51-102F3

AMENDED MATERIAL CHANGE REPORT

(Amending the Material Change Report previously filed on SEDAR on July 2, 2013)

Item 1 Name and Address of Company

State the full name of your company and the address of its principal office in Canada.

Green Standard Vanadium Resources Corp. ("**Green Standard**" or the "**Company**")
2300 – 1066 West Hastings Street
Vancouver, BC V6E 3X2

Item 2 Date of Material Change

State the date of the material change.

Effective May 3, 2013

Item 3 News Release

State the date and method(s) of dissemination of the news release issued under section 7.1 of National Instrument 51-102.

The News Release dated May 30, 2013 was disseminated.

Item 4 Summary of Material Change

Provide a brief but accurate summary of the nature and substance of the material change.

On May 30, 2013, the Company announced that it closed the three-cornered amalgamation (the "**Amalgamation**") pursuant to the amalgamation agreement (the "**Amalgamation Agreement**") dated as of February 27, 2013 among the Company, Saymour Metal Holding Inc. ("**Saymour**"), and Seymour Metal Holding Inc. ("**Seymour**"), a wholly-owned subsidiary of the Company incorporated solely for the purpose of completing the Amalgamation, pursuant to which Saymour amalgamated with Seymour to form a combined entity (the "**Amalco**") and the Company issued 120,408,163 common shares in the capital of the Company to the holders of common shares in the capital of Saymour on the basis of one share of the Company for one share of Saymour held by the Saymour shareholder. Upon completion of the Amalgamation, Amalco, which kept the name of Seymour Metal Holding Inc., became a wholly-owned subsidiary of the Company.

Following the closing of the Amalgamation, the Company has changed its business to the business formerly carried out by Saymour, which includes the exploration, mining and production of vanadium mining products from vanadium soil at its Kongshan property located in Xichuan, Henan Province in the People's Republic of China and the acquisition of other mines. Yudian also engages in the processing of vanadium mining products at its processing plant that is located 12km from its Kongshan property.

In connection with the Amalgamation, the Company (formerly known as 0922372 B.C. Ltd.) changed its name to "Green Standard Vanadium Resources Corp." to reflect the new business of the Company.

The Company's auditor will change from, Thomas Tong & Co. Ltd. Certified General Accountants, to, Manning Elliott Chartered Accountants.

Item 5 Full Description of Material Change

Supplement the summary required under item 4 with sufficient disclosure to enable a reader to appreciate the significance and impact of the material change without having to refer to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also item 7.

Some examples of significant facts relating to the material change include: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the issuer or its subsidiaries. Specific financial forecasts would not normally be required.

Other additional disclosure may be appropriate depending on the particular situation.

See the attached Schedule A.

5.2 Disclosure for Restructuring Transactions

This item applies to a material change report filed in respect of the closing of a restructuring transaction under which securities are to be changed, exchanged, issued or distributed. This item does not apply if, in respect of the transaction, your company sent an information circular to its securityholders or filed a prospectus or a securities exchange takeover bid circular.

Include the disclosure for each entity that resulted from the restructuring transaction, if your company has an interest in that entity, required by section 14.2 of Form 51-102F5. You may satisfy the requirement to include this disclosure by incorporating the information by reference to another document.

See attached Schedule A.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

If this report is being filed on a confidential basis in reliance on subsection 7.1(2) or (3) of National Instrument 51-102, state the reasons for such reliance.

N/A

Item 7 Omitted Information

State whether any information has been omitted on this basis that it is confidential information. In a separate letter to the applicable regulator or securities regulatory authority marked "Confidential" provide the reasons for your company's omission of confidential significant facts in the Report in sufficient detail to permit the applicable regulator or securities regulatory authority to determine whether to exercise its discretion to allow the omission of these significant facts.

None

Item 8 Executive Officer

Give the name and business telephone number of an executive officer of your company who is knowledgable about the material change and the Report, or the name of an officer through whom such executive officer may be contacted.

Please contact Xinlin Huang, Chief Financial Officer, at 778.688.7346.

Item 9 Date of Report

June 26, 2013

Schedule A

Caution Relating to Forward Looking Statements

This Material Change Report, including information incorporated by reference, may contain "forward-looking statements" about the Company, Saymour, VRL, and Yudian. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the Company and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to, among other things: results of exploration and development activities; industry conditions, including fluctuations in the price of metals; the impact of governmental regulation of the mining industry, including environmental regulation; fluctuations in foreign exchange or interest rates; stock market volatility; the need to obtain required approvals from regulatory authorities; legislative, political, social, regulatory and economic developments or changes in jurisdictions in which the Target carries on business; the impact of competition; difficulties encountered during the exploration for, and extraction and production of, minerals; variations in extraction and production, and problems inherent to the marketability of minerals; the uncertainty inherent in attracting capital; uninsured risks; regulatory changes; defects in title; availability of materials and equipment; the need to obtain and maintain licenses and permits; timeliness of government approvals; actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations, the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and other risks described in this Material Change Report and described from time to time in documents filed by the Company with Canadian securities regulatory authorities. Consequently, all forward-looking statements made in this Material Change Report and other documents of the Compnay are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Compnay. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Company and/or persons acting on its behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. Actual results may differ materially from those expressed or implied by such forward-looking statements or forward-looking information.

The foregoing information is not exhaustive of the factors that may affect the Company’s forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The Company’s forward-looking statements are based on beliefs, expectations and opinions of management on the date the statements are made. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Statements concerning mineral resource estimates may also constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. In addition to any other assumptions identified in this Material Change Report and in the documents incorporated by reference in this Material Change Report, assumptions have been made regarding, among other things:

- the timely receipt of required regulatory approvals;
- the ability to obtain financing on acceptable terms;
- the current and future price of vanadium;
- conditions in general economic and financial markets;
- availability of equipment related to exploration and development;
- availability of skilled labour;
- timing and amount of capital expenditures;
- royalty rates;
- effects of regulation by governmental agencies; an
- future operating costs.

I. THE AMALGAMATION

On January 15, 2013, the Company entered into a letter of intent (the "**Letter of Intent**"), which provided that upon completion of an amalgamation transaction, the Company would acquire all the issued and outstanding shares of Saymour (the "**Saymour Shares**"). Subsequently the Company entered into the Amalgamation Agreement dated February 27, 2013 with Seymour Metal Holding Inc. and Saymour Metal Holding Inc., which replaces and supersedes the Letter of Intent in its entirety.

Effective May 3, 2013 (the "**Closing Date**"), the Company acquired all of the issued and outstanding Saymour Shares, subject to the terms and conditions of the Amalgamation Agreement. The purchase price was paid on the Closing Date by the issuance of 120,408,163 common shares of the capital stock of the Company at a deemed price of $0.245 per common share to the Saymour Shareholders. Pursuant to the Amalgamation Agreement, Saymour amalgamated with Seymour and the resulting amalgamated company (also named Seymour Metal Holding Inc.) became a wholly-owned subsidiary of the Company.

I.1 PROCEDURES EFFECTING THE AMALGAMATION

The Amalgamation was carried out pursuant to ***British Virgin Islands Business Companies Act, 2004***. The following procedural steps were taken in order for the Amalgamation to be effective:

(a) the board of directors of Seymour approved a resolution authorizing the execution and delivery of the Amalgamation Agreement;

(b) The Company, as sole shareholder of Seymour, approved a resolution (the "**Seymour Amalgamation Resolution**") authorizing the Amalgamation pursuant to the Amalgamation Agreement;

(c) the board of directors of Saymour approved a resolution authorizing the execution and delivery of the Amalgamation Agreement;

(d) the Saymour Shareholders unanimously approved the Amalgamation by written consent resolution;

(e) all conditions precedent to the Amalgamation, as set forth in the Amalgamation Agreement, were satisfied or waived by the appropriate party; and

(f) the articles or merger and plan of merger were registration with British Virgin Islands Registry of Corporate Affairs and the merger became effective on April 11, 2013 upon such registration.

II. INFORMATION CONCERNING THE COMPANY AND CORPORATE STRUCTURE

The Company was incorporated under the BCBCA on October 7, 2011, as an oil and gas service technology and production company focused primarily on the development of its jet drilling technology in the Williston Basin and as a wholly-owned subsidiary of a reporting issuer, Silican Processing Corp. ("**Silican**").

On April 12, 2012, the Company acquired Silican's interest in an agreement (the "**Petrobore Letter of Intent**") and $2,500 from Silican as part of a plan of arrangement (the "**Arrangement**") pursuant to Division 5 of Part 9 of the BCBCA. On completion of the Arrangement, the Company became a reporting issuer in British Columbia and Alberta.

The Company did not commence any commercial operations other than acquiring the Petrobore Letter of Intent from Silican. The Petrobore Letter of Intent was terminated on February 25, 2013. Accordingly, until the completion of the Amalgamation, the Company did not have a business, business operations or any material assets other than cash and cash equivalents and had no written or oral agreements in principle for the acquisition of an asset or business other than the Letter of Intent entered into with Saymour.

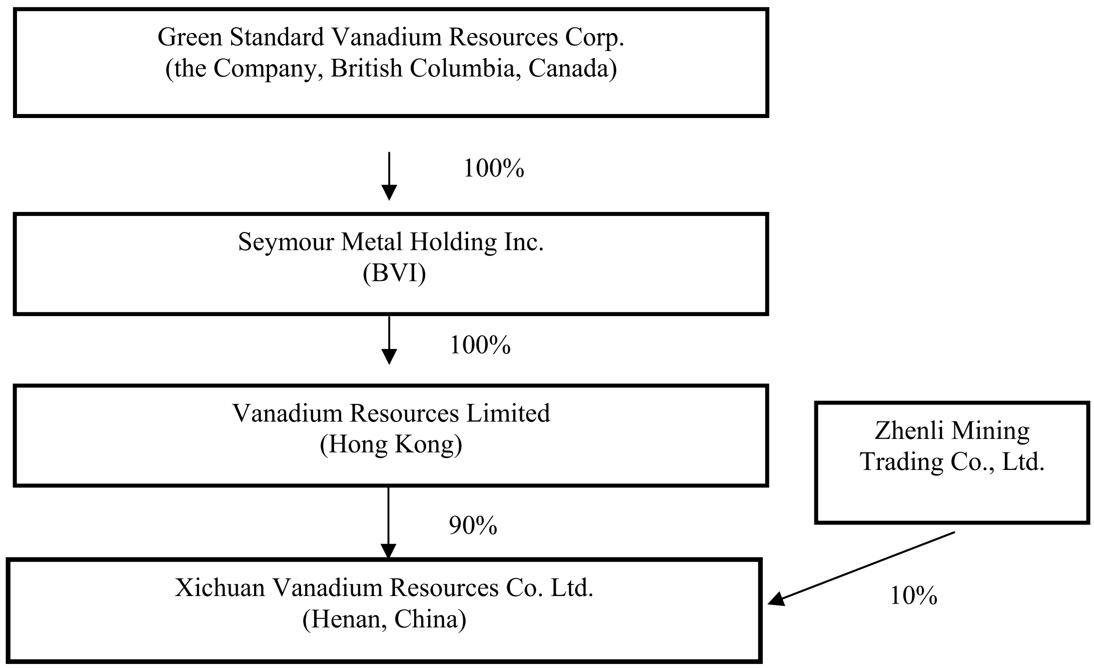
The full corporate name of the Company is "Green Standard Vanadium Resources Corp.", formerly 0922372 B.C. Ltd. The registered office of the Company is located at 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at the date of this Material Change Report, 129,397,518 common shares of the Company are issued and outstanding, no other shares were issued and outstanding.

The Company has a direct wholly-owned subsidiary and its full corporate name is "Seymour Metal Holding Inc." ("**Seymour**"). Seymour was incorporated under the laws of BVI on January 28, 2013 and it merged with Saymour Metal Holding Inc. on April 11, 2013. Seymour's registered office is at Akara Bldg., 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

Seymour has a wholly-owned subsidiary and its full corporate name is "Vanadium Resources Limited." ("**VRL**"). VRL was incorporated under the laws of Hong Kong SAR on February 18, 2010. VRL's registered office is located at 304 Dongyuan Center, 43 Queen's Road East, Wanchai, Hong Kong SAR. VRL in turns owns 90% of "Xichuan Vanadium Resources Co., Ltd." (**"Yudian**"). Yudian was incorporated under the laws of PRC on June 8, 2007. Yudian's registered office and head office is located at Village Liugou, Jiuchong Town, Xichuan County, Henan Province, P.R. of China.

Following the completion of the Amalgamation, the corporate structure of the Company is as follows:



The normal withholding tax of dividends from Chinese companies to foreign shareholders is 10%, however, with a Hong Kong company, the withholding tax of dividends is reduced to 5%. The Company will receive this benefit through its Hong Kong subsidiary (VRL), which in turn is wholly owned by a corporation incorporated under the laws of the British Virgin Islands. The corporate structure was designed to save the Company from the additional expense of paying high stamp duties on shares issued charged by the Hong Kong corporate registry for going public in Canada directly, and was based on legal advice previously obtained by the Company.

The Company's independent auditor is Manning Elliot LLP and the transfer agent and registrar of the Company is Computershare Investor Services Inc. at its Vancouver office located at 2nd floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9.

Additional information about the Company is available on SEDAR (www.sedar.com), the System for Electronic Document Analysis and Retrieval used for electronically filing securities related information with the Canadian securities regulatory authorities and is incorporated by reference.

II.1 BUSINESS OF THE COMPANY

Following the completion of the Amalgamation, the Company has changed its business to the business formerly carried out by Saymour through VRL and Yudian, which includes the exploration, mining and production of vanadium mining products from vanadium soil at its Kongshan property located in Xichuan, Henan Province in the People's Republic of China and the acquisition of other mines. Yudian also engages in the processing of vanadium mining products at its processing plant that is located 12km from its Kongshan property

Yudian holds a mining licence covering 5.57 km^2 located in Xichuan, Henan Province in the PRC where it operates the Kongshan Property. In addition, a processing plant (the "Plant") is 67,170 m^2 and is located 12 km from its Kongshan Property in Xichuan, Henan Province.

II.2 HISTORY OF OPERATION AND DEVELOPMENT

When Yudian was established in 2007, Yudian focused on the processing of vanadium products. In 2009, Yudian developed new technologies for vanadium processing to achieve environmentally friendly standards and increase cost efficiency. Accordingly, mass production and expansion of vanadium product processing lines followed. In 2010, the corporate owner of Yudian at that time, Yudian Chemical and Metallurgical Co., Ltd., transferred all of its interests in the Kongshan Property to Yudian. Almost immediately thereafter, Yudian began exploration on the Kongshan Property that expanded the inferred and indicated resources in the Kongshan vanadium mine. In 2010, Saymour was incorporated and through its wholly-owned subsidiary in Hong Kong (VRL), acquired a 90% equity interest in Yudian. In 2011, Yudian expanded its production to 3,000 tons of vanadium product per year by building more production lines and improving the techniques used in low-cost production. In 2012, Yudian began the R&D process of producing and refining vanadium product with a high grade of 99.5% purity.

The mining license for the Kongshan Property was validly issued to Yudian as of December 30, 2010 by the Nanyang Bureau of Land and Resources, and this mining license is in good standing and valid until November 18, 2015. The mining license covers an area of 5,567,300 m^2.

Yudian received a state-owned land use right certificate and relevant land transfer contract in relation to industry land (the "**Land**") located at Xuegan Village, Jiuchong Town, Xichuan County with an area of 67,170 m^2, that will expire on March 9, 2060, unless renewed. Yudian built the Plant and relevant offices on the Land. The land use right certificate allows Yudian to build its facilities on the Land and operate its business as provided by the permits.

Yudian also received a property title certificate for a building that it constructed on the Land. This building has 1,416.21 m^2 of floor space on three floors and is primarily used for office use.

Finally, Yudian also received a collective land construction use right certificate in relation to land located at Heyugou Village, Xianghua Town, Xichuan County, with an area of 26,666.56 m^2 and interim use right for the purpose of mining. This collective land construction use right is valid until November 12, 2013, with the option of renewal. Yudian currently has a temporary open-pit mining operation on the land.

II.3 SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

Yudian was originally incorporated on June 8, 2007 with four shareholders. Yudian Zhao, Ze Zhao, Zifu Zhu and Yudian Chemical and Metallurgical Co. Ltd. held 10%, 5%, 5% and 80%, respectivelyof the ownership of Yudian

Yudian Chemical and Metallurgical Co. Ltd., which was owned by Yudian Zhao (97%) and Hongjun Zhao (3%), held 100% of the interests in the Kongshan Property.

On February 18, 2010, Yudian Chemical and Metallurgical Co. Ltd. transferred all of its interests in the Kongshan Property to Yudian and increased its share interest in Yudian to 90%. As a result, Yudian became owned by Yudian Chemical and Metallurgical Co. Ltd. (90%), Yudian Zhao (5%), Ze Zhao (2.5%) and Zifu Zhu (2.5%). The fair value of the Kongshan Property at that time was determined to be RMB8,252,100 (or approximately $1,245,260) based on a valuation report dated March 15, 2010 prepared by a Chinese accounting firm.

On July 26, 2010, VRL acquired 90% of the outstanding shares of Yudian from Yudian Chemical and Metallurgical Co. Ltd. VRL was a wholly owned subsidiary of Saymour and Saymour, in turn, was a wholly owned subsidiary of Braemar Ventures Corp. In order to complete the acquisition, Braemar Ventures Corp. borrowed US$600,000 from Hongjiang Wang through a convertible loan agreement and gave an option to each of Yudian Zhao, Zifu Zhu, Hongfa Cheng, Ze Zhao and Ying Ma to purchase their shares of Saymour, and the loan was subsequently settled through its conversion into shares of Saymour. On November 1st, 2010, the acquisition of Yudian by VRL received approval of the Chinese Commercial

Bureau, and the new shareholders were registered in Chinese administrative bureau for industry and commerce. As a result, Yudian became owned by VRL (90%), Yudian Zhao (5%), Ze Zhao (2.5%) and Zifu Zhu (2.5%).

On March 9, 2011, Yudian Zhao, Zifu Zhu, Hongfa Cheng, Ze Zhao, Ying Ma exercised their options and acquired Saymour Shares through their respective holding companies. Hongjiang Wang also exercised his conversion right and acquired shares of Saymour through his holding company. As a result, the shareholders of Saymour following the completion of these transactions were as follows:

Registered Shareholder	Beneficial Shareholder	Number of Saymour Shares	Percentage
Hong Prosperity Investment Ltd.	Hongjiang Wang	48,500	23.82%
Jade Classic Investment Ltd.	Yudian Zhao	70,000	34.38%
Philoso Investment Ltd.	Zhe Zhao	20,000	9.82%
Reddishman Investment Ltd.	Zifu Zhu	20,000	9.82%
Grandriver King Investment Ltd.	Hongfa Cheng	40,000	19.65%
Braemar Ventures Corp.	Yinglong He	2,036	1.00%
Synergate Ltd.	Ying Ma	3,054	1.50%
		203,590	**100%**

Saymour continued to own 90% of Yudian through its wholly owned subsidiary VRL. The other 10% of Yudian was still owned by Yudian Zhao (5%), Ze Zhao (2.5%) and Zifu Zhu (2.5%).

On March 18th, 2011, Yudian Zhao, Ze Zhao and Zifu Zhu sold their 10% equity interests in Yudian to Zhenli Mining Trading Co. Ltd.

II.4 TRENDS, COMMITMENTS, EVENTS OR UNCERTAINTIES

Other than disclosed herein, there are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Company's business, financial condition or results of operations. However, there are significant risks associated with the business of the Company, as described in “Part XIV - Risk Factors".

III. NARRATIVE DESCRIPTION OF THE BUSINESS

III.1 NARRATIVE DESCRIPTION OF THE COMPANY'S BUSINESS

After completion of the Amalgamation, the Company has substantially the same business that Saymour had prior to the completion of the Amalgamation. The Company intends to pursue the milestones and stated business objectives set out below. The Company anticipates it will generate sufficient cash flow from operations to pay ongoing operating costs and intends to spend the total available funds as set out herein under the heading “Principal Use of Funds”.

III.2 STATED BUSINESS OBJECTIVES

The Company intends to use its available working capital to carry out the following three business objectives during the next twelve-month period:

1. Further exploration of the Kongshan Property; and

2. Continued development and mining on a small scale on the open-pit part of Kongshan Property.

Further Exploration of Kongshan Property

Upon completion of the Amalgamation, the Company intends to continue exploring and development of the Kongshan Property and will pursue the recommendations set force in the Technical Report. Further drilling and underground exploration of the K1 zone should be undertaken.

Development of the open-pit part of Kongshan Property

The Company intends to continue extracting material from the easily available near surface material at the Kongshan Property and complete more mine construction of the Kongshan Property, as technical work continues on an ongoing basis. The current mining in K1 zone is outsourced to a local mining company who provides equipment and vehicles. According to the mining design for the Kongshan Property, if the Company operates with its own equipment and vehicles, the average cost will come down. The Company plans to procure more vehicles and equipment for open-pit mining in K1 zone. In addition, the open-pit part in K2 zone will operate soon after enough equipment and vehicle are procured.

III.3 MILESTONES

For the business objectives described above to be accomplished, the following principal milestones must occur and the following products must be developed (as recommended in the Technical Report):

Milestones	Target Date	Cost
Drilling 500 m diamond drilling @$200 all inclusive Assays 120 x $25 Detailed topography Preparation of detailed, mine-scale plans and sections, mapping Metallurgical bench tests 6 @ $1,000 each Geological studies of mineralization in the general area Mine Plan and Scoping Study (utilizing Chinese experts)	July 30,2013	$290,000
Contract tunnelling 1,500 m of adit and cross-cuts @ $222/m Mining test	After Drilling is Completed	$390,000
TOTAL		$680,000

Other than as described in this Material Change Report, there are no other particular significant events or milestones that must occur for the Company's business objectives to be accomplished. However, there is no guarantee that the Company will meet its business objectives or milestones described above within the specific time periods, within the estimated costs or at all. The Company may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

III.4 PRINCIPAL USE OF FUNDS FOR THE 12 MONTHS FOLLOWING THE LISTING DATE

It is the Company's intention to use its available funds for a period of twelve months after the completion of the Amalgamation as follows:

Use of Available Funds	**Amount, Assuming Completion of Non-Brokered Private Placement**
General and administrative costs	50,000
Audit, legal and other professional fees	80,000
Filing fees and transfer agent fees	30,000
Costs for implementing the business objectives in the 12 months following the Closing Date	680,000
Unallocated working capital	-
Total	**840,000**

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

III.5 NARRATIVE DESCRIPTION OF YUDIAN'S BUSINESS

Yudian's primary business objective has been the exploration, mining and production of vanadium mining products from vanadium soil from its Kongshan Property and from vanadium soil purchased from other mines. Yudian also engages in the processing of vanadium mining products from its Kongshan Property at the Plant.

III.6 PRINCIPAL PRODUCTS OR SERVICES

Vanadium is predominantly used as a strengthening additive in steel and some forms of iron. Approximately 85% of vanadium is used in the high performance steel industry in the form of ferrovandium. Vanadium steel is often used for applications in axles, bicycle frames, crankshafts, gears and other common applications. Approximately 10% is used as an essential alloying element for titanium. The primary vanadium product produced by Yudian is ammonium metavanadate (NH_4VO_3), which is a product that can be processed to produce vanadium pentoxide. Yudian's ammonium metavanadate products are primarily sold domestically in China and Yudian intends to expand to international markets. In domestic markets, the price is determined by market forces.

Ammonium metavanadate has been the only product of Yudian, though certain other customers have requested powder ammonium metavanadate or chip ammonium metavanadate and Yudian may consider expanding its product offerings in future.

III.7 OPERATIONS

The current excavation operations at the Kongshan Property are undertaken by a local mining company contracted by Yudian. The current mining at the K1 zone occurs to depths up to 15 meters from the surface and does not utilize blasting because of the soft nature of the vanadium bearing rock. The vanadium material is transported to the Plant by trucks for processing. Yudian sends supervisors to the mining area to confirm and manage the operation, environmental affairs and safety affairs.

Vanadium material from the Kongshan Property is treated through several processes including roast/leach, solvent extraction and ion exchange to recover vanadium as vanadium metavanadanate. Yudian has built seven (7) workshops according to the processing flow: drying, ore crushing, balling, roasting, leaching, extracting and neutralizing.

To reach high leaching rates and ensure environmental protection, Yudian selects roasting with dilute sulfuric acid leaching and resin exchange for vanadium extraction.

The designed technique is: additive roasting→ residue leaching→ dilute sulfuric acid spray extraction→ acid leach solution alkaline→ polymeric adsorbent→ sodium hydroxide adsorption→ eluate with sulphuric acid→ ammonium sulfate vanadium precipitation.

Drying Facility

As the original ore is saturated with water, it is put on the ground to dry for 3-4 days. Part of the ore will be discarded as low grade. The gravel will be scrubbed and dewatered to reclaim vanadium-bearing clay adhering to the particles.

To meet large-scale production, Yudian is planning to introduce rotary-type dryers that can deal with 30 tons ores per hour and this may help decrease the effects of weather.

Crushing Plant

The ore delivered to the Plant will be the product of a ripping and loading operation. The relatively soft ore is crushed using a ball grinder (32t/h) to ensure that maximum size particles fed into the mill do not exceed 100 mm. The best crushing size is 40-80 mm for balling and vanadium converting rate improvement. The unqualified raw materials are recycled to the grinder for crushing.

Agglomeration

The powder of the ore is mixed together with coal gangue and Yudian's unique additive in the balling machine through conveying equipment. They are then delivered to a pan pelletizer and made into homogenized balls with a diameter of less than 3 cm.

Roasting Plant

The balls are transferred to the combined kiln stove, which by adopting a multi-layer and multi-channel structure, makes the furnace gas and temperature a homogeneous distribution. At the bottom of the kiln stone, a furnace grid is installed for mechanized loading. The roasting temperature is controlled at 750-820 degrees Celsius every 12 hours. Along with a 10-20 centimeter thermal insulation layer, the conversion success rate of roasting is over 70%. Yudian's unique additive is the main reason for the high conversion rate.

Leaching Pad

Yudian uses an interval leach with 6% dilute sulphuric acid. The use of interval leach enables maximum efficiency of acid consumption. The interval stage leach is operated under aggressive acid conditions to maximize vanadium dissolution by ensuring that there is no depletion of free acid for ferric generation for the duration of the leach time. The pre-leach is regarded as an "acid kill" and utilizes the excess free acid to commence the leach reactions, and minimizes free acid carryover to the downstream process.

Extraction

The vanadium-rich solution flows continuously into tanks where it is treated and filtered. The liquid is cooled and resin is added and then is pumped into the precipitation area. A white precipitate called ammonium metavanadate is formed which is then thickened, filtered and dried. After drying, the dried product, vanadium metavanadate, is collected in a product bin.

