LIPPO LIMITED	LIPPO CHINA RESOURCES LIMITED
力寶有限公司	力寶華潤有限公司
(Incorporated in Hong Kong with limited liability)	*(Incorporated in Hong Kong with limited liability)*
(Stock code: 226)	**(Stock code: 156)**

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The attached document has been released by Asia Now Resources Corp. ("Asia Now") on SEDAR at www.sedar.com. Asia Now, in which Lippo China Resources Limited ("LCR") (a subsidiary of Lippo Limited ("Lippo")) is interested in approximately 51 per cent. of its issued share capital, is a company listed on TSX Venture Exchange of Canada.

Hong Kong, 27th August, 2014

As at the date of this announcement, the board composition of each of Lippo and LCR is as follows:

Lippo
Executive Directors:
Dr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee *(Managing Director and Chief Executive Officer)*
Mr. Jark Pui Lee

Non-executive Director:
Mr. Leon Nim Leung Chan

Independent Non-executive Directors:
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

LCR
Executive Directors:
Dr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee *(Chief Executive Officer)*

Non-executive Director:
Mr. Leon Nim Leung Chan

Independent Non-executive Directors:
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

ASIA NOW
RESOURCES CORP.

Management's Discussion and Analysis

For the three and six months ended June 30, 2014

ASIA NOW RESOURCES CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2014

This Management's Discussion and Analysis ("MD&A") of Asia Now Resources Corp. ("Asia Now" or the "Company") is dated August 22, 2014, and provides an analysis of the Company's financial condition and performance as at and for the three and six months ended June 30, 2014 as well as an analysis of future prospects. The Board of Directors carries out its responsibility for review of this disclosure principally through its audit committee, comprised of independent directors. The audit committee reviews this disclosure and recommends its approval to the Board of Directors.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2013, including the related note disclosure, as well as the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2014. All amounts are in Canadian dollars unless otherwise specified. The financial statements and additional information, including the Company's Certifications of Annual and Interim Filings and press releases, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

OVERALL PERFORMANCE

Principal Business and Corporate History

The principal business of Asia Now is the acquisition, exploration and development of mineral resources. The Company's name was changed from Millennium Minerals Corp. to Asia Now Resources Limited in June of 2002.

On February 27, 2006, Asia Now Resources Limited completed a business combination with Phoenician Holdings Corp ("PHC") (the "Amalgamation"), a capital pool company listed on the TSX Venture Exchange and a predecessor company of Asia Now. On closing, Asia Now Resources Limited amalgamated with a wholly-owned subsidiary of PHC; PHC changed its name to Asia Now Resources Corp. and the Company's shares resumed trading on the TSX Venture Exchange under the symbol "NOW".

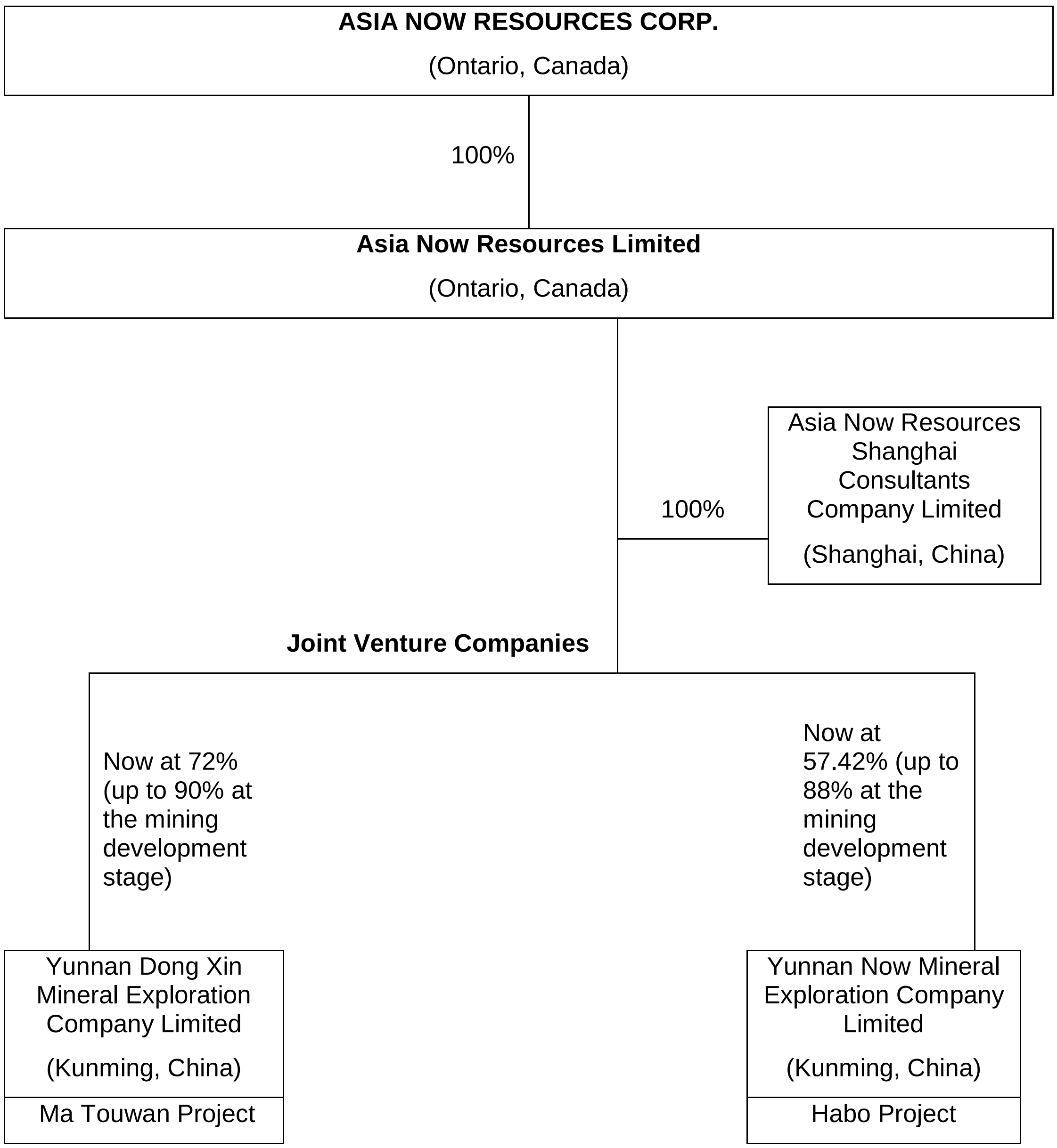
The Company conducts its business through two sino-foreign cooperative joint venture limited liability companies (each a "CJV") established with two state-owned exploration enterprises in the People's Republic of China ("China"): Yunnan Dong Xin Mineral Exploration Company Limited ("Yunnan Dong Xin") being the CJV with Yunnan Non-Ferrous Resources Group Company Limited ("YNRG") and Yunnan Now Mineral Exploration Company Limited ("Yunnan Now") being the CJV with Yunnan Geology and Mineral Resource Company Limited ("YGMR"), now changing into a new name "Yunnan Gold Mining Group Corporation Limited".

Asia Now Resources Shanghai Consultants Company Limited ("Asia Now Consultants"), a wholly-owned subsidiary of the Company, was formed in 2004 to provide management and technical services to the Company's CJV companies in China and to carry out the investigation of new potential projects and the setup of new CJV companies in various provinces. The company has been dormant since December 31, 2012.

