



# **ASIA NOW RESOURCES CORP.**

**(A Development Stage Company)**

**Interim Consolidated Financial Statements  
(Expressed in Canadian Dollars)**

**Three and Nine Months Ended September 30, 2009  
(Unaudited)**

## **Management's Responsibility for Financial Reporting**

The accompanying unaudited interim consolidated financial statements of Asia Now Resources Corp. (A Development Stage Company) were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2008 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **Notice to Reader**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

	September 30, 2009	December 31, 2008
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 4,392,649	\$ 6,272,996
Prepaid and sundry receivables	73,308	169,484
	<b>4,465,957</b>	6,442,480
Mineral properties and deferred exploration expenditures (Note 5)	<b>7,384,089</b>	6,364,653
Capital assets (Note 6)	<b>32,602</b>	45,721
	<b>\$ 11,882,648</b>	\$ 12,852,854
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 372,764	\$ 903,377
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7(b))	<b>16,921,310</b>	16,881,310
Warrants (Note 8)	-	18,638
Contributed surplus	<b>2,555,655</b>	2,401,106
Deficit	<b>(7,967,081)</b>	(7,351,577)
	<b>11,509,884</b>	11,949,477
	<b>\$ 11,882,648</b>	\$ 12,852,854

**Nature of Operations and Going Concern (Note 1)**  
**Commitment (Note 12)**

See accompanying notes to unaudited interim consolidated financial statements.

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,		Cumulative since inception on April 1, 1997 to September 30,
	2009	2008	2009	2008	2009
<b>Expenses</b>					
Management and consulting fees (Note 9)	\$ 56,114	\$ 62,057	\$ 145,585	\$ 235,843	\$ 1,997,423
General and administration cost (1)	45,880	40,223	106,344	117,198	1,243,690
China office expenses (Note 9)	41,265	32,720	123,423	147,302	750,385
Investor relations (Note 9)	4,359	14,393	54,766	99,760	439,553
Listing and transfer agent fees	1,089	6,007	12,010	19,338	100,017
Directors fees	9,997	11,465	30,806	34,323	138,887
Stock-based compensation	74,270	-	74,270	-	676,422
Loss on joint venture advances	-	-	-	-	116,867
Loss on disposal of capital assets	-	-	2,859	7,885	5,918
Write-down of mineral properties	-	-	-	-	1,990,577
Foreign exchange loss (gain)	18,094	5,139	55,180	(11,108)	110,903
Amortization	3,349	5,931	10,261	17,761	73,343
	<b>254,417</b>	<b>177,935</b>	<b>615,504</b>	<b>668,302</b>	<b>7,643,985</b>
<b>Net loss before the following</b>	<b>(254,417)</b>	<b>(177,935)</b>	<b>(615,504)</b>	<b>(668,302)</b>	<b>(7,643,985)</b>
Reverse take over costs in excess of cash	-	-	-	-	(148,164)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (254,417)</b>	<b>\$ (177,935)</b>	<b>\$ (615,504)</b>	<b>\$ (668,302)</b>	<b>\$ (7,792,149)</b>
Basic and fully diluted loss per share	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	
Weighted average number of shares outstanding	<b>65,709,620</b>	<b>59,639,895</b>	<b>65,571,295</b>	<b>53,586,379</b>	

(1) General and administration was offset by \$4,964 and \$29,320, respectively for the three and nine months ended September 30, 2009 (three and nine months ended September 30, 2008 - \$22,294 and \$40,673, respectively; cumulative since inception on April 1, 1997 to September 30, 2009 - \$253,073) of interest income.

See accompanying notes to unaudited interim consolidated financial statements.

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF DEFICIT**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

	Three Months Ended September 30,		Nine Months Ended September 30,		Cumulative since inception on April 1, 1997 to September 30,
	2009	2008	2009	2008	2009
Net loss for the period	\$ (254,417)	\$ (177,935)	\$ (615,504)	\$ (668,302)	\$ (7,792,149)
Deficit, beginning of period	(7,712,664)	(6,520,397)	(7,351,577)	(6,030,030)	(174,932)
Deficit, end of period	\$ (7,967,081)	\$ (6,698,332)	\$ (7,967,081)	\$ (6,698,332)	\$ (7,967,081)

See accompanying notes to unaudited interim consolidated financial statements.

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

	Three Months Ended September 30, 2009		Nine Months Ended September 30, 2008		Cumulative since inception on April 1, 1997 to September 30, 2009
<b>CASH (USED IN) PROVIDED BY</b>					
<b>OPERATING ACTIVITIES</b>					
Net loss for the period	\$ (254,417)	\$ (177,935)	\$ (615,504)	\$ (668,302)	\$ (7,792,149)
Adjustment for:					
Amortization	3,349	5,931	10,261	17,761	73,343
Stock-based compensation (Note 9)	92,384	22,329	102,146	172,095	1,223,319
Write-down of mineral properties	-	-	-	-	1,990,577
Loss on disposal of capital assets	-	-	2,859	7,885	5,918
Net change in non-cash working capital	78,117	114,902	(394,438)	642,660	117,929
	<b>(80,567)</b>	<b>(34,773)</b>	<b>(894,676)</b>	172,099	<b>(4,381,063)</b>
<b>INVESTING ACTIVITIES</b>					
Mineral properties and exploration expenditures	(464,967)	(565,886)	(985,671)	(1,696,355)	(9,220,374)
Purchase of capital assets	-	(418)	-	(1,429)	(132,147)
Proceeds on disposal of capital assets	-	-	-	4,950	20,284
Transaction costs	-	-	-	-	(70,133)
Cash acquired on RTO	-	-	-	-	70,133
	<b>(464,967)</b>	<b>(566,304)</b>	<b>(985,671)</b>	<b>(1,692,834)</b>	<b>(9,332,237)</b>
<b>FINANCING ACTIVITY</b>					
Cash received from issuance of common shares, net of costs	-	5,975,975	-	6,087,516	18,105,949
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(545,534)</b>	<b>5,374,898</b>	<b>(1,880,347)</b>	<b>4,566,781</b>	<b>4,392,649</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>4,938,183</b>	<b>1,453,758</b>	<b>6,272,996</b>	<b>2,261,875</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 4,392,649</b>	<b>\$ 6,828,656</b>	<b>\$ 4,392,649</b>	<b>\$ 6,828,656</b>	<b>\$ 4,392,649</b>

See accompanying notes to unaudited interim consolidated financial statements.

**ASIA NOW RESOURCES CORP.****(A Development Stage Company)****INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)****(EXPRESSED IN CANADIAN DOLLARS)****(UNAUDITED)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>		<b>Cumulative</b>
	<b>September 30,</b>		<b>September 30,</b>		<b>since</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>inception on</b>
					<b>April 1, 1997 to</b>
					<b>September 30,</b>
					<b>2009</b>
<b>Cash and cash equivalents</b>					
<b>consist of:</b>					
Cash	\$ 717,649	\$ 1,028,656	\$ 717,649	\$ 1,028,656	\$ 717,649
Short-term investments	3,675,000	5,800,000	3,675,000	5,800,000	3,675,000
	<b>\$ 4,392,649</b>	<b>\$ 6,828,656</b>	<b>\$ 4,392,649</b>	<b>\$ 6,828,656</b>	<b>\$ 4,392,649</b>
<b>NON-CASH INVESTING ACTIVITIES</b>					
Stock-based option compensation					
capitalized to mineral properties					
and exploration expenditures	\$ 28,984	\$ 8,975	\$ 33,765	\$ 55,371	\$ 154,292

See accompanying notes to unaudited interim consolidated financial statements.

