Denghong, the owner of the Liziping Mine, pledged his entire interest in the Liziping Company to us and Xi Wanli, the owner of the Dakuangshan Mine, pledged 50% of his equity interests in the Dakuangshan Company to us to secure the performance of their respective obligations under the share transfer agreement and the option agreement, including their obligations to refund in full the deposits we made should we decide not to complete the acquisition of the Liziping Mine or exercise the option to acquire the Dakuangshan Mine.

In the event that the owners of the Liziping Mine and the Dakuangshan Mine refuse to refund the deposits made by us for the proposed acquisitions or otherwise default in the share transfer agreement or the option agreement, we can enforce the pledges and foreclose the equity interests in the Liziping Company and the Dakuangshan Company whose estimated values we believe would exceed the amount of deposits made by us. However, we cannot assure you that we will be fully compensated for the loss that we may incur, and our business, financial condition, results of operations and expansion plan may be adversely affected if we cannot recoup all of the deposits made by us or Song Denghong or Xi Wanli otherwise defaults on performing his obligations in the related agreement.

We may have difficulty in managing our future growth and the associated increased scale of our operations.

We expect to expand through both organic growth and acquisitions due to the significant exploration and mining potential of the Shizishan Mine and other non-ferrous metal ore assets in Yunnan Province. Our future expansion may place significant strains on our managerial, operational, technical and financial resources. In order to better allocate our resources, we must hire, recruit and manage our workforce effectively and implement adequate internal controls in a timely manner. If we fail to maintain sufficient internal sources of liquidity and secure external sources of funding for future growth, we may encounter, among other things, production delays and operational difficulties. If we are unable to effectively manage our growth and the associated increased scale of our operations, the quality of our products, our ability to attract and retain key personnel and our business or prospects may be materially and adversely affected.

The resource and reserve data cited in this Prospectus are estimates based on a number of assumptions and may be inaccurate.

We base our production, expenditure and revenue plans on our resource and reserve data, which are inherently speculative in nature and may prove to be inaccurate. The resource and reserve data are estimates based on a number of assumptions and variables beyond our control and involve professional judgment. The accuracy of these estimates may be affected by many factors, including the quality of the results of drilling, sampling and analysis of the ore samples, estimation procedures and the experience of the person making the estimates. As a result, our actual volume of resources and reserves and rates of production may differ materially from the estimates presented in this Prospectus.

Estimates of our resources and reserves may change significantly when new information becomes available or when new factors arise to change the assumptions underlying the resource and reserve estimates. Resource and reserve estimates locate in-situ mineral occurrences from which minerals may be recovered, but do not provide an analysis as to whether such resources are capable of being mined or whether minerals could be processed economically. Furthermore, they do not incorporate mining dilution or allow for mining losses. The estimates contained in this Prospectus represent the amount of resources and reserves such as non-ferrous metal that we presently believe can be mined and processed economically. In the future, we may need to revise our resource and reserve estimates, if, for instance, our production costs increase or the prices of our products decrease and render a portion or all of our reserves uneconomical to recover.

Unforeseen geological or geotechnical perils may also require us to revise our resource and reserve data. If such revisions result in a substantial reduction in recoverable reserves or the expected mining life of our mines, our business, prospects, financial condition and results of operations may be materially and adversely affected. For more information on our resources and reserves including qualifications and the risks involved in estimating our ore resources and reserves, see the "Competent Person's Report" attached as Appendix V to this Prospectus.

Information of the Liziping Mine contained in the Competent Person's Report is a geological and exploration review based on preliminary exploration activities at the Liziping Mine and the actual resources and/or exploration potential of the Liziping Mine may be subject to substantial changes pending findings of further exploration activities.

The Competent Person only completed geological and exploration reviews for the Liziping Mine. Information of the Liziping Mine contained in the Competent Person's Report is a JORC compliant geological and exploration review without mineral resource and ore reserve estimation, or information relating to the planned mining methods and mine design, potential production profiles, forecast operating and capital expenditure, or environmental and social setting, for the Liziping Mine. Any information in the Competent Person's Report and elsewhere in this Prospectus with regard to the resource and/or exploration potential of the Liziping Mine is estimation based on the results of the preliminary exploration activities, and may be subject to substantial changes pending findings of further exploration activities. We cannot guarantee you that following the completion of the exploration activities at the Liziping Mine, the mineable resources contained in and the exploration potential of the Liziping Mine will not be less than as estimated in the Competent Person's Report. If we fail to discover mineable resources at the Liziping Mine or develop them into commercially viable assets, it may adversely affect our exploration and development plans.

In addition, as at the Latest Practicable Date, we had not completed the acquisition of the Liziping Mine. As a result, we do not have legal ownership right to the Liziping Mine as at the Latest Practicable Date. There is no assurance that all the conditions under the share transfer agreement to acquire the Liziping Mine will be satisfied or we will be able to complete the acquisition of the Liziping Mine pursuant to the terms of the share transfer agreement. If we fail to successfully complete the acquisition of the Liziping Mine, our growth strategy and development plan may be disrupted and adversely impacted.