The consolidated financial statements include the accounts of Asia Now Resources Corp. (the "Company") and its wholly owned subsidiaries Asia Now Resources Limited and Asia Now Resources Shanghai

Consultants Company Limited. On consolidation, all intercompany transactions and balances have been eliminated.

Although the various joint ventures operate through limited liability companies, they do not issue shares. Each party involved in these companies determines its profit and risk based upon their relative interest in the joint venture. This interest may vary over time as agreed by the parties. The consolidated financial statements of Asia Now Resources Corp. reflect only the expenditures made by the Company for its proportionate interest in such joint ventures.



Adoption of International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in the consolidated financial statements are based on IFRS issued and outstanding as of August 22, 2014, the date the Board of Directors approved the financial statements.

Recent Project Developments

The Company's two current exploration projects are the Matouwan Project, which consists of the Beiya Property, and the Habo Project, which consists of the Ashu Property and Tanshan Property. For a detailed review of exploration activity on the Company's projects, refer to *"Resource Properties"* (below).

Matouwan Project

During 2013, activities focused on the Yangjiayuan Block. A total of 15 holes with a combined depth of 4,777.82 metres ("m") have been completed with 7 holes returning significant intercepts and the remaining 8 returning no significant intercepts of mineralization. Significant drilling results include from hole YZK005 that returned a high grade intersection of 6.77 m, from 298.93 m to 305.70 m, grading 3.18 grams per tonne ("g/t") gold ("Au"), 194 g/t Silver ("Ag"), 5.40 % Lead ("Pb"), and 0.95 % Zinc ("Zn"). Gold grades up to 12.10 g/t have been returned from an individual sample interval in YZK005.

Habo Project

During 2013, activities focused on the Yangjiayuan Block. A total of 15 holes with a combined depth of 4,777.82 metres ("m") have been completed with 7 holes returning significant intercepts and the remaining 8 returning no significant intercepts of mineralization. Significant drilling results include from hole YZK005 that returned a high grade intersection of 6.77 m, from 298.93 m to 305.70 m, grading 3.18 grams per tonne ("g/t") gold ("Au"), 194 g/t Silver ("Ag"), 5.40 % Lead ("Pb"), and 0.95 % Zinc ("Zn"). Gold grades up to 12.10 g/t have been returned from an individual sample interval in YZK005.

Habo Project

In 2013, only 2 holes were drilled in the Ashu Property (ZK1203 and ZK803). The drill hole ZK1203 ended at 633.48 m. The lithologies encountered in this drill hole are dominantly quartz syenite, with intercalations of small scale syenite porphyry. Veinlet and disseminated pyrite mineralization was noted within fractured and altered zones. Molybdenum ("Mo") and Pb-Zn mineralization were found within the drill core. The assay results confirmed the weak mineralisation with the best mineralisation being 0.58% Pb, 44 ppm Ag and 0.05% Zn occurring over a single intercept from 117.45 – 119.45 metres. The drill hole ZK803 was designed to test the occurrence, size and grade changes of the previously drilled Au-Antimony ("Sb")-Ag mineralization but the drill hole failed to intersect significant mineralisation, with weakly anomalous Au (<0.10 ppm) from 217.45 – 229.45 metres and a zone of weak base metal mineralisation (average 1.45% combined Pb+Zn) from 106.12 – 112.12 metres.

On the Tanshan Property, work indicated the presence of copper and a group of Au-Arsenic ("As")-Sb-Copper ("Cu")-Mo anomalies that were discovered through soil geochemical surveys completed. Forty metres of tectonic-fractured altered rocks were exposed in trench TC5 in 2012. This mineralisation was designated as the KT1-Au zone and returned a trench intercept of 14.1 m grading 2.26 g/t Au, with the highest individual intercept returning an assay result of 6.23 g/t Au.

From May to July 2013, two trenches, TC301 and TC401, were completed on a spacing of 80 m along the projected strike of the KT1-Au mineralization. The results from TC301 and TC401 sample analysis indicated gold mineralization but insufficient to be of commercial interest. The Company plans additional trenching in the area, being TC1001 (line 10) to trace the possible extensions of the KT1-Au mineralisation in a different direction.

SELECTED QUARTERLY INFORMATION

The following tables show selected financial information related to the Company for the periods indicated. The information contained in these tables should be read in conjunction with the Company's financial statements. An analysis of the information contained in these tables is set out below under "Results of Operations" and "Liquidity and Capital Resources".

Quarter Ended	Net Revenue[1]	Net (Income) Loss and Comprehensive (Income) Loss Total	Per Share[2]	Cash	Working Capital
June 30, 2014	$ 1,958	$ 475,175	$ 0.00	$ 1,420,992	$ 1,150,173
Mar. 31, 2014	846	472,756	0.00	748,816	407,213
Dec. 31, 2013	(11,447)	901,528	0.02	2,132,594	950,225
Sept. 30, 2013	8,625	268,131	0.00	1,364,291	255,338
June 30, 2013	12,703	318,646	0.00	1,715,588	993,175
Mar. 31, 2013	9,531	243,961	0.00	2,578,285	1,905,470
Dec. 31, 2012	16,234	7,169,557	0.06	3,784,556	2,475,284
Sept. 30, 2012	19,212	409,075	0.00	4,584,551	4,112,738
June 30, 2012	26,554	774,044	0.01	5,606,985	4,846,356

Notes: *(1) Interest income included as a reduction of General and administrative expenses*
(2) Basic and fully diluted; rounded to the nearest $0.01, thus sum of quarters may not equal annual loss per share

Factors Affecting Quarterly Results

Quarterly variances occur mainly due to write down of exploration and evaluation assets (fourth quarter of 2012 - $3,362,285), impairment of exploration and evaluation assets (second quarter of 2014 - $51,593; first quarter of 2014 - $26,217; fourth quarter of 2013 - $499,192; fourth quarter of 2012 - $3,530,000), due to seasonal factors, administrative costs and fees related to new property acquisitions, business partnerships and combinations, levels of exploration activities and foreign exchange fluctuations between the Canadian dollar and China's Renminbi.

RESULTS OF OPERATIONS

The following tables show selected financial information related to the Company for the periods indicated. The information contained in these tables should be read in conjunction with the Company's financial statements. An analysis of the information contained in these tables is set out below under "Results of Operations" and "Liquidity and Capital Resources".

Selected financial Information

	3 Months Ended		6 Months Ended	
	June 2014	**June 2013**	**June 2014**	**June 2013**
Total revenues [1]	**$ 1,958**	$ 12,703	**$ 2,804**	$ 22,234
Impairment of exploration and evaluation	**51,593**	---	**77,810**	---
Net loss	**475,175**	318,646	**947,931**	562,607
Loss per share [2]	**0.00**	0.00	**0.01**	0.01

Notes: *(1) Interest income included as a reduction of General and Administrative expenses*
(2) Basic and fully diluted

The Company has no revenue or operating cash flow other than interest income. As a result of its activities, the Company continues to incur net losses. For the 3 and 6 months ended June 30, 2014, the Company's net loss and comprehensive loss was $475,175 and $947,931, respectively, compared to a net loss of $318,646 and $562,607 for the 3 months and 6 months ended June 30, 2013, respectively.

