

Financial and Exploration Management Controls

By Asia Now Resources Corporation

Asia Now Resources Corporation (“The Company”) has exerted financial controls and technical controls in its China operations of exploration programs through five Co-operative Joint Venture (CJV) and subsidiary companies. Exploration has been conducted in compliance with Canadian National Instrument 43-101 Standards, based on which all the working procedures and quality assurance/quality control (QA/QC) programs are in place. The financial management for the CJV and subsidiary companies follows both Chinese accounting system and Canadian system. This report is to summarize the management controls of the Company’s operation in China, with a focus on the financial management and the technical management.

The Company and Its Joint Ventures in China

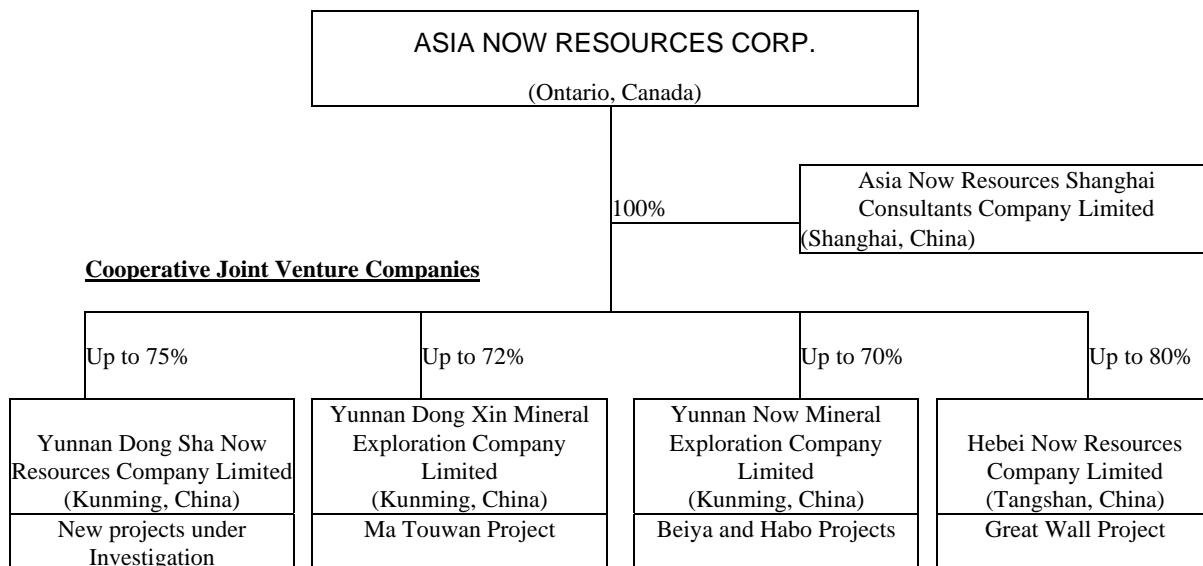
The principal business of the Company is the acquisition, exploration and development of mineral resource properties in the Peoples Republic of China (“China”).

The Company conducts its business through a number of Sino-foreign cooperative joint venture, limited liability companies (each a “CJV”) established with four state-owned exploration enterprises: Yunnan Geology and Mineral Resource Co. Limited (“YGMR”), Yunnan Non-Ferrous Geology and Mineral Resources Company Limited (“YNGM”) and Yunnan Jinsha Mining Co. Ltd. (“YJM”); and with the 2nd Geological Team of the Hebei Prospecting and Developing Bureau of Geology and Mineral Resources (“2nd Geological Team”). Recently YGMR has been privatized with the State-owned equity reduced to 35%; and two new investors, a financial group from Shengzheng and a group from Beijing, together own 65% of YGMR.

Asia Now Resources Shanghai Consultants Company Limited (“Asia Now Shanghai”), a wholly owned subsidiary (a Wholly Owned Foreign Enterprise, “WOFE”), 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 potential new projects and the setup of new CJV companies in various provinces of China.

In addition, the Company has formed an alliance with Zinifex Limited under an agreement signed early this year. The Zinifex-Asia Now Alliance is an unincorporated organization for the investigation of new projects, particularly on base metal projects in China, and is currently managed by Asia Now Shanghai Consultants.