Neutralization Plant

During the polymeric adsorbent process, dilute sulfuric acid leaching produces the waste water which is comprised of NaCl, Na_2SO_4 and a few heavy mental impurities. $Ca(OH)_2$ is added into the waste water to neutralize it and then it is recycled to the dump leaching workshop.

III.8 COMPETITIVE ADVANTAGE

Efficient and Clean Additive

The vanadium ore is fed through an automatic conveyor into the rotary kiln where it is roasted at up to 800 degrees Celsius. It was found that the original additive, calcium carbonate, produced a below average conversion rate. The alternative additive agent, being NaCl, when heated up produces toxic gas, Cl_2, causing heavy pollution. Yudian developed a new roasting additive agent. It produces no toxic gas and has a high conversion rate. This special in-house developed additive agent can maximize the oxidization of vanadate, which will increase the recovery rate of vanadium by 30-40% in leaching (decomposing or extraction). Yudian developed this technique from 2007. This technique contributes to a better recovery rate and cleaner production, resulting in higher gross margin than its competitors such as Panzhihua New Steel & Vanadium Company Limited and Hebei Iron & Steel. Furthermore, Yudian's clean production makes Yudian the vanadium processing plant of choice in Xichuan County, allowing Yudian to enjoy market dominance in the local raw materials market, as other local processing plants fail in their compliance with environmental criteria for vanadium processing production. Currently, the price of vanadium soil is approximately RMB 100 per tonne, which makes transporting such soil to processing plants farther away economically unfeasible. As a result, Yudian essentially became the only local buyer of vanadium soil in the area.

Automatic Spray System

The calcined material discharges from the main body of the kiln into the coolers and is then fed in batches into the leach pools. All leaching pools are equipped with an automatic spray system that sprays 6% sulphuric acid to convert the calcined material into solution containing vanadium.

Extraction

The resin extraction technique is an advanced extraction technique that works efficiently for large-scale production. New vanadium plants all work with this advanced technique because the traditional extraction technique produces pollution and the recovery rate is low.

Cost Management

Yudian's accounting department renews the production-cost-solution every few months. The production cost and scale plans are adjusted with the demand and production capacity of every workshop. The workers are awarded with bonuses if their monthly production exceeds the plans and the cost is lower than the plans.

Coal, coke, coal gangue, bauxite, agent, sodium thiosulfate, sodium chlorate, liquid ammonia, sulphuric acid, organic phase, salt, lime etc. are used in the processing of vanadium. Since all of these products are available in the open market, the procurement department of Yudian is able to obtain them on a routine basis, and the pricing is determined by the market. All the component parts of the equipment are also readily available in the market.

The mining and processing business of Yudian is not a cyclical or seasonal business.

The decommissioning liability results from Yudian's net ownership interests in the Kongshan Property. Yudian estimates the total undiscounted cash flows required to settle its decommissioning liability to be approximately $1,094,527 (RMB6,853,600), which will be accrued over the next eight years. A credit adjusted risk free rate of 11.151% was used to calculate the estimated fair value of the decommissioning liability in the amount of $587,367 (RMB3,677,917) at December 31, 2012 and $534,726 (RMB3,308,938) at December 31, 2011.

III.9 ENVIRONMENTAL REGULATIONS

Chinese environmental regulations require Yudian to obtain approvals for mining and processing. Yudian's list of approvals is as follows:

- the Approval of Environment Assessment Report, issued by the Environment Protection Bureau of Henan Province, approved the Huaye Company, the previous holding company of Yudian, to produce ammonium metavanadate within the daily disposal capacity of 600 tons at the Kongshan vanadium mine (the "Ammonium Metavanadate Project");

- the Approval of Environment Assessment Report, issued by the Department of Environment Protection of Henan Province, approved opencast mining at the Kongshan vanadium mine up to a maximum capacity of 150,000 tons per annum (the "Kongshan Project");

- the Approvals of Completion of Construction of Environment Protection Facilities for the Ammonium Metavanadate Project, respectively granted by Nanyang Environment Protection Bureau (the "NEPB") and by HNEP; and

- the Emission of Contamination Permit, granted by the NEPB, permitting Yudian to emit (i) smoke dust at the maximum rate of 200mg/m^3 and at the maximum capacity of 37 tons per annum; (ii) SO2 at the maximum rate of 900mg/m^3 and at the maximum capacity of 58 tons per annum.

III.10 MARKET

Yudian sells its products in China, where the major users of vanadium products are steel companies. China, which accounts for nearly 40% of world steel production, is increasing its demand for steel grades that use vanadium.

According to statistics from the China Iron & Steel Association (http://www.chinaisa.org.cn), China's steel consumption was 568 million tonnes (up 13.5% from the previous year) in 2009.

Steel consumption in Western countries averages about 0.05 kiligram of vanadium per tonne of steel (http://www.chinaisa.org.cn). Steel consumption in China is historically approximately half of this amount. It is estimated that steel consumption in China will reach the Western average within five years.

According to "China Steel Industry Forecast until 2012", a research report by RNCOS (http://www.rncos.com/), China is one of the world's largest steel industries and is recording the fastest growth rate not only in terms of production, but consumption also. China's steel consumption has risen, fueled by the demand for steel, especially for long products used in construction and the automobile industry. The Chinese construction sector consumed 54% of the total steel consumption in 2006, while the Chinese automobile industry consumed nearly 6%. Apart from these two industries, the shipping and machinery & equipment sectors will also play an important role in increasing the overall steel consumption.

More importantly, China has upgraded its requirements for building materials, including the strength and stability of rebar. In China, the requirement was phased-in commencing in 2007, and various enhancements to the requirements for building materials has been adding to vanadium demand for years, and will continue to do so. If the requirements are strictly complied with, the price of vanadium product will surge up, which happened in 2008.

Vanadium battery production will be a future demand source for Yudian. Vanadium also has a role in the advancement of large-scale rechargeable batteries, called vanadium reduction-oxidation batteries, also known as redox batteries. A vanadium battery is chemically and structurally different from any other type of battery. It can absorb and discharge large amounts of electricity instantly and repeatedly, making it the only battery technology today capable of smoothing out the unpredictable flow of energy stored from wind turbines and solar cells. Vanadium may therefore hold the key to scaling renewable energy to national levels, reducing dependence on fossil fuels. Since vanadium battery is still in its development stage, large-scale production has not commenced. When the application of vanadium batteries becomes popular, the demand and the price of vanadium products are expected to rise accordingly.

III.11 MARKETING PLANS AND STRATEGIES

During the year ended December 31, 2012, majority of Yudian's revenues were generated from its ten (10) largest customers, who account for about 80% of its annual sales. The following are three of Yudian's top customers:

- Xichuan Power Company-trade branch;
- Xixia Zhongjia Alloy Company; and
- Xichuan Guorong Vanadium Company.

During the year ended December 31, 2012, Yudian's sales team also collects information from the Internet and contacts potential buyers. Such cold calls accounted for approximately 10% of total sales in 2012. Other retail customers account for the remaining 10% of total sales.

Because large customers of Yudian purchase most of its products, Yudian's sales team maintains contact with their procurement department on a monthly basis. If any of these large customers expresses purchase interest, Yudian's sales team will negotiate the sale agreement and forward the agreement to Yudian's Production Vice-President.

There are approximately 100 large potential customers and their collective demand for vanadium exceeds Yudian's production. Yudian takes a focused marketing approach targeting these large potential customers.

The approximate cost of Internet-based marketing is approximately $50,000 per year.

III.12 PRICING POLICY

Yudian's pricing policy is largely based on the market price of vanadium. In addition, Yudian obtains price information from newspapers and certain institutes, as well as collects the trading prices from industrial associations and taking into consideration the proposed purchase prices of their customers. Final range of selling prices is determined based on the comprehensive information from these various sources

III.13 COMPETITIVE CONDITIONS

China is rich in vanadium resources and with V_2O_5 vanadium reserves of more than 25 million tonnes, ranks third in the world. There are more than ten provinces in China that have the resource, more than 60% of which was found in Sichuan, 14.4% in Hunan and 5% in Gansu. Total output of V_2O_5 vanadium in China is about 60,000 - 65,000 tonnes per year.

Yudian's vanadium production is estimated to meet about 3-4% of vanadium demand in China, and management hopes to expand its market share to 7-10% by 2015. Both domestic and overseas demand is expected to grow steadily and Yudian will have the advantage of being one of the lower-cost vanadium producers in China.

Panzhihua New Steel & Vanadium Company Limited ("Panzhihua") in Sichuan and Chengde Xinxin Vanadium and Titanium Co., Ltd. ("Chengde Xinxin Vanadium") in Hebei are the two top producers of vanadium products in China and are Yudian's major competitors.

Panzhihua is a major steel producer in China, producing iron, steel, vanadium and titanomagnetite. Panzhihua is a technically competent producer that produces vanadium from slag and low-grade titanomagnetite. It produced a combined 10,000 tonnes of vanadium pentoxide in 2009.

Chengde Xinxin Vanadium is another leading producer of vanadium, with an output of 9,000 tons of vanadium pentoxide in 2009. Chengde Xinxin Vanadium is a subsidiary of Hebei Iron and Steel Co., Ltd.

The above two companies provide 60% of the vanadium production in China, and the following table provides information about vanadium production from the 2011 annual financial reports for both companies:

	Panzhihua (Year Ended December 31, 2011)		**Chengde (Year Ended December 31, 2011)**	
	RMB	**CAD**	**RMB**	**CAD**
Revenue	2,903,741,900	470,036,081	901,320,000	145,898,959
Cost	2,667,962,100	431,869,806	821,290,000	132,944,300
Margin	235,779,800	38,166,275	80,030,000	12,954,660
Margin on Rev	8.12%	8.12%	8.88%	8.88%
Growth of Rev	-4.85%	-4.85%	1.77%	1.77%
Growth of Cost	7.29%	7.29%	4.08%	4.08%
Growth of Margin	-10.40%	-10.40%	-2.02%	-2.02%

Compared to these competitors, Yudian enjoys a higher profit margin from its new processing technique and high grade of vanadium ore but generates lower revenue thus lower gross profit. Since many smaller competitors struggle to break even, Yudian's higher gross margin rate at approximately 30% provides a significant competitive advantage. With the planned expansion of the Plant gross profit and net income are expected to increase. Since qualities of vanadium products from all producers are nearly identical, the major differences among the competitors are in prices and speed of supplies. Yudian's average cost is lower than most of its competitors.

III.14 PROPRIETARY PROTECTION

In March 2012, Yudian acquired a new Chinese patent for an invention related to, and to be used in, its production of vanadium products. Information for this patent can be summarized as follows:

Owner: Xichuan Vanadium Resources Co. Ltd.

Patent Number: ZL200810048712.5

Name of Patent: The method and the additive of extraction of vanadium by burning from coal gauge with ingredient of vanadium

Application Date: August 6, 2008

Date of Announcement: June 2, 2010

In March 2012, Yudian acquired a new Chinese patent for an invention related to, and to be used in, its production of vanadium products. Information for this patent can be summarized as follows:

Owner: Xichuan Vanadium Resources Co. Ltd.

Patent Number: ZL201010266233.8

Name of Patent: The method of burning for the extraction of vanadium from coal gauge with ingredient of vanadium

Application Date: August 30, 2010

Date of Announcement: June 27, 2012

Yudian has also developed a system to protect its know-how, trade secrets and intellectual property. Yudian has internal policies for the protection of its intellectual property. The technology department is responsible for patent registration, while the sales department is responsible for inspecting and monitoring the marketplace for any potential infringement of Yudian's intellectual property. There are also confidential provisions in employment agreements and internal working codes.

III.15 OFFICE AND FACILITY

Yudian's administration office and operation facilities are located at Liugou Village, Jiuchong Town, Xichuan County, Henan Province, approximately 12 km from the Kongshan Property. Yudian has land use right to an area covering 67,170 m^2. A state owned land use right certificate and relevant land transfer contract was issued to Yudian in relation to this industry land located at Xuegan Village, Jiuchong Town, Xichuan County, covering an area of 67,170 m^2 with the use right valid until March 9, 2060, unless renewed. Yudian's plant and administrative offices have been built on this land. Yudian also received a property title certificate for an office building built on this land. This building has 1,416.21 m^2 of floor space on three floors.

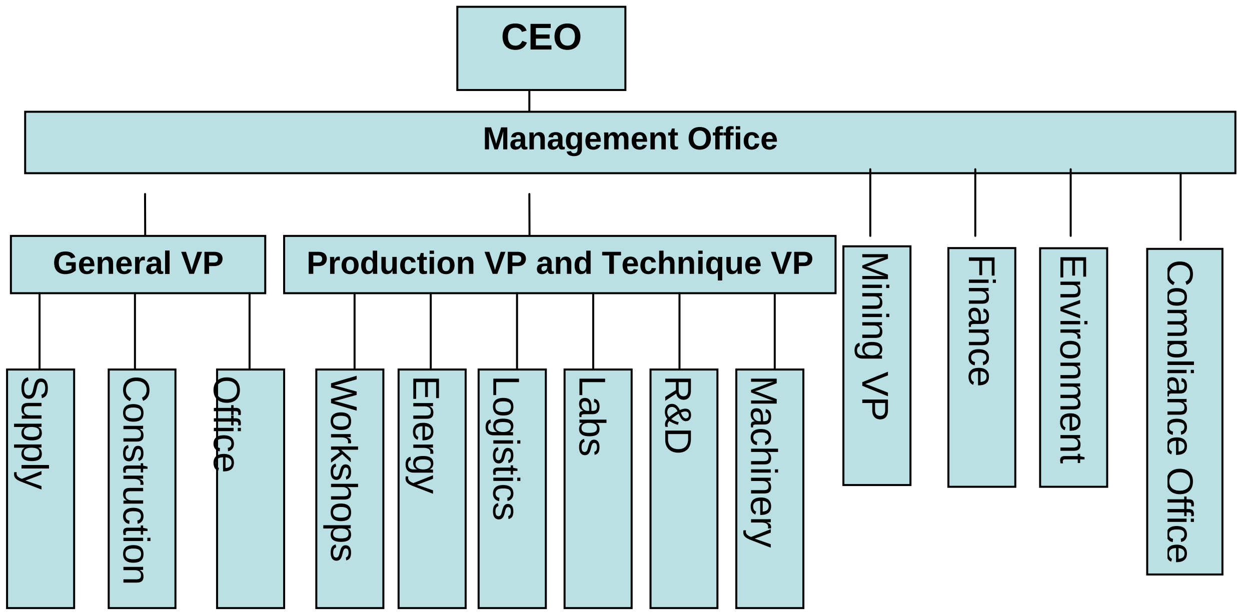
III.16 EQUIPMENT AND MACHINERY

Yudian designed and built the Plant and its engineers designed, built and installed a majority of the equipment and machinery using raw materials purchased by Yudian. They attend to maintenance and upkeep of the equipment and machinery every year.

III.17 EMPLOYEES

Yudian has an R&D team, which consists of three (3) researchers, three (3) technical advisors and five (5) lab assistants, responsible for production process improvement and experiment and testing of crucial raw materials. Yudian allocates 1,000,000 to 1,500,000 RMB annually to R&D. The team frequently collaborates with the Changsha Engineering and Research Institute of Nonferrous Metallurgy and with the Chemistry Institute and Institute of Environmental Science at Zhengzhou University with respect to production line improvement, technical and feasibility R&D and environmental evaluation.

The CEO of Yudian is in charge of the general management of the company, and several departments work cohesively to execute the Company's strategic and short term plans. The routine businesses are overseen by four Vice Presidents as listed below:



Yudian has three directors: (i) Yudian Zhao, (ii) Zhe Zhao and (iii) Y.B. Ian He. Pursuant to Yudian's articles of incorporation, its minority shareholder, Zhenli Mining Trading Co., Ltd, is entitled to appoint one of Yudian's directors.

The four senior executives of Yudian are Yudian Zhao - CEO and President, Zhe Zhao - General Manager, Mr. ZiFu Zhu– CFO and Y.B. Ian He – Technology Advisor. All of the senior executives except Y.B. Ian He are full-time employees of Yudian.

Yudian currently has 54 employees and 3 consultants, including 8 employees on the General Vice-President's team, 28 employees under the Production Vice-President and Technique Vice-President's joint team, 5 employees in the finance department, 2 employees in the environment department, and 11 employees under the Mining Vice-President's team. The 54 employees are on Yudian's payroll and there are also another 400 independent workers working for Yudian from a human resource service company.

III.18 TECHNICAL REPORT

The Company commissioned Peter G. Folk, P.Eng. (the "**Author**"), a member of the Association of Professional Engineers and Geoscientists of the Province of British Columbia, Canada to complete the Technical Report on the Kongshan Property. The Technical Report, a report compliant with NI 43-101, is dated February 12, 2013 and has been filed on SEDAR at www.sedar.com in conjunction with this Material Change Report. The following information concerning the Kongshan property is derived from the Technical Report.

(A) PROPERTY DESCRIPTION AND LOCATION

Located in Xichuan County, Henan Province, People's Republic of China, the property consists of 5.57 km^2 about 8 km from a large artificial lake, the Danjiangkou Reservoir which supplies a portion of the Beijing water supply. The site is easily accessible by car along public roads about 32 km southeasterly from Xichuan town, which is the County Seat and local source of supply. The border of Hubei Province is about 30 km to the southwest. Figures 1 and 2 demonstrate the property location and Table 1 includes the turning points of the property boundary both in the UTM and the Latitude-Longitude coordinate systems.

#	Longitude E	Latitude N	#	N	E
01	111° 38′ 45″	32 ° 51′ 15″	01	3636824.00	37560455.80
02	111° 41′ 00″	32° 51′ 15″	02	3636846.10	37563966.20
03	111° 41′ 00″	32° 50′ 15″	03	3634997.60	37563978.20
04	111° 39′ 45″	32° 50′ 15″	04	3634985.20	37562027.60
05	111° 39′ 45″	32° 50′ 30″	05	3635447.30	37562024.70
06	111° 38′ 45″	32 ° 50′ 30″	06	3635437.70	37560464.30
07	111° 38′ 45″	32 ° 50′ 49″	07	3636023.00	37560460.70
08	111° 39′ 06″	32° 50′ 49″	08	3636026.40	37561006.80
09	111° 39° 06″	32 ° 51′ 01″	09	3636396.00	37561004.50
10	111° 38′ 45″	32° 51′ 01″	10	3636392.70	37560458.40

Table 1 Corner Coordinates of the Property Boundary. The UTM coordinates are in the Beijing 1954 system.

Mineral tenure consists of Mining Licence number 0111300201002211005797 0 which is valid to 18 Nov, 2015 subject to the payment of the correct fees. Renewal of the licence is a matter of re-application.

Figure 1 Location Maps. The lower map is from Google Earth and the upper one is from Geology.com/world/china-map.gif

Yudian holds an unencumbered 100% interest in the property which is subject to a 2% production royalty payable to the national government, an annual RMB200,000 (US$32,103)resource fee payable to Xichuan County, and an annual property rental of RMB1,000 (US$160) per km^2. Seymour, registered in the British Virgin Islands, holds through a Hong Kong subsidiary, Vanadium Resources Limited, a 90% equity interest in Yudian. Since its inception Yudian has been controlled, directly or indirectly by the same shareholders. In other words, the controllers of Seymour have controlled Yudian.

As far as is known there are no other royalties, back-in rights, payments or other encumbrances to which the property is subject including those for Yudian, Saymour (now Seymour) or Green Standard. Of course the companies have to ensure compliance with Chinese tax, business, mining and environmental law and keep the operating permits current.

Mining licenses in China are defined by their map coordinates and boundaries can be defined by GPS or standard survey practices. Mining licenses are extended through a process of re-application. The licence boundaries have not been accurately surveyed.

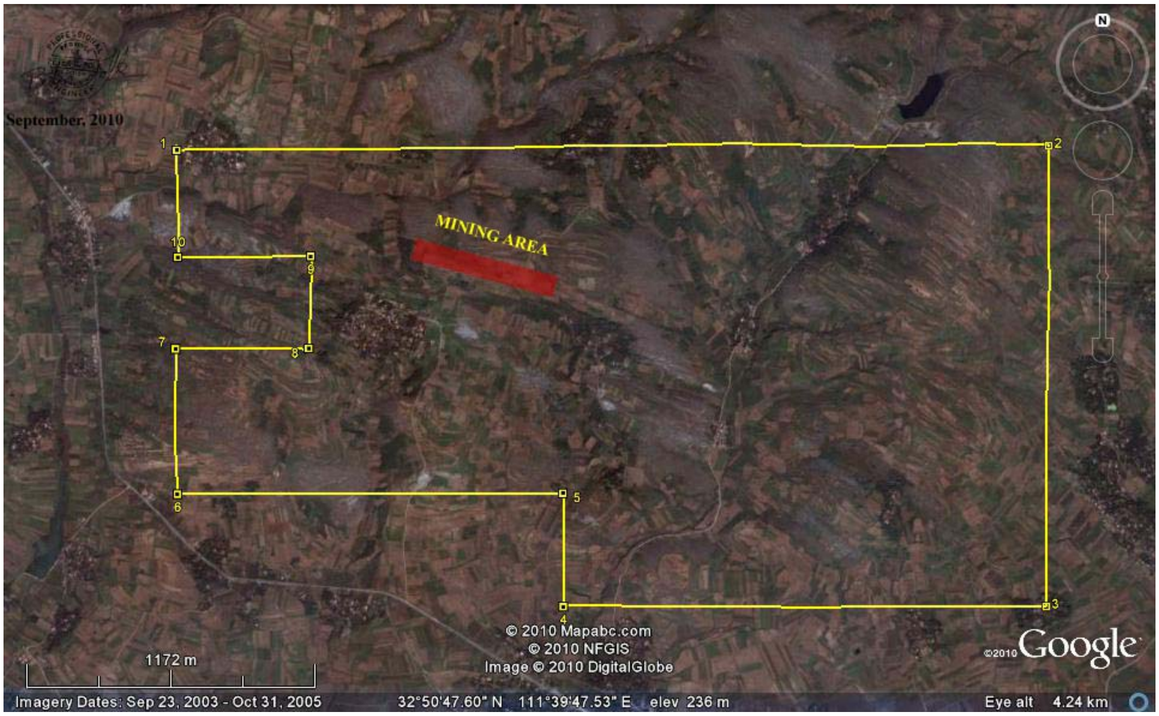


Figure 2 Property Map.
Mining area is shown in red.

Mining disturbances consist of historical and active open-cuts where the vanadium-bearing material has been removed. No significant waste dumps have been produced and there are no underground workings present. Vanadium-bearing rock is trucked about 12 km to the processing plant and the bulk of the tailings go into the production of concrete used by the county for building roads, so there are no large tailings ponds being produced.

Surface rights to only the small portion of the total area that is currently under mining development are controlled by the company and expansion of mining will require additional land agreements. Figure 3 shows the surface area currently held under land use agreements, the surface trace of the K-2 zone currently being mined and topographic features in relation to the mining licence boundaries. The land acquired from government under a “collective land construction use right certificate” has no cost. Terrain under land use agreements from local farmers are rented for an annual average of $US290 per 1,000 m^2 but this rental is due only when the area in question has been disturbed and not reclaimed.

As far as is known there are no other environmental liabilities on the mining licence except the relatively minor mining disturbances which have been produced to date. The Author has seen the operating permits of the mine and plant and these have also been the subject of a legal opinion (Grandall Law Firm (Shanghai), 2011). The pertinent certificates and permits are summarized in Table 2 below.

Certificate or Licence	Reason for Certificate	Certificate Date	Expiry Date
Mining Licence	Right to Mine	February 18, 2010	December 30, 2015
Approval of Environmental Assessment Report	Approval to Mine 150,000 TPY	January 23, 2007	
State Owned Land Use Right	Use of Plant Site		March 9, 2060
Collective Land Construction Use Right	Right to use a portion of the land at the mine.		November 12, 2013
Project Investment Filing Confirmation	Right to invest in a project to produce 6,000 TPY of V_2O_5	December 31, 2010	
Construction Approval	Right to construct 600 TPD mine	May 5, 2011	
Production Safety Permit	Permit to operate an open cast mine at 150,000 TPY	October 29, 2010	October 28, 2013

Table 2 A Summary of Permits and Certificates Obtained. Taken from a report by Grandall Law Firm (December, 2011)

Underground work is recommended in Phase 2. For this the project will require explosives and underground exploration permits, which may not be easily or quickly obtained (No. 5 Team, personal discussion). Other than this factor there are no other significant factors or risks that may affect the access, title, or the right or ability to perform work on the property.

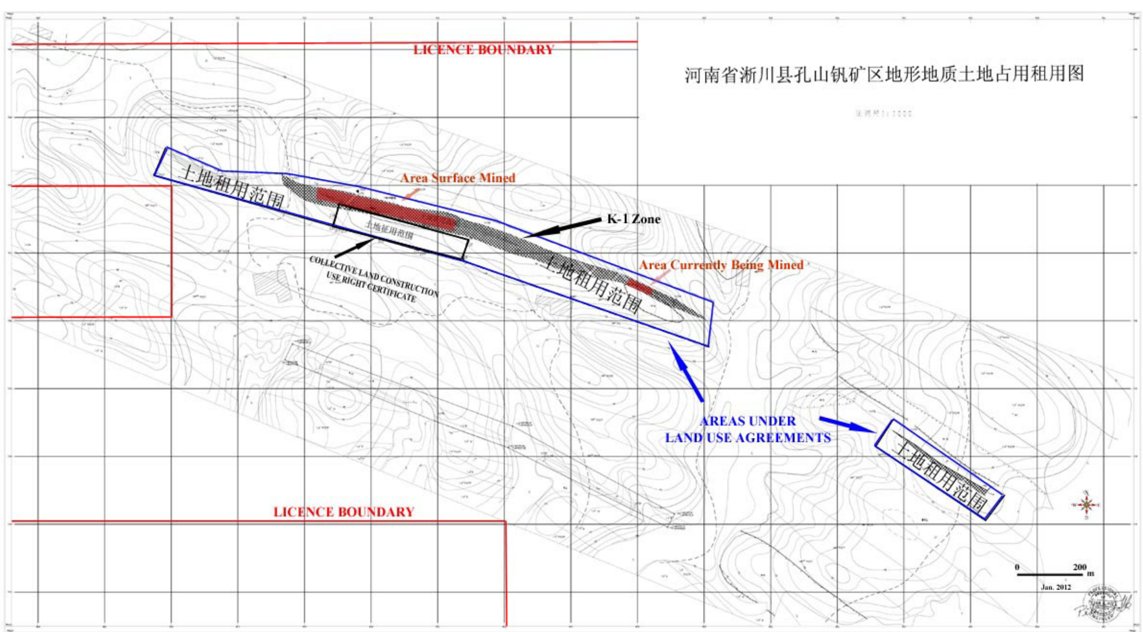


Figure 3 Surface Plan of the Mining Area. Areas where the surface title is controlled are outlined in blue. There are no significant waste dumps, tailings ponds or mining infrastructure on the licence

(B) ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The licence is situated in a hilly rural farming area with an economy predominantly composed of small-scale agriculture. Most of the land has some kind of agricultural use. Crops consist of wheat, oil-seeds, corn, beans, fruit, mushrooms and traditional Chinese medicinal products. Elevations vary between about 180 m and 312 m with no permanent water courses in the immediate area of the mining location. The site is easily accessible by car along public roads about 32 km southeasterly from Xichuan town, which is the County Seat and local source of supply.