The main components of the Company's loss were:

	3 Months Ended		6 Months Ended	
	June 2014	**June 2013**	**June 2014**	**June 2013**
China office expenses	**$ 80,764**	$ 83,768	**$ 251,431**	$ 167,313
General and administration	**103,912**	162,247	**235,931**	274,864
Management and consulting fees	**50,626**	59,312	**101,968**	115,832
Directors fees and expenses	**47,843**	39,879	**74,388**	40,379
Interest expense	**44,005**	---	**44,005**	---
Convertible debenture accretion	**38,534**	---	**80,366**	---
Listing and transfer agent fees	**5,025**	2,713	**11,612**	9,107
Investor relations	**8,818**	7,337	**9,533**	15,037
Foreign exchange loss (gain)	**42,094**	(46,616)	**49,935**	(79,840)
Amortization	**4,386**	10,006	**13,377**	19,915

The past year reflects a time of transition for the Company, with changes made to both Management and the Board and a realization that the current market for junior exploration companies especially requires the need to conserve cash more than ever. Management and consulting fees have decreased year-over-year for the three months and six month periods ended June 30, 2014 compared to the same periods in 2013.

The increase in China office expenses for the year generally resulted from increases costs associated with salaries, travel, and administration costs. Travel costs included costs associated with the first quarter visit by the Canadian-based directors. This was part of a governance due-diligence visit, meeting with operations and administration personnel. Salaries increased as a result of the salary paid to Lukman Wijaya, Asia Now's President and CEO and a director of the Company, for his role in managing the Chinese joint ventures. This salary was not paid in the first quarter of 2013. For the second quarter of 2014, efforts continued to try and curtail unnecessary expenditures, resulting in a modest decrease from the second quarter of 2013.

Directors' fees and expenses generally vary depending on the number of Board and committee meetings held as well as the amount of travel and sundry expenses associated with each meeting. Meetings are held as needed, their frequency dependent on the nature of Company activities. Since August 2013, Canadian-based independent directors are now on a monthly stipend, thus reducing the fluctuation in fees related to these individuals, but increasing the totality of the fees, commensurate with the additional workload borne by these individuals.

Interest expense and convertible debenture accretion result from the convertible debentures utilized to secure much needed capital in December 2013 and April 2014.

General market conditions for the mining industry resulted in few investors interested in investing in junior exploration companies. This is generally reflected in the stock prices of companies in the sector. Consequently, monies previously spent on investor relations and promotions proved to provide little to no return on investment. The decrease in investor relations expenses for 2014 is generally due to the termination of the investor relations consultant previously contracted by Asia Now and the realization by Management that funds needed to be conserved and expended on things that would provide real benefit to shareholders.

During the fourth quarter of 2012, Management reviewed all projects and determined that an impairment in the amount of $3,530,000 was required to reduce the Habo Project to its estimated recoverable amount. The estimated recoverable amount was based on estimated net value of the exploration licenses to the Company based on prior sales of exploration rights. During 2013, an additional $499,192 was expended on the Habo property. The work continues to confirm Management's positive outlook on the property and, during the course of the year, expenditures were capitalized in the belief that markets would justify an increased valuation. While Management believes the results will ultimately substantiate the value inherent in the property, market conditions have not improved. Consequently, at December 31, 2013, the Company recorded an additional impairment charge on its Habo property in the amount of $499,192 to bring the carrying value back to the December 31, 2012 level. In 2014, exploration activities have been significantly curtailed, consistent with the need to conserve cash. Monies will need to be expended to keep the properties in good standing, with some modest amount of monies earmarked to advance the projects. In the first six months of 2014, an additional $77,810 ($51,593 in the second quarter) was expended on the Habo property, which amount was written down as an impairment, consistent with the year-end 2013 accounting. For additional information, refer to the *"Resource Properties"* section below.

Foreign exchange loss (gain) was caused by the conversion of monetary assets held in China due to the fluctuation of the Canadian dollar versus China's Renminbi ("RMB").

<u>General and administration</u>

General and administration expenses for the Company can be further broken down as:

	3 Months Ended		6 Months Ended	
	June 2014	**June 2013**	**June 2014**	**June 2013**
General and office expenses	**$ 1,803**	$ 2,010	**$ 4,929**	$ 2,814
Legal fees	**43,112**	98,473	**51,973**	133,290
Accounting fees	**5,974**	6,077	**12,364**	12,282
Audit fees	**27,095**	19,409	**39,095**	31,409
Insurance	**16,055**	14,756	**31,688**	29,026
Interest expense (income)	**(1,958)**	(12,703)	**(2,804)**	(22,234)
Rent	**4,500**	4,500	**9,000**	9,000
Travel	**2,888**	26,631	**66,252**	72,728
Filing fees	**4,443**	3,094	**23,434**	6,549
	$ 103,912	$ 162,247	**$ 235,931**	$ 274,864

Note: [(1)] *Interest accrued on the Company's convertible debenture is included in accretion expense on the interim consolidated statement of loss and comprehensive loss*

Management made a concerted effort to minimize the Company's cash outlay by reducing expenses as much as possible while being mindful of the need to protect Asia Now's assets. Over the past year, Management has made concerted efforts to curb expenditures, including travel expenses. Unless face-to-face meetings are required, Management and the Board conduct meetings by telephone. However, due to the nature of the Company's business, and the location of the various offices, travel costs cannot be completely eliminated. The Board, and Management, also have a fiduciary responsibility to oversee operations in China, something that can pose a challenge given travel distances. In the first quarter of 2014, the Canadian-based directors and management visited the Beiya property in Yunnan Province, China as well as the regional office in Kunming, China and the offices of the Company's largest shareholder in Hong Kong. As Asia Now is now considered a subsidiary (for accounting purposes) of China Gold Pte. Ltd., the Hong Kong visit included discussions with China Gold's auditors, who also have an interest in the quality of the Company's activities. This was part of a Board due diligence trip that included discussions with various geologic/operations and administrative/finance staff. While the cost of this trip was not insignificant, the investment was necessary to ensure comfort with the quality of the operations, administration and controls. General findings were communicated back to Asia Now's auditors.

While a public company will typically incur ongoing general legal costs, legal fees are generally project dependent and often for projects taken on at the request of the Board. Legal fees in the first quarter of 2014 have decreased significantly compared to legal fees incurred in the first quarter of 2013. The Company will continue to do it's best to conserve its cash resources and utilize its outside consultants, including lawyers, in the most economical manner possible.

Filing fees increased year-over-year for the first quarter as a result of costs associated with the new stock option plan and financing-related costs.

The increase in insurance expense in 2014 compared to 2013 relates to higher premiums for directors and officers liability insurance.

Interest income earned is primarily dependent on cash balances on hand. With cash being depleted year-over-year, this has resulted in lower interest income.

There were no significant variations in the other general and administration expenses in 2014 compared to 2013.

LIQUIDITY AND CAPITAL RESOURCES

Selected financial Information

	June 30, 2014	Dec. 31, 2013	Change
Cash	**1,420,992**	2,132,594	**- 33.4%**
Exploration and evaluation assets	**13,684,375**	13,508,022	**+1.3%**
Total assets	**15,362,010**	15,887,067	**-3.3%**
Total current liabilities	**388,792**	1,266,749	**-69.3%**
Total liabilities	**2,777,854**	2,459,852	**+12.9%**
Working capital	**1,150,173**	950,225	**+21.0%**
Current ratio [(1)]	**3.96 : 1**	1.75 : 1	**---**
Shareholders' equity	**12,584,156**	13,427,215	**-6.3%**
Shares issued and outstanding	**111,890,894**	111,010,798	**---**

Note: [(1)] *The Current Ratio is defined as current assets divided by current liabilities.*

The Company had $1,150,173 in working capital as at June 30, 2014 (December 2013 - $950,225). Over the course of the first six months of 2014, the Company expended monies primarily on some minor ongoing exploration work in China as well as corporate general administrative expenses.