The Company has exerted its full controls on all the CJV companies and its subsidiary company both financially and technically, since the establishment of those companies in China. The Company controls the CJV companies through its majority in each CJV board and its 51% voting right in the CJV contracts from the beginning of the CJV operations.



Financial Management

The Company has full financial controls on all its CJV and subsidiary Companies in China, and all have operated at international standards as of the date of their establishment. The financial management has operated in the Chinese and Canadian accounting systems.

Financial Management Structure:

The financial management includes a three level structure:

- Asia Now Head Office in Toronto
- Asia Now Shanghai
- CJV companies

The accounting departments of the CJV/subsidiary companies are responsible for all the accounting work within the CJV/subsidiary companies and the financial and taxation filings as well as communications with Chinese governmental agencies. CJV companies submit their monthly/quarterly/annual reports to Asia Now Shanghai who compiles all the reports and presents comprehensive monthly/quarterly/annual financial reports (in English) to Asia Now Head Office in Toronto. Asia Now Toronto Office's external auditors conduct an annual audit of all the CJV and subsidiary companies in China according to the Canadian CRA requirements. Each CJV and subsidiary company organizes its own public auditing in line with the requirements of Chinese accounting system. Asia Now Shanghai conducts detailed internal auditing on all the CJV companies according to the Company's Internal Controls.

Financial Controls

The accounting departments were set up for each CJV/subsidiary companies as required by the Chinese accounting law for foreign enterprises. Financial management of the CJV Companies has followed both the Chinese accounting system and Canadian system. Based on both Chinese accounting law and regulations and the Canadian requirements, a set of financial controls have been established, and currently implemented in each CJV and subsidiary company in China. The financial controls include the following four main parts:

Part A—Internal Financial Management Regulations: Part A includes (1) Internal Organizations' Power and Duty of Financial Management; (2) Accounting Processing Procedures; (3) Original Record Management System; (4) Quota Management System; (5) System of Measurement, Check and Acceptance; (6) Property Management and Check System; (7) Internal Audit System; (8) System for the Examination and Approval of Financial Income and Expenses; (9) External Warrant System; (10) Management System of External Investments; (11) Financial analysis system; (12) Accounting management system for foreign currency business; (13) Management of Fixed Assets and Low-Valued Consumables; (14) Management of Accounting on Computer; and (15) Supplementary Notes.

Part B—Cash Management Regulations: It includes (1) Treasury cash management; (2) Regulation for use of bank checks; (3) Management of Deposits held in bank; and (4) Supplementary articles and explanation.

Part C—Expense Reimbursement Regulations: This part is the regulations for (1) Cash Advances; (2) Reimbursement standards for domestic travel expenditure; (3) Reimbursement criteria of oversea travel expenses; and (4) Supplementary articles and explanation

Part D—Internal Auditing Regulations: It covers (1) General Principles; (2) Organisation Structure and Duty; (3) Audit Scope and Authority; (4) Audit Procedure; (5) Auditor for Internal Auditing; and (5) Supplementary Articles

The Toronto Office of the Company advances the funds to each CJV company for specific projects. Funds in each CJV company are only used for the exploration programs of the specific projects. The funds advanced from Toronto Office are put into a foreign currency account (US dollar account) and the funds are allowed to be exchanged from time to time into the Chinese currency (RMB) in a RMB account according to the actual need for the CJV companies. The currency exchanges are allowed when the copies of working contracts and official invoices are provided to the Bank. The funds temporarily sitting in the Banks are currently invested in the saving GIC funds that can be redeemed whenever necessary.

The Company has been maximizing the funds used for exploration. In particular, over 90% of funds advanced to the CJV companies have been used directly for the exploration projects. The overhead of the CJV companies has been less than 10% in Yunnan. Most of our exploration programs are contracted out, so the number of staff with the CJV Companies has been kept to minimum. Indeed, we only have 9 fulltime employees plus 6 part-time employees who are running 4 CJV companies and 1 subsidiary company in Yunnan, Hebei and Shanghai.

For the contracted exploration programs, the CJV companies usually make a payment of 25% of the contract prices as working fund, and the subsequent payment is subject to the quality of work completed being satisfactory. For drilling, the CJV Companies only pay for the meters of drillcore with recovery over 95% according to the signed Contracts.