Climate is semi-humid with hot summers (maximum temperatures above 40oC) and cool winters (minimum temperatures of -12oC). Annual precipitation is 1050 to 1100 mm falling mainly in the period July to September. Exploration and mining operations can be conducted on a year-round basis.

Road access is very good and the area can be considered to be completely accessible by car. The Ningxi railroad and highway 312 on the national highway system are 35 km to the northeast.

Surface rights for waste-rock disposal sites need to be acquired if the scope of the mining operation is to be expanded; however land in the immediate mining area contains few permanent habitations and is not considered to be highly valued for agricultural purposes. A local low-voltage electrical grid crosses the property however the greater power needs of an expanded mining operation would require the installation of 10 km of high tension lines and the construction of a sub-station. Groundwater is plentiful, however deeper mining will likely affect the shallow wells supplying the local population and these effects will have to be planned for. Neither labour nor technical personnel are in short supply.

(C) HISTORY

Most of the following historical information comes from a recent report by the Henan Provincial Non-ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team (Li et al, 2010) with additions by the staff at Yudian.

Pertinent geological work, by survey teams of Henan Province began in the 1970's with regional mapping followed by regional geochemistry in the 1980's. Then in the 1990's further mapping was done (1:50,000 scale) which concentrated more in the area of current interest. From 1999 to 2000, a 1:50,000 stream sediment survey lead to the discovery of mineralized areas which according to local sources led to the development of small scale, undocumented artisanal surface mining beginning in 2003. In 2006, at the request of a precursor to Yudian, the 1st Geological Prospecting Institute of Henan Provincial Bureau of Geo-exploration and Mineral Development conducted surface exploration on the property. This work included trenching and one diamond drill hole (ZK0301) and led to a resource calculation and to the design of an open pit mine plan by SINOSTEEL (Engineering Design Institute of Sinosteel Group; 2006) which was sufficient for permitting purposes. The estimate is considered relevant because it was used to obtain a mining licence on the property and was therefore considered to be reliable by the Chinese Government.

The resource estimate included 2.32 million tonnes grading 1% V_2O_5 in the 333 category and another 6,990,000 tonnes in the 334 category at a similar grade. These categories do not relate well to those which are NI43-101 compliant. The 333 category would be considered in Canadian practice to be a mixture of Inferred and Indicated resources and the 334 category would consist of some inferred material and other which would be too poorly defined to be included in any NI43-101 compliant category. Main assumptions were a strike length of 1,800 m with widths between 2.9 m and 32.45 m (average 11.56 m) which was estimated to occur between 26 m and 263 m above sea level. Specific gravity was estimated to be 2.1 and a minimum mining width of 2 m was used. The methods used were standard to the Chinese resource estimation system which uses a method of triangular areas on a vertical longitudinal section. Volumes are calculated using horizontal widths within the triangles and a factor is applied to compensate for the dip of the zone. The Author has not examined the resource calculation in sufficient detail to classify this historical estimate as a current estimate and the issuer is not treating the estimate as a current mineral resource. The estimate has become outdated because of more drilling and has now been supplanted by the estimate detailed later in this report.

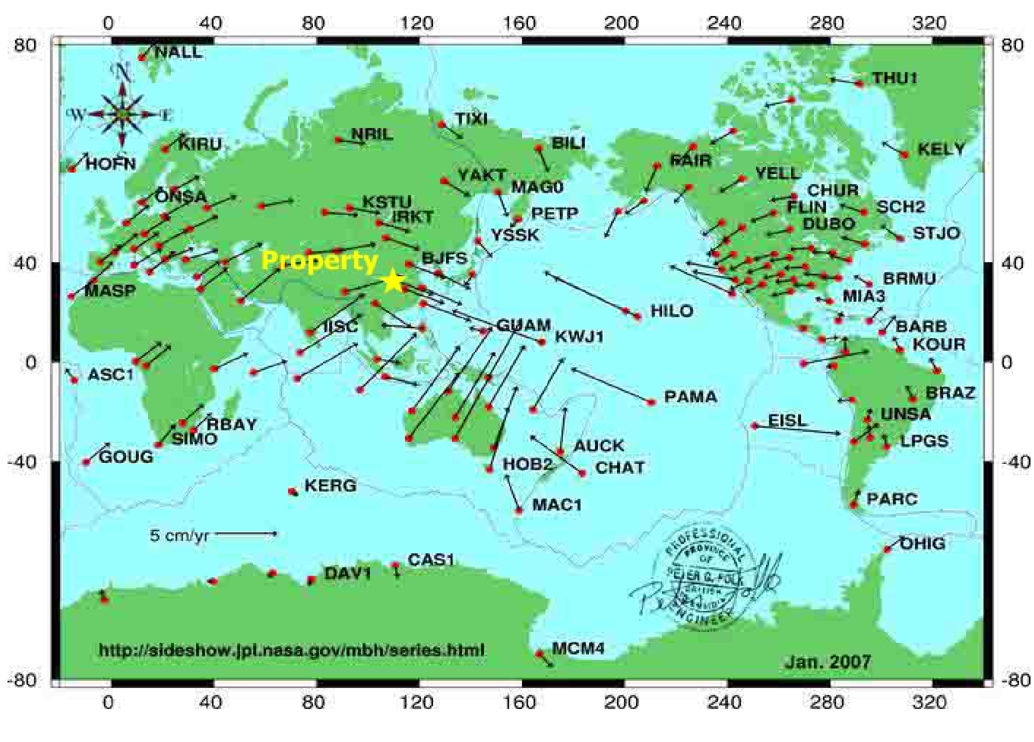
In 2010 the Henan Provincial Non-ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team (No. 5 Team) completed drilling and other technical work which is described later in this report.

According to Yudian's figures from the weighing and sampling of the haul trucks, the mining operation since mining began in 2009 has sent about 188,041 dry tonnes of material grading 0.93% V_2O_5 to the processing plant 30 km away.

(D) GEOLOGICAL SETTING AND MINERALIZATION

Modern GPS measurements, shown below, indicate that the China portion of the Eurasion Plate is moving southeastward and the Philippines block is moving northwestward, both at a velocity of about 4-5 cm/year. Figure 4 shows the approximate location of the subject property in relation to the plate tectonic regime at present. Current movements reflect long-lived tectonic motions.

When the rocks containing the vanadium were being formed, in the Cambrian Period more than about 500 million years ago, they were deposited quietly, far from land in continental-margin basins on the flank of the Yangtze plate. Subsequent to the deposition and consolidation of the sediments they were buried, deformed, raised up into a position above the level of the ocean, eroded, subjected to processes of oxidation and moved into their present location. At no time in this long history were the sediments buried deep enough for the processes of metamorphism to be applied, nor were igneous rocks resulting from magmatism produced in significant amounts.



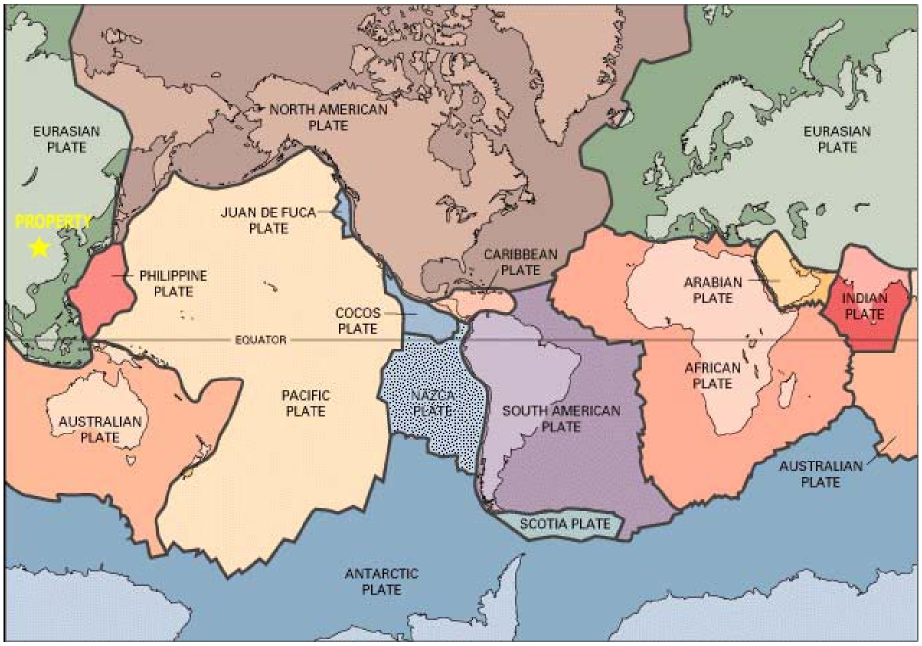


Figure 4 Tectonic Plates and Plate Movements as Measured by GPS. The top diagram from NASA (Jet Propulsion Laboratory, California Institute of Technology) shows the relative motion of the earth's surface. The bottom map from the USGS shows the earth's tectonic plates as currently understood.

(E) REGIONAL GEOLOGY

Figure 5 below illustrating the generalized geology of China shows the location of the ancient Paleozoic sedimentary strata in the project area.

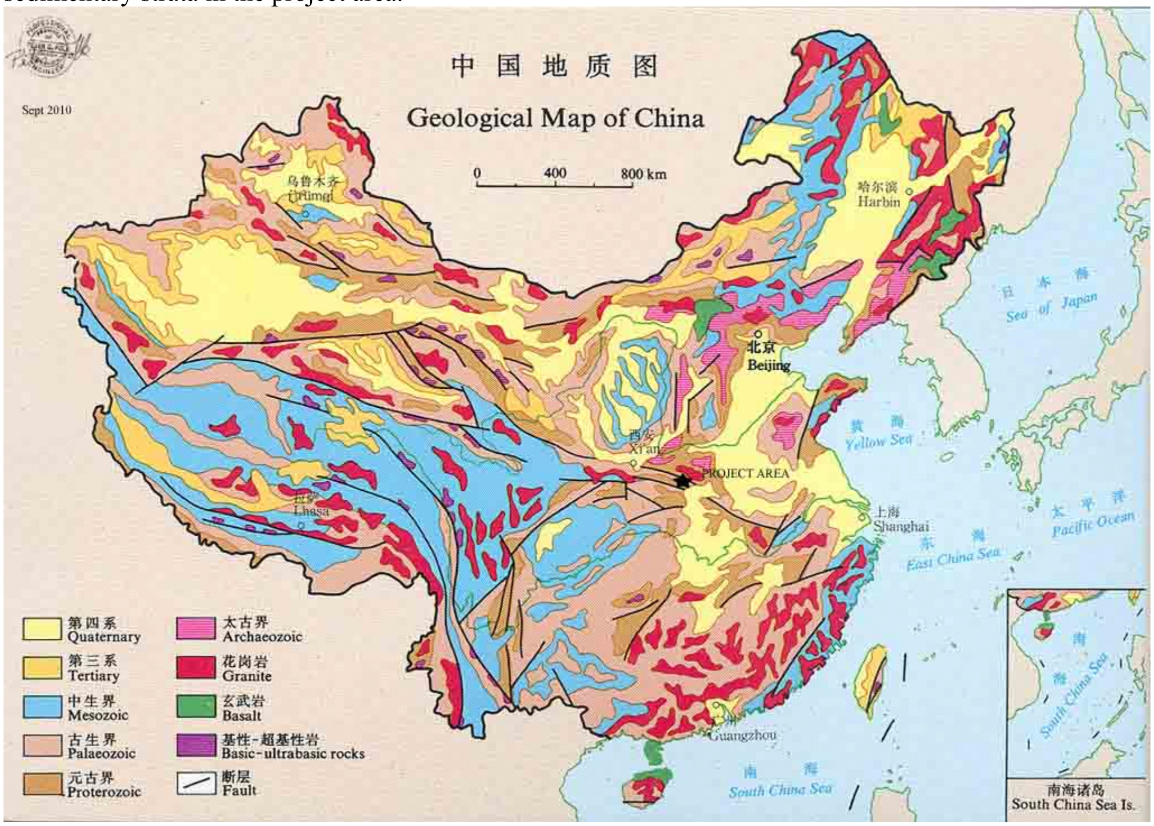


Fig. 5 China Geology Map.
Data from government of China sources.

Tectonically the area has been described as being part of the Yangtze Platform, or Yangtze Plate, which was a geological block moving independently in Paleozoic time. This plate is generally considered to be part of the South China Craton, which is in turn part of the Eurasian Plate (Figures 4 and 6). In general the predominantly sedimentary rock types consist of shale, bedded chert and limestone which have hardly been affected by thermal metamorphism but are described as being within the Qinling orogenic (mountainous) belt (Braun et al., 2005).

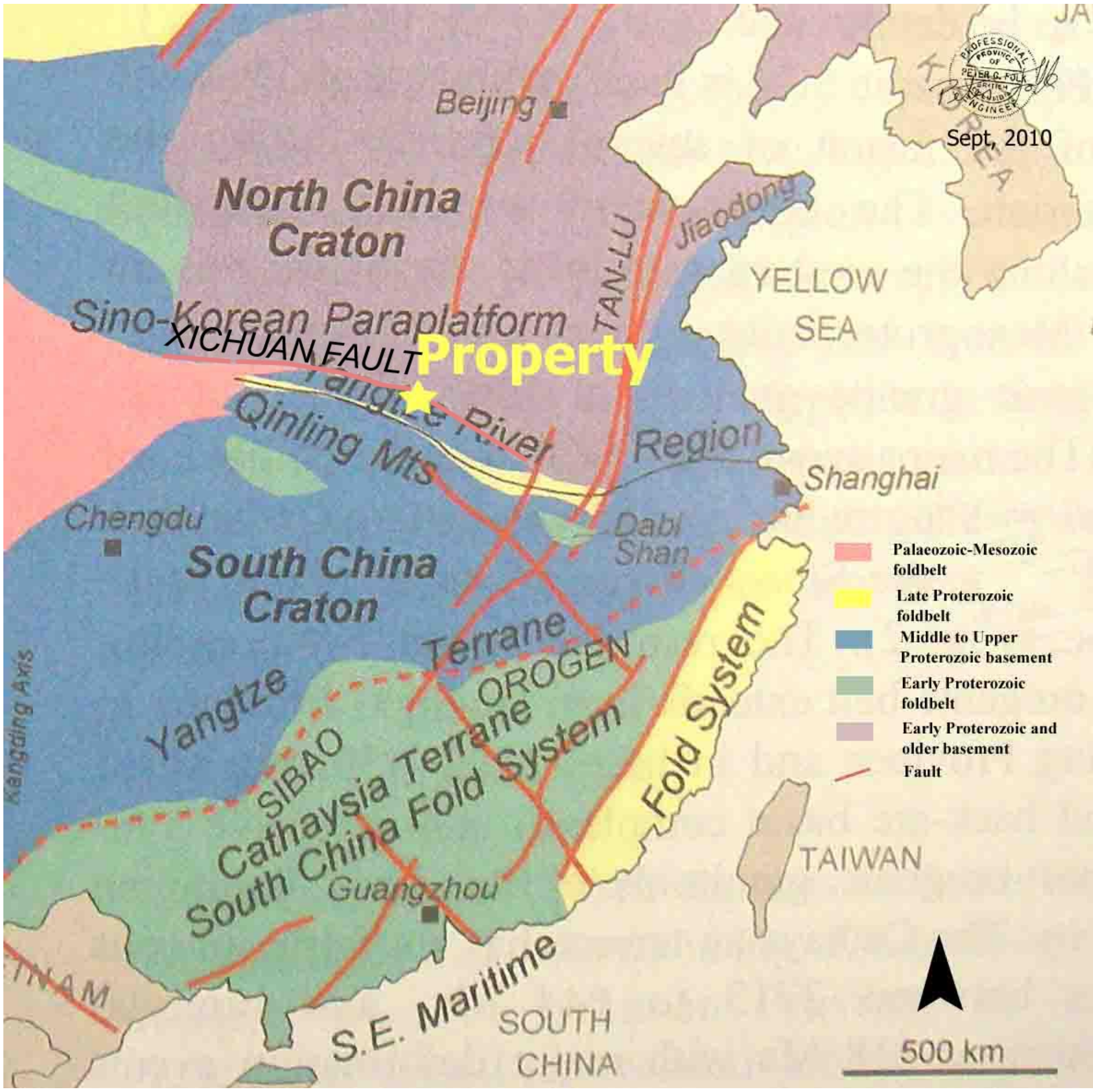


Figure 6 Geology of Southeast China.
Taken from Zaw et al., 2007.

Regional Stratigraphy

The following table of lithologies forms the stratigraphy of the region.

Era or Period	Years x 10^6	Formation	Lithologies
Quaternary	0-2.6		Red clay, soil, alluvial sand and conglomerate, sand
Cretaceous	65.5-145.5		Sandstone and conglomerate.
Carboniferous	299-359	Zhouying	
		Sanguanya	Various limestone, dolomitic limestone, nodular chert
		Gangyao	Pure limestone (source material for cement), localized
		Lianggou	shale, carbonaceous shale, hematitic sediments
		Xiaji	
U. Devonian	359-385	Hulushan	Shale, sandstone, quartz and argillaceous sandstone
		Wangguangou	Similar to above

Era or Period	Years x 10^6	Formation	Lithologies
M. Devonian	385-398	Baishangou	Similar to above
U. Silurian	416-423	Zhangwan	Dolomitic Limestone
M. Ordovician	461-472	Manziying	Carbonate rocks
		Zhaqu	Carbonate rocks
L. Ordovician	472-488	Niuweibashan	Carbonate rocks
		Bailongmiao	Carbonate rocks
Cambrian	488-542	Yugongya	Limestone, minor shale, marl, chert interbeds
		Yuejiaping	Dolomitic limestone, dolomite, limestone, chert
		Shuigoukou	Thinly bedded siliceous rocks, claystone, limestone
Sinian	542-1000	Dengying	Grey dolomite, dolomite breccia, siliceous rocks
		Doushantuo	Sandstone, conglomerate, slate, phyllite

Table 3 Stratigraphy.
Data from Henan Provincial Non-ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team (2010). Age dates from Walker, J. D.; Geissman, J. W., (2009).

Regional Structures

The Jinziguan-Shigang synclinorium is an important regional structure which contains the property area on the southeastern side of its south limb. The Carboniferous aged core of the synclinorium is represented by different shades of brown in the north-central part of Figure 7, the Regional Geology Map, which are flanked to the southwest by older Ordovician, Cambrian and Sinian formations. The synclinorium is an asymmetric syncline with an axial plane striking an average of about 110° azimuth and dipping to the north. It would appear that it has a northwestern plunge. The Synclinorium is present over a strike distance of over 80 km, is 5 to 10 km wide and affects the older Sinian and Cambrian rocks the most. Several secondary fold sets are associated with the synclinorium. The Xichuan fault zone is a regional dividing structure of plate tectonic significance which passes north of the area which is depicted in Figure 7 but is shown on Figure 6. In general this fault strikes 110° to 120° dips steeply to the north and contains from 100 m to 300 m of cataclasitic material. Other smaller, sub-parallel faults in the vicinity of the property can be seen on Figure 7.

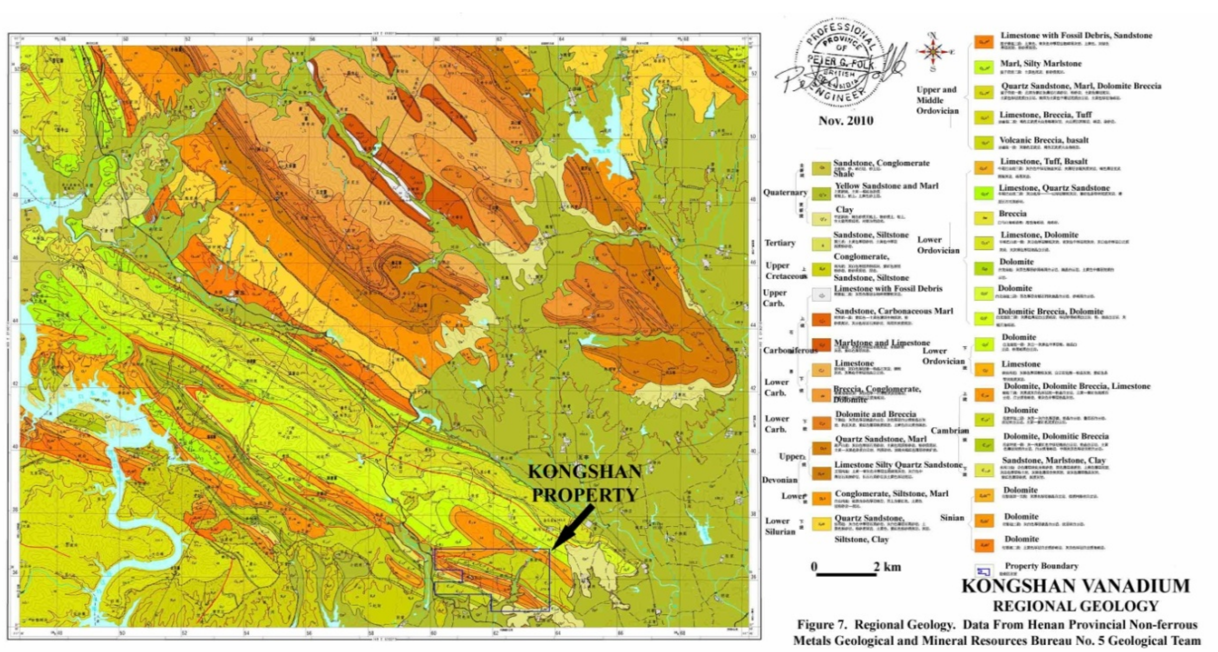


Figure 7. Regional Geology. Data From Henan Provincial Non-ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team

(F) LOCAL AND PROPERTY GEOLOGY

The local geology, as depicted on Figure 8, is well known and is not complex, consisting of regular, layered sedimentary strata striking ESE and dipping 60° to 80° to the NNE. Sinian dolomites, mostly colored orange on Figure 8, probably represent the core of a small overturned anticline and are flanked by Cambrian strata colored in various shades of green. The axial plane of this anticline, strikes 100° to 120°. There is one fault of unknown displacement, within and sub-parallel to the Cambrian strata. In addition, some of the thin bedded vanadium-bearing rocks of the Cambrian Shuigoukou Formation are strongly deformed and contorted, suggesting that they formed a locus of deformation during the period when the region was being folded.

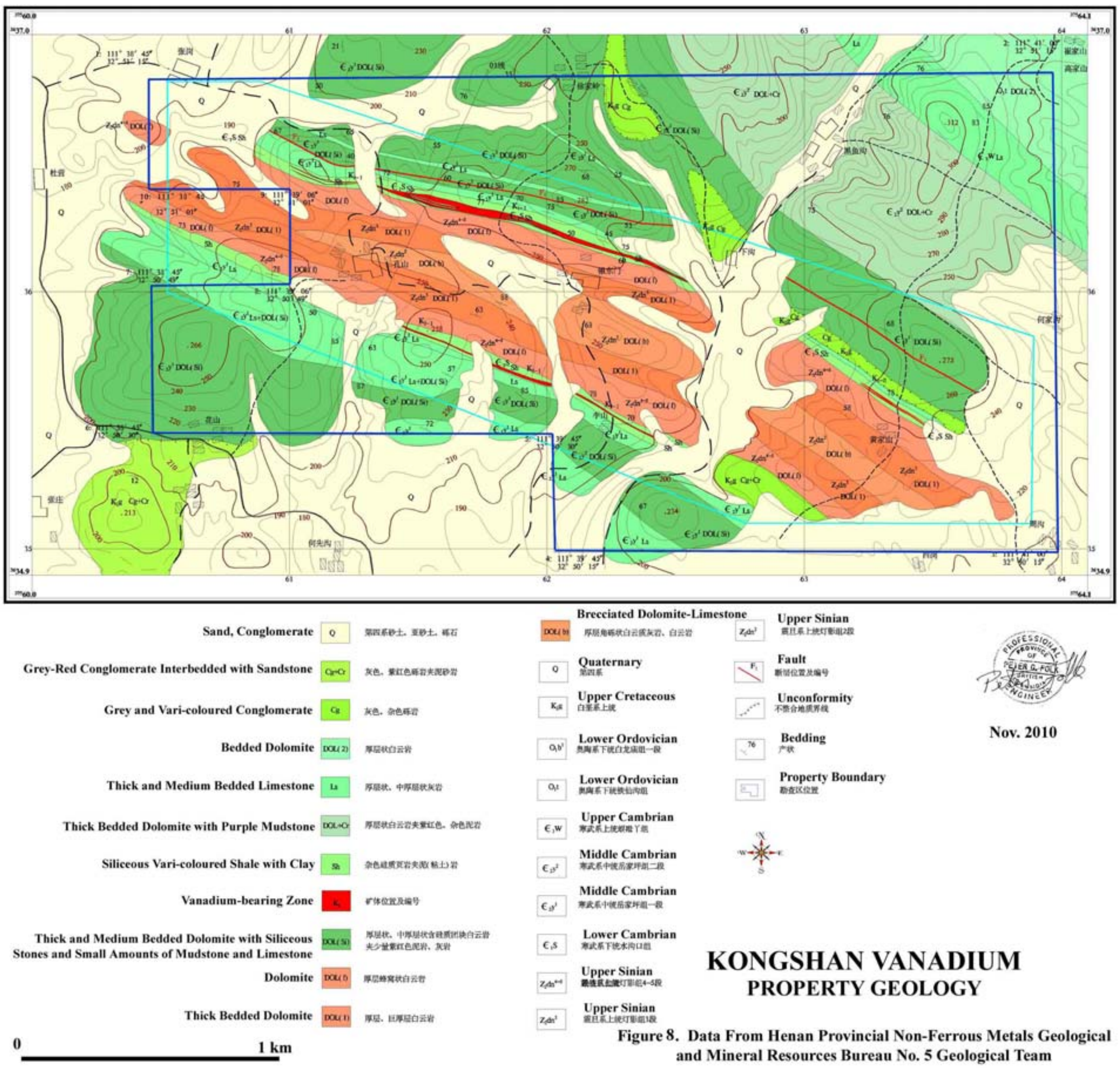


Figure 8. Data From Henan Provincial Non-Ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team

Sinian and Cambrian strata form the rocks of interest with the vanadium-bearing beds occurring within Cambrian strata almost at the Sinian contact. It is a reasonable hypothesis that the two separate mineral beds K-1 and K-2 (colored red on Figure 8) are folded repeats of the same bed. The Sinian Dengying Formation consists of three members. The lower two consist primarily of thick-bedded micritic to microcrystalline dolomite, brecciated dolomite and laminar dolomite and mudstone and the upper member contains grey, thick-bedded siliceous dolomite and algal dolomite, fine grained dolomite, brecciated dolomite and thin laminar mudstone.