In December 2013, the Company closed a non-brokered private placement offering of senior unsecured convertible debentures (the "Convertible Debentures") for an aggregate principal amount of $1,248,000. In April 2014, the Company closed another non-brokered private placement offering of Convertible Debentures for an aggregate principal amount of $1,248,000. The proceeds from these Offerings will be used to maintain the Chinese properties in good standing, completing some exploration activities, as well as for general working capital purposes.

The Convertible Debentures bear interest at a fixed rate of 12% per annum and have a maturity date of two years from the date of issue (the "Maturity Date"). The Convertible Debentures are convertible, in whole or in part, at the option of the holder at any time prior to the Maturity Date into common shares in the capital of the Company (each, a "Common Share") at a conversion price of $0.05 per Common Share during the first year of the term and at a conversion price of $0.10 per Common Share during the second year of the term.

Subject to the receipt of the approval of the TSX Venture Exchange (the "Exchange"), interest may be satisfied, at the option of the Company, in whole or in part by way the issuance of Common Shares from time to time. The price of such Common Shares issued to pay accrued interest on the Convertible Debentures will be at the greater of $0.05 and the market price of the Common Shares at the time of settlement. On May 1, 2014, the Company issued 880,096 common shares of the Company at a price of $0.05 per Common Share to settle quarterly interest payment obligations in the aggregate amount of $44,004.80. On July 10, 2014, the Company issued another 1,429,900 common shares of the Company at a price of $0.05 per Common Share to settle quarterly interest payment obligations in the aggregate amount of $71,495.

The Corporation will have the right to redeem all or part of the Convertible Debentures at any time prior to the Maturity Date at a cash redemption price equal to the outstanding principal amount plus any accrued and unpaid interest plus a redemption fee equal to 10% of the principal amount then outstanding.

Management continues to evaluate various financing alternatives in order to fund its ongoing property-related expenditures, including exploration activities, as well as for general administrative costs. There is no assurance that such additional financings will be available as required, or under favourable terms. If the

Company does not secure additional financing, exploration activities will be seriously curtailed and the Company may not be able to meet its ongoing commitments.

Share Capital

No shares were issued during the first quarter of 2014. In May 2014, the Company settled $44,005 of interest due on convertible debentures by issuing 880,096 common shares. In July 2014, the Company settled $71,495 of interest due on convertible debentures by issuing 1,429,900 common shares. As at August 22, 2014, the Company had 113,320,794 common shares outstanding.

No options were granted during the first six months of 2014 and none were cancelled or expired. In February 2014, the Board terminated the Company's stock option plan and approved a new plan, subject to shareholder approval. The general nature of the plan is unchanged, with options available to employees, directors, officers and consultants of the Company and any of its subsidiaries. It was determined that the Company's plan should also comply with the rules of the Hong Kong Stock Exchange now that Asia Now is considered a subsidiary of China Gold Pte. Ltd., a Hong Kong-based company. Under the new plan, the maximum number of options that may be granted at any one time shall not exceed 10% of the then issued and outstanding shares.

As at August 22, 2014, the Company had 400,000 stock options outstanding with exercise prices ranging from $0.25 to $0.30 and expiry dates through February 17, 2016.

Commitments

As at June 30, 2014, the Company has committed to fund its joint venture company, Yunnan Now Mineral Exploration Company Limited, US$1,400,500. The timing and amount of funding is dependent on the results of the on-going exploration programs.

RESOURCE PROPERTIES

Mr. Brett Gunter, a Qualified Person as defined under National Instrument 43-101 has read and approved the technical and scientific information contained in this MD&A. Disclosure on mineralization on adjacent properties has not been verified by Mr. Gunter and is not necessarily indicative of the Company's anticipated results.

The independent mineral resource estimate was prepared by Roscoe Postle Associates Inc. (RPA) based in Toronto. The resource estimates were prepared in conformance with the requirements set out in Canada's National Instrument 43-101. The Qualified Persons for the Beiya North mineral resource estimate are William E. Roscoe, Ph.D., P.Eng., RPA Chairman and Principal Geologist and Katharine M. Masun, P.Geo., RPA Geologist. Both are Qualified Persons as defined in Canadian National Instrument 43-101.

Matouwan Project

The Matouwan Project's Beiya property (the "Property") is owned through Yunnan Dongxin Mineral Exploration Co., Ltd. The projects total area is now 30.83 square kilometres (km^2), retained after the renewal of Beiya Exploration License in June 2013, and with a new expiry date of this Exploration License of July 18, 2015. The previous area was 42.38 km^2, with 11.55 km^2 deducted during the extension of the Exploration License, according to China's mining rules. This Property is divided into four exploration blocks, namely the Qinhe Block in the north-centre, Wujiazhuang Block in the north east, Chenjiazhuang Block in the north west part, and Yangjiayuan Block in the south.

This Property and the adjacent gold mine (owned by Yunnan Gold Mining Group) have been regarded as one of the prospective mining areas in China by the China Geological Survey. In the fourth quarter of 2011, Roscoe Postle Associates completed the first NI 43-101 resource estimate on the Qinhe block in the northern part of the Property, including a 90 hole drilling program (totalling 29,580 m) and a 7 drill hole program to undertake a hydrology survey.

This Qinhe Block contains an indicated resource of 12.0 million tonnes at 1.11 g/t Au, 45.0 g/t Ag and 2.98% Pb, with an additional inferred resource of 10.6 million tonnes at 0.76 g/t Au, 44.8 g/t Ag and 2.85% Pb, based on a net smelter return "(NSR") cut-off of US$50 per tonne. The main zone at Qinhe remains open to the north, and is adjacent to and north of, the open-pit Beiya Gold Mine (owned by Yunnan Gold Mining Group) that produces 200,000 ounces of gold annually. The drilling program was carried out within an area of 2.8 km^2; approximately 9.1% of the present retained 30.83 km^2.

Following the completion of NI 43-101 work at the end of 2011, exploration work in 2012 concentrated on the other blocks, other than the Qinhe Block. The total number of exploration drill holes completed in these areas was 24 holes totalling 7,844 m. This work indicated that Yangjiayuan Block has some potential for the discovery of further mineralization.

After collecting the data from the 2012 exploration program, activity in 2013 focused on the Yangjiayuan Block. The culmination of the exploration program during 2013 was the completion of a drill program of 15 holes totalling 4,777.82 m. From the drilling, 7 holes returned significant intercepts of mineralization and the remaining 8 drill holes returned no significant intercepts of mineralization. The best intercept was returned from hole YZK005 that returned a high grade intersection of 6.77 m, from 298.93 m to 305.70 m, grading 3.18 grams per tonne Au, 194 g/t Ag, 5.40 % Pb, and 0.95 % Zinc ("Zn").The results of the significant intercepts within the drill holes are tabulated below.

