You should carefully consider all of the information set out in this Prospectus, including the risks and uncertainties described below and in Appendix V — Independent Technical Report — Risk Analysis 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 as: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting operations in China; and (iv) 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 the Company.

RISKS RELATING TO OUR BUSINESS

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

We have only been in existence since 2005 and our business is focused on one iron ore mine, which we have only recently started to exploit through commercial production. As a result, there is limited historical information available upon which you can base your evaluation of our business and prospects. During the Track Record Period, we focused our efforts on acquiring and preparing the Yanjiazhuang Mine for commercial production. In addition, the commencement of our commercial operations was originally scheduled for July 2010, but as a result of the change of Controlling Shareholders (See "History, Reorganization, and Corporate Structure – History and Development – Prior to Change in Controlling Shareholders"), a period of time was required both to effect the change of Controlling Shareholders and for the new Controlling Shareholders to assess, review and adjust mine development and operational plans, which has resulted in the commencement of commercial operations on 1 January 2011. As a result, we only began to generate revenue from our operations in January 2011 and incurred net losses and negative cash flow over the Track Record Period. Our limited operating history makes the prediction of our future operating results, operating costs and prospects difficult. The Independent Technical Report provides a forecast of our operating, processing and production costs. See Appendix V — Independent Technical Report — Operating Costs. If the assumptions underlying our expected costs are incorrect, such as the lack of inflation factors, our financial condition and results of operations could be adversely affected. For further discussion regarding the risks relating to our operating costs, see Appendix V — Independent Technical Report — Risk Analysis — Operating Cost. We believe that period–to–period comparisons of our operating results may not be meaningful and the results for any period should not be relied upon as an indication of future performance. You should consider our business and prospects in light of the risks, uncertainties, expenses and challenges that we will face as a developing mining company.

Fluctuations in the market price for iron concentrate or steel and foreign currency exchange rates could materially and adversely affect our business, financial condition and results of operations.

Upon commencement of commercial operations, we expect to derive our revenues primarily from the sale of iron concentrate. The prices of our iron concentrate are determined by the content and grade of the iron contained in our products and the market price of iron concentrate. In addition, fluctuations in the price of iron concentrate, due to factors such as an imbalance in the supply of and demand for iron concentrate in local, national and global markets could adversely affect the unit price of our products. The performance of the PRC steel industry could also influence the demand for our products. Government policies, macroeconomic factors, including currency exchange rates, interest rates and the level of inflation, global economic trends, inventory levels, actions of participants in the commodity markets and other factors beyond our control could result in a significant oversupply or decreased demand for steel which, in turn, would result in fluctuations in the market price and demand for iron ore. Historically, the market price of iron concentrate or steel has fluctuated widely and each has experienced periods of significant decline. For the years ended 31 December 2009 and 2010 and year-to-date 2011 (up to the Latest Practicable Date), iron concentrate prices in Hebei Province (inclusive of VAT) averaged RMB770/tonne, RMB1,201/tonne and RMB1,404/tonne, respectively, according to Hatch. Like our competitors, we have a limited ability to anticipate and manage commodity price fluctuations. There can be no assurance that the market price of any or all metals will not decline in the 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 iron concentrate, could materially and adversely affect our business, financial condition and results of operations.

In addition, substantially all of our revenue and our operating costs are, and for the foreseeable future will be, denominated in Renminbi. Since the prices in Renminbi of the metals contained in the concentrates we sell effectively move in line with the market prices of those metals in U.S. dollars, our earnings may be affected by the Renminbi/U.S. dollar exchange rate. We currently do not, and currently have no plans to, hedge our U.S. dollar currency exposure. Therefore, any appreciation of the Renminbi against the U.S. dollar could materially and adversely affect our financial results. See "— Risks Relating to Conducting Operations in China — Government control of currency conversion and changes in the exchange rate between the Renminbi and other currencies could negatively affect our financial condition, operations and our ability to pay dividends."

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

We focus our operations primarily on one iron ore mine, the Yanjiazhuang Mine. Our Yanjiazhuang Mine is in the early stage of production and we have only explored a small percentage of our total reserves and resources. As of the Latest Practicable Date, we have obtained a mining permit for the Yanjiazhuang Mine that covers 5.22 km^2 with a mining quota of 3,000 ktpa. We have developed three open-pit mining pits and have completed test runs on two of our processing facilities. We expect to complete Phase Three of our expansion plan to increase our iron ore processing capacity to 10,500 ktpa in the second quarter of 2012, and we expect to achieve this level of production in October 2012. As we have a considerable amount of unexplored reserves and resources and only commenced commercial production on 1 January 2011, we cannot assure you that the expected economic benefits from this project will be successfully realized.

There are a number of risks involved in estimating our ore reserves and resources and operating the Yanjiazhuang Mine, as set forth in Appendix V — Independent Technical Report — Risk Analysis — Ore Reserves. These include risks relating to the following:

- limited history of trial and commercial production: the Company commenced commercial production in January 2011. The Yanjiazhuang Mine is in its Phase One expansion stage and only limited trial and commercial production has occurred as of the date of the Independent

Technical Report. This may bring an additional risk for the project, as the assumptions and estimations inherent in the ore reserve estimation have not been subject to verification through actual full production over a period of time;

- stripping activities and costs: no detailed mine plan has been completed for the Yanjiazhuang Mine. Further, the relatively higher strip ratio of 3.00:1.00 starting in year three and the further increase in year seven to 3.40:1.00 compared to the strip ratios in the earlier years of 2.41:1.00 in 2011 and 2.51:1.00 in 2012 makes the Yanjiazhuang Mine more vulnerable to changes in iron ore/concentrate prices. The Independent Technical Advisor has noted that the annual strip ratios in the production plan are not based on a detailed production schedule, and recommended that we prepare a detailed production schedule to derive the real waste stripping needs for the early years of the mine life. If waste stripping is not scheduled appropriately, ore production in the subsequent years could be affected. The Company is preparing a more detailed two-year mine plan and 10-year mine plan which are expected to be completed in September 2011, and has also begun preparing a detailed 26-year mine plan which is expected to be completed in December 2011;

- cost estimations: according to the Independent Technical Advisor, estimates of project capital and operating costs usually deviate by at least 10% and often more than 15% for projects in development stages. Further, the Independent Technical Advisor has noted that the capital cost for construction of the conveyor system and declines from the crushing plants to the concentrators is not included in the initial capital cost estimate, as this pre-concentrated ore transportation system is not scheduled to be built in the initial years of the mine life;