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

	<u>Shares issued and subscribed</u>		<u>Warrants</u>	<u>Contributed</u>	<u>Accumulated</u>	
	<u># of Shares</u>	<u>Share Value</u>	<u>Value</u>	<u>Surplus</u>	<u>Deficit</u>	<u>Total</u>
Balance at February 17, 2004	1,250,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Shares issued on initial public offering, net of issue costs	1,875,000	194,806	-	-	-	194,806
Valuation of stock options	-	-	-	14,375	-	14,375
Loss for the year	-	-	-	-	(32,911)	(32,911)
Balance at December 31, 2004	3,125,000	294,806	-	14,375	(32,911)	276,270
Loss for the year	-	-	-	-	(9,147)	(9,147)
Balance at December 31, 2005	3,125,000	294,806	-	14,375	(42,058)	267,123
Elimination of share capital of Phoenician Holdings Corp.	-	(294,806)	-	(14,375)	42,058	(267,123)
Shares issued to effect RTO	31,791,968	4,628,207	-	-	(2,408,064)	2,220,143
Value of warrants assumed on RTO	-	-	836,916	-	-	836,916
Value of stock options assumed on RTO	-	-	-	487,800	-	487,800
Shares issued on private placement, net of issue costs	10,320,020	4,747,202	-	-	-	4,747,202
Valuation of warrants issued	-	(856,562)	856,562	-	-	-
Value of stock options granted	-	-	-	90,691	-	90,691
Valuation of broker warrants issued	-	(103,029)	103,029	-	-	-
Exercise of warrants	2,612,500	979,688	-	-	-	979,688
Exercise of warrants - fair market valuation	-	251,581	(836,916)	585,335	-	-
Exercise of stock options	343,750	55,000	-	-	-	55,000
Fair value of net liabilities assumed on RTO	-	-	-	-	(174,932)	(174,932)
Loss for the year	-	-	-	-	(2,201,635)	(2,201,635)
Balance at December 31, 2006	48,193,238	\$ 9,702,087	\$ 959,591	\$ 1,163,826	\$ (4,784,631)	\$ 7,040,873

See accompanying notes to unaudited interim consolidated financial statements

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

	<b>Shares issued and subscribed</b>		<b>Warrants</b>	<b>Warrants</b>	<b>Contributed</b>	<b>Accumulated</b>	<b>Total</b>
	<b># of Shares</b>	<b>Share Value</b>	<b>Value</b>	<b>to be Issued</b>	<b>Surplus</b>	<b>Deficit</b>	
Balance at December 31, 2006	48,193,238	\$ 9,702,087	\$ 959,591	\$ -	\$ 1,163,826	\$ (4,784,631)	\$ 7,040,873
Shares issued on private placement, net of issue costs	1,058,986	524,825	-	-	-	-	524,825
Value of broker warrants to be issued	-	(18,638)	-	18,638	-	-	-
Exercise of stock options	1,000,000	200,000	-	-	-	-	200,000
Valuation of stock options exercised	-	119,000	-	-	(119,000)	-	-
Value of stock options previously granted	-	-	-	-	23,661	-	23,661
Value of stock options granted	-	-	-	-	394,759	-	394,759
Expired warrants	-	-	(959,591)	-	959,591	-	-
Loss for the year	-	-	-	-	-	(1,245,399)	(1,245,399)
Balance at December 31, 2007	50,252,224	10,527,274	-	18,638	2,422,837	(6,030,030)	6,938,719
Shares issued on private placement, net of issue costs	13,129,908	5,639,516	-	-	-	-	5,639,516
Valuation of broker warrants issued	-	-	18,638	(18,638)	-	-	-
Exercise of stock options	2,120,000	448,000	-	-	-	-	448,000
Valuation of stock options exercised	-	266,520	-	-	(266,520)	-	-
Value of stock options previously granted	-	-	-	-	187,726	-	187,726
Value of stock options granted	-	-	-	-	57,063	-	57,063
Loss for the period	-	-	-	-	-	(1,321,547)	(1,321,547)
Balance at December 31, 2008	65,502,132	16,881,310	18,638	-	2,401,106	(7,351,577)	11,949,477
Value of stock options previously granted (Note 9)	-	-	-	-	14,543	-	14,543
Value of stock options granted (Note 9)	-	-	-	-	121,368	-	121,368
Expired warrants (Note 8)	-	-	(18,638)	-	18,638	-	-
Share issued (Note 7(b))	266,666	40,000	-	-	-	-	40,000
Loss for the period	-	-	-	-	-	(615,504)	(615,504)
<b>Balance at September 30, 2009</b>	<b>65,768,798</b>	<b>\$16,921,310</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,555,655</b>	<b>\$ (7,967,081)</b>	<b>\$11,509,884</b>

See accompanying notes to unaudited interim consolidated financial statements

# ASIA NOW RESOURCES CORP.

(A Development Stage Company)

## INTERIM CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (EXPRESSED IN CANADIAN DOLLARS)

	Ma Touwan	Beiya	Habo	Great Wall	Other	Total
Balance at December 31, 2006	\$ 418,235	\$ 685,344	\$ 781,259	\$ 434,622	\$ 36,505	\$ 2,355,965
<u>Exploration costs</u>						
Management and supervision	40,345	24,492	26,965	-	-	91,802
Geological and geophysical	177,437	101,220	125,328	85,565	-	489,550
Trenching and assays	45,661	15,472	115,655	-	-	176,788
Drilling	107,858	478,830	715,034	-	-	1,301,722
Field trip	32,912	21,354	32,548	16,917	-	103,731
General	51,620	24,653	32,681	31,800	-	140,754
	455,833	666,021	1,048,211	134,282	-	2,304,347
Balance at December 31, 2007	874,068	1,351,365	1,829,470	568,904	36,505	4,660,312
<u>Exploration costs</u>						
Management and supervision	10,481	5,927	6,881	-	-	23,289
Geological and geophysical	152,028	335,173	168,421	83,751	-	739,373
Trenching and assays	17,760	57,573	113,376	-	-	188,709
Drilling	973,125	(9,488)	382,245	-	-	1,345,882
Field trip	11,588	5,719	5,825	3,200	-	26,332
General	29,094	25,968	18,054	(973)	-	72,143
Write-downs	-	-	-	(654,882)	(36,505)	(691,387)
	1,194,076	420,872	694,802	(568,904)	(36,505)	1,704,341
Balance at December 31, 2008	\$ 2,068,144	\$ 1,772,237	\$ 2,524,272	\$ -	\$ -	\$ 6,364,653

See accompanying notes to unaudited interim consolidated financial statements

# ASIA NOW RESOURCES CORP.

(A Development Stage Company)

## INTERIM CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

	Ma Touwan	Beiya	Habo	Great Wall	Other	Total
Balance at December 31, 2008	\$ 2,068,144	\$ 1,772,237	\$ 2,524,272	\$ -	\$ -	\$ 6,364,653
<u>Exploration costs</u>						
Acquisition costs	177,869	-	-	-	-	177,869
Management and supervision	44,815	34,884	28,446	-	-	108,145
Geological and geophysical	66,188	29,827	36,634	-	-	132,649
Trenching and assays	16,205	16,388	171,535	-	-	204,128
Drilling	264,821	25	27,594	-	-	292,440
Field trip	12,316	5,629	5,971	-	-	23,916
General	13,208	26,869	40,212	-	-	80,289
	595,422	113,622	310,392	-	-	1,019,436
<b>Balance at September 30, 2009</b>	<b>\$ 2,663,566</b>	<b>\$ 1,885,859</b>	<b>\$ 2,834,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,384,089</b>
Balance at December 31, 2007	\$ 874,068	\$ 1,351,365	\$ 1,829,470	\$ 568,904	\$ 36,505	\$ 4,660,312
<u>Exploration costs</u>						
Management and supervision	6,390	3,847	4,124	-	-	14,361
Geological and geophysical	71,712	208,354	81,659	63,097	-	424,822
Trenching and assays	13,577	13,155	76,607	-	-	103,339
Drilling	997,108	(9,488)	153,930	-	-	1,141,550
Field trip	5,219	2,096	1,847	-	-	9,162
General	23,513	22,780	13,172	(973)	-	58,492
	1,117,519	240,744	331,339	62,124	-	1,751,726
<b>Balance at September 30, 2008</b>	<b>\$ 1,991,587</b>	<b>\$ 1,592,109</b>	<b>\$ 2,160,809</b>	<b>\$ 631,028</b>	<b>\$ 36,505</b>	<b>\$ 6,412,038</b>

See accompanying notes to unaudited interim consolidated financial statements

**ASIA NOW RESOURCES CORP.****(A Development Stage Company)****INTERIM CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES****(EXPRESSED IN CANADIAN DOLLARS)****(UNAUDITED)**