We depend on a few major customers.

We currently have only five customers. Please refer to the section headed "Business — Sales and Customers — Customers" in this Prospectus for further details. We have a limited number of customers due, in part, to the fact that we are a new mining company. Therefore, our success depends on our ability to expand our customer base and maintain our relationships with our present customers. Our lack of history in dealing with customers may also make it difficult for you to evaluate the strength of our relationships with them or their demand for our products. In addition, given that most of our revenue currently depends on the sale of concentrates to a few major customers, any adverse effect on their ability to purchase our concentrates, whether caused by temporary disruptions or seasonal or cyclical fluctuations, may have a material adverse effect on our results of operations.

We face certain risks and uncertainties beyond our control from manmade and natural disasters that may negatively impact our and our customers' operations.

Our mining operations are subject to a number of operational risks and hazards, some of which are beyond our control. These operational risks and hazards include:

- major catastrophic events and natural disasters, including earthquakes, fires, floods, landslides, snowstorms, and subsidence of our mines;
- unexpected or periodic interruptions due to inclement or hazardous weather conditions;
- water, power or fuel supply interruptions;
- industrial accidents; and
- critical equipment failures or malfunction and breakdowns of information management systems.

Such risks and hazards may require us to evacuate personnel or curtail operations, which may result in the temporary suspension of operations, a reduction in our productivity or difficulty in transporting our products to our customers. Periods of curtailed activity may increase the costs associated with our operations and may have a material adverse effect on our business, financial condition and results of operations.

Natural disasters, such as earthquakes, and landslides, may disrupt or seriously affect our operations and production as well as the operations and production of our customers. Yunnan

Province is a seismically active region and had experienced at least three major earthquakes that registered above 5.0 on the Richter scale in the last three years. Most recently, a 5.8 magnitude earthquake struck Yingjiang County on March 10, 2011, killing dozens of people and forcing the evacuation of thousands to nearby shelters. The earthquake and subsequent aftershocks also caused temporary power outages and business shut-downs. Although the Shizishan Mine was approximately 70 kilometers away from the earthquake epicenter in Yingjiang County, none of our workers were hurt, we suffered no property damage and our operations were not disrupted by the March 2011 earthquake.

Our mining and production operations and the operations of our customers are located in Yunnan Province. The Shizishan Mine is designed to withstand up to 7.0 magnitude earthquakes and has landslide prevention procedures in place, including installing concrete-reinforced walls at the sloped ground areas around our mine production areas, processing facilities, and tail storage facilities. However, we could face the risk of mine collapse, death or injury of miners and costly legal liabilities should our preventive measures prove inadequate. We could also face disruptions to our mining operations and transport network. These events could reduce demand for our products or cause us to lose customers or to inadvertently breach sales contracts. Furthermore, operational disruptions at our customers' facilities due to earthquakes and landslides could reduce demand for our products.

We engage third-party contractors for our mining operations and are subject to risks inherent in such arrangements.

In line with prevailing industry practice, we engage third-party contractors for our mining operations. As a result, our operations are partially dependent on the performance of our third-party contractors. We monitor the work of our third-party contractors, but cannot guarantee that we will be able to control at all times the quality, safety and environmental standards of the work performed by third-party contractors to the same extent as when the work is performed by our own employees. Although we have never been penalized or requested to compensate for any third-party losses due to non-compliance of our third-party contractors as at the Latest Practicable Date, we cannot guarantee you that we will not be subject to any such claims or incur any loss due to non-compliance of our third-party contractors in the future. Besides, any failure by these third-party contractors to meet our quality, safety and environmental standards may result in us incurring liabilities to third parties and may have a material adverse effect on our business, prospects, results of operations and reputation. Any under- or non-performance by these third-party contractors could also affect our compliance with government rules and regulations relating to exploration, mining and workers' safety. Moreover, since we do not yet have long cooperative relationships with each of our third-party contractors, failure to retain them or to seek suitable replacements on equal or better terms may have a material adverse effect on our business and results of operations.

Additionally, under the agreements with our third-party contractors, all losses arising from safety accidents and construction project quality caused by, or incurred pursuant to, such outsourced activities shall be borne by the third-party contractors, as long as such losses are not caused by fault on our part. Our PRC legal advisor has advised us that under the agreements with our third-party contractors, the third-party contractors are responsible for insuring their employees and properties at construction site and we are not responsible for insuring the workers of the third-party contractors. We maintain work-related injury insurance for our employees as required by PRC laws and collective accidental injury insurance for our employees in charge of safety production. Our PRC legal advisor has also advised us that, given that the agreements have such provisions, we are not responsible for such loss, including, but not limited, to any injury or casualty suffered by any third party or employee of our third-party contractors, caused by or incurred pursuant to such outsourced activities, unless we are at fault and such fault results in such loss. However, if any claim in connection with the outsourced activities is made by third parties against us directly, notwithstanding our contractual agreements with the third-party contractors, we may have to incur costs and devote resources to defend ourselves against such claims. Any such claims could damage our reputation and lead to loss of customers and revenue.