- absence of a detailed geotechnical study and use of preliminary grade study: the Independent Technical Advisor has noted that detailed geotechnical studies have not been completed to determine the appropriate pit slopes and the grade model used for pit optimization for the Yanjiazhuang Mine and that the ore reserve estimation is also considered preliminary in nature. The Independent Technical Advisor has also noted that although it is not essential to have detailed geotechnical and/or grade studies to conduct efficient and/or profitable mining operations, especially at the early stage of the open pit mining operation, it recommends the Company to conduct a detailed geotechnical study for the project and to implement a more detailed grade model for pit optimization and ore reserve estimation in order to fully optimise the mining operations at Yanjiazhuang. A detailed geotechnical study would provide more detailed information as to the geology, soils, and seismic conditions at the Yanjiazhuang Mine. Using this information to construct a more detailed grade model would provide additional relevant information to enable us to determine the appropriate pit slope angles during the early years of mining operations and design the relevant walls of the open pit most appropriately. Without such information, we may construct pit slope angles that are lower than necessary, resulting in more waste stripping than is necessary with significant additional costs, and our mine design may also be less efficient, resulting in mining of less ore reserves than we otherwise could have with an efficient mine design; and

- infrastructure: additional roads, substations and transmission lines will need to be built for completion of Phases Two and Three of our expansion plan.

These risks are classified by the Independent Technical Advisor as either low, or low to moderate risks. The Independent Technical Advisor has further noted that the risk associated with a mining project will be reduced when the project evolves from the exploration stage to the development stage and the production stage.

In addition, our mining permit for the Yanjiazhuang Mine will expire in 2017. We cannot guarantee that we will be able to successfully obtain an extension of the mining permit from the relevant government authorities upon the expiration of our current mining permit. See "— Our failure or inability to obtain, retain and renew required government approvals, permits and licenses for our exploration and mining activities could materially and adversely affect our business, financial condition and results of operations." The occurrence of any of the foregoing may adversely affect our business, financial condition and results of operations. For additional information regarding the risks involved in estimating our ore reserves, see Appendix V — Independent Technical Report — Risk Analysis — Ore Reserves. Moreover, our stripping activities and related costs for the Yanjiazhuang Mine may adversely affect our business and results of operations. For additional information regarding the risks relating to the stripping costs for the Yanjiazhuang Mine, see Appendix V — Independent Technical Report — Risk Analysis — Open Pit Mining.

Our inability to develop existing or acquire additional iron ore reserves may have a material adverse effect on our business and results of operations.

As of the Latest Practicable Date, we held the mining rights to one open-pit iron ore mine, the Yanjiazhuang Mine. We have not yet explored and developed all of the mineralized bodies in the 5.22 km^2 mining area covered by our mining permit. In addition, we have applied to the relevant government body for a license to explore the 0.75 km^2 area adjacent to the northern boundary of the permitted mining area of Yanjiazhuang Mine. The development plan for this adjacent 0.75 km^2 area is not included in our three-phase expansion plan. The final development plan of this adjacent land is subject to government approval and the outcome of further exploration. There are no assurances that the exploration permit will be granted, nor that iron ore resources and reserves will be found in the area. We cannot guarantee that our plans to expand our reserves and resources and further develop the Yanjiazhuang Mine will succeed. Such plans may be delayed or adversely affected by various factors, including the failure to obtain relevant regulatory approvals, the failure to secure sufficient financing to fund our expansion and production, the occurrence of geotechnical difficulties or constraints on managerial, operational, technical and other resources, the incurrence of higher-than-expected stripping costs and our decision to utilize small-scale mining equipment in our open-pit mining operations. For additional information regarding the risks involved in our open-pit mining plans, see Appendix V — Independent Technical Report — Risk Analysis — Open Pit Mining. In the event that we encounter any delay or difficulty in developing the Yanjiazhuang Mine, we may experience cost overruns or fail to obtain the intended economic benefits from the project, which may in turn materially and adversely affect our business, financial condition and results of operations. For example, delays in our planned construction or equipment adjustment may affect our ability to meet planned production targets during our initial stages of commercial production. See Appendix V — Independent Technical Report — Risk Analysis — Production Targets. In addition, the assumptions underlying our forecast planned production targets may prove to be incorrect, which in turn may adversely affect our results of operations.

We entered into a contract with the 11th Geological Brigade in February 2010 to acquire the exploration rights to two iron ore mines located in Hebei Province, namely the Gangxi Mine and the Shangzhengxi Mine. We expect to decide whether to develop these mines upon completion of the relevant exploration activities. We cannot guarantee that we will be able to proceed with or successfully complete these acquisitions. If the acquisition of the exploration rights to these two mines is unsuccessful or if we fail to discover mineable resources or develop them into commercially viable assets, our expansion plan may be delayed or adversely affected.

We also intend to acquire iron ore assets in the future to expand our mineral reserves and resources. However, we may encounter intense competition during the acquisition process and we may fail to select or value our targeted assets appropriately. One of the important factors that we consider when selecting or evaluating targets is reserve and resource data. Such data are estimates that may be affected by many factors and may be inaccurate. See "— The reserve and resource data cited in this Prospectus are estimates and may be inaccurate." The failure to select or value our targeted assets appropriately may result in our inability to complete our expansion plans at a reasonable cost, if at all.

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 result in the justification of ore extraction. If a viable deposit is discovered, it can take several years and significant capital expenditures from the initial phases of exploration until commercial production commences during which time the capital cost and economic feasibility may change. Furthermore, actual production results may differ from those anticipated at the time of discovery. In order to maintain production beyond the life of our current ore reserves, additional iron ore reserves must be identified and explored, either to extend the life of existing mines or to justify the development of new projects in our existing mining area or in other areas in which we acquire mining rights. Our exploration programs and feasibility studies may not result in the replacement of such reserves or result in new commercial mining operations. In the event that we are unable to develop our exploration and mining projects in the quantity or manner as planned, yielding commercially viable products or otherwise achieving a positive return on our investment, our business, financial condition and results of operations may be materially and adversely affected.

Our exploration and mining projects and acquisition activities require substantial capital investment. For example, we entered into a contract to acquire the exploration rights to the Gangxi Mine and the Shangzhengxi Mine from the 11th Geological Brigade in February 2010. Since both mines are in the early stages of preliminary exploration as of the Latest Practicable Date, information regarding the scope of exploration, mining method and technology to be used, iron ore quality, expected annual production volumes, and estimated resources and reserves are not yet available. As such, we are unable to determine with certainty the total amount of fees to be paid to the 11th Geological Brigade until exploration work for these two mines is completed. Pursuant to our contract with the 11th Geological Brigade, we are required to pay an aggregate of RMB9 million for the exploration rights to both mines upon the transfer of the exploration rights to us and, after the iron ore reserves are ascertained, we are also required to pay an additional amount, which shall be calculated as RMB2/tonne of iron ore reserves. We expect to spend approximately RMB720.0 million for the exploration and acquisition costs of these two mines along with other mines in Hebei Province not yet identified by us. However, we cannot guarantee that the amount we have estimated and budgeted will be sufficient to cover the actual fees. In addition, our expansion plans are subject to change, require significant capital investment and our actual capital expenditures might be higher than we currently anticipate.