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Cumulative Mineral Properties and Deferred Exploration Expenditures:

	<b>Ma Touwan</b>	<b>Beiya</b>	<b>Habo</b>	<b>Great Wall</b>	<b>Other</b>	<b>Total</b>
<u>Exploration costs</u>						
Acquisition costs	\$ 280,351	\$ 146,505	\$ 187,028	\$ 50,130	\$ -	\$ 664,014
Management and supervision	110,976	84,817	88,468	13,680	-	297,941
Geological and geophysical	536,554	899,103	648,155	353,702	-	2,437,514
Trenching and assays	173,665	125,087	506,807	-	-	805,559
Drilling	1,392,147	469,367	1,172,043	43,200	-	3,076,757
Field trip	62,940	38,682	56,503	28,540	-	186,665
General	161,285	127,757	182,630	165,630	36,505	673,807
Option payment received	(54,352)	(5,459)	(6,970)	-	-	(66,781)
Write down	-	-	-	(654,882)	(36,505)	(691,387)
<b>Balance at September 30, 2009</b>	<b>\$ 2,663,566</b>	<b>\$ 1,885,859</b>	<b>\$ 2,834,664</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,384,089</b>

See accompanying notes to unaudited interim consolidated financial statements

**ASIA NOW RESOURCES CORP.**  
**(A Development Stage Company)**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009**  
**(UNAUDITED)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Asia Now Resources Corp. (the "Company" or "Asia Now"), incorporated in the Province of Ontario, is in the development stage and is engaged principally in the acquisition and development of mineral properties in China. The recovery of the Company's investment in mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development and the future proceeds from the disposition of those reserves. The Company is a development stage entity as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company's mining assets are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

These unaudited interim consolidated financial statements have been prepared on the basis of a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as going concern as described in the following paragraph. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying unaudited interim consolidated financial statements.

The Company has a need for financing for working capital, and the exploration and development of its properties. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

**2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2009 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2009.

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**(UNAUDITED)**

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**2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)**

The consolidated balance sheet at December 31, 2008 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2008, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

***Goodwill and Intangible Assets***

Effective January 1, 2009, the Company adopted CICA Section 3064, "Goodwill and Intangible Assets" which replaces CICA Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at September 30, 2009.

***Credit Risk and the Fair Value of Financial Assets and Financial Liabilities***

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company has evaluated the section and determined that adoption of these requirements will have no impact on the Company's interim consolidated financial statements.

***Mining exploration costs***

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at September 30, 2009.

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**2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)**

**Future accounting changes**

***International Financial Reporting Standards ("IFRS")***

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian generally accepted accounting principles with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

***Business Combinations, Consolidated Financial Statements and Non-Controlling Interests***

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

**3. CAPITAL MANAGEMENT**

The Company defines capital that it manages as its shareholders equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. As at September 30, 2009, total shareholders' equity (managed capital) was \$11,509,884 (December 31, 2008 - \$11,949,477).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

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**3. CAPITAL MANAGEMENT (Continued)**

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

- i) minimizing discretionary disbursements;
- ii) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns; and
- iii) focusing financing exploration expenditures on those properties considered to have the best potential.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three and nine months ended September 30, 2009. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

**4. PROPERTY AND FINANCIAL RISK FACTORS**

(a) Property risk

The Company's major mineral properties are Ma Touwan, Beiya and Habo. Unless the Company acquires or develops additional material properties, the Company will be mainly dependant upon these three projects. If no additional major mineral exploration properties are acquired by the Company, any adverse development affecting these three 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 guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal. Sundry receivables consist of goods and services tax due from the Federal Government of Canada and accrued interest. Sundry receivables of \$9,338 are in good standing as of September 30, 2009 and represent the maximum credit exposure. Management believes that the credit risk concentration with respect to sundry receivables is minimal.

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**4. PROPERTY AND FINANCIAL RISK FACTORS (Continued)**

(b) Financial risk (Continued)

**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 September 30, 2009, the Company had cash and cash equivalents of \$4,392,649 (December 31, 2008 - \$6,272,996) to settle current liabilities of \$372,764 (December 31, 2008 - \$903,377). 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. 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 and Chinese renminbi ("RMB"). The Company funds major exploration expenses in China. The Company maintains 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 and molybdenum to determine the appropriate course of action to be taken by the Company.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a nine month period:

Cash equivalents include deposits at call which are at variable rates. As at September 30, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended September 30, 2009 would have been approximately \$28,000 higher/lower, as a result of lower/higher interest income from cash equivalents. Similarly, as at September 30, 2009, reported shareholders' equity would have been approximately \$28,000 lower/higher as a result of lower/higher interest income from cash equivalents due to a 1% decrease/increase in interest rates.

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**4. PROPERTY AND FINANCIAL RISK FACTORS (Continued)**

**Sensitivity analysis (Continued)**

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, sundry receivables and accounts payable and accrued liabilities that are denominated in Chinese RMB. As at September 30, 2009, had the Chinese RMB dollar weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the Company's loss for the nine months ended September 30, 2009 would have been approximately \$15,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at September 30, 2009, reported shareholders' equity would have been approximately \$15,000 lower/higher had the Chinese RMB dollar weakened/strengthened by 5% as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

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 and molybdenum. Gold, copper and molybdenum prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold, copper and molybdenum may be produced in the future, a profitable market will exist for them. As of September 30, 2009, the Company was not a gold, copper and molybdenum producer. As a result, gold, copper and molybdenum price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**5. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES**

**(a) Ma Touwan Properties**

The Company and its joint venture partner Yunnan Non-Ferrous Geology and Mineral Resources Limited ("YNGM") in Yunnan Dong Xin Mineral Exploration Company Limited agreed to amend their agreement. YNGM was to contribute nine exploration licenses. To date only 3 exploration licenses (123.85 km<sup>2</sup>) have been transferred to the joint venture company. Based on surface exploration programs completed on the other six exploration licenses, no significant mineralization was identified and therefore those exploration licenses will be excluded from the original contract. The Company's original contribution of US\$4,100,000 has been reduced to US\$1,886,000.

**(b) Beiya**

The Company has exploration rights over 480.81 km<sup>2</sup>. Two major mineralization zones have been identified within 70 km<sup>2</sup>. Chinese mining law requires the Company to conduct exploration activities on all of its exploration rights every year. The Company is in the process of reviewing its holdings to reduce areas with low prospectivity and to focus its efforts in areas with high potential.

**(c) Habo**

This project covers an area of 162.24 km<sup>2</sup>. Major mineralization has been identified within an area of 50 km<sup>2</sup>. Chinese mining law requires the Company to conduct exploration activities on all of its exploration rights every year. The Company is in the process of reviewing its holdings to reduce areas with low prospectivity and to focus its efforts in areas with high potential.

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**6. CAPITAL ASSETS**

	<b>September 30, 2009</b>	December 31, 2008
Office equipment and leaseholds - at cost	\$ 43,913	\$ 50,665
Vehicles - at cost	39,941	39,941
Less: accumulated amortization	(51,252)	(44,885)
	<b>\$ 32,602</b>	<b>\$ 45,721</b>

**7. SHARE CAPITAL**

**(a) Authorized**

Unlimited number of common shares

**(b) Common shares issued**

	<b>Number of Shares</b>	<b>Amount</b>
Balance, December 31, 2008	65,502,132	\$ 16,881,310
Common shares issued (1)	266,666	40,000
<b>Balance, September 30, 2009</b>	<b>65,768,798</b>	<b>\$ 16,921,310</b>

(1) On July 21, 2009, the Company issued 266,666 common shares at a price of \$0.15 to settle a debt of \$40,000 in respect of services rendered by a consultant to the Company. The shares are subject to a four month hold period that will expire on November 22, 2009.

On August 7, 2008, the Company completed a non-brokered private placement financing with China Gold Pte. Ltd. ("China Gold"), a subsidiary of Lippo China Resources Limited. As a result of the private placement, China Gold acquired 19.99% of Asia Now's issued and outstanding common shares.