Our business depends on reliable and adequate transportation capacity for our concentrate products.

Concentrate products are bulky and heavy to transport in the large quantities required by downstream users. Transportation cost is therefore an important component of the cost of purchase for our customers. Under the current offtake agreements that we have entered into with our customers, we are not responsible for the cost of transporting our concentrate products. If market conditions change, however, we may be forced to bear the cost of transportation from our processing facility to a delivery point designated by our customers. In the event that we cannot recoup such costs from our customers, our business, financial condition and results of operations may be materially and adversely affected. In addition, there are only two main roads connecting the Shizishan Mine to major transportation networks, and if they are blocked, closed or destroyed, transportation to and from our mines will be negatively affected. Such developments may reduce demand for our products and, as a result, may materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to risks relating to occupational hazards and production safety.

As a mining company, we are subject to extensive national, provincial and local laws, rules, regulations, policies and controls regarding production safety. In particular, our exploration and mining operations involve the transportation, handling and storage of explosives and other dangerous or hazardous materials. In addition, our operations involve the use of heavy machinery, which involves inherent risks. We or our third-party contractors may encounter accidents, maintenance or technical difficulties, mechanical failures or breakdowns during the exploration, mining and/or production processes. We cannot assure you that accidents such as explosions, fires, equipment mishandling and/or mechanical failures will not occur during the course of our operations. These risks subject us to potentially significant liabilities relating to personal injury, death or property damage, civil and/or criminal liabilities, including the revocation of our mining and exploration permits, and we may be forced to suspend our operations, which may adversely affect our business, reputation, financial condition and results of operations.

To mitigate such risks, we have implemented a set of guidelines and rules regarding workplace and production safety which comply with existing PRC laws, regulations and policies. The PRC government, however, continues to strengthen the enforcement of safety regulations in relation to the non-ferrous metal mining industry. There can be no assurance that more stringent laws, regulations or policies regarding production safety will not be implemented or that the existing laws, regulations and policies will not be more strictly enforced. We may incur additional compliance costs as a result or may not be able to comply with all such existing or future laws, regulations and policies. Should we fail to comply with any production safety laws or regulations, we would be required to rectify the production safety problems within a limited time period. Failure to rectify any problem could lead to the suspension of our operations, civil and/or criminal liabilities and harm to our reputation. Such incidents may also result in fines and penalties or even possible revocation of our mining and exploration permits.

Our operations are subject to risks relating to environmental protection and rehabilitation.

Operations of non-ferrous metal mines are subject to environmental risks and hazards. Our production and operations are subject to national, provincial and local laws, rules and regulations regarding environmental matters, such as the treatment and discharge of hazardous materials and environmental rehabilitation. For example, PRC laws and regulations set forth a series of standards for waste substances (such as waste water) that may be discharged into the environment and impose fees for the discharge of such waste substances.

In addition, we are required under current PRC laws and regulations to conduct our mining operations in a manner that minimizes the environmental impact, such as through rehabilitation and revegetation of mined land. Our mining operations at the Shizishan Mine employ underground mining and, as a result, our rehabilitation and revegetation obligations will be more limited than if we conducted open-pit mining operations. In the future, we may have rehabilitation obligations in areas that we have cleared for mining and production purposes and for our tailing dams.

Environmental hazards may occur in connection with our operations as a result of human negligence, force majeure or otherwise. Environmental events such as changes in the water table (man-made or naturally occurring), landslides and instability of the stopes could materially and adversely affect our underground mining. The occurrence of any environmental hazard may delay production, increase production costs, cause personal injuries or property damage, result in liability to us and/or damage our reputation. Such incidents may also result in a breach of the conditions of our mining and exploration permits or other consents, approvals or authorizations, which may result in fines or penalties or even possible revocation of our mining and/or exploration permits.

Since we only commenced commercial production in October 2011, we incurred no environmental protection costs during the Track Record Period. Our environment protection expenditures have been mainly devoted to installation of environmental protection facilities in our processing plants to comply with the applicable environmental laws and regulations. During the Track Record Period, we spent and capitalized a total of approximately RMB1.1 million on environmental protection. In the future, we may experience increased production costs arising from compliance with environmental laws and regulations. Moreover, the development of the Chinese economy and the improvements in the living standards of the population may lead to a heightened awareness of environmental protection. As a result, more stringent environmental laws, regulations and policies may be implemented in the future, or existing environmental laws, regulations and policies may be more strictly enforced. We may not always be able to comply with all such existing or future laws, regulations or policies. Should we fail to comply with any such existing or future laws, regulations or policies, we may be subject to penalties and liabilities, including, but not limited to, warnings, fines, suspension of production and closure of the facility that failed to comply with the relevant environmental standards.