Near the base of the Cambrian rocks is the vanadium-bearing Shuigoukou Formation which is overlain by the Yuejiaping Formation and the Wugongya Formation. The base of the Shuigoukou Formation contains (from bottom to top):

- Dark grey cryptocrystalline cherty siliceous rocks with thin bedded shale. Individual siliceous layers are from 3 to 30 cm thick with interbeds of yellow shale from 3 to 15 cm thick. These strata generally dip 60^o to 85^o to the NNE and contain vanadium mineralization and phosphatic nodules.

- A second vanadium-bearing unit occurs stratigraphically above the first member and consists of multi-color thin-bedded shale, or claystone with calcite, siliceous minerals and some iron oxide and phosphatic nodules.

- A third member consists of purple shale containing clay and iron oxides. Argillaceous limestone is also variably present. A 0.3 m to 1.5 m thick limestone layer, when present, forms the hanging wall of the mineralization.

- At the top of the lower member of the Shuigoukou Fm. is a phosphoritic layer from 0.2 to 1.3 m thick.

The upper member of the Shuigoukou Fm. consists of argillaceous striped limestone and grey, thick-bedded limestone with thin bedded argillaceous limestone interbeds.

The overlying Yuejiaping Fm. has a grayish-white dolomitic limestone lower member and an upper medium to thick bedded dolomitic limestone with purple argillaceous rocks and a few red shales at the top.

The Yugongya Fm. contains a lower member containing dolomitic limestone with chert nodules and an upper member with grayish-white medium thick bedded dolomitic limestone and pure limestone.

The overlying Ordovician System is represented by dolomitic limestone with chert nodules, phyllite, argillaceous limestone, and pure limestone.

Cretaceous and Quaternary material is found in small quantities.

(G) MINERALIZATION

Although the vanadium mineralization has been deformed, it is essentially controlled by lithology. It is extensive, the K-1 zone having been traced laterally for a total of over 1,600 m and the K-2 zone for about 1,000m. Drilling shows mineralization below the 200 m level from surface. True widths of almost 40 m have been encountered both in surface trenches and in diamond drill holes, although average widths are in the 11 m range and depend somewhat on the cut-off grade being employed. As far as is known the geometry of the two zones so far discovered is fairly simple being tabular, strata-bound and undulating. Average strike is about 125^o with NE dips ranging from 75^o to 80^o. Two parallel zones about 600 m apart have been explored, and one, the K-1 Zone, is being mined from surface by open-cut methods.

Although the mineralization has been described as being composed of roscoelite this is not visible by normal means and it can best be described as consisting of deformed vari-coloured clays, thin chert beds and minor calcite-quartz veining. The vanadium, possibly in the ionic state has been adsorbed onto the clays and to a lesser extent onto the chert layers. A suite of associated elements include anomalous quantities of Mo, Ni, Co, W, Y, Yb, Cu Pb, Zn, Mn, Ag, P and Ba. In the open-cut the best vanadium grades are found with clays. There is an inverse relationship with the amount of Silica, hard, fragile shale, and aubergine shale with high iron oxide content. Small-scale deformation and shearing observed in the mining cut have little impact on the vanadium content but add complexity to the geometry of the mineralized zones which is more apparent in the drill holes at depth rather than in the surface exposures.

The hanging wall is either grey-black limestone or purple shale while the footwall is considered to be dolomite or dolomitic limestone at the top of the Sinian formation and is a clear-cut boundary. In wider zones there are internal low-grade sheeted zones which are indistinguishable from the higher grade material except by assay. These are denoted in dark green in Figure 9 which is a plan view showing the mineralized zones, trenches and drill hole collars.

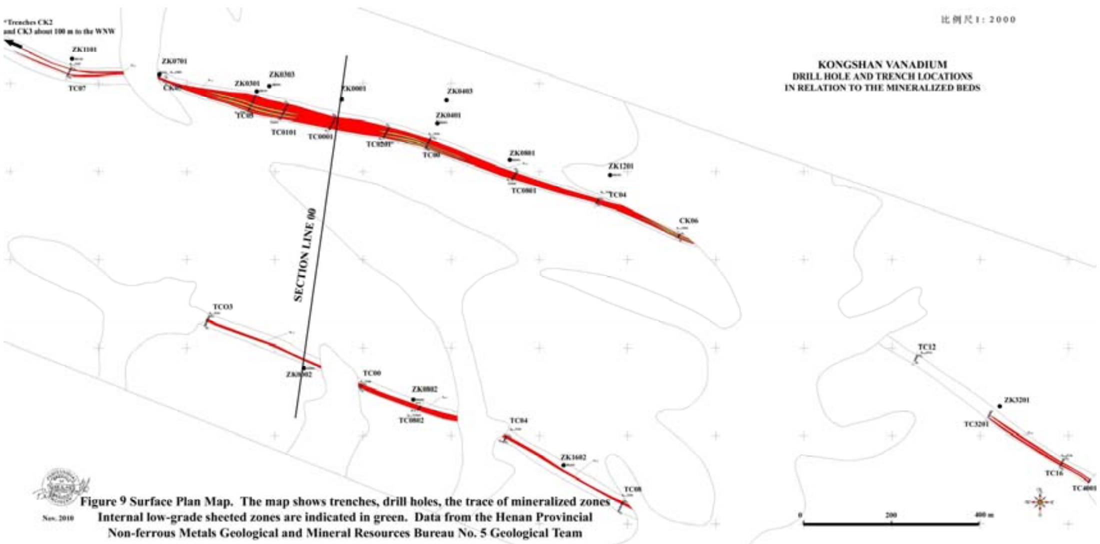


Figure 9 Surface Plan Map. The map shows trenches, drill holes, the trace of mineralized zones. Internal low-grade sheeted zones are indicated in green. Data from the Henan Provincial Non-ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team

For reference purposes a typical cross section across the mineralized zones, Section Line 00 is displayed on Figure 10.

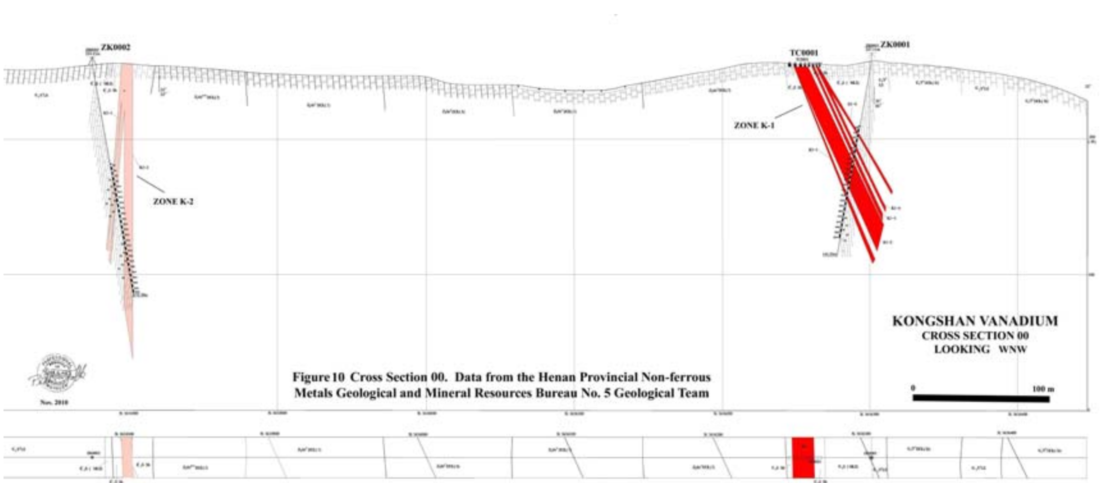


Figure 10 Cross Section 00. Data from the Henan Provincial Non-ferrous Metals Geological and Mineral Resources Bureau No. 5 Geological Team

(H) DEPOSIT TYPES

Thin bedded, fine grained, metalliferous Cambrian sediments of the Shuigoukou Formation are widely distributed in this area of China (Mosher, G.; Donlon, P.; Sampson, J.; 2010). Similar metalliferous shales can be found elsewhere in the world and in different geological periods. They contain concentrations of multiple elements and metals, including barite, phosphate, vanadium, nickel, platinum, molybdenum, various other base metals, and rare earth metals. There is, for example, a notable, but lower grade vanadium-bearing analog in Devonian sediments of central Nevada (Desborough, G.A.; Poole, F.G.; Hose, R.K.; Radtke, A.S.; (1979).

Concentrations of metals and organic material probably occurred in fairly shallow basins (see Figure 11) and although no sulphide minerals have been identified so far at the Kongshan property the original seafloor sediments probably would have contained pyrite and perhaps other base metal sulphides. It is presumed that the exceptional vanadium grades encountered may be related to the pervasive sulphide-destroying oxidation which affected the sediments at some point in the long geological history of the strata. The oxidation also produced a favourable metallurgy whereby the mineralization can be processed relatively easily, by acid leaching, into saleable vanadium products.

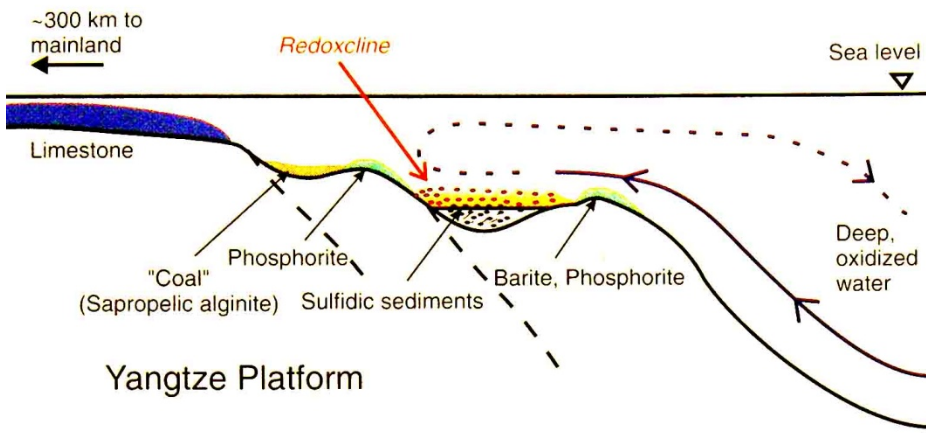


Figure 11 Proposed Genesis of the Vanadium Mineralization.
Metals were deposited in basins at the edge of the continental shelf where upwelling water passes over a basin. Biological activity and changes in oxidation state cause precipitation of metals into the basin. Taken from Lehmann et al., 2007.

The exploration model therefore includes the deposition of syngenetic fine-grained sedimentary mineralization which then has been uplifted and oxidized during a later orogen. Other geological events such as hydrothermal alteration, igneous intrusion or extrusion, metamorphic or structural events are not essential to the formation of the mineralization and there is little evidence that these have occurred.

(I) EXPLORATION

In recent years Yudian contracted local Henan provincial geological teams to perform exploration and engineering studies on the Kongshan property. Table 4 below outlines the work done by the No. 5 Team. This work was completed in early 2010 and reported on in June. Based on materials provided to the Author, Yudian incurred expenses of approximately CAD$276,342 (RMB1,760,300 Chinese Yuan) in carrying out the work in 2010. Apart from surveying and map production, exploration work consisted primarily of hand trenching, described below, and diamond drilling, which is described in a following section.

WORK DONE	AMOUNT
1:2000 Geological, hydrogeological, environmental geological mapping	5.57 km^2
Emplacement and mapping along lines	7.86 km
Trenching (1.0-1.5 m wide) and detailed mapping of trenches	530 m^3
Diamond drilling , core logging (geology, geotechnical, hydrogeological)	2178 m in 13 holes**
Split core samples (75 mm diameter core)	769
Surface chip samples	238
Specific gravity samples	50
Whole rock and multi-element assays	9
Rock and mineral identification	92

Pumping test	4 shifts
Instrument surveys, establishment of control points	
Down-hole direction surveys	

Table 4 Summary of Exploration.
Work completed by Henan geological teams under contract to Yudian. **Note that 12 holes were drilled in 2010 by the No. 5 Team and one was drilled in 2006 by the 1st Geological Prospecting Institute of Henan Provincial Bureau of Geo-exploration and Mineral Development.

Trenching

A total of 21 trenches for a total trench length of 530 m have been documented. The 20 of these containing significant results, utilizing a cut-off grade of 0.7% V_2O_5 are tabulated below.

Trench	Horiz. Width (m)	True Width (m)	V_2O_5 %	Notes
TC00	15.5	15.0	1.25	K-1 Block 13
TC03(K1)	41.0	39.6	0.95	K-1 Block 6
TC04	14.5	14.0	1.26	K-1 Block 18
TC07	1.5	1.45	1.83	K-1 Block 2
TC16	10	9.7	0.81	Zone K-1-2 Block 2
TC0101	10.6	10.4	1.13	K-1 Block 9
TC0001	7.5	7.2	1.02	K-1 Block 10
TC0201	17.5	16.9	17.5	K-1 Block 12
TC0801	16	15.5	1.26	K-1 Block 17
TC3201	5.7	5.5	1.67	Zone K-1-2 Block 1
TC4001	7.9	7.6	1.47	Zone K-1-2 Block 3
CK2	11.2	10.8	1.48	K-1 Block 1
CK3	16.5	15.9	1.01	K-1 Block 1
CK05	4.5	4.35	2.46	K-1 Block 4
CK06	3	2.9	1.81	K-1 Block 20
TCO3(K2)	6	5.8	1.04	Zone K-2 Block 1
TC00(K2)	9.5	9.2	0.91	Zone K-2 Block 2
TC0802(K2)	6.5	6.3	1.22	Zone K-2 Block 3
TC04(K2)	6.5	6.3	1.40	Zone K-2 Block 4
TC08(K2)	6	5.8	0.91	Zone K-2 Block 5

Table 5 Significant Trenching Results.
Data compiled utilizing 0.7% V_2O_5 cut-off grade.

Trenches were cut by hand methods and are 1.5 metres wide at the top in the overburden and 0.8 m wide at the bottom which is normally 0.5 m below the surface of the outcrop. Procedures and parameters relating to the sampling of the trenches are as follows. After mapping of the trenches was carried out at 1:100 scale channel, samples were cut 3 cm deep, 10 cm wide and normally 1.5 to 2.00 metres long, depending on geological conditions. A total of 238 samples were taken. Trenches were cut normal to the strike of the local geology, were surveyed in, and are located on Figure 8. The K-1 zone was traced by trenching for a distance of 1,600 m and the K-2 Zone for a distance of about 1,000 m using trenches normally 100 m and 200 m apart. Survey control was by theodolite. The material sampled consists of clay-rich thinly bedded sediments and channel samples are easily produced by rock-hammer putting the material into cloth sample bags for shipment to the accredited laboratory. There is nothing visible to indicate the grade of the sample beforehand and therefore there is little chance for deliberate or accidental sample bias. The mineralization is fairly uniform without a significant “nugget effect” to contend with.

Figure 9 summarizes the significant results for the trenching and detailed mapping. The resulting interpretation shows two fairly uniform, continuous, steeply NNE dipping mineralized zones. Trenching indicates that the northerly K-1 zone, about 1,600 m long averages in excess of about 13 m wide grading about 1.3% V_2O_5 including minor internal waste bands. The K-2 zone, about 1,000 m long averages about 14 m wide and grades about 1.5% V_2O_5. The Author believes that the surface sampling methods and quality are very good with results which are as representative and unbiased as possible.

Drilling

To date, the Company has completed 13 drill holes for a total of 2178 m of diamond drilling with a core size of 75 mm. The work was precisely done and well documented. Hole collar locations were surveyed and down-the-hole surveying was also instituted on a regular basis. Hole deviations were measured every 50 m. Maximum dip deviations of two degrees every 100 m are reported and are not considered to be significant. Normally the azimuth changes on steeply dipping holes are difficult to measure so that the maximum azimuth change of 190 is not considered serious. After geological logging and measurement of RQD and core recovery the soft, vanadium-bearing core was cut by a knife and half of the core was sent to the laboratory without further processing, or preparation. The remaining half of the core is properly stored in a covered, enclosed, and locked building on the site. Core recovery averaged 86% with a minimum value recorded of 76%. Pertinent drill hole engineering data is included in Table 6 below. Simple hydrogeological observations were made of the water levels in the holes before they were completely sealed with cement and labeled.

Hole #	North (m)	East (m)	El (m)	Dip (deg)	Az. (deg)	L. (m)
ZK0001	3636303.05	37561676.08	257.11	-80	205	145.2
ZK0002	3635776.03	37561451.17	254.21	-80	25	175.33
ZK0301	3675435.05	37534160.09	299.52	-80	205	140.20
ZK0303	3636365.04	37561515.12	247.48	-85	205	230.47
ZK0401	3636246.02	37561880.14	268.65	-80	205	152.75
ZK0403	3636302.14	37561894.06	272.03	-80	205	264.83
ZK0701	3636407.19	37561258.01	213.60	-80	205	138.39
ZK0801	3636184.23	37562066.31	266.00	-80	205	164.95
ZK0802	3635652.11	37561815.06	233.46	-85	205	157.30
ZK1101	3636419.03	37561075.10	242.00	-85	205	149.20
ZK1201	3636135.17	37562259.22	233.00	-80	205	139.01
ZK1602	3635480.04	37562186.09	214.08	-85	205	180.60
ZK3201	3635568.12	37563166.98	246.03	-85	205	139.74
					Total	2177.97

Table 6 Drill Hole Engineering Data.

In China the standard diamond drill, originally a Russian design, is a machine which can only drill holes close to vertical. In the specific case of the Konshan Property, where the strata are steeply dipping, the standard Chinese drill can yield suspect results where the calculation of true thickness is concerned. This has materially impacted the reliability of the results. The following table which is a summary of the significant drill hole intercepts shows the estimated true widths of the mineralized intervals grading more than 0.7% V_2O_5. However, the Author has marked with asterisks intervals he considers to be statistically suspect where he feels that there is a chance that true thickness may have been overestimated. In these holes the angle of intersection with the mineral zone is near to 10^o and the Author, feeling that the estimated thicknesses were not representative, did not include the results in the resource calculation.

Ddh	From (m)	To (m)	Int. (m)	Thick. True (m)	Thick Horiz. (m)	V_2O_5 %	Notes
Zk0001	69.65	91.35	21.4	5.53	5.73	0.87	K-1 Block 11
Zk0002	126.8	166.8	40	10.35*	10.72*	1.61	Zone K-2
Zk0301	45.3	55.9	10.6	2.74	2.84	1.19	K-1 Block 7
	70.7	78.1	7.4	1.91	1.98	1.37	
	101.6	111.0	9.4	2.43	2.52	0.72	
	122.8	130.1	7.3	1.88	1.95	0.87	

Ddh	From (m)	To (m)	Int. (m)	Thick. True (m)	Thick Horiz. (m)	V_2O_5 %	Notes
Zk0303	172.6	227.86	55.26	14.27	14.81	1.58	K-1 Block 8
Zk0401	51.34	133.34	82	21.2	22.0	1.82	K-1 Block 14
Zk0403	109.8	251.8	142	36.75	37.5	1.13	K-1 Block 15
Zk0701	53.96	106.02	52.06	13.47	13.95	1.58	K-1 Block 5
Zk0801	87.73	147.73	60	15.5	16.08	1.85	K-1 Block 16
Zk0802	51.59	59.59	8	2.06*	2.14*	1.07	Zone K-2
	89.6	156.00	66.4	17.18*	17.79*	1.74	
Zk1101	72.43	145.23	72.8	18.84	19.51	1.78	K-1 Block 3
Zk1201	72.24	126.24	54	13.98	14.47	2.04	K-1 Block 19
Zk1602	23.5	65.5	42	10.87*	11.25*	1.01	Zone K-2
	95.5	169.5	74	19.15*	19.82*	1.95	
Zk3201	69.08	137.24	68.16	17.64*	18.26*	1.29	Zone K1-2

Table 7 Significant Drill Intercepts.
The true and horizontal widths of intervals marked with asterisks are statistically anomalous, have angles of intersection of about 10^0 with the mineral zone and are not included in the resource calculation.

The plan map Figure 9 shows the drill collar locations in relation to the trenches and surface trace of the mineralized zones. Property boundaries and other pertinent surface features are indicated on Figures 3 and 8. For reference purposes Figure 10 shows Cross Section 00 which illustrates the geology, the two mineral zones encountered on the property and the relationship of the drill holes to the mineral zones.

Drilling has covered a strike length of about 1,300 m on the K-1 Zone and about 1,000 m on the parallel K-2 Zone. A complete set of drill hole profiles is included in Appendix 2. There are no drilling, sampling or recovery factors that could material impact the accuracy and reliability of the assay results, however the drilling of steeply inclined holes into steeply dipping sedimentary rock is poor practice which does not yield good geometrical information on the shape of the mineralization. This has led the Author to discount the geometrical accuracy of the drill results and to down-grade the category of resources. These details are described later in the Mineral Resource and Mineral Reserve Estimate section.

(J) SAMPLING PREPARATION, ANALYSIS AND SECURITY

Quality control to Chinese standards is assured by the professional geologists on site. These standards are quite good, although the Author would recommend that in future blank and control samples be inserted into the sample stream in the field. The principal quality control consists of 10% laboratory repeats and repeating 5% of the samples in a second, certified laboratory.

After examination, measurement and description by professional geologists the drill cores are halved using a knife to provide two parts, one is sent directly for analysis without further preparation and another is archived in the core house for future reference. A total of 769 drill core samples have been split and 238 trench samples are in the database. These were analyzed at independent certified laboratories in China. These laboratories are not related in any way to Yudian or the Company. An area of about 1 km^2 has been at least partially tested by drilling. Security arrangements consist of having the logging, splitting and sample storage done in a secure place which is locked at night.

The quality of drill core sampling was found to be of good quality, although the true widths of some intervals, as already stated, are somewhat in doubt. It should be noted that for most of the relevant samples the horizontal width sampled is very close to the true width of the mineralization and the small differences between True width and Horizontal width have been taken into account in a following section on Mineral Resources and Mineral Reserve Estimates.

No aspect of the sample preparation was conducted by an employee, officer, director or associate of the Company. Trench and split core samples did not undergo any sample preparation in the field but were shipped directly in sealed bags to the certified Laboratory. Samples were analyzed at the laboratory of the Geology and Mining Bureau of Nonferrous Metals in Henan Province, a laboratory certified by CMA (China Metrology Association #2009000339G) the main organization for regulating chemical laboratories in China. The laboratory was examined by the Author and was found to be modern, clean and well organized. It also has official accreditation (#01200811100425) to analyze geological samples. Sample preparation in the laboratory consisted of standard techniques of drying, crushing, splitting and pulverizing of a 250 portion of each sample. Basic V_2O_5 analyses were carried out using atomic absorption spectrometry. Approximately 10% of the samples sent to the lab were subjected to internal repeats and the lab also uses an internal system of blanks and standard checks. A graph, Figure 12, shows that the internal check data indicates no significant problems with regard to repeatability.

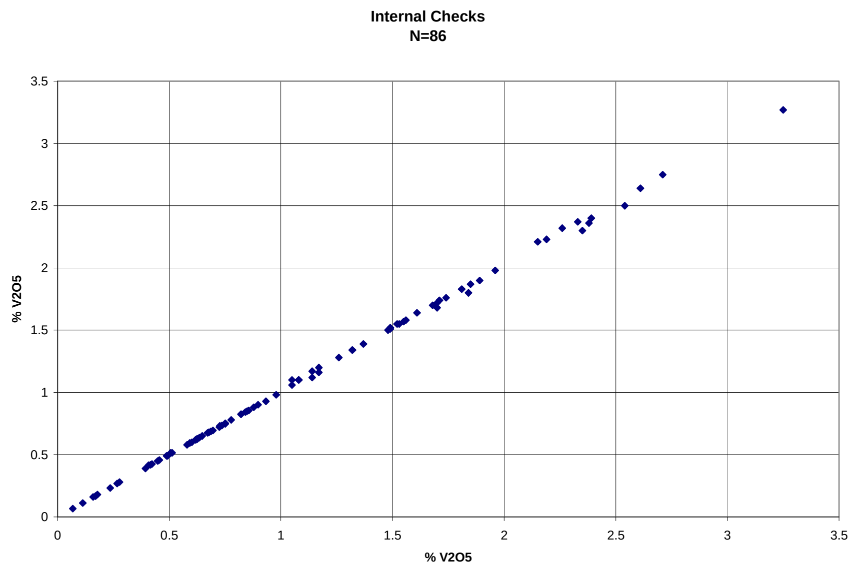


Figure 12 Graph of Laboratory Internal Assay Checks. The diagram, with the line of sample pairs plotted consistently at 45^o shows good assay repeatability

Additionally about 5% of the samples were repeated at a separate laboratory, the Rock and Ore Test Center in Henan Province, another CMA approved laboratory. Figure 13 shows how analyses of the same samples at the two laboratories compare. There clearly is a good comparison between laboratories.

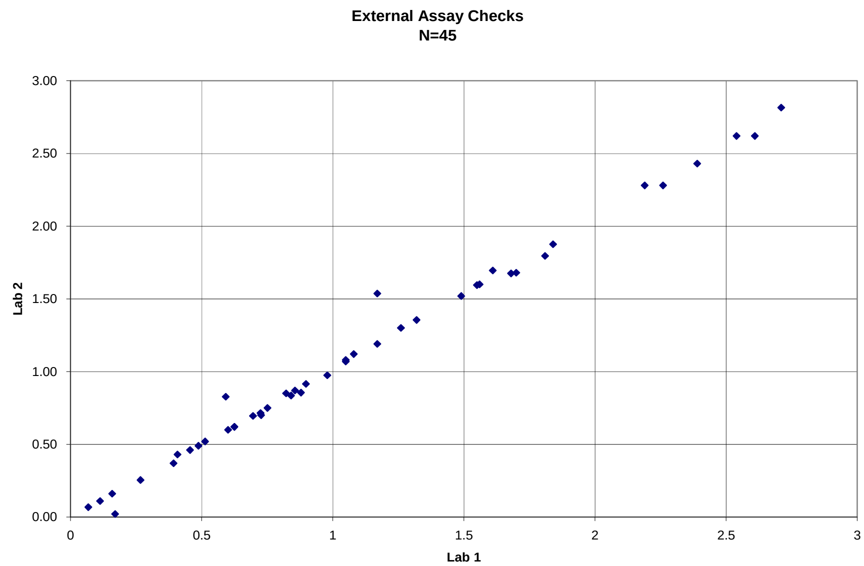


Figure 13 Graph of Samples Repeated at a Second Certified Laboratory. The results from the two laboratories clearly correspond very well.

The Author considers that the sample preparation, security and analytical procedures used are adequate and to industry standards.