As a condition of the private placement, Asia Now entered into a letter agreement with China Gold which provides that for so long as the collective shareholding of China Gold or its affiliates does not fall below 15% of the issued and outstanding common shares of Asia Now (on a non-diluted basis) China Gold: (i) has the right to nominate for election two qualified directors to the Asia Now Board of Directors; and (ii) has the right of first refusal to participate in all equity offerings by Asia Now (including debt offerings with rights to equity) to acquire such number of shares as determined by China Gold provided that its aggregate equity interest will not exceed 38% of the then issued and outstanding common shares of Asia Now (on a non diluted basis) immediately following the closing of such equity offering; and (iii) has approval rights over investments made by Asia Now which constitute in excess of 10% of Asia Now's 90-day weighted average market capitalization immediately preceding the date of such investment.

If China Gold acquires 38% or more of the issued and outstanding common shares of Asia Now (on a non diluted basis), China Gold will have a pre-emptive right in respect of any equity offering by Asia Now in order to maintain its pro rata ownership in Asia Now from time to time.

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**7. SHARE CAPITAL (Continued)**

**(b) Common shares issued (Continued)**

Shareholders approved a proposed second tranche investment by China Gold by way of a non-brokered private placement at a special meeting of shareholders held on October 6, 2008. Such second tranche investment did not proceed, and the Company and China Gold continue to be in discussions regarding the terms of an investment in the Company, if any. It is the view of management of the Company that its agreement to the above-noted restrictions were only in respect of the interim period pending the receipt of the required shareholder approval for the creation of China Gold as a new "Control Person" of the Company that would have resulted from its additional investment in the Company.

As at November 26, 2009, there are no assurances that an additional investment in the Company by China Gold will be forthcoming.

**8. WARRANTS**

The following table reflects the continuity of warrants for the period ended September 30, 2009:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2008	105,899	\$ 0.55
Expired	(105,899)	0.55
<b>Balance, September 30, 2009</b>	<b>-</b>	<b>\$ -</b>

**9. STOCK OPTIONS**

The following table reflects the continuity of stock options for the period ended September 30, 2009:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
Balance, December 31, 2008	2,650,000	\$ 0.61
Cancelled/Expired	(50,000)	0.75
Issued (1)	3,350,000	0.25
<b>Balance, September 30, 2009</b>	<b>5,950,000</b>	<b>\$ 0.40</b>

(1) On September 10, 2009, 3,350,000 stock options were issued to directors, officers, employees and consultants of the Company. The stock options can be exercised for \$0.25 per share and expire on September 10, 2014. The fair value of these options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield, 0%, risk-free interest rate, 2.56%, volatility, 124.40% and an expected life of 5 years. The value attributed to the 3,350,000 stock options was \$371,850. \$28,984 of this value was charged to mineral properties and deferred exploration expenditures, \$18,114 was charged to management and consulting fees and \$74,270 was charged to stock-based compensation and credited to contributed surplus. The remaining value of \$250,482 will be expensed or capitalized as the stock options vest. These options vest as to 25% immediately, 25% after six months, 25% after twelve months and 25% after eighteen months.

The weighted average fair value of the total options granted in 2009 on the grant date was \$0.11.

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**9. STOCK OPTIONS (Continued)**

For the nine months ended September 30, 2009, stock option compensation of \$1,669 was charged to China office expenses, \$4,781 was charged to mineral properties and deferred exploration expenditures, \$2,622 was charged to investor relations and \$5,471 was charged to management and consulting fees for stock options granted in previous years that vested during the current period.

There was no vesting for stock options granted in previous years for the three months ended September 30, 2009.

Details of the stock options outstanding at September 30, 2009 are as follows:

Fair Value Exercisable Options	Weighted Average Remaining Contractual Life (years)	Exercisable Options	Number of Options	Exercise Price	Expiry Date
\$ 30,400	1.59	100,000	100,000	0.48	May 2, 2011
6,490	1.71	200,000	200,000	0.28	June 16, 2011
23,600	0.58	200,000	200,000	0.50	April 30, 2010
45,000	0.58	300,000	300,000	0.33	April 30, 2010
37,600	2.58	200,000	200,000	0.33	April 30, 2012
409,050	2.84	1,350,000	1,350,000	0.75	August 1, 2012
62,250	3.26	250,000	250,000	0.75	January 3, 2013
92,963	4.95	837,500	3,350,000	0.25	September 10, 2014
<b>\$ 707,353</b>	<b>3.79</b>	<b>3,437,500</b>	<b>5,950,000</b>		

**10. RELATED PARTY TRANSACTIONS**

The Company incurred the following related party expenses during the period ended September 30, 2009 and 2008:

- \$135,000 (September 30, 2008 - \$112,500) was accrued or paid to a company controlled by the President.
- \$8,000 (September 30, 2008 - \$49,372) was accrued or paid to a company that provides the services of Corporate Secretary.
- \$43,500 (September 30, 2008 - \$27,000) was accrued or paid to a company controlled by the Chief Financial Officer.
- \$nil (September 30, 2008 - \$117,312) was accrued or paid to a company controlled by a director for consulting services rendered.
- \$nil (September 30, 2008 - \$5,000) was accrued or paid to a company controlled by the former Executive Vice President.
- \$30,806 (September 30, 2008 - \$34,323) in director fees were paid or accrued.
- Effective June 25, 2009, a partner of a legal firm became an officer of the Company. Fees for legal services provided by the firm amounted to \$17,209 was included in legal fees.

These transactions are in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the parties.

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**11. SEGMENT DISCLOSURE**

<b>September 30, 2009</b>	<b>Canada</b>	<b>China</b>	<b>Consolidated</b>
Current assets	\$ 3,879,935	\$ 586,022	\$ 4,465,957
Mineral properties and deferred exploration expenditures	-	7,384,089	7,384,089
Capital assets	3,529	29,073	32,602
	\$ 3,883,464	\$ 7,999,184	\$ 11,882,648

<b>December 31, 2008</b>	<b>Canada</b>	<b>China</b>	<b>Consolidated</b>
Current assets	\$ 5,990,787	\$ 451,693	\$ 6,442,480
Mineral properties and deferred exploration expenditures	-	6,364,653	6,364,653
Capital assets	4,554	41,167	45,721
	\$ 5,995,341	\$ 6,857,513	\$ 12,852,854

**12. COMMITMENT**

**Service Agreement**

The Company has retained Mr. Bian Jiang as a consultant for relationships with local governments and maintenance of exploration rights in the Yunnan province of China and entered into a consulting agreement with him. The Company has since entered into an amending agreement to the consulting agreement with Mr. Bian that provides further clarification to Mr. Bian's compensation for his consulting services to the Company, being \$40,000 per year of the consulting agreement, or the equivalent of which may be payable at Asia Now's sole option in common shares of the Company. The consulting agreement can be renewed at Asia Now's sole option for the 2010 and 2011 one-year terms. The TSX Venture Exchange has accepted the shares for services arrangement between Asia Now and Mr. Bian.