We may also be subject to actions by environmental protection groups or other interested parties, whether governmental or non-governmental, who object to the actual or perceived environmental impact of our mines or other actual or perceived condition at our mines. These actions may delay or halt production or may create negative publicity related to our mines.

Our mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.

Our mining operations for the Shizishan Mine and other mines that we may develop or acquire have a finite life and will eventually close. Based on the JORC ore reserves of 8,024,000 tonnes at the Shizishan Mine and our current estimated production level of 48 ktpa (350 tpd) in 2011, 419 ktpa (1,270 tpd) in 2012, and 660 ktpa (2,000 tpd) from 2013 and onwards, the ore reserves at the Shizishan Mine are estimated to support approximately 12.5 years of mine operation. The key costs and risks for mine closures are: (i) long-term management of permanently engineered structures; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the site with attached structures and community development infrastructure and programs to new owners. We are also subject to laws and regulations regarding the rehabilitation of areas that we have cleared for mining and production purposes. See "— Our operations are exposed to risks in relation to environmental protection and rehabilitation." The successful completion of these tasks is dependent on our ability to successfully comply with and implement relevant governmental requirements and negotiated agreements with the community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental rehabilitation costs and damage to our reputation, which could materially and adversely affect our business and results of operations.

We may not be able to retain or secure key qualified personnel.

Our success depends, to a significant extent, on our ability to attract, retain and train key management personnel, such as our Directors and Senior Management set out under the section headed "Directors, Senior Management and Employees" as well as other management and technical personnel. We cannot prevent employees from terminating their respective contracts in accordance with the relevant agreed conditions. Our success further depends on the ability of our key personnel to operate effectively, individually and more importantly, as a group. All of our key management and technical personnel are important to our success. For example, the majority of our Directors have extensive industry expertise in the areas of exploration, mining, processing, production, production safety, trading and mining management. Should any member of the management team leaves us, the Group may not be able to find a timely replacement who possesses comparable technical skills or management skills. Therefore, loss of the services of any of our key management personnel could materially and adversely affect our business, financial condition and results of operations. Additionally, our ability to recruit and train skilled operating and maintenance personnel is a key factor to the success of our business. If we are not successful in recruiting and training such personnel, our business, financial condition and results of operations could be materially and adversely affected.

We may not be adequately insured against losses and liabilities arising from our operations.

According to the relevant PRC laws and regulations, we are liable for losses and costs arising from accidents resulting from fault or omission on the part of our own employees or us. The relevant PRC laws and regulations do not require mining enterprises to obtain insurance for such liability, except as it relates to work-related injuries, which we have already obtained for our employees. Consistent with industry practice, we do not maintain business interruption insurance or third-party liability insurance against claims for environmental disaster, property damage, personal injury and environmental liabilities, other than third-party liability for our vehicles. Our automobile insurance, however, is limited and may not be sufficient to cover major car accidents in the future. In addition, we do not maintain any fire, earthquake, liability or property insurance with respect to our properties, equipment or inventory, with the exception of the insurance coverage on our vehicles. In the event that we incur substantial losses or liabilities and we are not insured against such losses or liabilities, or our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations could be materially and adversely affected.

Changes to the PRC regulatory regime for the mining industry may adversely affect our business, prospects, financial condition and results of operations.

The PRC local, provincial and national authorities exercise a substantial degree of control over the mining industry in China. Our operations are subject to a range of PRC laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labor standards, foreign investment and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may increase our operating costs and thus materially and adversely affect our business, prospects, financial condition and results of operations.

Moreover, frequent promulgations of new PRC laws, regulations, policies, standards and requirements applicable to the non-ferrous metal mining industry and changes to existing laws, regulations, policies, standards and requirements will make compliance with all these PRC laws, regulations, policies, standards and requirements difficult and costly. For example, the Ministry of Finance and the State Administration of Taxation increased the resource tax rates on certain metal ore in the Circular on Adjusting the Policy on Resource Tax of Molybdenum Ore and Other Resources (財政部、國家稅務總局關於調整鉬礦石等品目資源稅政策的通知) promulgated on December 12, 2005, effective January 1, 2006. Although this rule has impacted certain other mining companies, it has no direct impact on us since we commenced our operation after its effective date. However, we cannot assure you that there will be no promulgations of new, or further changes of existing, PRC laws, regulations, policies, standards and regulations applicable to the non-ferrous metal mining industry, and any such new PRC laws, regulations, policies, standards and requirements or any such changes to existing laws, regulations, policies, standards and requirements may create additional requirements or impose new restrictions on our mining operations, and as a result, may constrain our future expansion plans and adversely affect our profitability.

Our business depends on the health and outlook of the Chinese and global economy.