<u>Data Verification</u>

In order to verify the data used in this report the Author:

- Visited the property and examined the drill core, the open-cut mine workings and the vanadium plant site.
- Reviewed the technical data that the company has accumulated.
- Took 4 channel samples in the active portions of the open pit mine and re-split 4 samples of drill core stored at the core facility. The samples were assayed at the SGS laboratory (ISO/IEC 17025 certified) in Tianjin, China. Sample results are displayed in Table 8 below.

Sample No.	Length (m)	Specific Gravity	V_20_5 %	Original V_2O_5%	Hole No.	Notes
V01	2.0	2.78	2.13		Mine	Pit wall near line 0
V02	2.0	2.80	1.55		Mine	3 samples in a line
V03	2.0	2.76	0.68		Mine	across pit bottom west
V04	2.0	2.75	1.23		Mine	of Line 0
V05	2.0	2.81	1.92	2.33	ZK0801	93.73-95.73 m
V06	2.0	3.06	1.67	1.42	ZK0801	113.73-115.73 m
V07	2.0	2.72	0.79	0.73	ZK0801	145.73-147.73 m
V08	2.0	2.72	2.10	2.23	ZK0403	229.8-231.8 m
V09	2.0	2.84	1.00	1.16	ZK0403	203.8-205.8 m
V10	2.0	2.84	0.65	0.67	ZK0403	221.8-223.8 m

Table 8 Verification Samples.

It is clear from the results in the table that the prior assay results and those of the Author are in remarkable agreement and that the general tenor of grades reported has been verified. It is the Author's opinion that the data is adequate for the purposes used in this report, however the utilization of drilling equipment that could drill angle holes would have allowed a better, more comprehensive report to have been prepared.

(K) MINERAL PROCESSING AND METALLURGICAL TESTING

In so far as Vanadium from the Kongshan mine is being recovered on a small scale basis the description of prior testing is thought to be redundant in a summary report such as this and therefore the Author will briefly describe the existing vanadium recovery operation. Detailed testing of the mineralization and historical experience resulted in the construction in 2009, by Yudian of a permitted, relatively small extraction plant based on the "calcified roast and acid extraction" method. Although vanadium metal can be produced in the plant, generally the final product is ammonium metavanadanate (NH_4VO_3). A generalized flow sheet is shown on figure 14. Overall recovery rate in 2010 was estimated to be 70.1% which can be attributed to 76.8% recovery in the roasting stage, 93.1% recovery in the acid leaching stage and 98.1 % recovery in the solvent extraction stage. Recovery rates increased to 72.6% in 2011. According to 2011 unaudited figures from Yudian, V_2O_5 (in the ammonium metavanadanate final product) was being produced for RMB50.06 (US$8.12) per kg direct costs and sold for RMB79.69 (US$12.79) per kg.

In 2011 the Kongshan mine supplied only about 30% of the plant feed and this percentage has decreased in 2012. Essentially the Kongshan mine sends material to the processing plant when there is a shortfall from other producers.

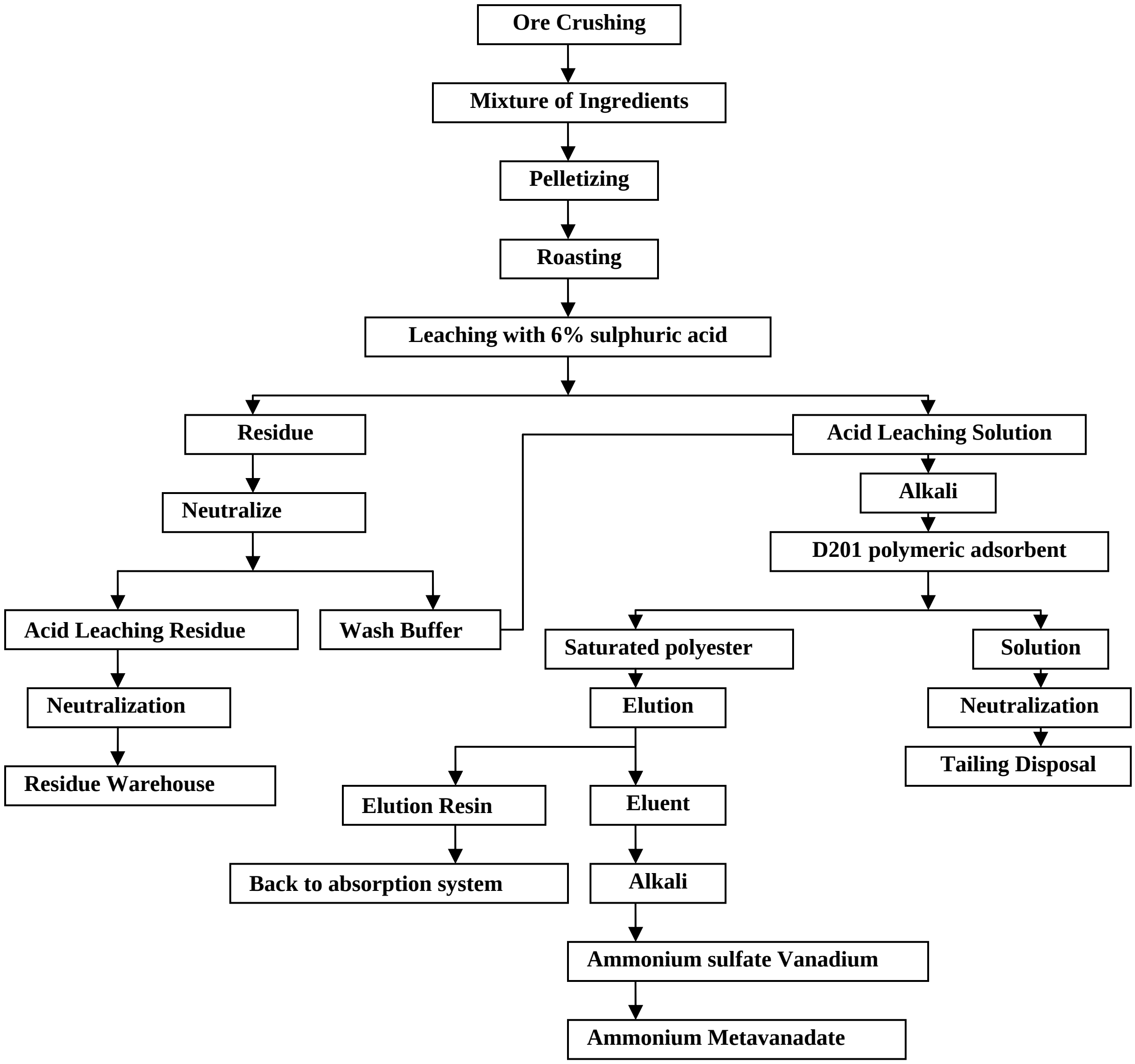


Figure 14 Processing Flow Sheet.

(L) MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

In general geological work, and resource calculations done by Chinese agencies and companies are governed by set standards and follow the same pattern. Resource calculations are often done by the method of triangular areas on a vertical section. This method is good where there is a reasonable concentration of data, but tends to overvaluation where data is sparse. Unfortunately the Chinese classification scheme does not necessarily correspond readily to the "Measured, Indicated and Inferred" classifications used in Canada.

At the Kongshan property a mineral resource estimate was calculated by the No. 5 Team, however the Author decided to make his own estimated of the resource in order to better comply with Canadian practice. At present there is not enough data to convert the mineral resources to mineral reserves.

The category of the resources could have been significantly upgraded had the work been done differently:

1. The drilling of steeply dipping diamond drill holes into a steeply dipping zone badly affects the reliability of the estimate of the geometry of the mineralization. It is more

difficult in China to find the drilling equipment that can drill angle holes and perhaps it is a more expensive process, but such equipment is available in the country and any extra cost or difficulty in drilling angle holes would have been well worthwhile.

2. Surveying, mapping and compiling day-to-day production assays on mine-scale plans and sections, if done properly, would have allowed the calculation of measured resources.

Resource Classification

The current classification of mineral resources was enacted in Canada in 1988. National Instrument 43-101 and technical report requirements 43-101F1 were put in-place as of February 1, 2001 (amended in 2011). The mineral resource definitions are based on the Canadian Institute of Mining, Metallurgy and Petroleum's (CIM) definitions adopted on August 20, 2000.

Under these definitions:

> *A **Mineral Resource** is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a **Mineral Resource** are known, estimated or interpreted from specific geological evidence and knowledge.*
>
> *The term **Mineral Resource** covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase 'reasonable prospects for economic extraction' implies a judgement by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A **Mineral Resource** is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in both public and technical reports. (43-101CP, CIM, 2001)*
>
> *An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.*
>
> *Due to the uncertainty which may attach to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies (43-101CP, CIM, 2001).*

Resource Estimation

Mineral Trend

To determine the shape of the search ellipses the Author constructed a "grade x thickness" diagram of the data on the main, K-1 Zone. The diagram, shown on Figure 15 below is a vertical section with compiled assays multiplied by the true thickness of material grading in excess of 0.7% V_2O_5. There is no clear pattern to the values and no clear trends therefore a circular search was chosen for the resource estimation.

Figure 15 Grades x Thickness Diagram K-1 Zone.
The longitudinal section shows the grade of V_2O_5 in % multiplied times the true thickness of the mineralized zone in metres.

<u>Statistics</u>

A total of 769 drill core samples averaging 1.22 % V_2O_5 were compiled to produce a cumulative frequency histogram which is shown on Figure 16.

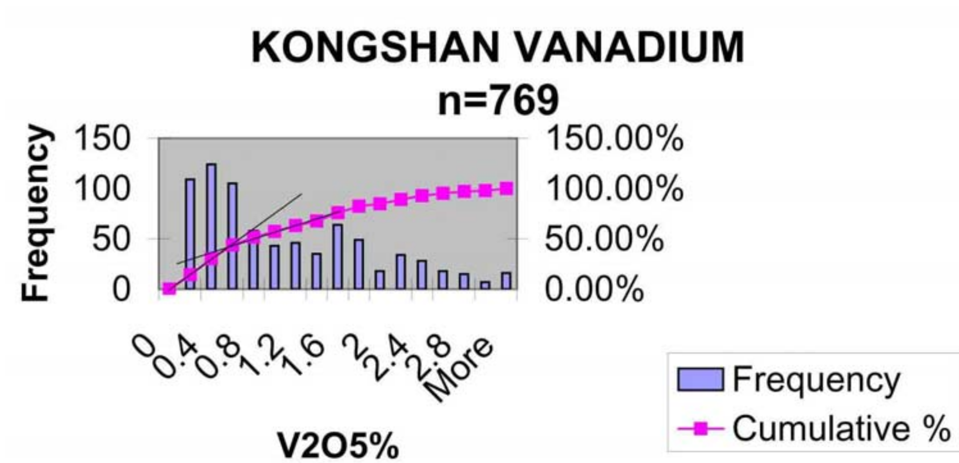


Figure 16 Histogram of V_2O_5 Values in K-1 Zone drill core.

Apparent on the histogram are two separate data populations as shown by the black lines which cross at a point slightly below 0.8% V_2O_5. This indicates that a "natural cut-off grade" separating a low grade population from a higher grade population occurs at this grade.

<u>Parameters</u>

Because almost vertical drill holes were used to test a steeply dipping zone, cored intervals are routinely about four times the estimate of the true thickness of the mineral zone. This is not a good condition under which accurate resources can be estimated. The difficulty comes not with the assays, which have been shown to be precise, but with the estimate of the zone geometry. Under this scenario it was decided that the resources determined by drilling could only be included in the "inferred" category. In addition data from four of the drill holes which are statistically suspect, and which have angles of intersection to the mineral zone of about 100 (see table 7) were not used at all.

Data was organized to reflect a 0.7% V_2O_5 mining cut-off grade and a two metre minimum mining width (true width). These parameters are meant to reflect the mining machinery currently being employed and current mining practice. Effectively, since most of the samples are either 1.5 or 2 metres in length, this means that at least two consecutive samples are required in order to bring an interval into the resource. An internal marginal cut-off grade of 0.5% V_2O_5 was employed so that in order to be counted as waste an internal interval greater than 2 m true width had to grade less than 0.5% V_2O_5. In practice there is limited internal waste occurring in some of the wider intervals.

A circular search with a maximum radius of 100 m from an intercept reflects the relatively consistent nature of the mineralization which is thought to have a syngenetic sedimentary source. Although the specific gravity determined by the Author's verification samples averaged 2.81 a study by Team No. 5 of 66 samples tested by the wax immersion method determined that a specific gravity of 2.21 is a good and conservative estimate of the specific gravity within the mineralized zone.

AutoCAD was the primary program used to construct polygons on vertical longitudinal sections and to calculate their areas. Volumes were calculated utilizing horizontal widths to account for small differences between the vertical plane and the attitude of the mineralization which is off vertical. Excel was utilized for the calculations and the calculation sheet is included in the appendix. Isolated resources at the edge of the mineral zones are considered to be in the inferred category and internal polygons are considered to be indicated. Vertical longitudinal sections showing the resource blocks are included in Figure 17 below.

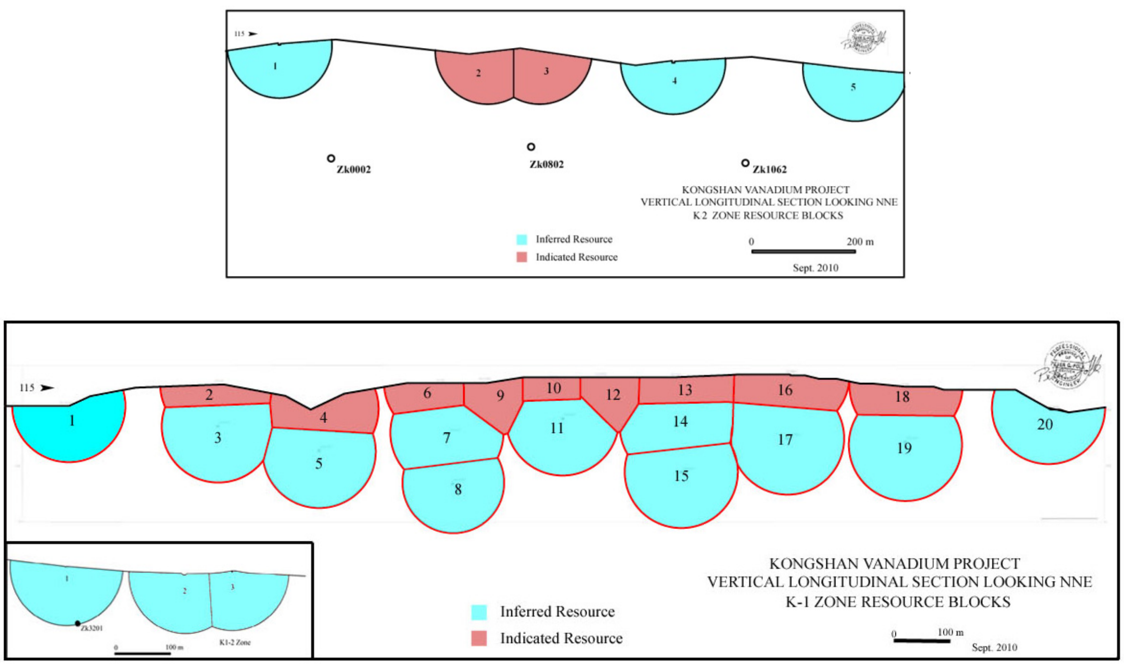


Figure 17 Longitudinal Sections Showing Resource Polygons.
The data used to construct these diagrams was generated by the Author from data provided by the No. 5 Team.

<u>Results</u>

Mine production to date has been approximately 188,041 dry tonnes from the indicated resource, therefore subtracting this from the polygonal calculation results in the following resource estimate utilizing a cut-off grade of 0.7% V_2O_5:

	Tonnes	Grade % V_2O_5
Indicated	2,451,300	1.19
Inferred	9,125,600	1.48

These resources do not contain factors for mining wall-rock dilution. About 50.1% of the reported assays are above the cut-off grade used. The effective date of this resource is February 12, 2013.

The Author is confident that the mineralization classified as "indicated", which is restricted to near-surface material, can be reasonably assumed to be continuous and of the grade and physical characteristics described. The Author has walked over most of the K-1 zone and the mining cuts along a large portion of its surface demonstrate an uninterrupted zone of good continuity with minor shearing and minor folding noted. The assays used in the estimation have been verified. In addition the production, from 2009 to December 31, 2012 of an estimated total of 188,041 tonnes of material grading 0.93% V_2O_5 from the "indicated resource" part of the zone confirms the indicated grade of the resource if wall-rock dilution from mining is taken into account. Lower grades in 2012 when 15,147 tonnes grading 0.80% V_2O_5 were mined probably reflect wall-rock mining dilution from ineffective grade control in the southeast portion of the zone where mineralization is relatively narrow. Grade control at the mine is rudimentary at best with geological and engineering controls absent. The Author considers that with proper mining controls the extracted grade would be closer to the "indicated" estimate. Much more work needs to be done in order to make a proper estimate of the expected mining dilution which ultimately depends on the mining methods and equipment utilized as well as good engineering practice.

The portion of the resource estimated to be "inferred" has been estimated from drilling data. Whereas the assays of the core are reliable and have been verified, the drilling did not constrain the geometry of the zones sufficiently well for them to be considered to be of "indicated quality". A few of the holes suggest that deformation has changed the zone geometry at depth and more work is needed to resolve the geometry of the zone at depth.

The Author, having verified the data, has established a reasonable degree of confidence in the data. The Author does not believe that any environmental, permitting, legal, taxation, socio-economic, marketing, mining, infrastructure or other factors will materially affect the resource estimate. The main factors which could affect the calculations are:

- The resource outlined above will suffer significant recovery losses in the vanadium processing plant. Recovery rates in the processing plant were 72.6% in 2011 and it is possible that even this fairly low recovery level may not be possible as mining passes to depth. No estimate for the recovery rate for the bulk of the resource is possible without more work being done.

- The resource does not include mining dilution which normally occurs in any mining operation. Actual mined grades will ultimately depend upon the type of mining undertaken (open-pit, underground, or a combination of both), the mining equipment chosen and most importantly the quality of the grade-control program. No reliable estimate of the mining dilution expected to occur is possible without more work being done.

- The estimate of zone thickness with depth needs refining. This will influence only the material currently estimated to be in the inferred category and does not affect the indicated resource.
- Although the character of the drill core appears to be similar to the material currently being mined from surface there could be subtle changes in metallurgical characteristics with depth. There is no evidence of a presumed change from oxide to sulphide that is expected to occur at an unknown depth.

- Four drill holes have been left out of the resource calculation because there is some doubt as to the geometry of the mineralization observed in the core. This means that further work in these areas can add to the resources.

- Proper surveying, documentation and compilation of the samples being taken in the open-cut for ore-control purposes would greatly improve the confidence level of the vanadium resources.

It should be made clear that by definition an inferred resource cannot be utilized to form the basis for any kind of economic analysis.

(M) OTHER RELEVANT DATA AND INFORMATION

Mining Methods

Current Operation

Superficial mining is currently being undertaken on a part-time basis to supply the processing plant with material when there is a short-fall in the amount of rock being bought from other sources. In 2012 to July the mining rate represents a few days of production per month. The mining method is by simple open-cuts to depths of about 15 m which is the depth which can be safely mined without the need for significant amounts of waste stripping and entails no significant mining dilution. Figure 3 is a plan view which shows the areas mined and currently being worked. The method has produced almost no waste rock so far. The open-cut operation has been very inexpensive amounting to about RMB20 ($3.21) per tonne mining costs plus another 15RMB ($2.41) per tonne to truck the material 30 km to the processing plant. The company uses leased equipment consisting normally of between one and three excavators, depending on requirements and 60 tonne trucks which are available on a contract bases when required. The material is soft and does not require blasting so there are no costs related to the use and transportation of explosives. Grade control is established by means of a sampling technician and a small on-site chemical laboratory. Surveying, working mine maps and engineering planning are not apparent and other technical work such as geological mapping is not being undertaken.

Figures provided by Yudian indicate that the mine produced 92,292 tonnes at a grade of 0.93% V_2O_5 in 2010 and 80,602 tonnes at a grade of 0.96% V_2O_5 in 2011. Production for 2012 is 15,147 tonnes grading 0.80% V_2O_5.This material is being extracted from the "Indicated Resource" as described previously. About 1/3 of the surface area of the K-1 zone has been excavated to the 15 m depth and none of the surface area of the K-2 zone has been touched. At some future point in time the character of the mining will have to change and waste stripping will have to be started. As time passes good engineering practice will become essential as the mining becomes deeper and more complex. To this end the No. 5 team initiated preliminary studies of the "mining technical conditions" including hydrogeology, engineering geology, and environmental geology of the site. Only a brief summary of this work will be presented here.

(N) HYDROGEOLOGY

For both underground and open-pit mining in this area water control is a serious issue.

The No. 5 Team has made initial studies into the hydrogeological regime of the mining area including:

- Researching known meteorological and hydrology data
- Studying the hydrogeological features of the water-bearing lithologies in both walls of the mineralization and the hydraulic connection between surface water and these permeable lithologies
- Evaluating the issue of water supply for the mine including an analysis of water quality

These studies included static measurements of water in the drill holes, simple core examinations and a pump test of a well in nearby Kongshan Village. The research and pump test suggest that both walls of the clay-bearing mineralization contain water-bearing carbonate rocks with positive, but variable capacity for providing significant amounts of water under pressure. The main conclusion of the hydrogeology work is that the water in the strata in the mining area should be de-pressurized (drained) before deeper mining is started.

(O) ENGINEERING GEOLOGY

The No. 5 Team has completed initial studies to establish the physical qualities of the rocks, and the geological structures such as faults and soft layers in the vicinity of the mine and have provided an initial pit-slope evaluation. Specific gravity and physical tests were done at the Yellow River Engineering Consulting Co. Ltd. main laboratory with results displayed in the following table.

	Hang. Wall Marl	Foot Wall Marl	Limestone
Density ρo	2.37	2.34	2.37
Moisture Content ω %	1.19	2.07	
Water Absorption Rate ωa %	4.57	4.86	
Elastic Modulus Eav 10^3 MPa	9.85	16.1	
Poisson's Ratio (saturated) μav	0.1	0.13	
Compr. Strength (sat.) R MPa	14.5	9.2	14.5
Compr. Strength (dry) R MPa	40.4	17.7	40.4
Shear Strength C	1.85	1.57	
Shear Strength Φ	48.7	49.1	

Table 9 Data From Physical Tests of Selected Samples

Additional data from analysis of the drill core and from collected regional data of the various formations results in the compilation tabled below.

	RQD Avg. %	Compressive Strength mpa	Rock Quality	Max. Slope°	Max. Slope Height (m)
Denggou Fm. and Yuejiaping Fm. dolomite and dolomitic limestone	40.5	50	Good	50	15
Shuigoukou Fm. muddy limestone	32.5	40.4	Poor		
Shuigoukou Fm and Denggou Fm soft rocks (includes vanadium mineralization)	40 to 48.5	13.4 to 17.7	Poor		
Quaternary sand and gravel	n/a	n/a	n/a	40	8

Table 10 Summary of Rock Quality Parameters

The No. 5 Team concludes that the main areas of concern are:

1. the stability of open-pit slopes, especially in the presence of surficial water and subterranean water under pressure
2. the stability of underground workings could present an engineering problem since most of the rocks belong to soft rock formations and
3. there is the possibility of karst-style failure of the wall rocks when the carbonate rocks are drained of water.

Several possible methods to ameliorate these problems are suggested including the utilization of concrete in the future open-pit and shotcrete in underground workings, de-watering the strata, and strict control of surface waters through ditching.

(P) ENVIRONMENTAL GEOLOGY

In general China is earthquake prone and an evaluation of the crustal stability in the area of any project is required. There have not been any great earthquakes in the area in recent decades, the largest quake being of Magnitude 4.7 in 1973. Earthquake design criteria are well known in the area because of studies related to the nearby Dan Jiangkou Water Reservoir. The regional crust is considered to be relatively stable.

Other concerns are the production of dust, the effect of mining upon nearby water wells, and the possible presence of radon gas in the underground environment. It is concluded that as mining progresses there will probably have to be measures put in place to supply water to the local population when the local water table is lowered.

(Q) PROJECT INFRASTRUCTURE

Mining infrastructure that Yudian has had to put in place so far is negligible. The area is completely accessible by existing roads, in fact planning for future mining will have to address the fact that some existing roads will have to be relocated. Small buildings in a local, nearby village are used for storage and assaying. Electricity requirements are negligible. Land agreements are in place only for the relatively small areas that are currently actively being mined. Future infrastructure for the mine will depend upon the mining style and the determination of an optimum production rate, but will probably require the installation of a 10 km power line.

(R) MARKET STUDIES AND CONTRACTS

Vanadium, which is classed as a minor metal used primarily in the production of steel, is normally priced and sold on world markets in terms of material containing 98% V_2O_5. At the end of January, 2013 Chinese vanadium quotes were listed as about RMB85 ($13.64) per kg or about $6.19 per pound of V_2O_5 in material of 98% purity (Metal Pages: www.metal-pages.com). This corresponds to about $11.05 per pound or $24.36 per kg of vanadium metal and is near a several year low in terms of pricing. World prices are slightly more than those received in China and are graphed in figure 18 below to show the extreme variability in the world market in recent years. Prices reached temporarily in 2008 were about four times those received at present.

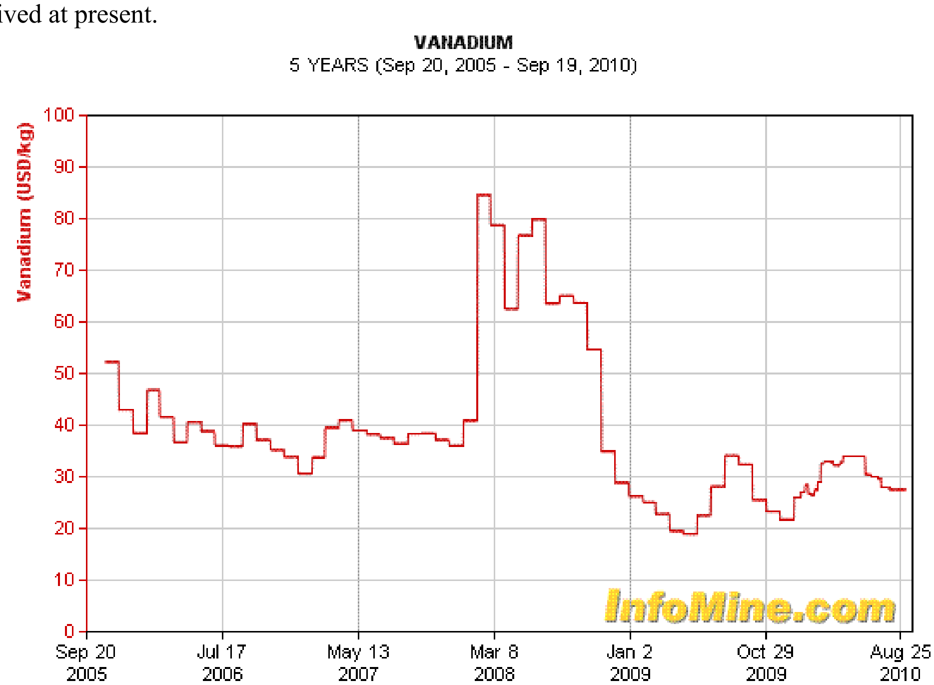


Figure 18 Vanadium European Price Chart.
The extreme fluctuations in prices since 2007 are clearly shown. Graph from InfoMine.com.