Gaetan Chabot, CFO, has prepared a memorandum “Documentation of Internal Control” which was circulated to all directors in the first quarter of 2007. This document details the processes, procedures and internal controls within Asia Now Resource Corp..

Technical Management

The technical management of the exploration projects in China has been operating at the international professional standards since the Company started its joint ventures in 2003. The Company has implemented strict QA/QC controls on every exploration program completed in China according to NI 43-101 standards. We view those controls are essential for exploration anywhere.

Technical Management Structure

The Technical Management for exploration projects in China consist of :

- Asia Now Technical Committee
- Regional Project Office
- CJV Companies
- Exploration teams

The Asia Now Technical Committee consists of Noel White and Kaihui Yang as well as local experts who have extensive experience and knowledge on the areas where our exploration projects are located. This Committee has exerted the highest authority on all the exploration programs proposed/planned for all the exploration projects in China.

The Regional Project Office consists of professionals from Asia Now, CJV companies and outside contractors. It is a group of professionals working together for the projects in a specific province. In Yunnan, we have set up one Project Office for Beiya and Habo projects. This Project Office is responsible for day to day base operation, by coordinating all the parties involved in the exploration projects.

The CJV Companies are the legal entities for the exploration projects. Professional teams are built up for each CJV Company, to manage the specific projects. According to the CJV contracts, each CJV partner has the right to send a Vice General Manger to the related CJV company. Except for this individual, Asia Now has built up the whole professional teams for each the CJV Company. Through the CJV Companies, the detailed exploration programs are legally contracted out to outside exploration parties and consultants.

Exploration teams are the contractors retained by the CJV Companies for specific exploration programs. The CJV Companies contract out the detailed exploration programs to the local Chinese exploration teams. According to the CJV contracts, the CJV Companies should consider the CJV partners’ exploration teams first at the same standards. But the CJV Companies can

select the best teams who have previously worked on the CJV projects and know the local geology well. Also they assist with the relationships with local governments and communities.

For every exploration program of any project that was undertaken in China, the following procedure was followed:

1. **Proposal of an exploration program:** Asia Now Technical Committee, as represented by Dr. Noel White and Kaihui Yang, review all the data with our CJV geologists, and consult with local experts for the best technical programs for the specific projects. When a technical program is selected, the Chief Geologist of the CJV Companies is responsible to draft up a detailed exploration program.
2. **Contract for exploration programs:** Once the proposed exploration program is approved for the specific project, a search for the outside contractors to carry out the detailed program is undertaken. The selected contractor must be a professional team who has worked in the area of the specific project for many years. A contract is negotiated and signed with the selected contractor. Requirements, standards and working procedures are detailed in the contract.
3. **Working plan:** Based on the requirements, the contractor proposes working schedule, sites and details of plan for the exploration program. The working plan will be submitted to the Project Office and CJV Companies for approval.
4. **Work started:** When a working plan is approved, then a team is assembled and sent to the project. At the very beginning, the Project Office will train the field geologists with Asia Now's working procedures and standards.
5. **Communicating:** When an exploration program starts, the Project Office communicates with the field team every day by telephone, to make sure work is being conducted properly with the appropriate safety measures.
6. **On-site checking:** After the exploration team starts the field work, the Project Office will send its geologists (usually the Chief Geologist and VP of the CJV Companies) to check the field programs on a regular basis. If any mistakes/problems/concerns are found, they are corrected on site immediately.
7. **Final examination:** When the exploration team completes an exploration program, the completed work is examined against the signed contract. If the completed work does not meet the Contract requirements, then the exploration team is asked to redo the work until all the work meets the quality requirements.
8. **Acceptance of work completed and the concluded contract:** When all the exploration work is completed and passes through the final examination by the Project Office, then the work is accepted officially by a CJV Company. When the working Contract is accepted, a payment is made for the actual quantity of quality work completed.

Technical Standards (NI 43-101) and Working Procedures:

The Company operates in accordance with Canadian National Instrument 43-101 standards (NI 43-101). Following the NI 43-101 standards, the Company has lay out the detailed working procedures for its exploration programs that all the CJV and subsidiary companies have worked by. The working procedures are in place for drilling, aditing, trenching, pitting, geochemical sampling, geological mapping, ground geophysical survey, sample assaying, etc. Those working procedures are written in Mandarin and distributed to the staff geologists and the exploration teams for use in all the projects. Independent consultants (Roscoe Postle Associates Inc. and Watts, Griffis and McQuat Limited) have reviewed the working procedures such as

geochemical sampling, geological mapping, sample handling process, sample preparation and analytical procedures at laboratories, etc, as described in their NI 43-101 reports.