Our business and prospects depend on economic growth in China and the rest of the world because demand for non-ferrous metal and related products is fueled largely by industrial growth. In 2008 and 2009, the economies of the United States, Europe and certain countries in Asia experienced a severe and prolonged recession, and China also experienced a slowdown in its economic growth. The Chinese economy has rebounded since early 2009, in part due to a sharp rise in the volume of bank loans, which was part of the Chinese government's economic recovery plan in response to the global economic crisis. However, it is unclear whether such recovery is sustainable. Any further significant slowdowns in the Chinese or global economy may reduce demand for our products and materially and adversely affect our business, financial condition, results of operations and profitability. In addition, a global financial crisis may also reduce liquidity in many financial markets and increase volatility in credit and equity markets, which may materially adversely affect our ability to secure financing to fund our expansion plans as well as those of our customers.

Our operations depend on adequate and timely supply of water, electricity and other critical supplies and equipment.

Water and electricity are the main utilities used in our ore processing activities. We are required by the relevant laws and regulations to hold water harvesting permits for using water. We have received a water harvesting permit with an annual quota of 807.6 thousand m^3 for using water from the Zhina River. The permit will expire on May 20, 2016. As advised by our PRC legal advisor, there is no legal impediment for us to renew the water harvesting permit which will expire in 2016.

There is no assurance that we will be able to renew this permit on time, for sufficient quantities of water and at acceptable prices, or at all. We cannot guarantee that the water supply of the Zhina River will be sufficient for our operations if there is drought in the area. Failure to obtain sufficient water supplies could materially adversely affect our operations and future growth plans. We also source our electricity from the China Southern Power Grid through its local grid station. An interruption in electricity supply will materially and adversely affect our production.

Our principal raw material are the non-ferrous metal ore extracted from our mines or from third party raw ore providers. Major auxiliary materials to be used in our production include forged steel grinding balls, chemical products, explosives, lubricating oil and electric wires and cables. We have also purchased, or plan to purchase, equipment such as drilling machines, air compressors, ore crushers and screening equipment. The majority of our materials are, or will be, sourced from local suppliers within Yunnan Province and our equipment are, or will be, sourced from suppliers within China. We cannot assure you that supplies of auxiliary materials, equipment or spare parts will not be interrupted, will be delivered on time or that their prices will not increase in the future. Moreover, because we do not have a long history of dealing with suppliers of our auxiliary materials, equipments and spare parts, we cannot guarantee that our supplier base is stable. We have not entered, and do not plan to enter, into long-term contracts with or obtained guarantees of supply from all of our suppliers of auxiliary materials, equipment and spare parts. In the event that our existing suppliers cease to supply us with auxiliary materials, equipment or spare parts at existing or lower prices or in a timely manner, or at all, our financial condition, results of operations, planned expansion timetable and expected production targets may be materially and adversely affected.

Our Controlling Shareholders have substantial influence over us and their interests may not be aligned with the interests of our other Shareholders.

Immediately following the Global Offering, our Controlling Shareholders will hold in aggregate approximately 35.61% of our Shares, assuming the completion of Mandatory Redemption (instead of the exercise of conversion rights) of the Exchangeable Bonds immediately after completion of the Global Offering based on the mid-point of the offer price range of HK$2.38 per Share, and the Over-allotment Option is not exercised. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions with respect to mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and might reduce the price of our Shares. These actions may be taken even if our Controlling Shareholders are opposed by our other shareholders.

RISKS RELATING TO CONDUCTING OPERATIONS IN CHINA

We are vulnerable to adverse changes in political, social and economic policies of the PRC government that may affect economic growth in China.

All of our business operations are conducted in China and we anticipate selling substantially all of our output in China in the near future. Accordingly, we are affected by the economic, political and legal environment in China and China's overall economic growth. The Chinese economy differs from the economies of most developed countries in many respects, including the fact that it:

- has a high level of government involvement;

- has experienced rapid growth;
- has a tightly controlled foreign exchange policy; and
- is characterized by an inefficient allocation of resources.

China's economy has been transitioning from a planned economy towards a more market-oriented economy. However, a substantial portion of productive assets in China remains state-owned and the PRC government exercises a high degree of control over these assets. In addition, the PRC government continues to play a significant role in regulating industrial development by imposing industrial policies. For the past three decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development.

China's economy has grown significantly in recent years; however, we cannot assure you that such growth will continue. The PRC government exercises control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on our business. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. As such, our future success is, to some extent, dependent on the economic conditions in China, and any significant downturn in market conditions, may adversely and materially affect our business prospects, financial condition and results of operations.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in China. We conduct our business primarily through our subsidiaries established in China. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in China. However, the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties, which may limit legal protections available to us. In addition, some regulatory requirements issued by certain PRC government authorities may not be consistently applied. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

We may not be able to obtain necessary approvals from the relevant governmental authority for capital investments.

We must obtain PRC government approvals for all of our significant capital investment projects. There can be no assurance that all of our projects will be approved or that there will not be a delay in securing such approvals. Because the commercial viability of our future development plans for our business depends largely on these projects, our business prospects, financial condition and results of operations may be materially and adversely affected if any of these projects is not approved, or is not approved on a timely basis.