Hole No.	Total Depth (m）	Intersection (m)	Width m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
YZK302	275.34	239.08 – 242.98	3.90	4.34	186	1.19	1.74
YZK303	303.16	Trace mineralization					
YZK101	302.10	Trace mineralization					
YZK102	302.30	231.40 – 233.04	1.64	0.29	34	1.86	1.48
YZK103	312.83	298.46 – 306.83	8.37	0.98	149	2.85	2.57
YZK104	253.81	220.59 – 223.14	2.55	0.38	16	1.34	0.65
YZK004	344.68	322.61 - 323.71	1.10	0.07	56	1.99	3.64
YZK005	407.05	298.93 - 305.70	6.77	3.18	194	5.40	0.95
YZK006	305.01	Trace mineralization					
YZK201	291.98	Trace mineralization					
YZK202	377.42	Trace mineralization					
YZK203	333.57	281.93 – 283.58	1.65	-	112	3.58	2.97
YZK402	300.04	Trace mineralization					
YZK403	327.78	Trace mineralization					
YZK404	340.75	Trace mineralization					

In the first quarter 2014, the Company initiated the preparation of a "Mining Resources Deposit Report" for the Beiya North deposit, being the first step in securing a Production License. This licence requires the Approval from the Resources Committee of the Yunnan Province, People's Republic of China. The area being prepared for the submission is required to comply with the requirements of the Chinese standard of a 331 level of confidence (such a standard may loosely be classed as Measured Resources/Mining Reserves under most international standards of reporting but the definition is not exact). At this point in time, it is assessed that the Qinhe area complies with the requisite confidence of the 331 standard. This area contains a Resource reported in accordance with the NI 43-101 guidelines and an area of approximately 0.7 – 1 km2 of the Qinhe deposit area will be advanced in accordance with the application process for a Production Licence as approved by the Yunnan Province Resources Committee.

Habo Project (Ashu Block and Tanshan Property)

The Habo Project encompasses two properties: the Ashu Block (54.22 km^2) and the Tanshan Property (4.11 km^2). Both properties are owned by Yunnan Now Mineral Exploration Co., Ltd.

On the Ashu Block, the Company completed an extensive exploration program during 2006 to 2009, including the construction of 15 adits (totalling 2,043.4 m), drilling 15 holes (totalling 5,454 m), and the opening of 20 trenches (totalling 7,906 m). Other exploration works have also been completed, such as a geochemical stream sediment survey; a lithogeochemical survey; topography measurement etc.

In the southern part of Ashu Block, there are soil anomalies of gold-copper-molybdenum, indicating the potential for a porphyry target in the area. The anomaly covers an area of approximately 5 km^2 but the anomalies are not evenly distributed and not contiguous.

During 2010 to 2011, the exploration program consisted of minor work relating to topography data collection and trenching.

In 2012, after conducting an IP survey, one drill hole was completed (ZK802) to a depth of 605 m in order to prove the existence of mineralization in the area. This resulted in the discovery of a new type of mineralization that includes antimony ("Sb"). A zone of Au-Sb-Ag mineralization contained within a zone of tectonic-fractured altered rock was discovered from 518.57 m to 541.98 m. The thickness of the mineralization (down hole) is 23.41 m. One zone within this wider intercept, with a thickness of 8 m (down hole) returned an analysis of 1.46g/t Au, 2.61% Sb, and 46g/t Ag.

In 2013, only 2 holes were drilled in the Ashu Property (ZK1203 and ZK803). The drill hole ZK1203 ended at 633.48 m. The lithologies encountered in this drill hole are dominantly quartz syenite, with intercalations of small scale syenite porphyry. Veinlet and disseminated pyrite mineralization was noted within fractured and altered zones. Molybdenum ("Mo") and Pb-Zn mineralization were found within the drill core. The assay results confirmed the weak mineralisation with the best mineralisation being 0.58% Pb, 44 ppm Ag and 0.05% Zn occurring over a single intercept from 117.45 – 119.45 metres. The drill hole ZK803 was designed to test the occurrence, size and grade changes of the previously drilled Au-Antimony ("Sb")-Ag mineralization but the drill hole failed to intersect significant mineralisation, with weakly anomalous Au (<0.10 ppm) from 217.45 – 229.45 metres and a zone of weak base metal mineralisation (average 1.45% combined Pb+Zn) from 106.12 – 112.12 metres.

On the Tanshan Property, work indicated the presence of copper and a group of Au-As-Sb-Cu-Mo anomalies that were discovered through soil geochemical surveys completed. Forty metres of tectonic-fractured altered rocks were exposed in trench TC5 in 2012. This mineralisation was designated as the KT1-Au zone and returned a trench intercept of 14.1 m grading 2.26 g/t Au, with the highest individual intercept returning an assay result of 6.23 g/t Au.

From May to July 2013, two trenches, TC301 and TC401, were completed on a spacing of 80 m along the projected strike of the KT1-Au mineralization. The results from TC301 and TC401 sample analysis indicated gold mineralization but insufficient to be of commercial interest. The Company plans additional trenching in the area, being TC1001 (line 10) to trace the possible extensions of the KT1-Au mineralisation in a different direction but the realisation of this plan will depend upon the successful application for an extension to the exploration permits.

The Exploration License for the Ashu Property will expire on October 17, 2014, and the Exploration License for the Tanshan Property will expire on August 9, 2015. The ability of the Company to secure an extension on either or both of these properties is uncertain at this time.

Although there has been a significant investment made on these properties, the exploration works is still insufficient to categorise any of the mineralised areas to a 331 standard under the Chinese resource classification system. The 331 standard is the required level for the submission of a "Resources Report", being the first step for the application of a Production License. The current data set on the properties at best complies with the 333 Chinese standard and remains insufficient for further definitive studies to support the Production Licence application and, therefore, the only way to further advance the property will be through an extension of the Exploration Licence for both areas.

Write down

During the fourth quarter of 2012, the Company reviewed its exploration results on the Beiya property. Due to a lack of exploration prospects, the Company decided to discontinue further exploration activities on this property and to write-off exploration expenditures of $3,362,285 incurred up to December 31, 2012.

Impairment

The Company completed an annual review of all projects for the 2012 and 2013 fiscal years.

The Habo project is at an early stage of development. Based on exploration activities to date, this project remains viable and further exploration initiatives are warranted and have been identified. Based on the review of this project, management determined that it was necessary to record an impairment in the amount of $3,530,000, in fiscal 2012, to reduce the Habo project to its estimated recoverable amount. The estimated recoverable amount was based on estimated net value of the exploration licenses to the Company based on prior sales of exploration rights. During 2013, an additional $499,192 was expended on the Habo property. The work continues to confirm Management's positive outlook on the property and, during the course of the year, expenditures were capitalized in the belief that markets would justify an increased valuation. While Management believes the results will ultimately substantiate the value inherent in the property, market conditions have not improved. Consequently, at December 31, 2013, the Company recorded an additional impairment charge on its Habo property in the amount of $499,192 to bring the carrying value back to the December 31, 2012 level. In 2014, exploration activities have been significantly curtailed, consistent with the need to conserve cash. Monies will need to be expended to keep the properties in good standing, with some modest amount of monies earmarked to advance the projects. In the first six months of 2014, an additional $77,810 ($51,593 in the second quarter) was expended on the Habo property, which amount was written down as an impairment, consistent with the year-end 2013 accounting.

In the fourth quarter of 2011, Roscoe Postle Associates completed the first NI43-101 resource estimate on the Qinhe block of the Ma Touwan project. Preliminary financial modeling of this project indicates that the ore body will generate a net present value significantly greater than the current book value of this project. Accordingly no impairment was warranted.