For additional information about our estimated financing needs for our expansion plan, see "Financial Information — Financing of our Mining Projects." In the event that our actual capital expenditures exceed our estimates or we are unable to obtain adequate financing on acceptable terms, or at all, for these projects and plans, our business, financial condition and results of operations may be materially and adversely affected.

We face certain risks and uncertainties beyond our control that are associated with our operations and our customers' operations.

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

- unexpected or periodic interruptions due to inclement or hazardous weather conditions;
- major catastrophic events and natural disasters, including fires, earthquakes, floods and snowstorms;
- water, power or fuel supply interruptions;

- unusual or unexpected variations in the ore; and
- geological or mining conditions such as subsidence of the working areas.

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

Natural disasters, such as earthquakes, floods and snowstorms, may disrupt or seriously affect our operations and production as well as the operations and production of our customers. Droughts, such as the unusually severe drought affecting Northern China with limited rain since last winter and into spring, significantly reduce the available water supply and affect our ability to access water, as a result of which we accelerated commencement of our plan to construct water pipelines to the Lincheng Reservoir, and in response to which the Company decided to significantly reduce levels of production temporarily, thus disrupting our mining operations. These natural disasters may also damage ancillary operations such as travel and access by our customers to the Yanjiazhuang Mine to obtain our products. In addition, any sustained disruption to the operations of our mine, processing facilities or supporting infrastructure, particularly the highway and roadway network, or any change to the natural environment surrounding our mine, may have a material adverse effect on our business, financial condition and results of operations.

Our memoranda of understanding do not create binding sales commitments and may not result in sales or revenues.

In 2009, we entered into memoranda of understanding for the sale of iron concentrate with six purchasers in Hebei Province, all of which are major steel producers and are Independent Third Parties. In 2011, we entered into memoranda of understanding for the sale of gabbro-diabase products with four purchasers, all of which are well-known PRC property companies or their subsidiaries and are Independent Third Parties. Under these memoranda of understanding, we and each of the purchasers have agreed to negotiate the terms of future specific contracts, specifying the amount of iron concentrate or gabbro-diabase to be sold, the price and other terms. However, unlike the Shougang Agreement, which created purchase and sale obligations regardless of whether Shougang Hong Kong and the Company enter into a definitive supply agreement, we cannot assure you that future sales will result from these other memoranda of understanding. In addition, although we will seek to convert our iron concentrate memoranda of understanding into long-term binding sales agreements with these parties and other potential customers on terms acceptable to us after the completion of Phase One, and after further progress has been made on Phase Two and Phase Three, of our expansion plan, we cannot assure you that we will be successful in this endeavor.

We may not receive the benefits we expect from any cooperation agreement with Shougang Hong Kong or any other steel manufacturers.

On 28 April 2011, we entered into the Shougang Agreement with Shougang Hong Kong, a wholly-owned subsidiary of Shougang Corporation, wherein we have agreed to negotiate to enter into definitive agreements to pursue resource-related opportunities (including potential acquisitions) in China and overseas and to cooperate in relation to operational and technical matters following any such acquisitions. Shougang Corporation has not guaranteed the obligations of Shougang Hong Kong under the Shougang Agreement. We may also seek to enter into similar agreements with other companies in the future. We offer no assurances that we will be able to identify suitable acquisition opportunities or successfully complete any such acquisitions. Furthermore, we may not obtain the desired benefits from our agreement with Shougang Hong Kong or any other cooperation agreements for a variety of reasons, including the fact that we have not previously worked together with the cooperating party in this manner, possible management conflict, and differences in business strategy as well as the financial standing of any cooperating party which may change over time.

We may not have sufficient managerial resources to bring our gabbro-diabase resources into production.

As part of our business strategy, we intend to invest in the exploration and development of our gabbro-diabase resources, which will include the development of extraction pits and construction of gabbro-diabase production facilities. We plan to invest approximately RMB303.2 million to develop and commercialize our gabbro-diabase resources and expect to fund this investment with revenue generated from our operations following the commencement of commercial production and the proceeds of the Global Offering. We expect to commence commercial production of quarry stones and crushed stones, two of our gabbro-diabase products, by July 2011. Our ability to implement this strategy will depend on, among other things, the availability of our managerial resources. However, our current management team may not have sufficient experience in developing and marketing gabbro-diabase products. While we plan to hire directors and management members who possess relevant knowledge and expertise in the gabbro-diabase industry, we cannot guarantee that we will be able to secure personnel with the relevant expertise and experience in the exploration and development of gabbro-diabase in a timely manner or at all. In the event that we are unable to procure adequate managerial resources, we may be unable to develop our gabbro-diabase resources as planned to yield commercially viable products or otherwise achieve a return on our investment — which would have a material adverse effect on our business, financial condition and results of operations.

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 potential of the Yanjiazhuang Mine and other neighboring iron ore assets in Hebei Province. Our future expansion may place a significant strain on our managerial, operational, technical and financial resources. In order to better allocate our resources to manage our growth, 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, delays in production 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 could be harmed significantly.

Our failure or inability to obtain, retain and renew required government approvals, permits and licenses for our exploration and mining activities could materially and adversely affect our business, financial condition and results of operations.

Under the Mineral Resources Law of the PRC, all mineral resources in China are owned by the state. Mining companies such as ours 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.