Government control of currency conversion and fluctuations in the exchange rate between the Renminbi and other currencies could negatively affect our financial condition, operations and our ability to pay dividends.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are satisfied. However, approval from SAFE or its local counterpart is required for capital account transactions. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Substantially all of our revenue is denominated and settled in Renminbi. Any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies. This could affect the ability of our subsidiaries in China to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from us. Furthermore, the prices in Renminbi of the metals contained in the concentrates we sell effectively move in line with the market prices of these metals in U.S. dollars, our earnings may be affected by the RMB/U.S. dollar exchange rate. Moreover, fluctuations in RMB/U.S. dollar exchange rate may lower the shipping costs of imported mineral concentrates from abroad and thereby hurt our competitive advantage. Therefore, any appreciation of the Renminbi against the U.S. dollar could materially and adversely affect our financial results.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce non-PRC court judgments against them in China.

We are incorporated in the Cayman Islands. The majority of our Directors and all of our executive officers reside within China. Almost all of our assets and some of the assets of those persons are located within China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned, or the Arrangement (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service or process against our assets, directors or executive officers in China in order to seek recognition and enforcement for foreign judgments in China.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other western countries or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC corporate Shareholders.

The Enterprise Income Tax Law of the PRC (the "New Income Tax Law") provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered PRC "tax resident enterprises" and will generally be subject to the uniform 25% PRC enterprise income rate on their global income. Although under the implementation rules to the New Income Tax Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and other assets of an enterprise, the circumstances under which an enterprise's "de facto management body" would be considered to be located in China are currently unclear. A tax circular issued by the SAT on April 22, 2009, or Circular 82 (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), provides that certain foreign enterprises controlled by a PRC company or a PRC company group will be classified as "resident enterprises" if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operation and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and half or more of the senior management or directors having voting rights.

Currently, a substantial majority of the members of our management team as well as the management team of some of our offshore holding companies are located in China. Although our offshore holding companies are not controlled by any PRC company or company group, we may be deemed to be a PRC resident enterprise if the related criteria under Circular 82 are referred to and applied to us by the PRC tax authorities. If our company or any of our overseas subsidiaries is considered a PRC tax resident enterprise for PRC tax purposes, a number of unfavorable PRC tax consequences could follow. First, our company or our overseas subsidiary will be subject to the uniform 25% enterprise income tax rate as to our global income as well as tax reporting obligations. Second, although under the New Income Tax Law and its implementing rules dividends paid to us from our PRC subsidiaries would qualify as "tax-exempted income," we cannot assure you that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC tax purposes. Finally, dividends payable by us to our investors and gain on the sale of our Shares may become subject to PRC withholding tax.

Restrictions on the payment of dividends under applicable regulations may limit the ability of our PRC operating subsidiary to remit dividends to us, which could affect our liquidity and our ability to pay dividends.

As a holding company, we conduct substantially all of our business through our consolidated subsidiaries incorporated in China. We rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any foreign currency debt we may incur and to make any offshore acquisitions. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. These limitations on the ability of our PRC subsidiaries to transfer funds to us limit our ability to receive and utilize such funds. In addition, if our PRC subsidiaries incur debt in the future, the instruments governing the debt may restrict their abilities to pay dividends or make other distributions to us. As a result, our PRC subsidiaries may be restricted in their abilities to transfer the net profit to us in the form of dividends. If our PRC subsidiaries cannot pay dividends due to government regulations or contractual restrictions, or because they cannot generate the requisite cash flow, we may not be able to pay dividends, service our debt or pay our expenses, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

Any widespread outbreak of contagious diseases may have a material adverse effect on our business operations, financial condition and results of operations.

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome, avian influenza or H1N1 influenza) in China could materially and adversely affect the overall business sentiment and environment in China, particularly if such an outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labor supply and, possibly, the overall economic growth of China. As our revenue is currently derived from our operations in China, any labor shortages or contraction or slowdown in the growth of domestic consumption in China could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our employees are affected by any severe communicable disease, it could adversely affect or disrupt those areas in which we have operations and materially and adversely affect our financial condition and results of operations as we may be required to close our facilities to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the operations of our customers and suppliers, which in turn could materially and adversely affect our business, financial condition and results of operations.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

On October 21, 2005, the SAFE issued the Notice of SAFE on Issues Relating to Foreign Exchange Control on Fund Raisings and Round-trip Investment by Domestic Residents Through Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知, "Circular 75") which came into force on November 1, 2005, requiring PRC residents, including both legal persons and natural persons, to register with the competent local SAFE branch before establishing or controlling any company outside China, referred to as an "offshore special purpose company," for the purpose of raising funds from overseas with the assets of or equity interest in PRC companies. It is also required by Circular 75 that any PRC resident that is the shareholder of an offshore special purpose company shall amend its SAFE registration with the local SAFE branch with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, share exchange, merger, division, long-term investment with creditor's right investment and provision of guaranty to a foreign party without involving round-trip investment.