Qualified Person (QP), Quality Control and Quality Assurance (QA/QC):

Exploration on all of the Company's projects are conducted under the direction of Dr. Noel C. White, a director and consultant to the Company and a Qualified Person as defined under National Instrument 43-101. Independent consultants (Roscoe Postle Associates Inc. and Watts, Griffis and McQuat Limited) examined our operation and the projects in Yunnan in 2003 and 2004. The quality control and assurance (QA/AC) programs are implemented in line with the standards of National Instrument 43-101, as described in the independent NI 43-101 reports filed on www.Sedar.ca:

Watts, Griffis and McQuat Limited, 2003, A review of mineral properties in the Jinggu copper district, Yunnan Province, People's Republic of China. NI 43-101 Report for Asia Now Resources Limited and VVC Exploration Limited and filed under VVC Exploration Limited on Sedar.

Roscoe Postle Associates Inc., 2005, Technical report on three gold properties in Yunnan, People's Republic of China prepared for Asia Now Resources Limited. NI 43-101 Report filed under Asia Now Resources Corp. on Sedar.

For each project, the drilling work, the geological work and the analytical work are undertaken by different parties, and examined by the Project Office and CJV Companies. The Company does not own any drilling parties or laboratories. Drilling programs are contracted out to experienced drilling parties; geological mapping and logging, geochemical sampling and geophysical survey are contracted out to the exploration teams who have long experience in the area where our projects are located; the samples are assayed at the qualified laboratories in China at international standards. The technical management supervise all the exploration programs.

QA/QC on drilling/geological programs: For drillholes, trenches, adits (tunnel), pits, geophysical surveying and geological mapping programs completed for all projects, the independent QA/AC reports were completed and archived in our Yunnan office.

Most of our exploration programs have been contracted out to outside exploration parties, and the Project Office has focused on the quality controls of each exploration program. The Project Office organizes a panel to review and examine on-site the exploration work completed by the outside exploration parties. Such a panel consists of staff geologists and local experts who have extensive experience in the area of the projects. The panel prepares the independent quality assessment for the work completed by the exploration parties.

As an example, below is a list of archived documents related to the QA/QC for the drilling program of HBD901 completed for the Habo project:

1. Exploration (including drilling) and geological service contract signed between Yunnan Now Mineral Exploration Co. Ltd (the CJV Company) and Shanghai Fudo Mines and Exploration Co. Ltd. (Fudo) on April 8, 2007, which details the working procedures, quality requirements and safety requirements. Based on this contract, Fudo organized a geological team and engaged a drilling party (Yunnan Nanfang Drilling Co. Limited).
2. Technical design of the drillhole HBD901 proposed by Fudo, dated on April 19, which includes the technical plan for the drilling process and defines technical criteria based on

the requirements in the Contract.

3. Approval of the Technical Design and Notice for Starting Drilling of Drillhole HBD901 by the Project Office (Project Manager) on April 19, 2007, after on-site checking of the preparation for the drilling program including all equipments and safety assurance.
4. Examination and approval record for positioning of HBD901 and the on-site installation of drilling equipment by drilling party, dated on April 21, 2007.
5. Record for corrections of drilling depth and hole-size structure of HBD901 during the drilling process by drilling party
6. Record for measurements for dipping and declining of HBD901, which were taken every 50 meter of drilling by drilling party.
7. Record for in-hole accidents of HBD901 during drilling by drilling party. (no in-hole accidents occurred for this hole), dated on May 22, 2007.
8. Report for drilling accidents of HBD901 by drilling party. (no accidents occurred during the drilling), dated on May 27, 2007
9. Report on the hole structure of HBD901 by drilling party, dated on May 27, 2007
10. Geological logging of HBD901 by Fudo.
11. Hydrological observation records for HBD901 by drilling party, dated on May 22, 2007,
12. Record of residual materials in HBD901 at the end of drilling by drilling party, dated on May 22, 2007
13. Examination and Acceptance of the drill cores of HBD901 by the Project Office, dated on May 23, 2007
14. Notice for termination of drilling for HBD901 by Yunnan Now (CJV Company) dated on May 23, 2007
15. Notice for sealing of HBD901 by Fudo dated on May 27, 2007
16. Examination record for sealing of HBD901 by the Project Office, dated on May 27, 2007
17. QA/QC report for HBD901 by the Project Office, dated on May 27, 2007.