For example, under relevant PRC laws and regulations, mining companies are required to apply and register for an exploration or mining permit before the commencement of exploration or mining activities, respectively, relating to mineral resources. Before commercial mining activities may commence, the permit holder must also obtain the relevant production safety permits, metallurgical mineral production permits and a waste discharge permit as well as pass an inspection of the environmental protection facilities conducted by relevant environmental protection authorities, which are required by PRC production safety and environmental protection laws as well as the local laws and regulations of Hebei Province. The Company is currently constructing a new tailings storage facility, which is expected to be completed in August 2011, with an estimated discharge storage capacity of 5 million m^3. One of the production safety permits for our tailing storage facility at the No. 1 Processing Facility has expired on 15 April 2011. We are currently applying for the production safety permit for our new tailings dam. The Lincheng County Production Safety Supervision and Administration Bureau issued a notice letter to us on 12 April 2011. The notice letter states that the Company shall commence the closure procedures for the tailings storage facility within a period of one year from 15 April 2011, and the Company is allowed to use the tailings storage facility during the closure period with strengthened safety precaution measures. During such period, without renewing the expired permit or obtaining a new permit, the relevant government authorities may, in the future, not allow us to discharge the tailings into the tailings storage facility, which may adversely affect our production. We hold a mining permit for the Yanjiazhuang Mine which will expire in 2017. In addition, as of the Latest Practicable Date, we had filed an application with the relevant government authorities to expand the area covered by our mining permit for the Yanjiazhuang Mine. We have not yet obtained the required approvals to commence construction of Phase Two or Phase Three of our expansion plan nor to commence commercial production under Phase Two or Phase Three. Furthermore, we have not yet obtained the required approvals for construction of the gabbro-diabase related facilities or commercial production of gabbro-diabase. We have entered into a project investment agreement with the Lincheng County Industrial Park Administration Committee (LCIPAC) in respect of the land we intend to use to construct our gabbro-diabase production and processing facilities. Under this agreement, we are required to complete and commence operation of the production and processing facilities by June 2011. If we fail to commence operation by that date, LCIPAC may have the right to take back our land use rights. We cannot guarantee that we will be able to renew our existing approvals, permits and licenses or that we will be able to successfully obtain, retain or renew future approvals, permits and licenses in a timely manner, or at all, or that such approvals, permits and licenses will not be revoked by the relevant authorities. Failure to obtain or renew such approvals, permits and licenses as planned may cause delays in our production or expansion plans, thereby adversely affecting our business, financial condition and results of operations.

We may not be able to realize our plans to expand processing capacity and achieve our targeted iron ore mining quota.

Our iron ore output volume at the Yanjiazhuang Mine project is subject to the ore output volume limits stipulated in our current mining permits. The current mining permit for the Yanjiazhuang Mine allows for a mining quota of 3,000 ktpa of iron ore. We are in the process of applying for an expansion of this quota to 10,500 ktpa of iron ore. Any increase in the authorized ore processing capacity is subject to feasibility studies and the approvals of the relevant authorities, including the NDRC, MEP, SAWS and MLR or their respective branches. If we decide to increase our ore processing capacity, any such increase will be subject to the approval of the relevant government authorities. If we are unable to increase our ore processing capacity, our growth may be delayed and our business, financial condition and results of operations may be materially and adversely affected.

We engage third-party contractors for some of our mining operations and our operations could be affected by the performance of our third party contractors.

We engage third-party contractors to extract our iron ore, consolidate the extracted iron ore at the mine for hauling, haul the extracted iron ore to our processing facilities and remove the waste rock from our mining activities to waste rock dumps located outside of the Yanjiazhuang Mine pursuant to service contracts. As a result, our operations are affected by the performance of our third-party contractors. In selecting third-party contractors, we require the third-party contractors to have the relevant production safety permits issued by SAWS and, in cases where we hire third-party contractors for mining activities, the relevant qualifications issued by the construction administrative authorities. Such third-party contractors are required to carry out their work in accordance with the design and schedule of the relevant assignments as well as with our quality, safety and environmental standards, which are typically defined in the contracts we sign with them. Our specialized technical management personnel typically supervise the work performed by our third-party contractors and regularly inspect safety management. We 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 work performed by our own employees. Any failure by these third-party contractors to meet our quality, safety and environmental standards may result in liabilities to third parties and have a material adverse effect on our business, results of operations, financial condition and reputation. Any under-performance 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, any failure by us to retain our third-party contractors or seek replacements on favorable terms or at all may have a material adverse effect on our business and results of operations.

We may not be able to obtain land use rights and building ownership rights for our planned mining sites and facilities.

As part of Phase Two of our capacity expansion plans, we plan to add three additional open-pit mining pits, one additional dry magnetic cobbing system and construct the No. 3 Processing Facility at the Yanjiazhuang Mine in the third quarter of 2011. In addition, we also intend to develop two additional open-pit mining pits, one additional dry magnetic cobbing system and construct the No. 4 Processing Facility during Phase Three of our expansion plan. We intend to apply for land use permits for the land required for Phase Two and Phase Three of our expansion plan. We may also, in the future, construct additional facilities that require us to obtain necessary building ownership rights. However, we cannot assure you that we will be able to obtain the requisite land use rights and building ownership rights for any additional land parcels or buildings that we intend to include as part of our expansion plan. Failure to do so may have a material adverse effect on our ability to expand our operations as planned.

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 existing mining operations have a finite life and will eventually close. According to the Independent Technical Advisor, the estimated mine life of the Yanjiazhuang Mine is approximately 26 years based on its ore reserve estimates as of 31 December 2010 and assuming mining and ore processing capacities gradually increase to 10,500 ktpa in the second quarter of 2012 (we expect to reach this level of production in October 2012) and gradually decrease at the end of the Yanjiazhuang Mine's life. The key costs and risks for mine closures are: (i) long-term management of permanent engineered structures; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. We are also subject to laws and regulations regarding the rehabilitation of areas we have cleared for mining and production purposes. The successful completion of these tasks is dependent on our ability to successfully implement negotiated agreements with the relevant government authorities, 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 if a desired outcome cannot be achieved, all of which could materially and adversely affect our business and results of operations.

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 31 December 2008, 2009 and 2010, we had net current liabilities of approximately RMB52.5 million, RMB29.8 million and RMB321.6 million, respectively, primarily because we were in the development stage of our facilities and pits during the Track Record Period. A net current liability position may impair our ability to make necessary capital expenditures, develop business opportunities or make strategic acquisitions. We commenced commercial production on 1 January 2011, and are continuing to expand our operations. We may continue to incur net losses during the early stages of our operations.

There can be no assurance that our business will generate sufficient cash flow from operations in the future to service any future debt and make necessary capital expenditures, in which case we may seek additional financing, dispose of certain assets or seek to refinance some or all of our future debt. If we are unable to secure sufficient external funds when required, we may not be able to fund necessary capital expenditures. The availability of external funding is subject to various factors, some of which are beyond our control, including governmental approvals, prevailing capital market conditions, credit availability, interest rates and the performance of our business. Recently, in response to a rapid increase in liquidity in the market, the PRC Government has implemented a number of tightening measures, including raising interest rates. Our inability to arrange additional financing in a timely manner on terms that are satisfactory to us could materially and adversely affect our business, results of operations and expansion plans.