To the best of our knowledge, as at the Latest Practicable Date, our PRC Shareholders who are required to make the foreign exchange registration under Circular 75 have completed such registration with the SAFE. According to the relevant guidance with respect to the operational rules on such foreign exchange registration issued by SAFE to its local branches, if any PRC shareholder of an offshore special purpose company fails to make the required SAFE registration and amendment, the PRC subsidiaries of that offshore special purpose company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer, the principal and interests of shareholder's loans, advance recovery of investment or liquidation to the offshore special purpose company, otherwise could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, which would materially and adversely affect our business and your investment in our shares.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In utilizing the proceeds from the Global Offering or any future offerings, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local counterpart. Any capital contributions to our PRC subsidiaries must be approved by the Ministry of Commerce in China or its local counterpart. In addition, on August 29, 2008, SAFE promulgated Circular 142 which requires that Renminbi obtained from the settlement of capital of a foreign-invested enterprise shall be used for purposes within the business scope approved by the applicable government authority. Unless otherwise specified, the Renminbi obtained from the settlement of capital shall not be used for domestic equity investment. Furthermore, SAFE strengthened its oversight of the flow and use of Renminbi funds converted from the foreign currency-denominated capital of a foreign-invested enterprise. The use of such Renminbi may not be changed without approval from SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used for purposes within the foreign-invested enterprise's approved business scope. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we receive from the Global Offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Failure to comply with PRC regulations relating to the registration of share options that belong to our employees who are PRC citizens may subject such employees or us to legal or administrative sanctions.

Pursuant to the Implementation Rules of the Administration Measure for Individual Foreign Exchange (個人外匯管理辦法實施細則), (the "Individual Foreign Exchange Rules"), issued on January 5, 2007, by SAFE and the Operating Rules on the Foreign Exchange Administration of the Involvement of Domestic Individuals in the Employee Stock Ownership Plans and Share Option Schemes of Overseas Listed Companies (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued on March 28, 2007, by SAFE (the "Operating Rules"), PRC citizens residing in the PRC who are granted shares or share options by an offshore listed company through an employee share option or share incentive plan are required, through the PRC subsidiary of such offshore listed company or other qualified domestic PRC agents, to obtain the approval from SAFE or its local branches and complete certain other procedures related to the share option or other share incentive plan.

In order to comply with the requirements of the Individual Foreign Exchange Rules and the Operating Rules, we will require our PRC employees to obtain approval from SAFE or its local branches when joining the Share Option Scheme. Foreign exchange income from the sale of shares or dividends distributed by an offshore listed company must be remitted into the PRC. In addition, an offshore listed company or its PRC subsidiary or a qualified PRC agent is required to appoint an asset manager or administrator and a custodian bank, as well as open foreign currency accounts to handle transactions relating to the share option or other share incentive plan. We and our PRC citizen employees, who have been granted share options, or PRC option holders, will be subject to these rules upon the listing of our Shares on the Stock Exchange. If we or our PRC option holders fail to comply with these rules in the future, we or our PRC option holders may be required to rectify such non-compliance, and a maximum fine of RMB300,000 may be imposed, according to Foreign Exchange Administration Rules (外匯管理條例).

RISKS RELATING TO THE SHARES AND THE GLOBAL OFFERING

There has been no prior public market for our Shares, their market price may be volatile and an active trading market in our Shares may not develop.

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price may differ significantly from the market price of our Shares following the Global Offering. We have applied for listing and permission to trade our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, that it will be sustainable following the Global Offering or that the market price of our Shares will not decline after the Global Offering.

Furthermore, the price liquidity and trading volume of our Shares may be volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price:

- variations in our revenue, earnings and cash flow;
- changes in laws and regulations in the PRC;
- unexpected business interruptions resulting from natural disasters or power shortages;

- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in China and globally;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

Future sales of Shares could adversely affect our Company's Share price.

Any future sale or availability of our Shares in the public market could have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Global Offering, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. We anticipate that our Controlling Shareholders, will collectively hold in aggregate approximately 35.61% of our entire issued share capital after the completion of the Global Offering (assuming the completion of Mandatory Redemption (instead of exercise of conversion rights) of the Exchangeable Bonds immediately after completion of the Global Offering based on the mid-point of the offer price range of HK$2.38 per Share, and the Over-allocation Option is not exercised), subject to certain lock-up undertakings for periods ending six months after the date on which trading in the Shares commences on the Stock Exchange. Any substantial sale of our Shares over a short period of time after the expiry of the applicable moratorium period (where applicable) could cause our Share prices to fall.

The market price of our Shares when trading begins could be lower than the Offer Price.

The initial price to the public of our Shares sold in the Global Offering is expected to be determined on December 7, 2011 and in any event, not later than December 12, 2011. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth Business Day after the pricing date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the 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.