QA/QC on geological sampling: We have in place the controls on the complete process of sampling and assaying, including onsite sampling process and methods, replicate sampling, check sampling, sample coding, drying, onsite preparation and packing, sample transporting and delivering to laboratories, sample reception at laboratories, laboratory confidential coding of samples, sample preparation at laboratories, storage of sample duplicates, sample assaying methods, internal checking of assay results, external checking of the assay results, assay result reporting, acceptance of assay results, sample decoding, data archiving, processing and data use management. There is a record with signatures of the responsible persons for each step of this process.

Tunnels were sampled by channelling one side of the tunnels, each sample being 1.5 to 2.0 metres long by 15 cm wide by 3 cm deep and weighting 6 to 10 kilograms. The drillcores were split into two halves by a diamond core saw, and one half of each one meter core was sampled for assaying; another half were labelled and kept as record for later examination. Samples were taken by technical personnel under the geologist's guidance.

QA/QC on sample assaying: All the assays are currently completed at Intertek Laboratory in Beijing in accordance with international standard ISO-17025. We have also used the Yunnan Laboratory that was certified by the Chinese Central Government and used by a number of western mining companies including former BHP, Billiton, WMC, Ivanhoe Mines, etc.

All samples were crushed and pulverized in the laboratories in Kunming, then sample pulps were analyzed by the Yunnan Laboratory or sent to Intertek Laboratory in Beijing for analysis, remaining coarse reject portion of the samples remain in storages of the Intertek Sample Preparation Laboratory or the storage facility of the Yunnan Laboratory.

The samples were assayed using aqua regia digestion with AAS determination for gold, and hydrochloric/perchloric (HCl/HClO₄) digestion with ICP-MS determination for copper, molybdenum, silver, zinc, lead and others (a total of 35 elements). For samples with Cu grade higher than 1%, the four acid (HCl/HNO₃/HClO₄/HF) digestion method and AAS determination were applied.

To maintain independent quality control on the laboratory, duplicate samples are submitted from 5% of sample sites and replicate samples are submitted for 3% of samples. In addition, the laboratories use an extensive range of internal standards. External check assays are routinely performed on check samples submitted independently by the Company to Ultra Trace Analytical Laboratories, Canning Vale, Western Australia or Chemex or Activation Labs in Canada. The external checking programs indicated the laboratories used for our exploration programs have provided reliable assay results.

Independent consultants (Roscoe Postle Associates Inc. and Watts, Griffis and McQuat Limited) reviewed in detail the procedures of the Yunnan Laboratory that we have used for assaying our samples, which is recorded in their NI 43-101 report filed on Sedar. We have been testing the laboratories on a regular basis for the quality of assay results.

Safety Assurance and Environmental Protection

We have in place the safety regulations for each of the CJV and subsidiary Companies in China. The safety regulations cover the vehicle safety, safe operation of drilling, aditing (tunnelling), trenching and pitting. Staffs working in the field are insured with Chinese insurance companies. Safety requirements are emphasized in every contract of the exploration programs and Letters of Promise to Follow the Safety Regulations of the CJV Companies have been signed by the outside contractors. Certificates and licenses for operations related to blasting and heavy machinery are required for any contractor who undertakes the exploration program for any projects.

Environmental Protection is required for every exploration program for all the projects in China. Although we are at the early stage of exploration for all projects, we have operated environmental-friendly with minimal damage of environment. When carrying out drilling, trenching, aditing (tunnelling) and pitting programs, we try to protect the landscape as much as we can. After the programs are completed, we have cleaned up the sites and try to recover the landscape as much as possible.

Summary

The Company has been operating at the international professional standards since the Company started its joint ventures in 2003. It has full financial controls on all its CJV and subsidiary

Companies in China, as of the date of their establishment. The financial management has followed both the Chinese and Canadian financial/legal systems. The technical management has implemented strict QA/QC controls on every exploration program completed in China in accordance with National Instrument 43-101 Standards, based on which the working procedures and QA/QC programs are in place for the daily operations.