Our profit forecast contained in this prospectus is subject to numerous risks, uncertainties and assumptions and our actual results of operations may differ significantly from the forecast.

This Prospectus contains our forecast of the consolidated profit attributable to owners of the parent for the six months ending 30 June 2011. We have prepared this profit forecast based on the unaudited management accounts of the Group for the four months ended 30 April 2011 and the forecast of the consolidated results of the remaining two months ending 30 June 2011. Specifically, our profit forecast was based on our understanding and assumptions with respect to iron concentrate prices, and we cannot assure you that we will be able to sell our iron concentrate at this price. Please refer to "Bases and Assumptions" in Appendix III to this Prospectus for a detailed discussion of the principal assumptions adopted in calculating our profit forecast. In addition, the profit forecast contained in this Prospectus is limited to the six months ending 30 June 2011. The forecast results for the six months ending 30 June 2011 may not necessarily give any indication and should not be interpreted as a guidance of the Company's full year financial results.

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

As a mining company, we are subject to extensive laws, rules and regulations imposed by the PRC Government regarding production safety. In particular, our exploration and mining operations involve the handling and storage of explosives and other dangerous articles. Since assuming ownership of the Yanjiazhuang Mine, we have implemented a set of guidelines and rules regarding the handling of dangerous articles which comply with existing PRC laws, regulations and policies. In the future, we may experience increased costs of production arising from compliance with production safety laws and regulations. The PRC Government continues to strengthen the enforcement of safety regulations in relation to the iron ore 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 stringently enforced. We may not be able to comply with all existing or future laws, regulations and policies in relation to production safety economically or at all. 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 period. Failure to rectify any problem could lead to suspension of our operations. In addition, our operations involve the use of heavy machinery, which involves inherent risks that cannot be completely eliminated through prevention efforts. We or our third-party contractors may encounter accidents, maintenance or technical difficulties, mechanical failures or breakdown during the exploration, mining and production processes. The occurrence of such accidents may disrupt or result in a suspension of our operations and/or increased production costs which may, in turn, result in liability to us and harm to our reputation. Such incidents may also result in a breach of the conditions of our exploration and mining permits, or any other consents, approvals or authorizations obtained from the relevant authorities, any or all of which may result in fines and penalties or even possible revocation of our mining and exploration permits.

We cannot assure you that accidents such as explosions, fires, equipment mishandling and mechanical failures which may result in property damage, severe personal injuries or even fatalities will not occur during the course of our operations. Should we fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of any of the foregoing events, our business, reputation, financial condition and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities or criminal liabilities. In order to ensure the safety of our employees and the employees of third-party contractors and to avoid any accidents, we have established a set of safety policies that require our employees to have a good understanding of rescue procedures and escape routes. Despite our endeavors to enhance workplace safety, there can be no assurance that accidents will not occur.

Our operations depend on an 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 taking surface and underground water, and there is no assurance that we will maintain and renew such permits for the sufficient amount of water at acceptable prices in a timely manner, or at all. We source our electricity from the local power grid and are required to obtain approvals for the use of electricity from the government of Xingtai City of Hebei Province. An interruption in electricity supply or an inability to obtain further necessary approvals from these or other government authorities for the electricity needed in our operations would materially and adversely affect our production and our safety by disrupting operations.

As of the Latest Practicable Date, we had sourced a portion of our water supplies from the Yanjiazhuang Reservoir, for which we obtained water use rights based on a contract that we entered into with Lincheng Haozhuang Town Yanjiazhuang Village Committee (臨城縣郝莊鎮閆家莊村委會) permitting us to access water supply from the reservoir, an underground water supply use permit that we obtained on 9 September 2009 and a confirmation letter issued by the Lincheng Country Water Bureau dated 13 November 2009. We also source our water supplies from the Huangmi I Reservoir, for which we obtained water use rights based on a contract that we entered into with the Lincheng Haozhuang Town Huangmi Village Committee (臨城縣郝莊鎮皇迷村村委會) on 27 February 2010. In addition, to prepare for possible water shortages and to ensure that we have sufficient water supply for our future growth plans, we entered into a contract with the Lincheng Haozhuang Town Huangmi Village Committee on 27 February 2010 to obtain water use rights to the Huangmi II Reservoir nearby. According to the terms of the water use rights contracts for both the Huangmi I Reservoir and the Huangmi II Reservoir, the Lincheng Haozhuang Town Huangmi Village Committee has the right to permit the population of the Huangmi Village to use water from the reservoirs for farming purposes. If that right is exercised, we will be required to share the water supply of the Huangmi I Reservoir and the Huangmi II Reservoir with the residents of the Huangmi Village. We cannot guarantee that the water supply of the Huangmi I Reservoir and the Huangmi II Reservoir will be sufficient for our operations if the Lincheng Haozhuang Town Huangmi Village Committee determines that the water supply should be shared. Moreover, because we source a portion of our water from reservoirs, a change in the precipitation rate in the region or other unforeseen events beyond our control that may materially reduce the amount of water contained in such reservoirs could adversely affect our operations and expansion plans. For example, Northern China, including Hebei Province, is currently experiencing a severe drought, affecting our ability to access water and disrupting our operations. We have accelerated commencement of the construction of water pipelines from the Lincheng Reservoir to the Yanjiazhuang Mine to ensure the availability of an adequate water supply regardless of weather conditions. However, if the drought continues, it may continue to affect our ability to maintain a sufficient water source, adversely affecting our mining operations. Failure to obtain sufficient water supplies from our water supply sources could materially adversely affect our operations and future growth plans. For further information on the risks relating to the sufficiency of our electricity and water supplies, as well as other supporting infrastructure, see Appendix V — Independent Technical Report — Risk Analysis — Infrastructure.

Our principal raw material is the iron ore extracted from our mine. Major auxiliary materials used in our production include fuel, chemical products, explosives, electric wires and cables. We also purchase equipment such as excavators, bulldozers and crushers for our mining and ore processing operations. The majority of our materials are sourced from local suppliers within Hebei Province and our equipment is 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 in a timely manner 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, equipment and spare parts, we cannot guarantee that our supplier base is stable. We have not entered into long-term contracts with or obtained guarantees of supply from all of our suppliers. In the event that our existing suppliers cease to supply us with auxiliary materials, equipment or spare parts at existing or lower prices in a timely manner or at all, our financial condition, results of operations, planned expansion plan timetable and expected production targets will be adversely affected.