Future financing may cause a dilution in your shareholding or place restrictions on our operations.

We currently expect to further incur a total of approximately RMB1,653 million for the acquisition cost and capital expenditure for the development of the Shizishan Mine, Dazhupeng Mine, Lushan Mine, Liziping Mine and Dakuangshan Mine. We plan to fund these capital expenditure requirements out of the net proceeds of HK$1,005 million (assuming the Over-allotment

Option is not exercised) that we anticipate to receive from the Global Offering, based on the low end of the indicative Offer Price range, and through our internal operating cash inflow and bank loans that we may receive from time to time in the future. However, we cannot assure you that our future internal operating cash inflow and bank loans that we may receive in the future will be sufficient to fill in the gap between the total capital expenditure we will incur for these and other mine projects that we may operate in the future and the net listing proceeds that we will receive from the Global Offering. There is an approximately RMB833 million gap between the net proceeds (based on the low end of the Indicative Offer Price range) from the Global Offering and the estimated project acquisition and development costs to be incurred. Investors should note that, should we be unable to obtain sufficient funding to support such gap by internally generated funding, including our internal operating cash inflow and bank loans that we may obtain in the future, or from any future capital market fund raising, the expected commencement date for commercial production of these mines may be delayed or the acquisition plans (including the option to acquire the Dakuangshan Mine) as currently contemplated may not be materialized. However, our Directors believe that the current expansion and acquisition plan for our mine projects is achievable. We may need to raise additional funds in the future to finance further expansion of our capacity and business relating to our existing operations, acquisitions or strategic partnerships. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of such Shareholders in the Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by the Shares. Alternatively, if we meet such funding requirements by way of additional debt financing, we may have restrictions placed on us through such debt financing arrangements which may:

- limit our ability to pay dividends or require us to seek consents for the payment of dividends;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to service our debt, thereby reducing the availability of our cash flow to fund capital expenditure, working capital requirements and other general corporate needs; and
- limit our flexibility in planning for, or reacting to, changes in our business and our industry.

Potential investors will experience immediate and substantial dilution as a result of the Global Offering.

Investors will pay a price per Share that substantially exceeds the per Share value of the Company's tangible assets after subtracting the Company's total liabilities and will therefore experience immediate dilution when investors purchase our Shares in the Global Offering. As a result, if the Company were to distribute its net tangible assets to the Shareholders immediately following the Global Offering, investors purchasing in the Global Offering would receive less than the amount they paid for their Shares. See Appendix II, "Unaudited Pro Forma Financial Information" to this Prospectus.

Our financial results are expected to be affected by the expenses in relation to the Global Offering.

Our financial results will be affected by the expenses in relation to the Global Offering. The estimated expenses in relation to the Global Offering are approximately RMB45.5 million, of which approximately RMB13.7 million is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity. The remaining estimated listing expenses of approximately RMB31.8 million which cannot be so deducted will be charged to profit or loss of the Group for the year ended December 31, 2010 and the year ending December 31, 2011 of RMB1.7 million and RMB30.1 million, respectively. Therefore, our financial results for the year ending December 31, 2011 will be affected by the expenses in relation to the Global Offering.

You may face difficulties in protecting your interests under Cayman Islands law.

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be limited compared to the laws of Hong Kong or other jurisdictions. See Appendix VII, "Summary of the Constitution of the Company and Cayman Islands Company Law" to this Prospectus.

Information, forecasts and other statistics obtained from industry organization and official government sources contained in this Prospectus may not be accurate.

Information, forecasts and other statistics in this Prospectus relating to the economy and the mining industry on an international, regional and specific country basis have been collected from materials from industry organization and official government sources. The Directors of the Company have relied on these statements with due care and have no reason to believe that the statements are not accurate. We believe that the source(s) of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

Facts and statistics in this Prospectus relating to the PRC economy, mineral products and mining industry in the PRC may not be fully reliable.

Facts and statistics in this prospectus relating to China and the industry in which we operate, including those relating to the PRC, the PRC economy, the PRC mining industry, and the PRC mineral market, are derived from various publications of governmental agencies or Independent Third Parties and obtained in communications with various governmental agencies or Independent Third Parties which we believe are reliable. However, we cannot guarantee the quality or reliability of these materials. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy and completeness. Investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics and should not place undue reliance on them.

You should read the entire Prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering. Prior to the date of this Prospectus, there has been press and media coverage regarding us and the Global Offering, which included certain financial information, financial projections, valuations, capital expenditure, offering information and other information about us. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Prospectus, we disclaim responsibility for it and you should not rely on any such information.

This Prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which are subject to risks and uncertainties.

This Prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "going forward," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory or operating conditions in the markets in which we operate;
- our ability to reduce costs;
- our dividend policy;

- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- certain statements in "Financial Information" with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this Prospectus that are not historical facts.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.