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Management Discussion and Analysis  
Unaudited Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2009

**Asia Now Resources Corp.**

330 Bay Street, Suite 820  
Toronto, Ontario M5H 2S8  
Phone: (416) 364-7281  
Fax: (416) 364-7711

Email: [info@asianow.ca](mailto:info@asianow.ca)  
Website: [www.asianow.ca](http://www.asianow.ca)

## ASIA NOW RESOURCES CORP.

### MANAGEMENT DISCUSSION & ANALYSIS

September 30, 2009

*This Management Discussion and Analysis ("MD&A") of Asia Now Resources Corp. ("Asia Now" or the "Company") is dated November 26, 2009, and provides an analysis of the Company's performance and financial condition for the 3 and 9 months ended September 30, 2009 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 by the Board of Directors.*

*This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2008, including the related note disclosure, both of which are prepared in accordance with generally accepted accounting principles in Canada. 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](http://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

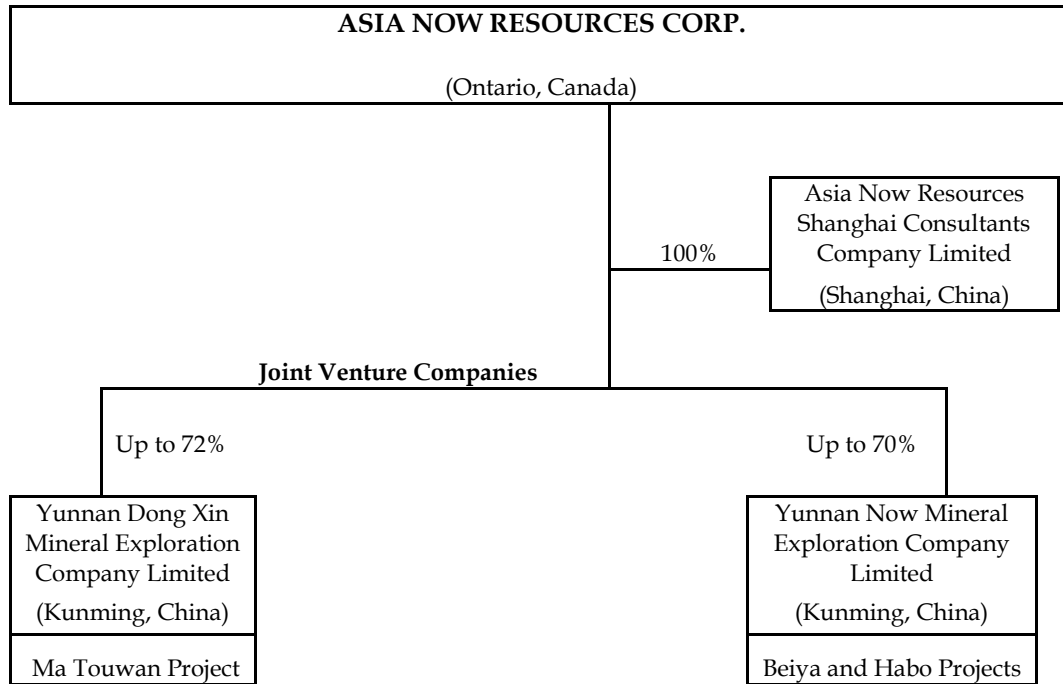
### Principal Business and Corporate History

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 closed 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: Yunnan Dong Xin Mineral Exploration Company Limited ("Yunnan Dong Xin") being the CJV with Yunnan Geology and Mineral Resource Co. Limited ("YGMR") and Yunnan Now Mineral Exploration Company Limited ("Yunnan Now") being the CJV with Yunnan Non-Ferrous Geology and Mineral Resources Company Limited ("YNGM").

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 service 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.



**DEVELOPMENTS DURING Q3/09**

**Recent Project Development**

The Company’s two exploration projects are the Beiya Project which consists of the Ma Touwan properties and the Beiya properties and the Habo Project. For a detailed review of exploration activity on the Company’s projects, refer to “Resource Properties”.

Beiya (Including Ma Touwan and Beiya) gold properties

The Company is focusing on Beiya North in the middle section of a 13-km long by 2-km wide gold-silver geochemical belt that covers an adjacent open-pit mine with production up to 100,000 oz gold per year. Assay results received up to Q3/09 confirm the thick (up to 130 m) gold and base metal mineralization zone to extend at least 660 meters from the mining lease of the open-pit Beiya Gold Mine, and is open to the north and west on Asia Now's property. The Company is currently focusing on locating high-grade zones and continues to drill to define the extent of the resource.

Habo copper-gold properties

At the Habo Project, the Company continued to focus its efforts on Habo South, one of four major gold-copper-molybdenum soil anomalies identified on the Habo property. Assay results received in Q1/09 indicated a subsurface, wide high-grade copper-molybdenum-silver zone within the 2.6 km by 1.3 km copper-gold-molybdenum mineralization system, potentially amenable to large-scale open-pit mining. In Q3/09, three tunnels are being excavated, and samples are being taken and sent to the laboratory for assaying.

**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".

**Selected Quarterly Information:**

Quarter Ended	Net Revenue <sup>(1)</sup>	Net Loss and Comprehensive Loss		Cash	Working Capital
		Total	Per Share <sup>(2)</sup>		
Sept. 30, 2009	\$ 4,964	\$ 254,417	\$ 0.00	\$ 4,392,649	\$ 4,093,193
June 30, 2009	7,060	211,310	0.00	4,938,183	4,676,845
Mar. 31, 2009	17,296	149,777	0.00	5,538,996	5,222,914
Dec. 31, 2008	32,485	653,245	0.01	6,272,996	5,539,103
Sept. 30, 2008	22,294	177,935	0.00	6,828,656	6,111,989
June 30, 2008	2,966	261,621	0.01	1,453,758	851,993
Mar. 31, 2008	15,413	228,746	0.00	2,030,996	1,632,110
Dec. 31, 2007	6,882	259,891	0.01	2,261,785	2,187,868

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

**Factors Affecting Quarterly Results:**

Fluctuations in quarterly results are caused by write-downs of mineral properties (December 31, 2008 - \$691,387), issuance of stock option compensation (September 30, 2009 - \$92,384; September 30, 2007 - \$200,249), 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 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 9 months ended September 30, 2009, the Company's net loss and comprehensive loss was \$254,417 and \$615,504 versus a net loss of \$177,935 and \$668,302 for the 3 and 9 month period ended September 30, 2008.

The main components of this loss were:

	3 Months Ended September 2009	3 Months Ended September 2008	9 Months Ended September 2009	9 Months Ended September 2008
Management and consulting fees	\$ 56,114	\$ 62,057	\$ 145,585	\$ 235,843
General and administration	45,880	40,223	106,344	117,198
China office expenses	41,265	32,720	123,423	147,302
Investor relations	4,359	14,393	54,766	99,760
Listing and transfer agent fees	1,089	6,007	12,010	19,338
Directors fees	9,997	11,365	30,806	34,223
Directors stock option compensation	74,270	-	74,270	-
Foreign exchange loss (gain)	18,094	5,139	55,180	(11,108)

**Q3/09**

Management and consulting fees decreased by \$5,943 during Q3/09 as compared to Q3/08. Stock option compensation decreased by \$2,601 during the current quarter and fees to the Corporate Secretary decreased by \$3,271. Fees to the Chief Financial Officer increased by \$3,500. The President spends half his time on general corporate matters and on investigation of new projects, and half his time on administering our two on-going exploration projects. Accordingly, 50% of his fees (\$22,500) are expensed as management and consulting fees (2008 - 25% or \$9,400) and the remainder is charged to Mineral properties and deferred exploration expenditures. During Q3/08, an amount of \$14,200 of the Chief Geologist's fees were charged to management and consulting fees due to his involvement with the private placement with China Gold.

During Q3/09, investor relations expenses decreased by \$10,034 as compared to the three months ended September 30, 2008 mainly due to the negotiation of lower fees under a new contract with the service provider.

Listing and transfer agent fees decreased by \$4,918 in Q3/09 from Q3/08 primarily due to fees associated with the special shareholders meeting in 2008.

Stock based compensation on options granted to directors during Q3/09 amounted to \$74,270.

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

**9 months ended September 30, 2009**

Management and consulting fees decreased by \$90,258 during the 9 months ended September 30, 2009 from the comparable 2008 period. Stock option compensation decreased by \$94,873 during the current 9 months and fees to the Corporate Secretary decreased by \$41,372. Fees to the Chief Financial Officer increased by \$9,500 plus a retroactive adjustment of \$7,000. As noted above, the President spends half his time on general corporate matters and on investigation of new projects, and half his time on administering our two on-going exploration projects. Accordingly, 50% of his fees (\$67,500) are expensed as management and consulting fees and the other 50% is charged to Mineral properties and deferred exploration expenditures. During the 9 months ended September 30, 2008, \$9,400 of the President's fees were charged to management and consulting fees and an amount of \$14,200 of the Chief Geologist's fees were charged to management and consulting fees due to their involvement with the private placement with China Gold.

For the nine months ended September 30, 2009, China office expenses decreased by \$23,879 from the nine months ended September 30, 2008. Stock option compensation decreased by \$15,890 while 2008 expenses on the Zinifex Alliance were reimbursed in a subsequent period.