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 and technical personnel such as our Directors and senior management set out under "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, both individually and 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. 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 activities. 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 will be liable for losses and costs arising from accidents resulting from fault or omission on our part or that of our employees. The relevant PRC laws and regulations do not require mining enterprises to obtain insurance for such liability, except in respect of work-related injuries which we have obtained for our employees. Consistent with industry practice, we do not maintain business interruption insurance. In addition, we cannot assure you that the safety measures we have in place for our operations will be sufficient to mitigate or reduce industrial accidents. We also cannot assure you that casualties or accidents will not occur or that our insurance coverage will be sufficient to cover costs associated with material accidents.

In the event that we incur any uninsured losses or liabilities, or our insurance is inadequate to cover such losses or liabilities, our business, financial condition and results of operations 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 and the Capitalization Issue, our Controlling Shareholders will hold in aggregate 75.0% of our Shares (assuming the Over-allotment Option is not exercised), or 71.25% (if the Over-allotment Option is exercised in full). 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 cause us to undertake certain corporate transactions or not enter into other corporate transactions which may or may not be in, the best interests of our other Shareholders. We cannot assure you that our Controlling Shareholders will vote on Shareholders' resolutions in a way that will benefit all of our Shareholders.

We may incur amortization expenses related to our mining rights, which may adversely affect our results of operations.

We intend to amortize our mining rights based on the unit-of-production method utilizing only recoverable iron ore reserves as the depletion base. We intend to review the amount of the reserves for our mine on an annual basis. Any material decrease in the amount of our reserves for our mine may result in impairment of the carrying value of our mining rights, which may have a material adverse effect on our business, financial condition and results of operations.

We will amortize our mining rights over the useful lives of our mine in accordance with the production plans and reserves of the mine on the unit-of-production method. According to the Independent Technical Advisor, the estimated mine life of the Yanjiazhuang Mine is approximately 26 years based on its ore reserve estimates as of 31 December 2010 and assuming mining and ore processing capacities gradually increase to 10,500 ktpa in the second quarter of 2012 (we expect to reach this level of production in October 2012) and gradually decrease at the end of the Yanjiazhuang Mine's life. During the Track Record Period, we did not incur amortization costs because we had not commenced commercial production. However, we will incur amortization expenses related to our mining rights in the future. Any material decrease in the amount of reserves for our mine may cause impairment of the carrying value of our mining rights, which may have a material adverse effect on our business, financial condition and results of operations.

The reserve and resource data cited in this Prospectus are estimates and may be inaccurate.

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

Estimates of our resources and reserves may change significantly when new information becomes available or new factors arise to change the assumptions underlying the reserve and resource estimates. Reserve and resource 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 and do not incorporate mining dilution or allowance for mining losses. The reserve estimates contained in this Prospectus represent the amount of reserves such as iron ore that we believe can be mined and processed economically. In the future we may need to revise our 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. A revision of our reserve estimates may result in the lowering of our estimated reserves as well as the expected mining life of our mine.

Unforeseen geological or geotechnical perils may require us to revise our reserve and resource data. If such revisions result in a substantial reduction in recoverable reserves at our mine, our business, financial condition and results of operations may be materially and adversely affected. For more information on our resources and reserves, including qualifications to the Report of Independent Technical Advisor, see the "Independent Technical Report" attached as Appendix V to this Prospectus. For additional information regarding the risks involved in estimating our ore reserves, see Appendix V — Independent Technical Report — Risk Analysis — Ore Reserves.

RISKS RELATING TO OUR INDUSTRY

Our business depends on the global economy and China's economic growth.

Our business and prospects depend on China's economic growth, which in turn affects the demand for iron and steel and their related products. Growth in demand for these products is fueled largely by the growth of the PRC iron and steel industries. The demand for our iron concentrate is, in particular, heavily dependent on the performance of major steel producers in China. In 2008 and 2009, the economies of the United States, Europe and certain countries in Asia experienced a severe and prolonged recession and China experienced a slowdown in growth, which led to a reduction in economic activity. As the growth of China's overall economy has slowed compared with recent years, the growing demand for metals such as iron and steel may abate if declines in economic activity continue or if an economic recovery, of which there have been signs recently, does not take hold. Any further significant slowdown in economic growth rates in China or globally may reduce the demand for our products and materially and adversely affect our business, financial condition, results of operations and profitability. In addition, a continuation of the global financial crisis may also result in a low level of liquidity in many financial markets and increased volatility in credit and equity markets, which may materially adversely affect our ability to secure financing to fund our plans to expand our mineral reserves, production capacities and overall business as well as our customers' growth, capital expenditure and related building plans. We cannot assure you that recent PRC Government initiatives in response to the slowdown in the PRC economy will stabilize economic conditions. Furthermore, in response to a rapid increase in liquidity in the market as a result of fiscal stimulus measures, the PRC Government has recently implemented a number of tightening measures, including raising interest rates. These factors may adversely affect our business, financial condition and results of operations.

Changes to the PRC regulatory regime for the mining industry may have an adverse impact on our results of operations.

The PRC local, provincial and central 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 adversely affect our business, financial condition and results of operations.

In addition, our operations are subject to PRC laws and regulations relating to occupational health and safety for the mining industry. For additional information regarding our compliance with respect to occupational health and safety laws and regulations, see "Business — Occupational Health and Safety." The relevant government authorities regularly conduct safety inspections of the mines and facilities of mining companies. Mining companies that fail to comply with the applicable safety laws and regulations may be subject to fines, penalties or even suspension of operations. We cannot predict the timing or the outcome of such safety inspections. Failure to pass the safety inspections may harm our corporate image, reputation and credibility as well as that of our management, and thereby have a material adverse effect on our financial condition and results of operations. See "Regulation — PRC Laws relating to Production Safety."

We have not been subject to any claims and we have complied with all relevant rules and regulations regarding environmental protection during the Track Record Period, as confirmed by the Administration of Environmental Protection of Lincheng County. However, we are still subject to extensive and increasingly stringent environmental protection laws and regulations that impose fees for the discharge of waste substances, require the establishment of reserves for reclamation and rehabilitation and impose fines for serious environmental offences. The PRC Government, adopting a rigorous approach when enforcing the relevant laws and regulations and implementing increasingly stringent environmental standards, may at its discretion shut down any facility that fails to comply with orders requiring it to rectify or cease operations that violate applicable environmental laws and regulations. As a result, our budgeted capital expenditures for environmental regulatory compliance may be insufficient and we may need to allocate additional funds. For additional information regarding our compliance with environmental protection laws and regulations, see "Business — Environmental Protection and Land Rehabilitation — Environmental Protection." If we fail to comply with the applicable environmental laws and regulations, we may be subject to significant liability for damages, clean-up costs or penalties or suspension of our right to operate where there is evidence of serious breach. Such costs or disruptions in operations could materially and adversely affect our business, financial condition and results of operations. See "Regulation — PRC Laws Relating to Environmental Protection."