Project Expenditures

Exploration expenditures during the first six months of 2014 were as follows:

	Yunnan Dong Xin (Ma Touwan)	Yunnan Now (Habo)	Total
Balance at December 31, 2013	**$ 12,902,697**	**$ 605,325**	**$ 13,508,022**
Management and supervision	91,940	29,166	121,106
Geological and geophysical	50,655	---	50,655
Trenching and assays	---	16,285	16,285
Site reclamation	3,556	8,605	12,161
Field trip	2,905	4,412	7,317
General	27,297	19,342	46,639
Exploration expenditures 2014	176,353	77,810	254,163
Impairment [1]	---	(77,810)	(77,810)
Balance at June 30, 2014	**$ 13,079,050**	**$ 605,325**	**$ 13,684,375**

Note: [1] *Refer to "Impairment" above*

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities, obligations or responsibilities associated with the Company's mining interests.

COURSE OF BUSINESS TRANSACTIONS

Related Party Transactions

(a) The Company incurred the following related party transactions during the period ended June 30, 2014 and 2013:

- $Nil (June 30, 2013 - $80,000) was accrued or paid to a company controlled by a director, Kaihui Yang, who was the former President of the Company.
- US $48,000 (June 30, 2013 - $Nil) of remuneration was paid to Lukman Wijaya, the President and CEO. Effective August 1, 2013, Lukman Wijaya is paid remuneration of US $8,000 per month.
- $21,057 and $25,326, respectively (June 30, 2013 - $9,836 and $16,797, respectively) was paid to Lukman Wijaya and Wenjin Yang, each a director of the Company, for their roles in managing the Chinese joint ventures.
- $Nil (June 30, 2013 - $36,000) was accrued or paid to a company controlled by the former Chief Financial Officer, Gaetan Chabot.
- $42,000 (June 30, 2013 - $Nil) was accrued or paid to a company controlled by the current Chief Financial Officer, Julio DiGirolamo.
- $Nil (June 30, 2013 - $72,214) was accrued or paid to the former President and CEO of the Company, H.R. Shipes.
- $74,388 (June 30, 2013 - $18,403) in director fees were paid or accrued.
- Certain directors of the Company are also officers and/or directors of a company which sublets office space to the Company. For the six months ended June 30, 2014, rent expense amounted to $9,000 (June 30, 2013 - $9,000). As at June 30, 2014, $Nil (December 31, 2013 - $4,500) of prepaid rent has been advanced to this company and is included in prepaid and sundry receivables.
- A partner of a legal firm is an officer of the Company. For the three months ended June 30, 2014, fees for legal services provided by the firm amounting to $51,973 (June 30, 2013 - $133,290) were included in legal fees. As at June 30, 2014, an amount of $17,894 (December 31, 2013 - $71,348) is payable to the firm and is included in accounts payable and accrued liabilities.

(b) Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2014	**2013**	**2014**	**2013**
Salaries and benefits [(1)]	**$ 117,829**	$ 105,234	**$ 215,422**	$ 206,617
Share based payments	**$ -**	$ -	**$ -**	$ -

[(1)] Salaries and benefits include director fees. Directors are entitled to director fees and stock options for their services as approved by the Board.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

As at June 30, 2014, China Gold owns 56,310,004 common shares of the Company, approximately 50.3% of the total common shares outstanding. After issuing 1,429,900 common shares to settle interest due on the convertible debentures, at August 22, 2014, China Gold owns 57,739,904, approximately 51% of the total common shares outstanding. In addition, China Gold holds convertible debentures issued on December 16, 2013 and April 9, 2014 each in the amount of $1,248,000, representing $2,496,000 in the aggregate. Should such convertible debentures be converted in the first year following the issue date at a conversion price of $0.05 per Common Share, China Gold would be issued an additional 49,920,000 Common Shares which, together with existing Common Shares held by China Gold and excluding any conversion of interest into common shares from July 2014 onwards, would result in China Gold holding a total of 107,659,904 Common Shares, representing approximately 66% of the issued and outstanding Common Shares, based on 163,240,794 Common Shares being outstanding assuming such conversion of the Convertible Debentures and assuming no other Common Shares are issued.

To the knowledge of directors and officers of Asia Now, the remainder of the Company's outstanding common shares are widely held.

Off-Balance Sheet Transactions

The Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

The Company is not currently in search of future opportunities in terms of new property acquisitions and business partnerships. Although no transactions are in progress currently, the Company may, in the future, research into potential opportunities, and will continue to keep business relationships open should opportunities arise.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Statement of compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

Basis of presentation

The policies applied in the unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of August 22, 2014, the date the Board of Directors approved the financial statements. The unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries Asia Now Resources Ltd. and Asia Now Resources Shanghai Consultants Company Ltd.

The results of subsidiaries acquired or disposed of during the periods presented are included in the unaudited condensed interim consolidated statement of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

Significant accounting judgments and estimates

The preparation of the unaudited condensed interim consolidated financial statements requires Management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

- **Critical accounting estimates**

  Significant assumptions about the future that Management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. These relate to, but are not limited to, the following:

- the recoverability of accounts receivable that are included in the unaudited condensed interim consolidated statements of financial position;
- the estimated useful lives and residual value of PPE which are included in the unaudited condensed interim consolidated statements and the related depreciation included in profit or loss;
- the inputs used in accounting for stock option based transactions in profit or loss in the current and prior periods;
- the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of these properties where applicable;
- Management-applied judgment in determining the functional currency of the Company as Canadian Dollars;
- Management assumption of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed in the current and prior periods; and
- Management's position that there is no income tax considerations required for the current and prior periods.

➢ **Critical accounting judgments**

- How financial assets and liabilities are categorized is an accounting policy that requires management to make judgments or assessments.

Recent Accounting Pronouncements

IAS 32, Financial Instruments Presentation ("IAS 32")

On December 16, 2011 the IASB published amendments to IAS 32 Financial Instruments: Presentation to clarify the application of the requirements of offsetting financial assets and financial liabilities. The amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company is assessing the impact of IAS 32 on its unaudited condensed interim consolidated financial statements.

IFRS 9 - Financial instruments ("IFRS 9")

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9, which is to be applied retrospectively, will be effective as of January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's unaudited condensed interim consolidated financial statements

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company considers its capital to be equity, comprising share capital and reserves net of deficit which at June

30, 2014 totalled $12,584,156 (December 31, 2013 - $13,427,215). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, or debt securities, and acquire or dispose of assets to adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including but not limited to source and use of capital and general industry conditions.

The Company's capital management objectives, policies and processes have remained unchanged during the quarter ended June 30, 2014.

PROPERTY AND FINANCIAL RISK FACTORS

The Company is exposed to property risk and a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign exchange rate risks) as explained below.

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(a) Property risk

The Company's major mineral properties are Ma Touwan and Habo. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon these two projects. If no additional major mineral exploration properties are acquired by the Company, any adverse development affecting these two projects would have a material adverse effect on the Company's financial condition and results of operations.

(b) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of short-term deposits, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal. Sundry receivables consist of harmonized sales tax due from the Federal Government of Canada, receivable from employees and accrued interest. Sundry receivables of $23,134 are in good standing as of June 30, 2014 and represent the maximum credit exposure. Management believes that the credit risk concentration with respect to sundry receivables is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at June 30, 2014, the Company had cash and cash equivalents of $1,420,992 (December 31, 2013 - $2,132,594) to settle current liabilities of $388,792 (December 31, 2013 - $1,266,794). Other than the convertible debentures, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(i) Interest rate risk

The Company has cash balances and no interest-bearing debt, other than its convertible debentures. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

(ii) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars, U.S. dollars and Chinese Renminbi. The Company funds major exploration expenses in China. The Company maintains Canadian dollar and Chinese RMB bank accounts in China. Management does not hedge its foreign exchange risk.