During the nine month period ended September 30, 2009, investor relations expenses decreased by \$44,994. In addition to lower monthly fees as explained above, the reduction is due to a decrease of stock option compensation of \$20,487 and a decrease in investor presentation.

The increase \$74,270 in stock based compensation to directors for the 9 months ended September 30, 2009 is explained above.

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

**General and administration**

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

**ASIA NOW RESOURCES CORP.**Management Discussion & Analysis

3 and 9 Months Ended September 30, 2009

	3 Months Ended September 2009	3 Months Ended September 2008	9 Months Ended September 2009	9 Months Ended September 2008
General and office expenses	\$ 914	\$ 2,449	\$ 4,787	\$ 6,285
Legal fees	17,209	-	27,881	24,325
Accounting fees	5,955	5,550	17,860	17,260
Audit fees	12,000	17,500	35,105	33,611
Travel	-	21,989	-	25,135
Insurance	8,193	7,862	24,025	24,996
Interest expense (income)	(4,964)	(22,294)	(29,320)	(40,673)
Rent	5,248	5,903	15,743	15,809
Shareholder communications	-	1,448	4,301	5,862
Filing fees	1,325	-	5,962	3,970
Other expenses	-	(184)	-	618
<b>Total General and administration</b>	<b>\$ 45,880</b>	<b>\$ 40,223</b>	<b>\$ 106,344</b>	<b>\$ 117,198</b>

**Q3/09**

During Q3/09, legal fees were incurred on finalizing the service agreement with Mr. Bian Jiang and on a tentative private placement agreement. This accounts for the increase in legal fees of \$17,209 during Q3/09.

Audit fees decreased by \$5,500 during Q3/09 as compared to Q3/08. The decrease is due to a reduction of the accrual of fees for the year ending December 31, 2009.

Travel expenses decreased by \$21,989 during Q3/09. During Q3/08, travel costs were incurred while completing the private placement and the related due diligence process and the Chairman's trip to Indonesia.

The decrease of \$17,330 in interest income during Q3/09 from Q3/08 results from lower balances of cash available for short term investment and a decrease in interest rates.

There were no significant variations in the other general and administration expenses between Q3/09 and Q3/08.

**9 months ended September 30, 2009**

The decrease of \$25,135 in travel costs for the nine month period ended September 30, 2009 is explained above.

Interest income decreased by \$11,353 during the nine months ended September 30, 2009 as explained above.

There were no significant variations in the other general and administration expenses between the nine months ended September 30, 2009 and the comparable 2008 period.

Deferred exploration expenditures

As a result of its exploration activities, the Company had deferred \$7,384,089 (September 2008 - 6,412,038) of exploration expenditures as at September 30, 2009. Exploration expenditures during Q3/09 amounted to \$493,951 (Q3/08 - \$574,861). The deferred expenses were mostly on the Beiya projects (with Yunnan Dong Xin and Yunnan Now) and Habo, and consisted of geological mapping, geophysical surveys, geochemical sampling and drilling to identify anomalies and mineralization zones. For further information, refer to the "Mineral Properties" section below.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company had \$4,093,193 in working capital as at September 30, 2009 (September 2008 - \$6,111,989). The decrease in working capital of \$2,018,796 is due primarily to exploration expenditures of \$1,137,953 during the 12 month period ended September 30, 2009 and funding administrative costs.

In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There is no assurance that such additional financing will be available as required, or under favourable terms.

For additional comments on the Company's liquidity and capital resources, refer to Notes 1 and 14 of the Consolidated Financial Statements for the year ended December 31, 2008 and to the "Commitment" and "Financial Risk Factors" sections below.

**Share Capital**

On July 21, 2009, the Company issued 266,666 common shares at a price of \$0.15 to settle a debt of \$40,000 in respect of services rendered by a consultant to the Company. No additional shares have been issued to November 26, 2009.

On September 10, 2009, 3,350,000 stock options were issued to directors, officers, employees and consultants of the Company. The stock options can be exercised for \$0.25 per share and expire on September 10, 2014. No additional options were issued to November 26, 2009.

No warrants were issued during Q3/09 or to November 26, 2009.

As at November 26, 2009, the Company's share position consisted of:

Shares outstanding	65,768,798
Options outstanding <sup>(i)</sup>	5,950,000

**(i) Options outstanding**

Expiry Date	No. of Options	Exercise Price
Apr. 30, 2010	200,000	\$0.50
Apr. 30, 2010	300,000	\$0.33
May 2, 2011	100,000	\$0.48
Jun. 16, 2011	200,000	\$0.28
Apr. 30, 2012	200,000	\$0.33
Aug. 1, 2012	1,350,000	\$0.75
Jan. 3, 2013	250,000	\$0.75
Sept. 10, 2014	3,350,000	\$0.25

On August 7, 2008, the Company completed a non-brokered private placement financing with China Gold Pte. Ltd. ("China Gold"), a subsidiary of Lippo China Resources Limited. As a result of the private placement, China Gold acquired 19.99% of Asia Now's issued and outstanding common shares.

As a condition of the private placement, Asia Now entered into a letter agreement with China Gold which provides that for so long as the collective shareholding of China Gold or its affiliates does not fall below 15% of the issued and outstanding common shares of Asia Now (on a non-diluted basis) China Gold: (i) has the right to nominate for election two qualified directors to the Asia Now Board of Directors; and (ii) has the right of first refusal to participate in all equity offerings by Asia Now (including debt offerings with rights to equity) to acquire such number of shares as determined by China Gold provided that its aggregate equity interest will not exceed 38% of the then issued and outstanding common shares of Asia Now (on a non diluted basis) immediately following the closing of such equity offering; and (iii) has approval rights over

investments made by Asia Now which constitute in excess of 10% of Asia Now's 90-day weighted average market capitalization immediately preceding the date of such investment.

If China Gold acquires 38% or more of the issued and outstanding common shares of Asia Now (on a non diluted basis), China Gold will have a pre-emptive right in respect of any equity offering by Asia Now in order to maintain its pro rata ownership in Asia Now from time to time.

Shareholders approved a proposed second tranche investment by China Gold by way of a non-brokered private placement at a special meeting of shareholders held on October 6, 2008. Such second tranche investment did not proceed, and the Company and China Gold continue to be in discussions regarding the terms of an investment in the Company, if any. It is the view of management of the Company that its agreement to the above-noted restrictions were only in respect of the interim period pending the receipt of the required shareholder approval for the creation of China Gold as a new "Control Person" of the Company that would have resulted from its additional investment in the Company.

As at November 26, 2009, there are no assurances that an additional investment in the Company by China Gold will be forthcoming.

### **Commitment**

The Company has retained Mr. Bian Jiang as a consultant for relationships with local governments and maintenance of exploration rights in the Yunnan province of China and entered into a consulting agreement with him. The Company has since entered into an amending agreement to the consulting agreement with Mr. Bian that provides further clarification to Mr. Bian's compensation for his consulting services to the Company, being \$40,000 per year of the consulting agreement, or the equivalent of which may be payable at Asia Now's sole option in common shares of Asia Now. The consulting agreement can be renewed at Asia Now's sole option for the 2010 and 2011 one-year terms. The TSX Venture Exchange (the "TSXV") has accepted the shares for services arrangement between Asia Now and Mr. Bian.

### **RESOURCE PROPERTIES**

Exploration on all of the Company's projects is conducted with the advice of Dr. Noel C. White, the Chief Technical Advisor to the Company and a Qualified Person as defined under National Instrument 43-101. Dr. White 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 Dr. White and is not necessarily indicative of the Company's anticipated results. Where provided, potential quantity and grade is conceptual in nature as the Company has not conducted sufficient exploration to define resources and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

#### Beiya Project (including Ma Touwan and Beiya properties)

The Beiya Project involves properties referred to as Ma Touwan and Beiya, covering an area of 586 square kilometres in two CJVs: Yunnan Now and Yunnan Dong Xin. Geochemical sampling and a surface geophysical survey (magnetics) as well as geological mapping have been carried out over the whole area. The area with low potential has been significantly reduced in order to save funds and focus on exploration of key mineralization zones.