Moreover, there is no assurance that we will be able to comply with any new PRC laws, regulations, policies, standards or requirements applicable to the iron ore mining industry or any changes in existing laws, regulations, policies, standards and requirements economically or at all. Furthermore, any such new PRC laws, regulations, policies, standards and requirements or any such changes in existing laws, regulations, policies, standards and requirements may also constrain our future expansion plans and adversely affect our profitability.

RISKS RELATING TO CONDUCTING OPERATIONS IN CHINA

We are vulnerable to adverse changes in the political, social and economic policies of the PRC Government.

All of our business operations are conducted in China. Accordingly, we are affected by the economic, political and legal environment in China and China's overall GDP growth. China's economy differs from the economies of most developed countries in many respects, including the fact that it:

- has a high level of government involvement;
- is in the early stages of developing a market-oriented economy;
- 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 China's 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, particularly in the PRC environmental protection and municipal public facilities sector, may adversely affect our business prospects, financial condition and results of operations.

The PRC legal system is evolving and has inherent uncertainties that could limit the legal protection available to you.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which prior court decisions have limited value as precedents. Since 1979, the PRC Government has promulgated laws and regulations governing economic matters in general such as foreign investment, corporate organization and governance, commerce, taxation and trade. In addition, laws, regulations and legal requirements regarding various forms of foreign investment in China, particularly with respect to laws and regulations applicable to wholly foreign-owned enterprises ("WFOE") and Sino-foreign joint ventures ("JV") are relatively new. Because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these newer laws and regulations involve greater uncertainties than those in many other jurisdictions. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws, or to the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws.

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

Substantially all of our revenue is denominated and settled in Renminbi. 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 where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Since a significant amount of our future cash flow from operations will be denominated 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.

Changes in PRC laws, regulations and policies could adversely affect our business, financial condition and results of operations.

Our operations, like those of other mining companies in China, are subject to regulations imposed by the PRC Government. These regulations affect many aspects of our operations, including the pricing of our products, utility expenses, industry-specific taxes and fees, business qualifications, capital investment and environmental and safety standards. As a result, we may face significant constraints on our ability to implement our business strategies, to develop or expand our business operations or to maximize profitability. Our business may also be adversely affected by future changes in policies of the PRC Government applicable to our industry. Any policy reforms promulgated by the PRC Government in respect of iron ore resources may also have an impact on our future operations. Besides factors arising from our industry, the macroeconomic control measures implemented by the PRC Government may have an impact on the demand and supply conditions applicable to our products.

The Ministry of Finance and the State Administration of Taxation issued the Circular on Adjusting the Policy on Resource Tax of Molybdenum Ore and Other Resources on 12 December 2005 to adjust the resource tax rates of ferrous metal ore. Pursuant to the notice, which has been in effect since 1 January 2006, the resource tax rate of iron ore applicable to us has increased from RMB4.8/tonne to RMB7.2/tonne. Any further material increase in resource related taxes or any policy reforms promulgated by the PRC Government in relation to iron ore may have a material adverse effect on our business, financial condition and results of operations.

It may be difficult to enforce judgments from non-PRC courts against us, our Directors or officers who live in China.

The legal framework to which we and our operating subsidiaries are subject is materially different in certain areas from that of other jurisdictions, including Hong Kong and the United States, particularly with respect to the protection of minority Shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which we and our operating subsidiaries are subject are also relatively underdeveloped and untested. However, in 2005, the PRC Company Law was amended to allow shareholders to commence an action against the directors, officers or any third party on behalf of a company under certain limited circumstances.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with countries such as the United States, the United Kingdom, and Japan, and therefore enforcement in China of judgments of a court in these jurisdictions may be difficult or impossible.

Compliance with the PRC Labor Contract Law may increase our labor costs.

The PRC Labor Contract Law became effective on 1 January 2008. Compliance with the requirements under the PRC Labor Contract Law, in particular the requirements to make severance payments and non-fixed term employment contracts, may increase our labor costs.

Pursuant to the PRC Labor Contract Law, since 1 January 2008 we have been required to enter into non-fixed term employment contracts with employees who have worked for us for more than ten years or, unless otherwise provided in the PRC Labor Contract Law, for whom a fixed term employment contract has been concluded for two consecutive terms. We may not be able to efficiently terminate non-fixed term employment contracts under the PRC Labor Contract Law without cause. We are also required to make severance payments to fixed term contract employees when the term of their employment contracts expire, unless such employee voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the current contract. The amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, except in circumstances where the employee's monthly wage is three or more times greater than the average monthly wage in the relevant district or locality, in which case the calculation of the severance payment will be based on a monthly wage equal to three times the average monthly wage multiplied by a maximum of twelve years. A minimum wage requirement has also been incorporated into the PRC Labor Contract Law. Liability for damages or fines may be imposed for any material breach of the PRC Labor Contract Law. In addition to the cost of compliance with current PRC labor laws and regulations, any significant changes in PRC labor laws in the future may substantially increase our operating costs and have a material adverse effect on our business, financial condition and results of operations.

Restrictions on foreign investment in the PRC mining industry could materially and adversely affect our business and results of operations.

In China, foreign companies have in the past been, and are currently, required to operate within a framework that is different from that imposed on domestic PRC companies. However, the PRC Government has been opening up and encouraging opportunities for foreign investment in mining projects and this process is expected to continue, especially following China's accession into the WTO. However, if the PRC Government should reverse this trend, or impose greater restrictions on foreign companies, or seek to nationalize our operations in China, our business and results of operations could be materially and adversely affected. For a description of the laws and regulations applicable to foreign mining companies, see "Regulation."

Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to taxes under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (the "Income Tax Law") and its implementation rules issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises," which do not have an establishment or place of business in China, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within China. Similarly, any gain realized on the transfer of Shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within China. If we are considered a PRC "resident enterprise," it is unclear whether dividends we pay with respect to our Shares, or the gain our shareholders may realize from the transfer of our Shares, would be treated as income derived from sources within China and be subject to PRC tax. If we are required under the Income Tax Law to withhold PRC income tax on dividends payable to our non-PRC investors that are "non-resident enterprises," or if our shareholders are required to pay PRC income tax on the transfer of our Shares, the value of our Shareholders' investment in our Shares may be materially and adversely affected.

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, our ability to declare future dividends will depend on the availability of dividends, if any, received from our PRC operating subsidiary. Under PRC law and the constitutional documents of our PRC operating subsidiary, dividends may be paid only out of distributable profits, which refer to after-tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years.