In 2012 world mine production of vanadium as expressed as the pure metal was 63,000 metric tons primarily from China (23,000 tons), South Africa and Russia. Stated world reserves are 14 million metric tons (USGS, 2013). It is generally considered that demand for vanadium, which follows the production of steel, will be increasing as the world recovers from the financial downturn of 2008-2009, although some forecasters also predict slow growth in the world's economy related to problems in Europe.

The Chinese metals market is somewhat different from world markets in that there are national policies in place within which companies are required to operate. Steel production was the subject of comment in China's last "five year plan" in October 2010 (Li Xinchuang, 2011). A policy of restructuring the steel industry in order to produce higher grades of steel was announced. Basically this policy is meant to increase the quality of steel, for example in re-bar, which should mean a decrease in the amount of steel used and therefore a decrease in iron ore imports, energy used, and pollution generated. The implication of this policy is that the demand for vanadium, one of the main elements in higher strength steels, is expected to increase substantially in the Chinese market.

In the future vanadium may also become important in the manufacture of industrial-sized electrical storage batteries ("Vanadium Flow Batteries") and electric-car batteries (Li-V-phosphate batteries).

(S) CAPITAL AND OPERATING COSTS

Capital investments by Yudian and precursor companies have been almost entirely related to the processing plant with essentially no capital property or equipment in place at the Kongshan mine. All mining equipment is rented, or leased or is provided on a contract basis. No plans for significant capital expenditures are in place for 2013.

Costs at the Kongshan mine to deliver material to the processing plant are approximately RMB20 ($3.21) attributed to mining plus RMB15 ($2.41) trucking for a total of RMB35 ($5.62) per tonne mined and trucked. These low costs are the result of operating in an accessible location in China. The low costs also reflect an absence of regular geological and engineering input into the operation of the mine.

(T) ECONOMIC ANALYSIS

Reliable future-looking analyses such as mine-life, and net present value, etc. are not possible and require that further field work be done. Generally the vanadium processing plant purchases Vanadium material at the rate of RMB200 ($32.10) for 1% V_2O_5 and RMB20 ($3.21) for every 0.1% increase in grade. At Kongshan direct mining and transportation costs are RMB35 ($5.62) per tonne which leave a direct operating profit of about 25RMB per tonne on material grading 1% V_2O_5. It must be remembered, however that the mining at Konshan will get increasingly expensive in the near future when waste stripping and the implementation of more mining, engineering, development and land costs come into play.

(U) OTHER OBSERVATIONS

The vanadium processing plant contains an assay laboratory for control purposes. There is another one at the Kongshan mine which is used for grade control. The colorimetric processes used in these laboratories, although virtually unknown and considered to be archaic in mining operations in the Americas, are fairly common in China and do provide meaningful results. Although none of the assays used in the preparation of this report came from the on-site laboratories there is nothing to prevent the day to day samples taken in the mine to be used for resource calculations in the future as long as checks are done and quality control standards are met.

At present the mine seems to be operating without benefit of surveying, working mine maps or engineering planning. Plans designed by SINOSTEEL in 2006 and up-dated in 2011 have not been implemented. The sampling for ore control which does take place is neither mapped nor surveyed resulting in a loss of data which could be used for resource estimation purposes and mine planning. As far as can be ascertained such routine work such as geological mapping of the benches, a regular sampling regime, pit monitoring, and water control are not being done.

(V) INTERPRETATION AND CONCLUSIONS

Trenching and Diamond drilling programs conducted by Yudian have established a significant resource of steeply dipping, oxidized stratigraphic vanadium mineralization at Kongshan. Thought to be originally deposited on an ancient sea floor and perhaps sulphidic in nature, the mineralization, consisting of oxidized thinly bedded shale, claystone and chert was deposited as beds in the Cambrian Shuigoukou Formation and now is tabular and gently undulating in form with a steeply dipping attitude. Some shearing and folding which are apparent in surface exposures have deformed the soft material into forms which have not yet been completely defined on a mine-scale. Mineralization has been found over a strike length of at least 2,600 m and occurs in two separate, parallel zones which could represent the same stratum duplicated by an anticline. Depths in excess of 200 m below surface have been tested by drilling. The mineralization is formational in character and there are other similar occurrences in the region.

All data used in this report is considered to be reliable and has been collected with precision and attention to detail, however the drilling of steeply inclined holes into steeply dipping strata has affected the reliability of the of the data and has resulted in the downgrading of the quality of a portion of the resources into the inferred category. The data is of sufficient density and quality to support the calculation of the inferred and indicated resources reported here, however uncertainties regarding the detailed geometry of the mineral zones will have to be addressed by underground work, or by angled holes in order to up-grade the categories of the resource estimate and allow for accurate mine planning.

Utilizing a 0.7% cut-off grade the results of polygonal resource estimation utilizing a circular search on vertical longitudinal sections are as follows:

	Tonnes	Grade % V_2O_5
Indicated	2,451,300	1.19
Inferred	9,125,600	1.48

Relatively small-scale mining (15,147 Tonnes in 2012) by simple, open-cut methods is taking place intermittently and the vanadium mineralization is transported about 30 km to a permitted processing plant where vanadium products, primarily ammonium metavanadanate (NH_4VO_3) are produced.

One of the objectives of the technical work described in this report was to provide data to assist in the planning of an increase in mining production rate. Unfortunately the geology and resources are not yet sufficiently delineated to be able to realistically proceed with a “scoping study” quality study of the project. Further study is necessary and this necessitates the drilling of three angle holes in the central part of the resource in order to better define the geometry of the mineral zone. A program of underground work will eventually be necessary to define the zone geometry and mining parameters.

The project has not been as completely successful in its objectives as it could have been because the category of the resources outlined could have been improved by drilling angle holes instead of nearly vertical holes and the day to day operation of the mine does not include technical work which would normally be included in the resource calculation. The Author can identify no known legal, political, environmental or other risks that can affect development.

IV. SELECTED CONSOLIDATED FINANCIAL INFORMATION

IV.1 ANNUAL INFORMATION – SAYMOUR

The consolidated audited financial statements of Saymour, for the years ended December 31, 2010, 2011 and 2012, prepared in accordance with IFRS are attached as Schedule A.

Saymour’s selected audited consolidated annual information for the three most recently completed financial years are as follows:

	Year Ended 12/31/2012 $	Year Ended 12/31/2011 $	Year Ended 12/31/2010 $
Total revenue	25,526,965	23,576,918	16,415,988
Gross profit	5,124,143	5,271,995	4,087,929
Net income before income taxes (loss)	2,970,869	4,219,896	3,305,694
Net income	2,678,439	3,431,173	2,659,898
Net income attributable to controlling shareholders of Saymour	2,665,694	3,240,608	2,659,898
Earnings per share – basic and diluted	13.16	16.85	13.06
Weighted average number of shares outstanding	203,590	203,590	203,590
Total assets	22,566,406	33,158,335	16,510,461
Total liabilities	14,775,734	28,008,783	15,067,122
Saymour Shareholder's equity	7,460,663	4,828,874	1,331,701
Non-controlling interest	330,009	320,678	111,638

The following is a breakdown of audited consolidated sales, direct costs, selling and distribution expenses, general and administrative expenses and other gains and losses for the years ended December 31, 2010, 2011 and 2012:

	Year Ended 12/31/2012 $	Year Ended 12/31/2011 $	Year Ended 12/31/2010 $
Sales	25,526,965	23,576,918	16,415,988
Cost of sales	20,402,822	18,304,923	12,328,059
Selling and distribution expenses	310,888	97,670	96,242
General and administrative expenses	798,077	575,194	692,970
Debt interest	1,127,912	343,773	77,004
Income taxes	292,430	788,723	645,796
Net income	2,678,439	3,431,173	2,659,898

IV.2 QUARTERLY INFORMATION – SAYMOUR

The consolidated unaudited financial statements of Saymour, for the three month period ended March 31, 2013, prepared in accordance with IFRS are attached as Schedule B.

Saymour's selected consolidated interim financial information for the three month period ended March 31, 2013 are as follows:

	Three Months Ended 3/31/2013 $
Total revenue	6,584,253
Gross profit	1,788,385
Net income before income taxes (loss)	1,293,318
Net income	1,063,247
Net income attributable to controlling shareholders of Saymour	1,002,907
Earnings per share – basic and diluted	5.22
Weighted average number of shares outstanding	203,590
Total assets	24,893,191
Total liabilities	15,904,016
Saymour Shareholder's equity	8,584,273
Non-controlling interest	404,902

The following is a breakdown of sales, direct costs, selling and distribution expenses, general and administrative expenses and other gains and losses for the three months ended March 31, 2013:

	Three Months Ended 3/31/2013 $
Sales	6,584,253
Cost of sales	4,795,868
Selling and distribution expenses	73,758
General and administrative expenses	211,530
Debt interest	174,525
Income taxes	235,071
Net income	1,063,247

IV.3 CONSOLIDATED CAPITALIZATION, AVAILABLE FUNDS AND PRINCIPAL PURPOSES OF THE COMPANY

(A) PRO FORMA CONSOLIDATED CAPITALIZATION

The following table sets out the Company's pro-forma share capital following the completion of the Transaction.

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Transaction and the Financing
Company Shares	Unlimited	129,699,261
Finder's Compensation Warrants Under the Non-Brokered Private Placement	N/A	195,918

(B) FULLY DILUTED SHARE CAPITAL

Description of Security	Number of Securities after giving effect to the Amalgamation without financing	Percentage of Total	Number of Securities after giving effect to the Amalgamation and the Non-Brokered Private Placement	Percentage of Total
Shares issued and outstanding immediately before Amalgamation	6,025,792	4.77%	6,025,792	4.64%
Shares to be issued pursuant to the Amalgamation	120,408,163	95.23%	120,408,163	92.70%
Shares to be issued pursuant to the Non-Brokered Private Placement	N/A	N/A	3,265,306	2.51%
Reserved for issuance pursuant to Warrants for Finders	N/A	N/A	195,918	0.15%
Total Number of Securities (fully diluted)	126,433,955	100.00%	129,895,179	100.00%

(C) AVAILABLE FUNDS

The following table sets forth the estimated working capital of the Company and Saymour before and after giving effect to the Transaction, as at December 31, 2012:

	Company $	Saymour $	Combined $
Working capital deficit as at December 31, 2012	(105,367)	(6,616,704)	(6,722,071)
Transaction expenses	(10,000)	(80,000)	(90,000)
Shares for debt settlement	100,000	-	100,000
Proceeds from proposed financing	-	-	800,000
TOTAL	(15,367)	(6,616,704)	(5,912,071)

Note: Certain debts of Saymour are classified as current liabilities under IFRS. However, the Company has a line of credit that is not expected to be drawn upon for another 12 months.

(D) PRINCIPAL PURPOSES

It is the Company's intention to use these funds for a period of twelve months after the completion of the Transaction as follows:

Use of Available Funds	Amount, Assuming No Financing	Amount, Assuming Completion of Financing
General and administrative costs	50,000	50,000
Audit, legal and other professional fees	80,000	80,000
Filing fees and transfer agent fees	30,000	35,000
Costs for implementing the business objectives in the 12 months following the Closing Date	680,000	680,000
Unallocated working capital	-	-
Total	**840,000**	**845,000**

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

V. DIVIDENDS

There are no restrictions that could prevent the Company from paying dividends; however, it is unlikely the Company will pay dividends. Future dividends, if any, will be determined by the directors on the basis of earnings, financial requirements and other conditions existing at the time.

VI. MANAGEMENT'S DISCUSSION AND ANALYSIS

VI.1 MANAGEMENT'S DISCUSSION AND ANALYSIS – SAYMOUR

(A) ANNUAL INFORMATION - YEARS ENDED DECEMBER 31, 2010 TO DECEMBER 31, 2011

In the year ended December 31, 2010, revenues increased to $16,415,988, largely due to matured technologies and the full operation of nine production lines. In the year ended December 31, 2011, revenues increased to $23,576,918 due to an increase in production and the increased volume of vanadium products sold during the year.

Direct cost of sales increased to $12,328,059, representing 75.10% of revenues for the year ended December 31, 2010. Gross profit margin increased to 24.90% in the year ended December 31, 2010 as a result of implementation and maturing of new processing technologies over the years. Direct costs of sales increased further to $18,304,923 with the sales, representing 77.64% of revenues for the year ended December 31, 2011. Gross profit margin decreased from 24.90% in 2010 to 22.36% in 2011, due to increases in the cost of vanadium ore and dirt coal, which is the primary input in production.

Selling and distribution expenses increased to $96,242 in 2010, representing 0.59% of sales. Selling and distribution expenses in 2011 were consistent at $97,670 compared to $96,242 in 2010, as there was no significant change to sales activities.

In the year ended December 31, 2010, general and administrative expenses increased to $692,970, representing 4.22% of total revenues. In the year ended December 31, 2011, general and administrative expenses decreased to $575,194 representing 2.44% of revenues, due to a government grant received to net against costs incurred to go public. General and administrative expenses increased over the years due to the expansion of the operations. However the representative percentage of sales decreased over the years due to increased efficiency in operations.

In the year ended December 31, 2010, interest expenses decreased to $77,004, as a result of Saymour making a partial repayment on interest bearing loan outstanding during 2010 and being able to borrow non-interest bearing loans from individuals. In the year ended December 31, 2011 interest expenses increased to $343,773, largely due to an increase in the principal of outstanding bank loans extended during the year as compared to the prior year.

In the year ended December 31, 2010, Saymour recorded gain on interest forgiven of $125,190 upon repayment of half of the loan extended from the Xichuan's County's Department of Finance.

Saymour recorded accretion of decommissioning liability of $41,209 and $50,750 during the years ended December 31, 2010 and 2011 respectively. The decommissioning liability results from Yudian's net ownership interests in the Kongshan Property. Saymour estimated the total undiscounted cash flows required to settle its decommissioning liability to be approximately $1,094,527 (RMB6,853,600), which were to be recorded over eight years after February 18, 2010. A credit adjusted risk free rate of 11.15% was used to calculate the estimated fair value of the decommissioning liability.

During the year ended December 31, 2011, Saymour recorded receipt of a government grant of $317,762, of which $80,800 is set aside for road construction for which the conditions for the grant are not all met, $221,674 was utilized for partial reimbursement for costs related to Saymour participation in the Transaction (netted against general and administrative costs), and $15,288 was recorded as other income as financial assistance for new plan developments.

Current income tax expenses were $677,186 and $858,623 in the years ended December 31, 2010 and 2011 respectively, which are consistent at 20.49% and 20.34% of net income before income taxes each year.

The functional currency of Yudian is Chinese Renminbi. The financial statements of Yudian are translated into Canadian dollars for consolidation purposes using current rate method, resulting in unrealized gain of $8,829 in the year ended December 31, 2010 and unrealized gain of $275,040 in the year ended December 31, 2011.

(B) ANNUAL INFORMATION - YEAR ENDED DECEMBER 31, 2012 AND YEAR ENDED DECEMBER 31, 2011

Revenues increased significantly from $23,576,918 in the year ended December 31, 2011 to $25,526,965 in the year ended December 31, 2012. Sales increased due to an increase in vanadium chip sales. Vanadium chips are further processed from vanadium powder and can be sold at a higher price.

Cost of sales increased from $18,304,923 during the year ended December 31, 2011 to $20,402,822 during the year ended December 31, 2012. Gross profit margin decreased from 2011 to 2012, because of a decrease in the overall sales price of vanadium.

Selling and distribution expenses changed from $97,670, representing 0.40% of sales for the year ended December 31, 2011 to $310,888 representing 1.22% of sales in the year ended December 31, 2012 due to Saymour's effort to expand market in 2012.

General and administrative increased from $575,194 for the year ended December 31, 2011 to $798,077 for the year ended December 31, 2012 due to increased professional fees incurred in relation to the Transaction.

Interest expenses increased from $343,773 for the year ended December 31, 2011 to $1,127,912 during the year ended December 31, 2012, because higher interest rate bearing bank loans were extended during the last quarter of 2011, for which interest expense is recorded in 2012.

Saymour recorded accretion of decommissioning liability of $58,449 and $50,750 during the years ended December 31, 2012 and 2011 respectively. The decommissioning liability results from Yudian's net ownership interests in the Kongshan Property. Saymour estimated the total undiscounted cash flows required to settle its decommissioning liability to be approximately $1,094,527 (RMB6,853,600), which were to be recorded over eight years after February 18, 2010. A credit adjusted risk free rate of 11.15% was used to calculate the estimated fair value of the decommissioning liability. Accretion of decommissioning liability increases over the years given fixed future liability and fixed risk free rate.

During the year ended December 31, 2012, Saymour recorded receipt of a government grant of $720,234, of which $33,537 is set aside for road construction for which the conditions for the grant are not all met, $253,449 was utilized for partial reimbursement for costs related to Saymour participation in the Transaction (netted against general and administrative costs), $158,406 was utilized for full reimbursement for costs related to road construction (netted against general and administrative costs), $217,816 was utilized for partial reimbursement for costs related to the construction of employee residences (netted against construction in progress), and $57,026 was recorded as other income as general business subsidy. Government grant received of $80,800 in December 31, 2011 was recognized as other income in December 31, 2012 as this relates to excess funds received for the road repairs which do not have to be repaid to the government.

Current income taxes decreased from $858,623 in the year ended December 31, 2011 to $580,813 in the year ended December 31, 2012 consistent with decrease in net income before income taxes due to increase in expenses incurred and the timing between recognition of income tax for tax purposes vs. accounting purposes.

(C) THREE MONTHS ENDED MARCH 31, 2013

Revenue was $6,584,253 in the three months ended March 31, 2013. Direct cost of sales was $4,795,868 in the three months ended March 31, 2013. Gross profit margin was 27.16% in the three months ended March 31, 2013.

Selling and distribution expenses were recorded $73,758 in the three months ended March 31, 2013, representing 1.12% of total sales.

General and administrative expenses was $211,530 in the three months ended March 31, 2013

Interest expense was $174,525 in the three months ended March 31, 2013.

Saymour recorded accretion of decommissioning liability of $59,254 in the three months ended March 31, 2013. The accretion on the discounted cash flows required to settle its decommissioning liability related to its ownership in the Kongshan Property increases over time, given undiscounted decommissioning liability of $1,094,527 (RMB6,853,600) and credit adjusted risk free rate of 11.15%.

Current income tax expenses were $207,087 in the three months ended March 31, 2013.

The functional currency of Yudian is Chinese Renminbi. The financial statements of Yudian are translated into Canadian dollars for consolidation purposes using current rate method, resulting in unrealized gain of $120,703 in the three months ended March 31, 2013.

DESCRIPTION OF THE SECURITIES

The Company is authorized to issue unlimited number of common shares without par value. As at the date of this Material Change Report, the Company has 129,397,518 common shares issued and outstanding. All of the common shares of the Company are of the same class and, once issued, rank equally as to entitlement to dividends, voting powers (one vote per share) and participation in assets upon dissolution or winding up. No common shares of the Company have been issued subject to call or assessment. The common shares contain no pre-emptive or conversion rights and have no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the Company's Articles of Incorporation and the BCBCA. There are no pre-emptive rights, no conversion or exchange rights, no redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

VII. OPTIONS TO PURCHASE SECURITIES

VII.1 STOCK OPTION PLAN

Options granted pursuant to the Company's stock option plan (the "**Plan**") will not exceed a term of five years and are granted at an option price and on other terms which the directors determine is necessary to achieve the goal of the Plan and in accordance with regulatory policies. The option exercise price will not, in any event, be lower than that permitted by any stock exchange on which Company's common shares are listed for trading.

No options have been granted as of the date hereof. The aggregate number of common shares reserved for issuance under the Plan may not exceed 10% of the issued and outstanding common shares from time to time. In addition, the aggregate number of Common Shares so reserved for issuance in any 12 month period to any one person shall not exceed 5%, or to any one consultant or any one employee conducting investor relations activities shall not exceed 2%, of the issued and outstanding Common Shares from time to time.

Subject to any written agreement between the Company and a participant providing otherwise and subject to the option period (maximum 5 year period), if any participant shall cease to hold the position or positions of director, officer, employee or consultant of the Company or any of its subsidiaries or affiliates for any reason other than death or permanent disability of the participant, the option granted to the participant will terminate at 5:00 p.m. (Vancouver time) on the earlier of the date of the expiration of the option period and 90 days after the date such participant ceases to hold the position or positions of director, officer, employee or consultant of the Company as the case may be, and ceases to actively perform services for the Company. An option granted to a participant who performs investor relations services on behalf of the Company shall terminate on the date of termination of the employment or cessation of services being provided and shall be subject to exchange policies and procedures for the termination of options for investor relations services. For greater certainty, the termination of any options held by the participant, and the period during which the participant may exercise any options, shall be without regard to any notice period arising from the participant’s ceasing to hold the position or positions of director, officer, employee or consultant of the Company or any of its subsidiaries or affiliates.

Subject to any written agreement between the Company and a participant providing otherwise and subject to the option period, in the event of the death or permanent disability of a participant, any option previously granted to the participant shall be exercisable until the end of the option period or until the expiration of 12 months after the date of death or permanent disability of such participant, whichever is earlier, and then only: (a) by the person or persons to whom the participant's rights under the option shall pass by the participant's will or applicable law; and (b) to the extent that the participant was entitled to exercise the option as at the date of the participant's death or permanent disability.

VIII. PRIOR SALES OF THE COMPANY’S SHARES

There are currently 129,397,518 common shares of the Company issued and outstanding as follows:

Date of Issue	Description	Number of Common Shares Sold	Price Per Common Share	Total Consideration
October 10 2011	Founder's Share	1	$1	$1
May 1 2012	Allocate of Share	-1	$1	$-1
May 1 2012	Common Share	1,025,792	$0.007	$7,500
February 14 2013	Common Share	1,000,000	$0.02	$20,000
February 27 2013	Common Share	4,000,000	$0.02	$80,000
May 3, 2013	Common Share	120,408,163	$0.245	$29,500,000
May 28, 2013	Common Share	2,963,563	$0.245	$726,037

VIII.1 STOCK EXCHANGE PRICE

None of the Company's Shares have been listed on any stock exchange.

IX. ESCROWED SECURITIES

IX.1 ESCROW OF PRINCIPAL'S SECURITIES

The table immediately below sets out the number of Company Shares held by principals of the Company that are held in escrow upon completion of the Amalgamation. Assuming the Company is classified as an emerging issuer pursuant to NP 46-201, the securities listed in the table below will, in accordance with NP 46-201, be subject to the Form 46-201 Escrow Agreement and will be released from escrow in stages over a 36 month period from the completion of the Transaction with 10% released immediately upon completion of the Transaction and 15% of such escrowed shares released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the completion of the Amalgamation.

	Designation of Class	Number of Securities Held in Escrow(1)	Percentage of Class(2)
Yudian Zhao	Common Share	37,259,759	28.79%
Hongjiang Wang	Common Share	25,815,690	19.95%
Hongfa Cheng	Common Share	21,291,291	16.45%

(1) Subject to Form 46-201 Escrow Agreement.
(2) Based on 129,397,518 Company Shares issued and outstanding on completion of the Amalgamation, including the Non-Brokered Private Placement. On a fully diluted basis, there will be 129,895,179 issued and outstanding shares, assuming completion of the Non-Brokered Private Placement and exercise of the finder's warrants.

X. PRINCIPAL SHAREHOLDERS

X.1 PRINCIPAL SHAREHOLDERS

Upon completion of the Amalgamation, the only security holder of the Company who owns, directly or indirectly, or exercises control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company are Yudian Zhao, Hongfa Cheng and Hongjiang Wang. Yudian Zhao owns 41,399,732 Shares, representing 31.92% of the issued and outstanding Company Shares and 31.87% on a fully diluted basis. Hongjiang Wang owns 28,684,100 Shares, representing 22.12% of the issued and outstanding Company Shares and 22.08% on a fully diluted basis. Hongfa Cheng owns 23,656,990 Shares, representing 18.24% of the issued and outstanding Company and 18.21% on a fully diluted basis.

XI. DIRECTORS AND OFFICERS

XI.1 DIRECTORS AND OFFICERS

The following table sets forth the name of all individuals who became directors, officers and promoters of the Company following the completion of the Amalgamation, their municipalities of residence, their current positions with the Company, their principal occupations during the past five years and the number and percentage of Company Shares to be beneficially owned, directly or indirectly or over which control or direction is proposed to be exercised:

Name, Municipality of Residence and Proposed Position with the Company(1)	Principal Occupation During Last Five Years	Period during which Proposed Director of Company has served as a Director of the Company	Number and Percentage of Company Shares owned or controlled on completion of the Transaction(2)
Yudian Zhao, Nanyang PRC, Director, Chairman and CEO	Chairman and CEO of Yudian Chemical and Metallurgical Co. Ltd from 2003 to present:, Chairman and CEO of Yudian from 2003 to present	Director of Yudian from 2003 to present, Director of Saymour from 2010 to present	41,399,732 (31.92%)
Zhen Wang, Zhengzhou PRC, Director	Professor of Environment Research, Zhengzhou University from 1986 to present	N/A	Nil
Ming Jiao, Beijing PRC, Director	Vice President of Xichuan Vanadium Resources Co., Ltd. from 2012 to present Investment Manage of Sky-infinity Investment Ltd. from 2006 to present	N/A	Nil
Yingbin Ian He, Vancouver, B.C., Director	President and Director of Tri-River Ventures Inc., a mineral exploration company listed on the TSX Venture Exchange since October 2006.	Director of Saymour Metal Holding Inc. from 2010 to present	Nil

Name, Municipality of Residence and Proposed Position with the Company(1)	Principal Occupation During Last Five Years	Period during which Proposed Director of Company has served as a Director of the Company	Number and Percentage of Company Shares owned or controlled on completion of the Transaction(2)
Xinlin Huang, Vancouver, BC CFO	Director, CFO and corporate secretary of Big North Capital Inc., a CPC on the TSX Venture Exchange, from January, 2008 to March, 2011; CFO of Huaxing Machinery Corp., since January 2011 to present; auditor with a midsized audit firm in Vancouver, BC between May 2006 and September 2009.	Nil	Nil

Notes:
(1) Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.
(2) At the completion of the Transaction, the directors and officers of the Company as a group directly owns 41,399,732 Company Shares, representing 31.92% of the issued and outstanding Company Shares.