To date, two major gold mineralization belts have been identified: Beiya North and Beiya Far North. Exploration has been focused on the 13 kilometres by 2 kilometres Beiya North gold belt, 2/3 of which occurs on the JV ground controlled by Asia Now, and 1/3 on the adjacent open pit gold mine with production being ramped up to 100,000 ounces gold per year.

A total of 21 holes (9,357.46 metres) on the JV property north of the adjacent gold mine has tested three thick, shallow gold and base metal mineralization zones ranging from 16 to 52 metres thick, and grading 0.6-23.5

g/t gold, 13-107 g/t silver, 0.16-2.77% copper, 0.82-16.9% lead and 0.7-2.6% zinc, and a number of thin (0.7-2.0 metre) gold veins grading 4.2-5.8 g/t gold and 16.1-29.3 g/t silver. Assay results received in Q3/09 confirm the thick (up to 130 m) gold and base metal mineralization zone to extend at least 660 meters from the mining lease of the open-pit Beiya Gold Mine, and is open to the north and west on Asia Now's property. The recently completed drill-holes have intersected significant gold mineralization including 6.6 meters grading 2.8g/t gold, 31g/t silver, 0.75% copper and 9.6 meters grading 2.0g/t gold, 34.7g/t silver, 6.7% lead. These holes have expanded the main gold-silver zone by 280 meters. The Company is currently focusing on high-grade zones and continues to drill to define the extent of the resource.

To the southwest of the gold mine at Beiya West, trenches and short tunnels outlined 6 gold zones up to over 4.7 metres thick, and grading up to 34 g/t, and one copper-gold zone 11.2 metres thick grading 0.6% copper and 0.1 g/t gold. To the northeast of the gold mine at Beiya Northeast, high grade gold up to 14.5 g/t has been found in residual magnetite and the gold resource is being evaluated over an area of 3.6 square kilometres. In Q1/09, a consultant report by a Canadian expert, Dr. Richard Tosdal, indicated an extensive bleached zone in the limestone area where copper-gold anomalies occur and suggested potential intrusion related mineralization zones similar to those at the gold mine. In Q2-3/09, detailed ground magnetic program has been planned on this target, which will be executed in Q4/09 and will be followed by drilling in 2009.

Another major gold anomaly is over the 12-square kilometres Beiya Far North gold anomaly with two gold mineralization zones, one extending at least 500 metres long by 1.5 to 15.6 metre wide grading 0.5 to 2.9 g/t, and another extending at least 600 metres long by 9.3-37.6 metres wide grading 0.3 to 3.5 g/t. Four drill-holes (1,306 metres) were sited to test the mineralization zones at depth, but no significant gold mineralization has been found. Outside experts have been consulted to review the geology.

Since October 2009 drilling activities have been significantly increased with four rigs drilling on the main gold-silver zone at Beiya North. A topographical survey has been completed over Beiya North. A detailed ground magnetic survey is being carried out at Beiya North and Beiya Northeast.

#### Habo Project

The Habo Project involves the CJV of Yunnan Now. Soil and stream sediment sampling and geological mapping have been carried out on the whole area of 162 square kilometres, and have identified a number of copper-gold-molybdenum anomalies and mineralization zones.

The Company has focused on a large porphyry copper-gold system on prominent hills in the south tenement (Habo South) of the project where the soil geochemical anomaly is 3.5 km by 2.1 km, outlined using 150 ppm copper, 16 ppb gold and 10 ppm molybdenum, one of four major gold-copper-molybdenum soil anomalies associated with the Habo porphyry. To date, drilling at 300-1,200 metre spacing confirmed that the mineralization system is over 2,600 metres long and 1,300 metre wide, and open to west, south, and north. By Q1/09, a total of 13 holes (5,454.11 metres) and 14 tunnels (3,388.45 metres) intersected 21 copper mineralization zones each 10-60 metres thick grading 0.20 to 0.96% on average; 16 molybdenum mineralization zones each 6-52.5 metres thick grading 0.043 to 0.24%; and two gold zones at the north and south end of the copper zones grading 0.1 to 0.6 g/t on average. In Q1/09, assay results of samples from tunnel PD11 indicated 52.5 meters grading 0.25% copper and 0.08% molybdenum including 4.5 meters at 0.48% copper, 0.32% molybdenum and 13 grams per tonne (g/t) silver, 2.5 meters at 0.75% copper, 0.21% molybdenum and 16.6g/t silver, 2.0 meters at 0.38% copper, 0.24% molybdenum and 14g/t silver; and 10.1 meters at 0.25% copper, 0.06% molybdenum and 16.4g/t silver, and 1.5 meters at 1.33% copper and 111g/t silver. In Q2-3/09, detailed geological mapping and data compilation continues to outline the alteration and mineralization zones of the porphyry copper-gold system at Habo South. Two tunnelling programs are in progress, but progress is slow due to the raining season. Samples are being taken and sent to the laboratory and assay results are pending.

In Q2-3/09, exploration programs have been planned to examine a number of high-grade gold and base metal zones at Habo North and Habo West. As indicated by the results for 2007 and 2008, five main high-grade zones range from 360 to 1,000 metres long by 4.0 to 7.0 metres thick, grading 0.1-1.8 g/t gold, 6-61.4

g/t silver, 0.2-5.9% copper, 0.17-0.37% molybdenum, 0.4-6.2% zinc and 0.4-1.0% lead, and occur long fractures within a multiphase porphyry where a major soil copper-gold-molybdenum anomaly was found by a soil sampling program. The high-grade veins are interpreted to be the top and marginal part of an unexposed porphyry copper-gold-molybdenum system.

Since October 2009 three tunnelling programs have been driving within the alteration and mineralization zone. Two new tunnelling programs are planned. The Company is awaiting receipt of two additional tunnelling permits from local governmental agencies and work will commence once these are received. Geological mapping and trenching programs will be carried out for Habo West.

### Project Expenditures

Exploration expenditures during 2009 were as follows:

	Yunnan Dong Xin (Ma Touwan)	Yunnan Now (Beiya)	Yunnan Now (Habo)	Total
Balance at December 31, 2008	\$ 2,068,144	\$ 1,772,237	\$ 2,524,272	\$ 6,364,653
Quarter ended March 31, 2009	49,267	91,346	40,820	181,433
Quarter ended June 30, 2009	156,074	8,145	179,833	344,052
Quarter ended September 30, 2009	390,081	14,131	89,739	493,951
Balance at September 30, 2009	\$ 2,663,566	\$ 1,885,859	\$ 2,834,664	\$ 7,384,089

### 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

The following amounts were paid or accrued as payable to officers and directors or to companies controlled by those officers and directors. These expenditures were recorded at the amounts negotiated and agreed to by the parties and are summarized below:

	3 Months Ended September 2009	3 Months Ended September 2008	9 Months Ended September 2009	9 Months Ended September 2008
President	\$ 45,000	\$ 37,500	\$ 135,000	\$ 112,500
Corporate Secretary <sup>(1)</sup>	-	3,271	8,000	49,372
Chief Financial Officer	12,500	9,000	43,500	27,000
Director (Consulting Fees)	-	46,096	-	117,312
Executive Vice President	-	-	-	5,000
Director Fees	9,997	11,465	30,806	34,323

Note (1): Effective June 25, 2009, a partner of a legal firm became an officer of the Company. Fees for legal services provided by the firm amounted to \$17,209 during Q3/09. This amount was included in legal fees.

#### Off-Balance Sheet Transactions

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

#### Proposed Transactions

As is typical of the minerals exploration and development industry, the Company continues to review property and competitor company information in search of future opportunities in terms of new property

acquisitions and business partnerships. Although no transactions are in progress currently, the Company continues to evaluate potential opportunities, and to keep business relationships open should opportunities arise.

#### **ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by Canadian generally accepted accounting principles for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2009 may not necessarily be indicative of the results that may be expected for the year ending December 31, 2009.

The consolidated balance sheet at December 31, 2008 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for annual consolidated financial statements. The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2008, except as noted below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2008.