The calculation of our distributable profits under PRC GAAP differs in many respects from the calculation under IFRS. As a result, our PRC operating subsidiary may not be able to pay a dividend in a given year if it does not have distributable profits as determined under PRC GAAP even if it has profits as determined under IFRS. Accordingly, since we will derive all of our earnings and cash flows from dividends paid to us by our PRC operating subsidiary in China, we may not have sufficient distributable profits to pay dividends to our Shareholders.

The Income Tax Law may affect tax exemptions on dividends received by us and by our Shareholders and may increase our enterprise income tax rate.

We are incorporated under the laws of the Cayman Islands and hold interests in our PRC operating subsidiary. Pursuant to the Income Tax Law, effective 1 January 2008, if any of our overseas members is deemed to be a non-PRC resident enterprise for tax purposes without an office or premises in China, it will be subject to a withholding tax rate of 10% on any dividends paid by our PRC operating subsidiary unless it is entitled to certain tax reductions or exemptions. Under the Arrangement between the Mainland and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) effective on 1 January 2007 (the "Tax Arrangement"), the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% if the Hong Kong enterprise owns at least 25% of the PRC enterprise; if otherwise, the dividend withholding tax rate is 10%. According to the Notice of the State Administration of Taxation on issues relating to the administration of the dividend provision in tax treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (Guoshuihan [2009] No.81) ("Notice 81") promulgated on 20 February 2009, the corporate recipients of dividends distributed by PRC enterprises must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends. According to Notice 81, if the primary purpose of the transactions or arrangements is deemed by the relevant authorities to be entered into for the purpose of enjoying a favorable tax treatment, the favorable tax benefits enjoyed by us pursuant to the Tax Arrangement may be adjusted by the relevant tax authorities in the future.

The Income Tax Law provides that if an enterprise incorporated outside China has its "de facto management organization" within China, such enterprise may be deemed a PRC resident enterprise for tax purposes and be subject to an enterprise income tax rate of 25% on its worldwide income. Most members of the Company are located in China and, if they remain there, our overseas members as well as the Company may be deemed PRC resident enterprises and therefore subject to an enterprise income tax rate of 25% on our worldwide income. Should we become subject to these changes, our historical operating results will not be indicative of our operating results for future periods and the value of our Shares may be materially and adversely affected.

The Income Tax Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, but due to the short history of the Income Tax Law, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiary to us will meet such qualification requirements even if our overseas members are considered PRC resident enterprises for tax purposes.

The Income Tax law also stipulates that if (i) an enterprise distributing dividends is domiciled in China, or (ii) capital gains are realized from the transfer of equity interests in enterprises domiciled in China, then such dividends or capital gains are treated as PRC-sourced income. If our overseas members are deemed PRC resident enterprises for tax purposes, then (i) any dividends we pay to our overseas Shareholders and (ii) any capital gains realized by our Shareholders from transfers of our Shares may be regarded as PRC-sourced income and be subject to a PRC withholding tax at a rate of up to 10%.

Although the Income Tax Law took effect on 1 January 2008, there is still uncertainty about how it will be implemented by the relevant PRC tax authorities. If dividend payments from our PRC operating subsidiary to us are subject to the PRC withholding tax, it may have a material adverse effect on our business, financial condition and results of operations. If our dividend payments to overseas Shareholders are subject to the PRC withholding tax, it may have a material adverse effect on your investment return and the value of your investment with us.

We may be unable to transfer the net proceeds from the Global Offering to China.

Pursuant to Article 4 of SAFE Circular No. 75 and other relevant laws and regulations of the PRC, we are required to transfer the net proceeds from the Global Offering to China in accordance with the use of proceeds set forth in the "Future Plans and Use of Proceeds" section in this Prospectus or the use-of-capital plan stipulated in the business plan letter submitted to the relevant foreign exchange authority. If we are unable for any reason (including if we are unable to obtain the approval of the relevant PRC authorities for the transfer of the net proceeds of the Global Offering into China) to use the net proceeds from the Global Offering on certain planned expansion projects, namely the acquisition or consolidation of other mines, the expansion of the mining boundaries set forth in our existing mining rights and the construction of new production lines, then we currently plan not to proceed with such projects. Because these projects are important to our business growth, we expect that not proceeding with such projects may have a material adverse effect on our business, financial condition and results of operations.

Any outbreak of widespread 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 sentiments and environment in China, particularly if such outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labor supply and, possibly, the overall GDP 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 could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE SHARES AND THE GLOBAL OFFERING

Because 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 initial issue price range of our Shares is negotiated by the Joint Bookrunners on behalf of the Underwriters and us. 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 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;
- 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 in the global economy;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

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

The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, including by the Company's substantial shareholders or Selling Shareholder, or the issuance of new Shares by the Company, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favorable to it, and the Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. While we are not aware of any intentions of our existing shareholders to dispose of significant amounts of their Shares upon expiry of the relevant lock-up periods, we are not in a position to give any assurances that they will not dispose of any Shares they own now or may own in the future.

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

The initial price to the public of the Shares sold in the Global Offering will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the sixth 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 the 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 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 the 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 participating in the Global Offering would receive less than the amount they paid for their Shares. See Appendix II – Unaudited Pro Forma Financial Information.

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. For example, the Companies Law does not contain an express provision which is equivalent to section 168A of the Companies Ordinance, which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. See Appendix VII — Summary of the Constitution of the Company and Cayman Islands Companies Law.

We cannot guarantee the accuracy of information, forecasts and other statistics obtained from official government sources contained in this Prospectus.

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 official government sources. The Directors of the Company have made 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 Sponsors, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

This Prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This Prospectus contains certain forward-looking statements and information relating to us and our subsidiaries 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," "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;
- the exploration of mineral reserves and development of mining facilities;
- the depletion and exhaustion of mines and mineral reserves;
- trends in commodity prices and demand for commodities;
- industry trends, including the direction of prices and expected levels of supply and demand;
- our operations and production costs;
- our ore processing capacity expansion and planned production;
- 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;
- supply and demand changes in iron ore or gabbro-diabase;
- changes in prices for iron ore or gabbro-diabase;
- our production capabilities;
- our relationship with, and other conditions affecting, our customers;
- risks inherent to our mining and production;
- changes in political, economic, legal and social conditions in China, including the government's specific policies with respects to the iron or gabbro-diabase industries, economic growth, inflation, foreign exchanges and the availability of credit; and
- weather conditions or catastrophic weather-related damage.

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 descriptions of 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.