(iii) Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, copper, silver, lead, zinc and molybdenum to determine the appropriate course of action to be taken by the Company.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of gold, copper, silver, lead, zinc and molybdenum. Gold, copper, silver, lead, zinc and molybdenum prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold, copper, silver, lead, zinc and molybdenum may be produced in the future, a profitable market will exist for them. As of June 30, 2014, the Company was not a gold, copper, silver, lead, zinc and molybdenum producer. As a result, gold, copper, silver, lead, zinc and molybdenum price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

OTHER RISK FACTORS

Due to the nature of the Company's business, it is subject to various financial, environmental and operational risks that should be carefully considered by readers. In addition to other information set forth elsewhere in the Consolidated Financial Statements, readers should carefully review the following risk factors.

Currency risk

The Company is exposed to the risk of foreign exchange fluctuations. Derivative instruments are not used to manage these risks.

Credit risk

The Company assesses the potential losses of its prepaid and sundry receivables and maintains a provision for losses based on their estimated realizable value.

Exploration, Development and Mining Risks

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Unusual or unexpected formations, formation pressures, fires, power and water outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company will rely upon consultants and others for exploration and development expertise.

The Company's projects are in the exploration stages only and are each without a known body of commercial ore. Development of the Company's projects would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Company's projects and any other properties the Company may acquire or its operations. Such restrictions may have a material adverse effect on the Company's business and results of operation.

Mineral Resources

Roscoe Postle Associates have completed the first NI43-101 resource estimate on the Qinhe block of Beiya North during fourth quarter of 2011. No mineral resources as defined by National Instrument 43-101 had been established at the Company's other projects. There is no certainty that further exploration and development will result in the definition of mineral resources, or mineral reserves at the Company's projects.

Title to Exploration Licences

The Company believes it has taken reasonable measures to ensure that title to the exploration licenses held by the CJVs is held as described in this Filing Statement. There is no guarantee that title to any of the licences covering the Company's projects will not be challenged or impaired. No assurances can be given that title defects to the licenses do not exist. The licenses and the land to which they apply may be subject to prior unregistered agreements, or interests and title may be affected by undetected defects. There may be valid challenges to the title of any of the licenses covering the Company's projects that, if successful, could impair development and/or operations. A defect could result in the Company losing all or a portion of its right, title and interest in and to the properties to which the title defect relates.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons.

Risks Relating to China

Substantially all of the Company's operations are located in China. Accordingly, the Company's results of operations, financial position and prospects are subject, to a significant degree, to economic, political and legal developments in China.

State Ownership and Control

In recent years the Chinese government has implemented economic reforms and reduced state ownership, yet a substantial portion of productive assets in China is still owned by the Chinese government. The Chinese government continues to play a significant role in regulating industry by imposing industrial policies. It also exercises significant control over China's economic growth through the allocation of resources, control of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. The Company's future earnings, if any, could be affected if the Chinese government were to reverse recent trends and impose restrictions on its business. Many of the policy changes initiated in China since 1978 are experimental in nature and are frequently refined and adjusted, often without notice. Chinese political policies, especially of local governments, are often driven by social policies, so any change in social conditions could have an impact on political and economic policies. This in turn could have a negative impact on the Company.

Government Economic Intervention

The economy of China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. The Chinese government has implemented various measures from time to time to control the rate of economic growth and continues to introduce macro-economic control measures such as restrictions on bank lending introduced in 2004. Some of these measures benefit the overall economy of China, but may have a negative effect on the Company. For example, the Company's operating results and financial position may be adversely affected by: changes in the rate or method of taxation; imposition of additional restrictions on currency conversion and remittances abroad; reduction in tariff or quota protection and other import restrictions; changes in the usage and costs of state-controlled transportation services; and state policies affecting the gold industry.

Foreign Investment

In China, foreign invested companies such as the Company's joint ventures could be required to work within a framework that is different to that imposed on local companies. The Chinese government generally is opening up opportunities for foreign investment in mining projects and this process is expected to continue. Nonetheless, certain organizations within the government do periodically attempt to implement measures to control or limit foreign investment in the mining sector, particularly with respect to gold and other precious metals. If the Chinese government should impose greater restrictions on foreign companies, the Company's business could be negatively affected.

Gold Sales

Currently the Shanghai Gold Exchange serves as a spot market for sellers and purchasers of gold. Forward sales or futures deals are handled under evolving mechanisms and regulations to further the development of the futures gold market. Mining companies that produce gold within China now have three possible classes of buyers: the smelters, the banks and the People's Bank of China. Producers now obtain world prices for gold through the facilities of the exchange. While this is a major step in the liberalization of gold markets in China, there is no guarantee that this liberalization process will continue, as proposed, to the point that gold imports and exports will link freely into the international market.

Currency Conversion

Under current regulations, there is no restriction on foreign exchange conversion of the RMB on the current account, although any foreign exchange transaction on the capital account is subject to prior approval from the State Administration of Foreign Exchange ("**SAFE**"). China has been a member of the WTO since 2001, and the Chinese currency will be freely exchanged with other currencies. However, even on the current account the RMB is not a freely convertible currency. Foreign invested enterprises in China are allowed to repatriate profit to their foreign parents or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There can be no assurance that the availability of foreign currency will be sufficient for the payment of profits, if any, or to satisfy other foreign currency obligations. There is also no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency on the current account. These limitations could affect the Company's ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures, which could impact upon expansion plans. Any appreciation of the RMB may adversely affect the Company's earnings, if any, through higher foreign currency denominated operating costs. There has been significant talk recently of moving the RMB towards becoming a more freely floating currency, as required under membership of the WTO.

Developing Legal System

The Chinese legal system is a system based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade.

However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties The structure and content of Chinese laws are frequently "bare bones" statutes that leave significant room to work within a developing and often untested framework. Many laws also allow for significant discretion at the provincial and local level, leading to inconsistent application from region to region. In addition, as the Chinese legal system develops, changes in such laws and regulations, their interpretation or their enforcement may have a material adverse effect on the Company's business operations.

Shareholder Rights and Enforcement of Judgments

As Chinese legal entities, the CJVs to which the Company is a party are subject to Chinese company law and regulations. Company law in general and, in particular, provisions for the protection of shareholder's rights and access to information are less developed than those applicable to companies in other countries. Substantially all of the Company's assets are located in China. China does not have a treaty with Canada providing for the reciprocal recognition and enforcement of judgments of courts and as such, recognition and enforcement in China of judgments of a Canadian court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Although the rights of minority shareholders in the Company or the Company would be protected in Canada, judgments rendered against the Company, the Company and/or the companies with which the Company has signed joint venture agreements would likely not be enforceable in China.