The directors and officers will devote their time and expertise as required by the Company, however, it is not anticipated that any director or officer will devote 100% of their time to the activities of the Company. See also "Management" below.

XI.2 DIRECTORS AND OFFICERS BIOGRAPHIC INFORMATION

Additional biographic information about the proposed members of the management of the Company is provided below. None of these management personnel had entered into non-disclosure or non-competition agreements with the Target, but the Company intends to enter into such agreements shortly after the Listing Date.

Yudian Zhao, Chairman and CEO (Age: 65)

Mr. Zhao has been the CEO and president of Yudian since the company was set up in 2007. He formerly was the CEO and president of Xichuan Yudian Chemical & Metallurgical Co., Ltd, the previous holding company of Yudian, and he worked as Manager of Xichuan Metallurgical Materials Company from 1987 to 2003. He was honored as "Outstanding Entrepreneur" by the Henan provincial government in 2004 and won second prize in the technological achievements for "Pre-dissolve Residue" research used in metallurgy in 2005. He has senior engineer qualification.

Mr. Zhao is the beneficial owner of 41,399,732 Company Shares, amounting to 31.92% of the Company's total issued and outstanding share capital.

Yingbin Ian He, Director (Age: 49).

Mr. He has experience in resources, investment and business management. Mr. He has been serving as President and Director of Tri-River Ventures Inc., a company listed on the TSX Venture Exchange, since October 2007. Between 1995 and 2006, Mr. He served as President of Spur Ventures Inc., a company listed on the Toronto Stock Exchange ("TSX"), with phosphate mining and fertilizer operations in China. Mr. He has been a director of China Gold International Resources Inc., a TSX-listed company with a producing gold mine in China since 2000, and Jiulian Resources Inc., a mineral exploration company listed on the Exchange since 2006. Mr. He will hold none of Company Shares as at the date of this Material Change Report.

Zhen Wang, Director, (Age: 46).

Mr. Wang is a specialist in environment engineering, Mr. Wang acquired a B.S. degree in Chemistry from Zejiang University in 1986, from which he worked in Zhengzhou University and became a tenured professor in the college of Environment and Water Conservancy in Zhengzhou University. He published several dissertations and books in environmental chemistry, and won the silver prize of Henan Technology Progress twice and the copper prize once. Mr. Wang will hold no Company Shares at the date of this Material Change Report.

Ming Jiao, Director, (Age: 38).

Mr. Jiao has significant experience in legal operation, investment and business management. Mr. Jiao holds a Bachelor Degree of Law from Shanghai Jiaotong University and is admitted to the Bar in China. In addition, he holds a Double Master Degree of Arts in Economics and Statistics from Bowling Green State University in the United States. Mr. Jiao has been the Vice President of Xichuan Vanadium Resources Co., Ltd. from 2012. Mr. Jiao has been an Investment and Financial Manager of Nanjing Pharmaceutical, a public company listed on the Shanghai Stock Exchange since 2006. Between 2004 and 2006, Mr. Jiao provided financial services in consulting firms Eagles United and BRJF, including presiding over the initial public offering of Pansoft Company Limited on NASDAQ and providing corporate finance services for Chinese-listed companies and finance strategy for local government in Beijing. He also worked as a lawyer in a Xiamen Jianchang law firm in 1999, where he provided legal service for Chinese public companies including Industrial and Commercial Bank of China Limited. Mr. Jiao will hold no Company Shares at the date of this Material Change Report.

Xinlin Huang, CFO (Age: 41)

Ms. Huang holds a First Class Honours degree in Accounting and Finance from Simon Fraser University and is a chartered accountant of Canada. She has been the CFO of Huaxing Machinery Corp., a company listed on TSXV since January, 2011. She was a Director, the CFO and Corporate Secretary of Big North Capital Inc., a capital pool company on the TSX.V from January 2008 to March 2011. Ms. Huang has many years of experiences in the areas of public company compliance, financial management and reporting, business analysis and internal controls. Ms. Huang articled with a public company mid-sized chartered accountant firm in Vancouver, B.C. Ms. Huang will hold no Company Shares at the date of this Material Change Report.

XI.3 BOARD COMMITTEES OF THE COMPANY

It is anticipated that the Company will form an audit committee of its board of directors, as well as a compensation and governance committee of the board of directors. Other committees of the board of directors may be appointed as the Company deems necessary or advisable.

Ming Jiao, Zhen Wang and Ian Yingbing He comprise the members of the audit committee. Mr. Ian Yingbing He serves as the chair of the audit committee. It is further anticipated that Ming Jiao, Zhen Wang and Ian Yingbing He will comprise the members of the compensation and governance committee

XI.4 CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

No proposed director, officer or promoter of the Company has, within the last ten years, been a director, officer or promoter of any reporting issuer that, while such person was acting in that capacity, or within a period of one year thereafter, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

XI.5 PENALTIES OR SANCTIONS

No proposed director, officer, or promoter of the Company, or any shareholder anticipated to hold a sufficient amount of securities of the Company to materially affect control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

XI.6 PERSONAL BANKRUPTCIES

No proposed director, officer or promoter of the Company, or a shareholder anticipated to hold a sufficient amount of securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Material Change Report, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

XI.7 CONFLICTS OF INTEREST

To the best knowledge of the Company, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a proposed director, officer or promoter of the Company except that certain of the proposed directors, officers and promoters of the Company serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of the Company and their duties as a director, officer and promoter of such other companies. See "Part XIV – Risk Factors".

The directors, officers and promoters of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA, as applicable, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

XII. EXECUTIVE COMPENSATION

XII.1 COMPENSATION OF EXECUTIVE OFFICERS

No salary or other remuneration has been paid to any executive officer of the Company, Saymour, VRL, or Yudian. None of the Company, Saymour, VRL, or Yudian has entered into any management contracts with their respective executive officers. However, the Company intends to enter into management agreements with its key executives in the near future to provide for appropriate remuneration and terms commensurate with the executive's role.

The following table summarizes the compensation paid to each Named Executive Officer ("NEO") of Yudian, which is defined as:

(a) the chief executive officer ("CEO") of Yudian;

(b) each chief financial officer ("CFO") of Yudian;

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO of Yudian, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and

(d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of Yudian at the end of the most recently completed financial year and each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Share-based Awards(2) ($)	Option-based Awards(3) ($)	Non-equity Incentive Plan Compensation(1) ($)		Pension Value ($)	All Other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Yudian Zhao, CEO and President of Yudian	2012 2012 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zhe Zhao, General Manager of Yudian	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zifu Zhu, CFO of Yudian	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Y.B. Ian He, Technology Advisor of Yudian	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.

(2) "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

(3) "Option-based Awards" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

The following table summarizes the anticipated compensation for the CEO, the CFO and the four most highly compensated officers of the Company for the 12 month period following completion of the Amalgamation:

				Non-equity incentive compensation plan compensation				
Name and principal position	**Salary ($)**	**Share-based awards ($)**	**Option-based awards ($)**	**Annual incentive plans**	**Long-term incentive plans**	**Pension value ($)**	**All other Compensation ($)**	**Total Compensation ($)**
Yudian Zhao (CEO)	108,000	Nil	Nil	Nil	Nil	Nil	Nil	108,000
Xinlin Huang (CFO)	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000

The Company will contemplate remuneration for its executive officers depending on such executive's position with the Company and the market rate of remuneration paid to persons performing a similar role with companies similar to the Company. In addition, the Company may grant options to its executive officers from time-to-time under the Stock Option Plan depending on the recipient's position with the Company and that person's contribution to the development of the Company's business. Likewise, the Company will contemplate remuneration for its executive officers depending on such executive's position with the Company and the market rate of remuneration paid to persons performing a similar role with companies similar to the Company.

XII.2 PENSION PLAN BENEFITS

The Company has no retirement plans, pension plans, deferred compensation plans or other forms of funded or unfunded retirement compensation for its directors or employees.

XII.3 TERMINATION AND CHANGE OF CONTROL BENEFITS

Other that as set forth herein, there is no contract, agreement, plan or arrangement between the Company and a Named Executive Officer that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a Named Executive Officer's responsibilities.

XII.4 COMPENSATION OF DIRECTORS

No salary or other remuneration has been paid to any director of the Company, Saymour, VRL, or Yudian. Non-executive directors of the Company are expected to be paid an annual retainer of up to $10,000 and a fee of up to $200 per meeting to a maximum of an aggregate amount of $1,000 per year. Each director is also expected to be granted options to acquire Company Shares in accordance with the terms of the Stock Option Plan and the requirements of the Exchange. The chair of each of the audit committee and compensation and governance committee is expected to be paid an additional annual retainer of $3,000 and $1,500, respectively, for acting in such capacity. Directors of the Company will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the board of directors, committees of the board of directors or meetings of the shareholders of the Company. It is anticipated that the Company will obtain customary liability insurance for the benefit of its directors and officers.

The following table sets out all compensation received by the directors of Yudian, VRL and Saymour during the year(s) ended December 31, 2011 and 2010 who are not otherwise NEOs:

Name	Year	Fees earned ($)	Share-based awards ($)	Option -based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensa tion ($)	Total ($)
Yudian Zhao, Director of Yudian and Saymour	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zhe Zhao, Director of Yudian and Saymour	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Zifu Zhu, Director of Yudian and Saymour	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Y.B. Ian He, Director of Yudian, VRL and Saymour	2012 2011 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil

XIII. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is a proposed director, a current or former director, executive officer or employee of the Company or any subsidiary, or any associate thereof is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries that has not been entirely repaid on or before the date hereof or was indebted to another entity, which such indebtedness is, or was at the time during the most recently completed financial year of the Company, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any subsidiary.

XIV. RISK FACTORS

The following are certain risk factors relating to the business of the Company following completion of the Amalgamation, which factors investors should carefully consider when making an investment decision concerning the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company is speculative and will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Company.

Exploration, Development and Mine Operating Risks

The exploration for and development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. With respect to seeking out additional vanadium properties, few properties which are explored are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and qualities of minerals disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any minerals discovered will result in an increase in the Company's resource base.

The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development, production and processing of minerals. These include unusual and unexpected geological formations, rock falls, seismic activities, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Uncertainty Relating to Inferred Resources

Inferred resources cannot be converted into mineral reserves, as the ability to access geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty which may attach to inferred resources, there is no assurance that inferred resources will be upgraded to resources with sufficient geological continuity to constitute proven and probably mineral reserves as a result of continued exploration.

Mineral Resources and Reserves

The figures for the Company's resources are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated. Unless otherwise indicated, mineralization figures presented in this Material Change Report are based upon estimates made by the Company, personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not defined or delineated any proven or probable reserves on all of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

The resource estimates contained in this Material Change Report and in the documents incorporated herein by reference have been determined and valued based on assumed future prices, cut-off grades and operating costs that may prove to be inaccurate. Extended declines in market prices for vanadium, steel or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition.

The Company has not established the presence of any proven and probable reserves at the Kongshan Property. There can be no assurance that subsequent testing or future studies will establish proven and probable reserves at any of the Company's properties. The failure to establish proven and probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

Production Activities without a Feasibility Study

The Company has commenced production without having completed a feasibility study on the Kongshan Property. There are certain risks and uncertainty associated with commencing production without a feasibility study. The deposit may lack all geological, engineering, legal, operating, economic, social, environmental, and other relevant factors considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production. Additionally, the outcome of the feasibility study may not be positive or optimal for the production scale being initiated.

Production Risks

Prices and availability of commodities consumed or used in connection with exploration, development, mining, smelting and refining, such as natural gas, diesel, oil and electricity, among others, also fluctuate and these fluctuations affect the costs of production of the Company. These fluctuations can be unpredictable, can occur over short periods of time and may have a materially adverse impact on Yudian's operating costs or the timing and costs of various projects. Additionally, Yudian is continuing to work with new processing techniques to improve its efficiency levels and thereby reduce costs. There are no guarantees that Yuadian will be able to improve its efficiencies and reduce its production costs. A poor efficiency rate would decrease Yudian's profit margins.

Fluctuating Mineral Prices

The economics of mineral exploration is affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is impractical to continue the mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted.

Reduced Global Demand for Steel or Interruption in Steel Production

The global steel manufacturing industry has historically been subject to fluctuation based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuation in vanadium demand. A decrease in economic growth rates can lead to a reduction in demand for vanadium. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for vanadium.

Dependence on a Few Major Customers

For the year ended December 31, 2012, the 7 largest customers comprised approximately 87% of the revenues of Yudian. There is no assurance that Yudian will be able to retain its relationships with these or other key customers and there is no assurance that such customers will continue to purchase Yudian's products in the future. Any negative change involving any of Yudian's largest customers, including but not limited to any such customers' financial condition or desire to continue purchasing Yudian's products, could result in a significant reduction in business and have a material adverse effect on the Company's business, results of operations and financial condition.

Domestic and International Competition

The Company will face competition in the domestic and international markets in which it operates. Domestically, the Company faces competition from a number of manufacturers that produce products that are similar to those of the Company. The Company also faces competition from other global competitors who provide similar products in markets outside China and may have substantially greater resources and brand recognition than the Company. While some of these companies may not be currently competing directly with the Company in China, it is possible that they will enter the Chinese market in the near future and adversely affect the Company's ability to achieve projected results. Some of the Company's competitors may also be better positioned to develop product features and technological innovations and able to better adapt to market trends than the Company. The Company's ability to compete depends on, among other things, knowledgeable personnel, high product quality, competitive pricing and range of vanadium product offerings. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and results of operations.

Licenses and Permits, Laws and Regulations

Yudian's operations and development activities, including mine, mill, road, and other facilities, require permits and approval from various government authorities, and are subject to extensive PRC federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, such changes can be retroactive, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. The Company may be required to obtain additional licenses and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Title to Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company, does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

While the Company has taken steps to ensure that it has good title to the Kongshan Property, no assurance can be given that PRC governments will not revoke or significantly alter the conditions or the applicable authorization of the Company or that such authorizations will not be challenged or impugned by third parties. While the Company has applied for rights to explore, develop and mine and may also do so in the future, there is no certainty that such rights will be granted or granted on terms satisfactory to the Company. Accordingly to Chinese mining regulations, the Company is required to renew its mining license in 2015. Even if the Company continues to be in compliance of all legal requirements, the renewal process may be affected by factors that are outside of the Company's control.

Development of Mine

Any underground work on the Kongshan Property will require an underground mining license which has not been obtained as of the date of this Material Change Report. Furthermore, development projects rely on the accuracy of predicted factors including: capital and operating costs; metallurgical recoveries; reserve estimates; and future metal prices. Development properties are also subject to accurate economic assessments and feasibility studies, the acquisition of surface or land rights and the issuance of necessary governmental permits. As a result of the substantial expenditures involved, developments are prone to material cost overruns. Project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a project, the timeframe of which is often beyond our control. In addition, the Kongshan Property will become subject to all the risks inherent in building and operating an underground mine, including capital cost overruns, decreased profitability through changes in vanadium prices and operating costs, uncertainty inherent in mineral resources estimates, environmental, health and safety risks, title to properties being challenged or eroded through government action, additional onerous taxation and regulation, uninsured or uninsurable hazards, and mining risks such as accidents, unexpected rock conditions and formations, earthquakes, cave-ins, flooding, abnormal weather and rock bursts, all of which may result in damage to production assets and equipment, in bodily injury to employees and others, and may expose the Yudian's business to legal action.

Environmental Risks

The PRC environmental protection laws and regulations applicable to Yudian's business include the laws of the PRC relating to: environmental protection, prevention and control of atmospheric pollution, prevention and control of water pollution, administration of construction project environmental protection and other relevant laws and regulations.

These regulations govern the level of fees payable to government entities providing environmental services (calculated according to the weight of garbage and waste) and set the prescribed standards relating to the discharge of wastes, effluent and gases. In addition, these regulations authorize municipal governments to impose penalties on companies that do not comply with the relevant requirements.

The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such laws and regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Infrastructure

Vanadium processing activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important and affect capital and operating costs. Unusual or infrequent weather phenomena, equipment malfunction, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Substantial Capital Requirements and Liquidity

Additional funds for the continuation of the Company's planned operations may be required. To expand through mergers and acquisitions, the Company may need substantial funding as a supplement to its cash flow. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Revenues, taxes, transportation costs, capital expenditures and operating expenses are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, as indicated in this Material Change Report or otherwise, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Quality Control Systems

The performance, quality and safety of the Company's processed vanadium are important to the success of the business. These factors depend significantly on the effectiveness of the Company's quality control systems, which in turn depend on a number of factors, including the design of the quality control systems, the quality-training program, and the Company's ability to ensure that its employees adhere to the quality control policies and guidelines.

Adverse Fluctuations in Currency Exchange Rates

The Company will maintain most of its working capital in RMB and the Canadian dollar. A significant portion of the Company's operating costs are incurred in RMB. Accordingly, the Company will be subject to fluctuations in the rates of currency exchange between the RMB and the Canadian dollar, and these fluctuations could materially affect the Company's financial position and results of operations as costs may be higher than anticipated. The costs of goods and services could increase due to changes in the value of the Canadian dollar, or the RMB. Consequently, operations might be more costly than the Company anticipates.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers who will be appointed on the Closing Date and the ability to attract and retain key personnel on an ongoing basis particularly with respect to Mr. Yudian Zhao. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects. The Company will not initially have employment contracts with its key personnel and does not have any key man insurance.

Regulatory Requirements

The current or future operations of the Company may require permits from various governmental authorities, and such operations will be governed by laws and regulations governing production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Company may require for the facilities and conduct of exploration and development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in operations may be required to compensate those suffering loss or damage by reason of related activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of companies such as the Company, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or costs or require abandonment or delays in the development of new projects.

Limited Intellectual Property Protection

The Company relies primarily on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect its proprietary rights. In addition, the Company's success may depend, in part, on its ability to obtain patent protection and operate without infringing the rights of third parties. There can be no assurance that, once filed, the Company's patent applications will be successful, that the Company will develop future proprietary products that are patentable, that any issued patents will provide the Company with any competitive advantages or will not be successfully challenged by any third parties or that the patents of others will not have an adverse effect on the ability of the Company to do business. In addition, there can be no assurance that others will not independently develop similar products, duplicate some or all of the Company's products or, if patents are issued to the Company, design their products so as to circumvent the patent protection held by the Company. The Company will seek to protect its product documentation and other written materials under trade secret and copyright laws which afford only limited protection. Despite precautions taken by the Company, it may be possible for unauthorized third parties to copy aspects of the Company's business and marketing plans or future strategic documents or to obtain and use information that the Company regards as proprietary. There can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that the Company's competitors will not independently develop similar or superior technology. Litigation may be necessary in the future to enforce the Company's intellectual property rights, to protect the Company's trade secrets or to determine the validity and scope of the propriety rights of others. Such litigation could result in substantial costs and diversion of resources.

Uninsurable Risks

Exploration, development, production and processing of vanadium involves numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's common shares. The Company does not intend to maintain insurance against environmental risks. Yudian intends to obtain insurance against environmental risks when it is available and cost-efficient to do so.

Limited Operating History

The Company is a relatively new company with a limited operating history and no history of business, revenue generation or production history prior to completion of the Amalgamation. The Company was incorporated on October 7, 2011 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it may not achieve its growth objective.

Climate Risks

The continued operation in drying of vanadium soil for processing has historically relied on recorded rainfall and evaporation data to assess the climatic variation. When challenged by extremes of a heavy raining season, the costs and time expended by the Company may rise in order to dry up the vanadium soil.

Conflicts of Interest

Certain of the directors and officers of the Company may be engaged in, and may continue to engage in, other business activities on their own behalf and on behalf of other companies (which may include manufacturing companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the Company, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

RISKS ASSOCIATED WITH DOING BUSINESS IN CHINA

The Company, through Yudian, currently conducts its exploration, mining and processing in the PRC while searching for additional vanadium mining properties globally. Accordingly, operations are exposed to various regulations pertaining to its business and to various levels of political, economic, legal and other uncertainties associated with doing business in China.

These risks and uncertainties include, but are not limited to, the following:

- currency exchange rates;
- renegotiation or nullification of existing concessions, licenses, permits and contracts;
- changes in taxation policies;
- restrictions on foreign exchange;
- government corruption;
- changing political conditions; and
- currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes in investment policies or shifts in political attitude in China may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, state ownership, restrictions on investment and production, price controls, foreign investment, currency remittance, income taxes, environmental legislation, and land use. Any events resulting in an adverse impact on the Chinese economy may have an adverse effect on the Company's profitability and prospects unless it is able to divert its sales to markets outside China. The occurrence of these factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Legal Representative Risk

Every Chinese company is required to have a legal representative, an individual with broad powers and potentially unlimited liability, to act as the main principal of the company with the legal power to represent and enter into binding obligations on behalf of the company. Article 38 of the General Principles of Civil Law of the People's Republic of China defines the role as the "responsible person who performs the duties and powers on behalf of a legal person in accordance with the law or the constituent documents of the legal person." A company will generally be held liable for the unauthorized actions of a rogue legal representative. The Contract Law of the People's Republic of China specifically provides that if the legal representative "creates a contract in excess of authority limits, such representative action is valid except where the counterparty knows or should know that it exceeded authority limits". In order to persuade a court or arbitration tribunal to release a company from liability for an unauthorized contract or other action by its legal representative, the company will generally need to demonstrate that it has made reasonable efforts to define, implement, record and give notice of its legal representative's authority limits. In addition, every company in China is required to have a “chop” which will be in the custody of the legal representative. The legal representative’s chop is required on numerous company documents and is regarded as a signature. Consequently, any person in possession of the legal representative’s chop may exercise their power to bind the company. In order to prevent unauthorized use, companies must restrict access to the legal representative’s chop by keeping records of who used the chop, at what time, and for what purpose. Yudian Zhao is the legal representative for Yudian.

Corporate Structure

Seymour is incorporated in the British Virgin Islands and holds a 100% interest in Vanadium Resources Ltd., which is incorporated in Hong Kong. In turn, VRL holds a 90% interest in Yudian, which is incorporated in China. While the structure is necessary for the Company’s operations in these countries, as it allows the Company to comply with the laws of each of these countries and is conducive to tax savings, maintaining positive relationships with local entities and government officials upon whom the Company’s operations are substantially reliant, there are risks associated with operating in China, and these risks are elaborated on below.

State Ownership

The Chinese economy differs from the economies of most developed countries in a number of respects, including its structure, the level of government involvement, the level of development, the control of foreign exchange and the allocation of resources.

Before its adoption of reform and open door policies beginning in 1978, China was primarily a planned economy. Since that time, China’s economy has been undergoing a transition from a planned economy to a more market oriented economy. Although in recent years the Chinese government has implemented economic reforms, reduced state ownership and established sound corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry by imposing industrial policies. It also exercises significant control over China’s economic growth through the allocation of resources, control of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Furthermore, government policies relating to currency conversion, taxation, import restrictions and the trading of imported goods, among others, continue to have a significant impact on the overall economy, as does the presence of the government as a market participant as well as the market regulator. Many of the policy changes initiated since 1978 are unprecedented in China, experimental in nature and are frequently refined and readjusted. Political and social factors may also lead to further refinements and readjustments. Any changes in Chinese political, economic, or social conditions, or in the current laws and regulations or their interpretation may adversely affect Company’s profitability and prospects.

Government Sector Intervention

The central and local governments exercise a substantial degree of influence over industries in China and, as a result, set standards that new entrants must meet, including: approving major capital expenditure projects, setting or approving the framework for the pricing of electricity and other utilities and railway transportation, setting tax levies and incentives, setting import quotas and tariffs, and setting safety, environmental and quality standards.

Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors

On August 8, 2006, six PRC regulatory agencies, including the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and SAFE jointly published a regulation that became effective September 8, 2006. The purpose of this regulation is to more effectively regulate foreign investment in PRC domestic enterprises. This regulation provides that the PRC Ministry of Commerce must be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise and any of the following situations exists: (i) the transaction involves an important industry in China, (ii) the transaction may affect national economic security, or (iii) the PRC domestic enterprise has a well-known trademark or historical Chinese trade name in China.

This regulation, among other things, requires a SPV, which acquires a PRC domestic company through a share exchange, to obtain PRC Ministry of Commerce and CSRC approval if the SPV lists its securities on an overseas stock exchange. This regulation became effective on September 8, 2006. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

The application of this regulation remains unclear with little consensus currently existing among the leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. The Company has not sought or received CSRC approval.

In addition, this regulation provides that the PRC Ministry of Commerce examination and approval are required where a PRC resident uses an offshore company established or controlled by it to acquire a domestic company connected with such PRC resident (that is, a “connected acquisition”). Failure to obtain such approval when required could result in sanctions.

If the PRC Ministry of Commerce, CSRC or other PRC regulatory bodies subsequently determine that the approval of the PRC Ministry of Commerce, CSRC or other PRC regulatory bodies for the Transaction must be obtained, the Company may face sanctions by the PRC Ministry of Commerce, CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines and penalties on the Company’s operations in the PRC, limit its operating privileges in the PRC, delay or restrict the repatriation of the proceeds from the Transaction into the PRC, or take other actions that could have a material adverse effect on the Company’s business, financial condition, results of operations, reputation and prospects, as well as the trading price of the Company’s common shares.

Foreign Investment

In China, companies with a foreign ownership component could be required to work within a framework which is different from that imposed on local companies. However, the Chinese government is opening up opportunities for foreign investment and this process is expected to continue, especially with China’s entry into the World Trade Organization. If the Chinese government reverses this trend and imposes greater restrictions on foreign companies, the Company’s ability to conduct business in China could be negatively affected.

Repatriation of profit and currency conversion

The government of the PRC (the “PRC Government”) controls the convertibility of the RMB into foreign currencies. With effect from July 21, 2005, the PRC Government has reformed the RMB exchange rate regime into a managed floating exchange rate regime based on market supply and demand with reference to a portfolio of currencies, giving more flexibility as compared with the former system in which the RMB was pegged to the US dollar. Under this reformed system, the People’s Bank of China announces the closing price of a foreign currency traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the RMB on the following working day. PRC banks licensed to engage in foreign exchange transactions use the closing price announced by the People’s Bank of China as a basis and determine their own rate for foreign exchange sale and purchase transactions with customers. Although such new regulations have provided for greater liquidity of the RMB, the RMB is still not a freely convertible currency. The Company will earn revenues in RMB. Under existing regulations, there is no direct restriction on foreign exchange conversion (including dividend payments to foreign investors). The Company is allowed to pay obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. Any foreign exchange transaction on the capital account is subject to significant foreign exchange controls and requires the prior approval from SAFE. While the PRC Government is generally relaxing restrictions on foreign trade and investment, there is no certainty that all future local currency can be repatriated. There is also no assurance that the availability of foreign currency will be sufficient for the Company to satisfy its other foreign currency obligations. This may, in turn, adversely affect the Company's ability to pay dividends. There is also no guarantee that foreign exchange control policies will not be changed to require government approval to convert RMB into foreign currency on the company's current account. In addition, failure to obtain approval from SAFE for currency conversion on the capital account may impact on the Company's capital expenditure plans and its ability to expand in accordance with its wishes and objectives.