#### **ACCOUNTING CHANGES**

##### **Goodwill and Intangible Assets**

Effective January 1, 2009, the Company adopted CICA Section 3064, "Goodwill and Intangible Assets" which replaces CICA Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition; and 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets items that do not meet the recognition criteria is eliminated. The standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at September 30, 2009.

##### **Credit Risk and the Fair Value of Financial Assets and Financial Liabilities**

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The Company has evaluated the section and determined that adoption of these requirements will have no impact on the Company's interim consolidated financial statements.

**Mining exploration costs**

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company's presentation of its financial position or results of operations as at September 30, 2009.

**Future accounting changes****International Financial Reporting Standards ("IFRS")**

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian generally accepted accounting principles with IFRS for Canadian enterprises with public accountability. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The Company will be required to have prepared, in time for its first quarter of fiscal 2011 filing, comparative financial statements in accordance with IFRS for the three months ended March 31, 2010. While the Company has begun assessing the impact of the adoption of IFRS on its consolidated financial statements, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**Business Combinations, Consolidated Financial Statements and Non-Controlling Interests**

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. The Company is in the process of evaluating the requirements of the new standards.

**CAPITAL MANAGEMENT**

The Company defines capital that it manages as its shareholders equity. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business. As at September 30, 2009, total shareholders' equity (managed capital) was \$11,509,884 (December 31, 2008 - \$11,949,477).

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out the planned

exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

- (a) minimizing discretionary disbursements;
- (b) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns; and
- (c) focusing financing exploration expenditures on those properties considered to have the best potential.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three and nine months ended September 30, 2009. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

## **PROPERTY AND FINANCIAL RISK FACTORS**

### (a) Property risk

The Company's major mineral properties are Ma Touwan, Beiya and Habo. Unless the Company acquires or develops additional material properties, the Company will be mainly dependant upon these three projects. If no additional major mineral exploration properties are acquired by the Company, any adverse development affecting these three 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 guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal. Sundry receivables consist of goods and services tax due from the Federal Government of Canada and accrued interest. Sundry receivables of \$9,338 are in good standing as of September 30, 2009 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 September 30, 2009, the Company had cash and cash equivalents of \$4,392,649 (December 31, 2008 - \$6,272,996) to settle current liabilities of \$372,764 (December 31, 2008 - \$903,377). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

**Market risk***(a) Interest rate risk*

The Company has cash balances and no interest-bearing debt. 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.

*(b) Foreign currency risk*

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

*(c) 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 and molybdenum to determine the appropriate course of action to be taken by the Company.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a nine month period:

Cash equivalents include deposits at call which are at variable rates. As at September 30, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the nine months ended September 30, 2009 would have been approximately \$28,000 higher/lower, as a result of lower/higher interest income from cash equivalents. Similarly, as at September 30, 2009, reported shareholders' equity would have been approximately \$28,000 lower/higher as a result of lower/higher interest income from cash equivalents due to a 1% decrease/increase in interest rates.

The Company is exposed to foreign currency risk on fluctuations of financial instruments related to cash and cash equivalents, sundry receivables and accounts payable and accrued liabilities that are denominated in Chinese RMB. As at September 30, 2009, had the Chinese RMB dollar weakened/strengthened by 5% against the Canadian dollar with all other variables held constant, the Company's loss for the nine months ended September 30, 2009 would have been approximately \$15,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments. Similarly, as at September 30, 2009, reported shareholders' equity would have been approximately \$15,000 lower/higher had the Chinese RMB dollar weakened/strengthened by 5% as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments.

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 and molybdenum. Gold, copper and molybdenum prices have fluctuated significantly in recent years. There is no assurance that,

even as commercial quantities of gold, copper and molybdenum may be produced in the future, a profitable market will exist for them. As of September 30, 2009, the Company was not a gold, copper and molybdenum producer. As a result, gold, copper and molybdenum price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

**IFRS IMPLEMENTATION PLAN**

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures,
- Capital assets (measurement and valuation),
- Provisions, including asset retirement obligations,
- Stock-based compensation,
- Accounting for income taxes, and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Completed.
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Throughout 2009.
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout 2009.
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	Q4 2009 – Q1 2010.
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements.	Q4 2009 – Q2 2010.
Management and employee education and training.	Throughout the transition process.
Quantification of the Financial Statement impact of changes in accounting policies.	Throughout 2010.

**DISCLOSURE CONTROLS AND PROCEDURES**

The President and the Chief Financial Officer have designed and evaluated the Company's disclosure controls and procedures, and have concluded that the disclosure controls and procedures were generally effective.

The only issue identified during the process related to the concentration of certain duties with a limited number of individuals. In Canada, the Company has outsourced the maintenance of its accounting records. The third party's internal systems, procedures and controls have been reviewed and found to be effective. In China, our systems and processes are subject to strict procedures and controls. The Company is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective supervision and monitoring by the President and CFO. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that to overcome this issue of concentration would require the Company to hire additional staff. Since the increased costs of such hirings could adversely affect the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the financial position of the Company is stronger. The Company has attempted to mitigate these weaknesses through a combination of extensive and detailed reviews, the competence of senior personnel, and the candid discussion of those risks with the audit committee.

**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. For a summary of the risk factors which could impact the Company's operations and its financial position, readers should carefully review the "Risk Factors" section set out in the Annual Management Discussion & Analysis for the year ended December 31, 2008 on Sedar at [www.sedar.com](http://www.sedar.com). There have been no significant changes in risk factors since the date hereof.

**OUTLOOK**

The Company continues to focus on its Beiya and Habo properties in Yunnan Province in southwestern China. After intensive geochemical and surface geophysical programs were completed over the large areas of the properties, these two projects have shown large mineralization belts with potential for significant economic discoveries. Based on the results of surface examination, geological mapping and trenching programs completed over the mineralization belts of these two projects, the Company has identified three major targets for drilling and tunnelling to define the potential resources for both Beiya and Habo, which will be the main exploration programs to the end of 2009 and beyond.

The Beiya project has the potential for a mining camp with intrusion-related, skarn type copper-gold ore deposits within the major two gold zones. The Beiya North gold belt along with the south-eastern area of the project is adjacent to an operating gold mine with production being ramped up to 100,000 ounces gold per year. The results to date have confirmed that the gold-silver zones up to 130 meters thick intersected in the vertical holes are shallow, from subsurface to mostly 300 meters deep, and extend at least 600 meters from the mining lease of the open-pit Beiya Gold Mine and are open to the north and west on Asia Now's property. Three major thick, shallow mineralization zones range from 16 to 52 metres thick, and grade 0.6-23.5 g/t gold, 13-107 g/t silver, 0.16-2.77% copper, 0.82-16.9% lead and 0.7-2.6% zinc, and a number of thin (0.7-2.0 metre) gold veins grade 4.2-5.8 g/t gold (up to 23.6 gram per tonne). Recent drilling programs are intersecting better and higher-grade gold zones at Beiya North, giving the 13 kilometer by 2 kilometer gold belt potential for multiple large mineralization systems including the producing Beiya Gold Mine. The continued drilling program aims to define the potential economic resource of the main gold zone and to test for high-grade zones potentially extending from the adjacent Beiya Gold Mine where thick high-grade gold-copper zones have been found recently.

The Company believes its Habo Project has excellent potential for a large bulk-tonnage, open-pittable copper-gold deposit at Habo South, indicated by extensive sulphide mineralization covering an area of 2.6 km by 1.3 km and open to the south, west and north. The same project has also presented three additional soil copper-gold-molybdenum anomalies which indicate potential for more porphyry copper-gold systems. Exploration results to date have confirmed thick (up to 268 meters), subsurface mineralization zones with high grade intervals including 17 meters at 0.96% copper, and a new high-grade zone of 52.5 meters grading 0.25% copper and 0.08% molybdenum, with potential for open-pit, bulk-tonnage mining. High grade veins found in Habo North indicate another potential large porphyry copper-gold system.

Asia Now is committed to building a long-term portfolio of mineral exploration and mining properties in China and other areas. The Company continues to consider and evaluate business arrangements and advanced, production or close-to-production projects that will add shareholder value. The Company is optimistic that its current exploration programs and the further development of business relationships will advance its efforts to be a leading mineral exploration and mining company in China.