Permit and Exploration License Approval Process

All exploration and mining projects require various levels of government approval and licensing. While the CJVs to which the Company is a party have generally been successful in obtaining permits through the efforts of the Chinese parties to the CJVs, there can be no certainty that these approvals will be granted in a timely manner, or at all. The companies with which the Company has signed CJV agreements and the CJVs to which the Company is a party hold various permits, business licences and approvals authorizing their operations and activities, which are subject to periodic review and reassessment by the Chinese authorities. Standards of compliance necessary to pass such reviews change from time to time and differ from jurisdiction to jurisdiction, leading to a degree of uncertainty. If renewals, new permits, business licenses or approvals required in connection with existing or new facilities or activities, are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, the Company will suffer a material adverse effect. If new standards are applied to renewals or new applications, it could prove costly to the Company to meet any new level of compliance.

Title Maintenance of Exploration Rights

The maintenance of exploration rights has become more difficult as all levels of the Chinese governments are frequently changing their policies and regulations.

New policies have been implemented by the Ministry of Land and Resources in China. As a result the Yunnan Provincial Government has introduced new regulations for exploration and mining within the Yunnan Province.

The new regulations in Yunnan include:

(1) Minimum annual exploration expenditures
(2) Specific time limits for conducting exploration activities and for the development of a mine
(3) Reduction of the exploration area by 25-50% of the area initially defined for the exploration right
(4) Higher requirements for the application of a mining license

There is increasing expectation from the local governments for the Company to increase its investment and accelerate its exploration activities to meet the requirements for mining license application. The prefecture and county governments have also suggested that the Company submits its plans for mine development at Beiya North as soon as possible. If it is deemed by the local governments that significant progress has not been made in this regard, the Company will be subject to the risk that the renewal of its exploration licenses may be difficult and that 50% of the exploration area may be reduced.

Environmental and Safety Regulations and Risks

All of the Company's operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether.

The Company may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. In addition, environmental hazards may exist on a property in which the Company directly or indirectly holds an interest which are unknown to the Company at present which have been caused by previous or existing owners or operators of the property. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to minimize potential risks and liabilities associated with pollution of the environment and the disposal of waste products by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards. There is also a risk that the environmental laws and regulations in China may become more onerous, making the Company's operations in that country more expensive.

Future Profits/Losses and Production Revenues/Expenses

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and, if warranted, commercial production of the Company's projects and any other properties the Company may acquire are added as needed. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses unless and until such time as the Company's projects and any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's projects and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of the properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Joint Ventures

The Company is a party to joint ventures with other mining companies in respect of its properties in China. The Company may require additional financing to meet obligations under the joint venture agreements and there is no guarantee that such funds will be available. Furthermore, any failure of the Company's joint venture partners to meet their obligations to the Company or to third parties could have a material adverse effect on the joint ventures.

Joint Venture Agreements

In certain cases there may be inconsistencies between the Chinese version and the English version of the CJV agreements.

Competition

The international mining industry is highly competitive and the Company competes with other mining companies, many of which have greater resources and experience. Competition in the precious metals mining industry is primarily for: mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a worldwide basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Key Employees

The Company will depend on a number of key employees, the loss of any one of whom could have an adverse effect on the Company.

Fluctuating Mineral Prices

Commodity prices are highly volatile and factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors cannot be predicted.

Residency of Directors, Officers and Others

A number of the directors of the Company named herein reside outside Canada. Substantially all of the assets of these persons and of the Company are located outside Canada. It may not be possible for investors to effect service of process within Canada upon the directors, officers and experts named above. It may also not be possible to enforce against the Company, certain of its directors and officers and certain experts named herein, judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other natural resource companies or companies providing services to the Company or they may have significant shareholdings in other resource companies. Situations may arise where the directors and/or officers of the Company may be in competition with the Company. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Limited Operating History

There is no assurance that the Company will earn profits in the future, or that profitability, if achieved, will be sustained. If the Company does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities. The Company may also have a reduced interest or lose its interest in the properties/CJVs.

Future Capital Requirements

The Company will require additional financing in order to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favourable terms. If the Company issues treasury shares to finance its operations or expansion plans, control of the Company may change and shareholders may suffer dilution of their investment. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Management of Growth

Any expansion of the Company's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Company will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Company will be able to manage growth successfully. Any inability of the Company to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may expand its operations through the acquisition of additional businesses, products or technologies that it believes will complement its current or future business. There can be no assurance that the Company will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into the Company without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Company's business, results of operations and financial condition. In addition, there can be no assurance that the Company can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the Company's business. An acquisition could also result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition is pursued, the failure of the Company to manage this strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Government Regulations

The Company may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Company. Changes in the regulatory environment imposed upon the Company could adversely affect the ability of the Company to attain its corporate objectives.

Share Price Volatility

The market price of the Company Shares is highly volatile and may be significantly affected by factors such as actual or anticipated fluctuations in the Company's operating results, announcements of technological innovations, changes in estimates or analysis by securities analysts, new exploration projects by the Company or its competitors, government regulatory action, general market conditions and other factors.

OUTLOOK

The Company has completed the drilling for the first resource definition of the Beiya North gold/silver and base metal zone at the Beiya project, regarded as one of the top 10 high-potential prospects in China by the China Geological Survey.

Roscoe Postle Associates completed the first NI43-101 resource estimate on the Qinhe block of Beiya North. It contains an indicated resource of 12.0 million tonnes at 1.11 g/t gold, 45.0 g/t silver and 2.98% lead, with an additional inferred resource of 10.6 million tonnes, at 0.76 g/t Au, 44.8 g/t Ag and 2.85% Pb, at a net smelter return (NSR) cut-off of US$50 per tonne. The main zone at Qinhe remains open to the north, and is adjacent to, and north of the open-pit Beiya Gold Mine that produces 200,000 ounces of gold annually.

Various drilling programs have been carried out within an area of 2.8 square kilometres, approximately 9.1% of the presently retained 30.83 km^2. Recent assay results for 33 drill holes has further expanded the main gold-silver and base metal zone to 2,480 meters strike length by 180 to 700 meters in width; it remains open to the northwest and east. To date, 135 holes have intersected multi-layered gold/silver and base metal mineralized zones, including some high-grade intercepts containing up to 23.5 g/t gold, 928 g/t silver, 4.15% copper and 35.3% combined lead and zinc.

The Beiya project has potential for the development of the intrusion-related lead-gold ore deposit at Beiya North and the Company has to date earned 72% interest in the property. The Company has also started an environmental assessment, hydrological survey and geo-engineering studies, and is preparing for metallurgical testing of various zones of mineralisation, as required for an application for a mining license for the first-phase mine development at Beiya North. The Company is conducting Scoping Studies that include analysis aimed to identify the most cost efficient way of developing the deposit considering aspects such as production rates, capital and operating cost projections, options for open pit and underground mining methods, and metallurgical considerations such as gravity concentration and froth flotation concentration.

The Company believes its Habo Project has potential for a large bulk-tonnage porphyry-style copper-gold deposit. The various surveys completed have indicated various geophysical and geochemical anomalies that have yet to be adequately tested by drilling. At Habo South, extensive sulfide mineralization is interpreted to occur over an area of 2.3 kilometers by 1.3 kilometers and is open to the south, west and north. Exploration results to date have confirmed wide zones of mineralisation (up to 268 meters), with some higher grade intervals including 17 meters at 0.96% copper and 52.5 meters at 0.25% copper and 0.08% molybdenum. Recent surface exploration programs have outlined three additional copper-gold-molybdenum targets in the northern part of the project area.

The Company is dependent on obtaining financing for the exploration and development of its mineral properties and any new projects. Management is currently exploring various financing alternatives in order to fund its planned exploration activities. There is no assurance that such financing will be available when required, or under favourable terms.