Foreign Exchange Registration of Offshore Investment by PRC Residents

On November 1, 2005, SAFE issued SAFE Circular No. 75, pursuant to which (i) a PRC resident must register with the local branch of SAFE before it establishes or controls an overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident contributes the assets of, or equity interests in, a domestic enterprise to an SPV, or engages in overseas financing after contributing assets or equity interests to an SPV, such PRC resident must undergo procedures for amending the foreign exchange registration for overseas investment with the local branch of SAFE to include information concerning the net assets or equity interests owned by the PRC resident in the SPV and its status of change; and (iii) when the SPV undergoes a material event outside of China, such as increases or decreases in investment amount, transfers or exchanges of shares, mergers or divisions, long-term equity or debt investment, guarantees of offshore obligations, or other material events that do not involve return investment, the PRC resident must, within 30 days after the occurrence of such event, register such change with the local branch of SAFE.

On May 29, 2007, SAFE formulated SAFE Circular No. 106, which was aimed at interpreting and clarifying SAFE Circular No. 75, but also provided certain new implementation grounds, such as clarification of the definition of PRC residents. According to SAFE Circular No. 106, foreigners (that is, persons without Chinese citizenship), under certain circumstances, are deemed to be PRC residents and hence required to complete the SAFE registrations and follow-up amendments in accordance with SAFE Circular No. 75.

If a PRC resident or deemed resident with a direct or indirect stake in an offshore parent company fails to make the required SAFE registration, the PRC subsidiaries of such offshore parent company may be prohibited from making distributions of profit to the offshore parent and from paying the offshore parent proceeds from any reduction in capital, share transfer or liquidation in respect of the PRC subsidiaries. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for foreign exchange evasion.

VRL directly acquired 90% equity interest of Yudian from a PRC limited liability company in 2010. When such acquisition was consummated, VRL was a Hong Kong vehicle eventually controlled by a Canada citizen. As such, although some PRC citizens, including Mr. Zhe Zhao, Mr. Yudian Zhao and Mr. ZiFu Zhu, have taken over majority shares of Saymour via several SPVs which took place afterwards the said acquisition, their shares in Saymour are not deemed to be in exchange of their holdings in Yudian (their holdings of 10% equity interest of Yudian were sold to another PRC limited liability company and VRL has not owned such 10% equity interest of Yudian), they had reason not to launch the application of SAFE Circular No. 75 registration and such status will be unchanged after the Transaction is completed.

Taxation

The Company, through Seymour, VRL and Yudian, currently conducts its business in China primarily.

China currently has a number of taxes imposed by both national and local government authorities. Applicable Chinese taxes include value added tax ("VAT"), corporate income tax and payroll (social) taxes. VAT is typically payable in China at a rate of 17% of taxable sales and is reduced by VAT paid on raw materials and related expenditures. Corporate income tax is typically payable in China at the rate of

25% of corporate net income, adjusted for tax purposes. Yudian will be subject to an income tax rate of 25%.

Under the interim regulation of the PRC on city and town and use tax in effect as of December 31, 2006, foreign-invested enterprises did not pay land use taxes on land use rights acquired with payment of land use fees and land grant fees. Under the amended interim regulation of the PRC on city and town land use tax effective January 1, 2007, foreign-invested enterprises are subject to land use taxes at the same rates (ranging from an annual rate of RMB0.6 to RMB30 per square meter based on the location of the land) as those paid by other land users on the land they use, including those land use rights acquired and paid for before the amended regulations take effect. The land use rights that may be obtained in the future for construction of office, staging, and drilling facilities on the Kongshan Property may be subject to the amended regulations.

Yudian has not been subject to the payment of BVI, Hong Kong or Canadian corporate tax due to losses.

Shareholders' Rights and Enforcement of Judgements

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

Service of Process within Canada

Some of the Company's directors and officers are not residents of Canada and a significant part of its assets are, or will be, located outside of North America. As a result, it may be difficult or impossible for Canadian shareholders to effect service of process within Canada upon the Company, its directors or officers, or any experts, or to realize against them upon judgments of courts of Canada predicated upon civil liabilities under securities laws of Canada. In addition, shareholders should not assume that the courts in China: (a) would enforce judgments of Canadian courts obtained in actions against such persons predicated upon civil liabilities under the securities laws of Canada; (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under securities laws of Canada.

Labour Costs in China are Increasing

China recently improved its labour laws, especially in relation to higher legal minimum wages, better labour insurance and new mechanism to resolve labour disputes. In the years following the changes to Chinese labour laws, labour discontent at manufacturing plants of other major international companies such as Foxconn and Honda Motors in the Pearl River Delta area, and waves of wage increases in general in China, have occurred. Even though the Company's operation is situated in China away from the area of high labour costs, with the migration of the traditional manufacturing plants from high labour cost areas, the local labour costs may rise in the near future. In order to keep enough workers, the wages and compensation for the Company's employees may have to follow the increasing trend of the local labour market.

Foreign Exchange Registration Requirements for PRC Citizens

On October 21, 2005, the SAFE issued the Circular on "Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investments via Overseas Special Purpose Companies," known as Circular No. 75, which became effective on November 1, 2005. Circular No. 75 and related rules provide, among other things, that prior to establishing or acquiring direct or indirect interest of an offshore company, or the Offshore SPV, for the purpose of financing that Offshore SPV with assets of, or equity interests in, an enterprise in the PRC, each PRC resident (whether a natural or legal person) holding direct or indirect interest in the Offshore SPV must complete prescribed registration procedures with the relevant local branch of the SAFE. Such PRC resident must amend his, her or its SAFE registration under certain circumstances, including upon any injection of equity interests in, or assets of, a PRC enterprise to the Offshore SPV as well as any material change in the capital of the Offshore SPV, including by way of a transfer or swap of shares, a merger or division, a long-term equity or debt investment or the creation of any security interests in favor of third parties. Circular No. 75 applies retroactively and to indirect shareholdings. PRC residents who have established or acquired direct or indirect interest of any Offshore SPVs that have made onshore investments in the PRC in the past were required to complete the registration procedures by March 31, 2006. The SAFE subsequently issued relevant guidance to its local branches with respect to the operational procedures of the SAFE registration under Circular No. 75.

VRL directly acquired 90% equity interest of Yudian from a PRC limited liability company in 2010. When such acquisition was consummated, VRL was a Hong Kong vehicle eventually controlled by a Canada citizen. As such, although some PRC citizens, including Mr. Zhe Zhao, Mr. Yudian Zhao and Mr. ZiFu Zhu, have taken over majority shares of Saymour via several SPVs which took place afterwards the said acquisition, their shares in Saymour are not deemed to be in exchange of their holdings in Yudian (their holdings of 10% equity interest of Yudian were sold to another PRC limited liability company and VRL has not owned such 10% equity interest of Yudian), they had reason not to launch the application of SAFE Circular No. 75 registration and such status will be unchanged after the Qualified Transaction is completed.

Because of the uncertainty over how SAFE Circular No. 75 will be interpreted and implemented, and how or whether SAFE will apply it to the Company, the Company cannot predict how it will affect its business operations or future strategies. The Company cannot provide any assurance, nor does it have any control over, direct or indirect shareholders and the outcome of any registration.

Developing Legal System

The Chinese legal system is a system based on written statutes that are often incomplete or ambiguous. They are interpreted by the Supreme Peoples' Court and prior court decisions may be cited for reference but have limited precedent value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation, and trade.

However, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties. In addition, many judges in the PRC take a pragmatic view of the law and seek to resolve problems without necessarily enforcing the legal rights of the aggrieved parties. As the Chinese legal system develops, changes in such laws and regulations, their interpretation, or their enforcement, may have a material adverse effect on the Company.

Permits and Business Licenses

The Company, through its subsidiaries, holds various permits, business licenses and approvals authorizing their operations and activities which are subject to periodic review and re-assessment by the Chinese authorities. Standards of compliance necessary to pass such reviews change from time to time and differ from jurisdiction to jurisdiction, leading to a degree of uncertainty. If renewals, or new permits, business licenses, or approvals required in connection with existing or new mining facilities or activities, are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, the Company may suffer a material adverse effect. If new standards are applied to renewals or new applications, it could prove costly to the Company to meet any new level of compliance.

Appropriation

The Company, through its subsidiaries, may hold certain land use rights in China in the future. Under PRC law, land use rights can be revoked in the public interest, although holders of such appropriated land use rights typically receive compensation. Events in China have shown that the public interest rationale is interpreted quite broadly and the process of land appropriation may be less than transparent. If the Company's land use rights are revoked, the Company may suffer a material adverse effect.

Use of and Reliance on Experts

The Company has relied on the work of Bridgemark Financial Corp. to provide an independent valuation of the market value of the Kongshan Property described herein and referred to in the Technical Report and the Saymour financial statements.

The valuation report was prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators and in compliance with the Standards and Guidelines for Valuation of Mineral Properties as outlined by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties.

As of the current date and to the Company's knowledge, the registered or beneficial interests, direct or indirect, in any of the Company's securities or other property of the Company held by, received by, and to be received by the "designated professionals" (as defined in National Instrument 51-102) including the partners, employees or consultants of Bridgemark Financial Corp., represent less than 1% of any class of securities issued by the Company or of any of the Company's associates or affiliates.

XV. PROMOTERS

N/A

XVI. LEGAL PROCEEDINGS

There are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated.

There are no legal proceedings material to Seymour, VRL or Yudian or to which Seymour, VRL or Yudian is a party or of which any of their respective property is the subject matter, and there are no such proceedings known to Seymour, VRL or Yudian to be contemplated.

XVII. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No material conflict of interest, either direct or indirect, is currently known to exist with respect to any proposed transaction, or any transaction consummated over the three years before the date of this Material Change Report, that has affected or will materially affect the Company, Seymour, VRL or Yudian. Conflicts of interest may arise as a result of the proposed directors and officers of the Company also holding positions as directors or officers of other companies. Some of those individuals have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the BCBCA, as applicable, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

XVIII. AUDITORS, TRANSFER AGENTS AND REGISTRARS

XVIII.1 AUDITORS

The auditor of Saymour is Manning Elliott LLP, of 11th Floor 1050 West Pender Street Vancouver, BC Canada V6E 3S7. Manning Elliott LLP is also the auditors of the Company.

The former auditor of the Company was Thomas Tong & Co. Inc. Certified General Accountant, 207 - 8680 Cambie Road, Richmond, B.C. Canada V6X 4K1.

XVIII.2 TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Company is Computershare Investor Services Inc. at its Vancouver office located at 2nd floor, 510 Burrard Street, Vancouver, B.C., V6C 3B9.

XIX. MATERIAL CONTRACTS

The Company has not entered into any material contracts within the two years before the date of this Material Change Report, other than contracts entered into in the ordinary course of business, except as follows:

(a) The Amalgamation Agreement;
(b) Subscription agreements related to the Non-Brokered Private Placement completed on February 27, 2013; and
(c) Arrangement Agreement between Silican Processing Corp., 0922323 B.C. Ltd., 0922327 B.C. Ltd. and 0922372 B.C. Ltd., dated as of October 8, 2011.

XX. INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included herein other than Peter G. Folk, who prepared the Company's independent technical report in accordance with NI 43-101 and Manning Elliott LLP, the Company's auditor. Peter G. Folk does not have any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or the Company's Associates or Affiliates either at the time he prepared the Technical Report or, at any time thereafter or to be received by him. Manning Elliott LLP is independent of each of the Company and Saymour in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

XXI. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Material Change Report, there are no other material facts about the Company, Seymour, Saymour, VRL or Yudian and their respective securities which are necessary in order for this Material Change Report to contain full, true and plain disclosure of all material facts relating to the Company, Seymour, Saymour, VRL and Yudian and their respective securities.

XXII. FINANCIAL STATEMENTS

Attached to this Material Change Report are copies of the consolidated audited financial statements for Saymour for the years ended December 31, 2012, 2011 and 2010 and consolidated unaudited financial statements for Saymour for the three month period ended March 31, 2013. The auditor's consent letter of Manning Elliott LLP are also attached.

Schedule "A"

Consolidated Audited Financial Statements for Saymour for the Years Ended December 31, 2012, 2011 and 2010

Saymour Metal Holdings Inc.
Consolidated Financial Statements
For the Years Ended December 31, 2012, 2011 and 2010

MANNING ELLIOTT
CHARTERED ACCOUNTANTS
11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Directors of:
Saymour Metal Holdings Inc.

We have audited the accompanying consolidated financial statements of Saymour Metal Holdings Inc. and its Predecessor, Xichuan Vanadium Resources Co., Ltd., which comprise the consolidated statements of financial position as at December 31, 2012, 2011 and 2010, and the consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Except as explained in the following paragraph, we believe that the audit evidence we have obtained based on our audits is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We were appointed auditors for Saymour Metal Holdings Inc. and its Predecessor, Xichuan Vanadium Resources Co., Ltd., after December 31, 2009, and were therefore not able to observe the counting of physical inventory quantities as at December 31, 2009, nor satisfy ourselves concerning the existence of physical inventory quantities as of that date by alterative means. Since opening inventory enters into the determination of the results of operations and cash flows, we were unable to determine whether adjustments might be necessary to cost of sales, gross profit, net income, cash flows from operating activities and opening retained earnings for the year ended December 31, 2010.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Saymour Metal Holdings Inc. and its Predecessor, Xichuan Vanadium Resources Co., Ltd., as at December 31, 2012, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Manning Elliott LLP

Chartered Accountants
Vancouver, British Columbia

June 3, 2013

Saymour Metal Holdings Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	December 31, 2012	December 31, 2011	(Basis of Presentation Note 2) Predecessor December 31, 2010
		$	$	$
Current Assets				
Cash		229,306	379,965	100,499
Restricted cash	4	-	9,783,684	1,961,702
Notes receivable	5	1,416,548	743,362	-
Accounts receivable	6	1,414,158	1,784,476	-
Other receivables	6	270,271	250,587	225,249
Inventory	7	3,890,721	4,146,392	2,581,073
Prepaid expenses	8	350,659	301,128	156,992
		7,571,663	17,389,594	5,025,515
Deposit for mineral property	8	362,282	2,188,600	497,970
Construction in progress	9	807,102	1,343,339	1,129,443
Property, plant and equipment	9	11,363,211	9,931,462	7,646,000
Intangible assets	10	1,949,499	2,080,793	2,051,039
Deferred income tax asset	19	512,649	224,547	160,494
		22,566,406	33,158,335	16,510,461
Current Liabilities				
Accounts payable and accrued liabilities	11	4,682,691	4,639,235	4,332,236
Notes payable	12	-	4,848,015	3,018,002
Short-term loans	13	7,085,343	15,794,018	1,961,702
Deferred revenue	20	33,537	80,800	-
Due to related parties	14	1,043,582	338,588	4,196,289
Other taxes payable	15	760,670	859,563	413,609
Income taxes payable		582,544	913,838	696,058
		14,188,367	27,474,057	14,617,896
Decommissioning liability	16	587,367	534,726	449,226
		14,775,734	28,008,783	15,067,122
Shareholders' Equity				
Share capital	17	-	-	-
Contributed surplus		528,826	528,826	528,826
Reserves	18	997,954	761,943	289,307
Non-controlling interest		330,009	320,678	111,638
Retained earnings		5,570,497	3,140,815	372,614
Accumulated other comprehensive income		363,386	397,290	140,954
		7,790,672	5,149,552	1,443,339
		22,566,406	33,158,335	16,510,461

COMMITMENTS AND CONTINGENT LIABILITIES (Note 25)
SUBSEQUENT EVENTS (Note 29)

Approved on June 3, 2013 on behalf of the Board:

"Yudian Zhao"
Director

"Ming Jiao"
Director

See accompanying notes to consolidated financial statements.

Saymour Metal Holdings Inc.
Consolidated Statements of Comprehensive Income
(Expressed in Canadian Dollars)

	Note	Year Ended December 31, 2012	Year Ended December 31, 2011	(Basis of Presentation Note 2) Predecessor Year Ended December 31, 2010
		$	$	$
Revenue		25,526,965	23,576,918	16,415,988
Direct costs		20,402,822	18,304,923	12,328,059
Gross profit		5,124,143	5,271,995	4,087,929
Expenses				
Selling and distribution	26	310,888	97,670	96,242
General and administrative	27	798,077	575,194	692,970
Accretion of decommissioning liability		58,449	50,750	41,209
Debt interest		1,127,912	343,773	77,004
		2,295,326	1,067,387	907,425
Income before other income		2,828,817	4,204,608	3,180,504
Other income				
Government grants	20	136,229	15,288	-
Miscellaneous		5,823	-	-
Forgiveness of loan interest	13	-	-	125,190
		142,052	15,288	125,190
Net income before income taxes		2,970,869	4,219,896	3,305,694
Current income taxes	19	580,813	858,623	677,186
Deferred income taxes	19	(288,383)	(69,900)	(31,390)
		292,430	788,723	645,796
Net income		2,678,439	3,431,173	2,659,898
Other Comprehensive Income (loss)				
Unrealized (loss) gain on foreign exchange		(37,318)	275,040	8,829
Comprehensive income		2,641,121	3,706,213	2,668,727
Net income attributable to:				
Controlling shareholders of the Company		2,665,694	3,240,837	2,659,898
Non-controlling shareholders of the Company		12,745	190,336	-
		2,678,439	3,431,173	2,659,898
Comprehensive income attributable to:				
Controlling equity holders of the Company		2,631,790	3,497,173	2,668,727
Non-controlling equity holders of the Company		9,331	209,040	-
		2,641,121	3,706,213	2,668,727
Earnings per share – basic and diluted	3(p)	13.16	16.85	13.06
Weighted average number of outstanding shares	3(p)	203,590	203,590	203,590

See accompanying notes to consolidated financial statements.

Saymour Metal Holdings Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Contributed Surplus $	Reserves $	Non-controlling Interest $	Retained Earnings (Deficit) $	Accumulated Other Comprehensive Income $	Total Shareholders Equity $
Balance, January 1, 2010	-	275,000	-	-	-	(1,997,977)	132,125	(1,590,852)
Share capital injection – mineral property	-	328,596	-	-	-	-	-	328,596
Reorganization of share capital - Predecessor	-	(603,596)	603,596	-	-	-	-	-
Contribution	-	-	607,410	-	-	-	-	607,410
Reorganization of share capital – Saymour Metal Holdings Inc.	50,000	46,922	(682,180)	-	111,638	-	-	(523,620)
Less shares issued but unpaid	-	(46,922)	-	-	-	-	-	(46,922)
Transfer to reserve for the year	-	-	-	289,307	-	(289,307)	-	-
Net income	-	-	-	-	-	2,659,898	-	2,659,898
Foreign exchange translation adjustment	-	-	-	-	-	-	8,829	8,829
Balance, December 31, 2010	50,000	-	528,826	289,307	111,638	372,614	140,954	1,443,339
Exercise of stock options	153,590	-	-	-	-	-	-	-
Allocation to reserve	-	-	-	472,636	-	(472,636)	-	-
Net income	-	-	-	-	190,336	3,240,837	-	3,431,173
Foreign exchange translation adjustment	-	-	-	-	18,704	-	256,336	275,040
Balance, December 31, 2011	203,590	-	528,826	761,943	320,678	3,140,815	397,290	5,149,552
Allocation to reserve	-	-	-	236,011	-	(236,011)	-	-
Net income	-	-	-	-	12,745	2,665,694	-	2,678,439
Foreign exchange translation adjustment	-	-	-	-	(3,414)	-	(33,904)	(37,318)
Balance, December 31, 2012	203,590	-	528,826	997,954	330,009	5,570,497	363,386	7,790,672

Saymour Metal Holdings Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended December 31, 2012 $	Year Ended December 31, 2011 $	(Basis of Presentation Note 2) Predecessor Year Ended December 31, 2010 $
OPERATING ACTIVITIES			
Net income for the year	2,678,439	3,431,173	2,659,898
Items not involving cash:			
Amortization of property, plant and equipment	974,018	752,797	564,321
Amortization of intangible assets	115,475	109,443	83,778
Accretion of decommissioning liability	58,449	50,750	41,209
Deferred income tax asset	(288,383)	(69,900)	(31,390)
	3,537,998	4,274,263	3,317,816
Changes in operating assets and liabilities:			
Accounts receivable	346,510	(1,687,223)	1,065,239
Other receivables	(22,445)	(8,860)	(59,361)
Notes receivable	(676,393)	(703,246)	-
Inventories	205,256	(1,307,697)	(813,985)
Prepaid expenses	(183,050)	(181,368)	92,598
Accounts payable and accruals	9,122	393,889	1,226,926
Income taxes payable	(317,955)	159,333	639,872
Deferred revenue	(45,938)	76,440	(110)
Cash provided by operating activities	2,853,105	1,015,531	5,468,995
INVESTING ACTIVITIES			
Recovery of (deposit for) mineral property	1,916,400	(1,510,965)	-
Acquisition of land use right	-	-	(2,370,396)
Acquisition of plant and equipment	(1,993,716)	(2,528,586)	(1,321,571)
Acquisition of patent rights	(9,504)	-	-
Transfer to restricted cash	9,590,270	(7,268,260)	(1,961,702)
Cash provided by (used in) investing activities	9,503,450	(11,307,811)	(5,653,669)
FINANCING ACTIVITIES			
Recapitalization as Saymour	-	-	37,688
Increase (decrease) in related party amounts	778,648	(3,932,634)	(3,290,868)
Proceeds from short term loans	23,111,104	16,011,828	1,189,424
Repayment of short term loans	(31,565,012)	(3,057,590)	(760,722)
Increase in notes payable	-	10,701,564	3,018,002
Repayment of notes payable	(4,752,174)	(9,172,769)	-
Cash (used in) provided by financing activities	(12,427,434)	10,550,399	193,524
Effect of changes in exchange rates on cash	(79,779)	21, 347	215
(Decrease) increase in cash	(150,659)	279,466	9,065
Cash, beginning	379,965	100,499	91,434
Cash, ending	229,306	379,965	100,499
Supplemental disclosure of cash flow information:			
Cash paid for interest	1,123,911	322,069	67,158
Cash paid for income taxes	1,967,210	699,505	-

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Saymour Metal Holding Inc. (the "Company" or "Saymour"), through its subsidiary, Xichuan Vanadium Resources Co., Ltd. ("Xichuan Vanadium" or the "Predecessor") in Xichuan, Henan Province, Peoples Republic of China ("China" or "PRC"), is in the business of exploration, mining, acquisition and development of mineral properties focusing on vanadium, and the production and sale of ammonium metavanadate for industrial use. Saymour, through Xichuan Vanadium, currently conducts its mining in the PRC while searching for additional vanadium mining properties globally.

Saymour was incorporated on January 27, 2010 pursuant to the laws of the British Virgin Islands. The address of the Company's registered office is 3993 Michener Court, North Vancouver, BC, Canada. These consolidated financial statements include the operations, assets, and obligations of the Company from December 28, 2010 as well as the assets and operations of its wholly owned subsidiary, Vanadium Resources Limited ("Vanadium Resources") and its 90% (previously 80%) owned subsidiary Xichuan Vanadium for the years presented.

2. BASIS OF PRESENTATION

Xichuan Vanadium Resources Co., Ltd. ("Xichuan Vanadium" or the "Predecessor")

Xichuan Vanadium was incorporated on June 8, 2007 under the business laws of China. On July 1, 2007, Henan Xichuan Yudian Chemical & Metallurgical Co., Ltd. ("Yudian Chemical") completed the transfer of certain net assets and operations comprising its vanadium ore extraction and ammonium metavanadate processing business to Xichuan Vanadium in exchange for an 80% interest in Xichuan Vanadium. Since Yudian Chemical controlled 80% of the share capital of Xichuan Vanadium, subsequent to the transfer, this transaction was considered a related party transaction not in the ordinary course of operations and the net assets transferred were accounted for as a continuity of interest based on their carrying values as reported by Yudian Chemical immediately prior to the transfer. On February 18, 2010, Yudian Chemical acquired an additional 10% interest in Xichuan Vanadium in exchange for the transfer of an additional resource property to Xichuan Vanadium. Also see Notes 10(b) and 14(e).

The carrying values of the net assets transferred to Xichuan Vanadium on July 1, 2007 were comprised as follows:

Cash	$ 1,072
Accounts receivable	791,994
Inventory	1,294,353
Prepaid	9,724
Building machinery and equipment	2,491,809
Construction in progress	1,314,169
Land use rights	48,199
Short term loan	(258,955)
Accounts payable and accrued liabilities	(799,449)
Long term loan	(55,880)
	$4,837,036

The financial statements figures presented for 2010 for Xichuan Vanadium are considered those of the Company's predecessor.

Vanadium Resources Limited ("Vanadium Resources") and Saymour Metal Holdings Inc. ("Saymour")

Vanadium Resources was incorporated by Saymour on February 18, 2010 in Hong Kong under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). On December 27, 2010, Vanadium Resources acquired a 90% interest in Xichuan Vanadium from Yudian Chemical in exchange for shares of Vanadium Resources.

Because Saymour, Vanadium Resources, and Yudian Chemical were under common control, the acquisition of Xichuan Vanadium by Vanadium Resources was considered a related party transaction not in the ordinary course of operations and was accounted for as a continuity of interest with a concurrent change in share capital structure.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Continuity of Interest

Since its inception, Xichuan Vanadium's assets and operations were controlled, directly or indirectly, by the same shareholders. The consolidated financial statements of the Company comprise the operations, assets and obligations of the Predecessor, Xichuan Vanadium, from January 1, 2008 to December 27, 2010; and the operations, assets and obligations of Saymour, Vanadium Resources, and Xichuan Vanadium from December 28, 2010 to December 31, 2010, and for the years ended December 31, 2011 and December 31, 2012.

The consolidated financial statements of the Predecessor presented as comparatives for the year ended December 31, 2010 represent the net assets and operations of Xichuan Vanadium without Saymour and Vanadium Resources because Saymour and Vanadium Resources did not exist at that time.

The consolidated financial statements of the Company presented as at and for the years ended December 31, 2010, 2011, and 2012 have been presented as if they are the continuing net assets and operations of the Predecessor on a continuity of interest basis, and also the net assets and operations of Saymour and Vanadium Resources from December 28 to December 31, 2010, and as at and for the years ended December 31, 2012 and 2011. Accordingly, the December 31, 2012, December 31, 2011 and December 31, 2010 consolidated financial statements include the assets and liabilities of Saymour and Vanadium Resources at December 31, 2012, December 31, 2011 and December 31, 2010 respectively and the operations of these two companies for the four-day period from December 28, 2010 to December 31, 2010, as well as the assets, liabilities and operations of the Predecessor as at and for the years ended December 31, 2012, December 31, 2011 and December 31, 2010. All intercompany transactions and balances for those periods, where consolidation is applicable, have been eliminated. The presentation of the net assets and operations comprising the Company for the year ended December 31, 2010 is summarized in the table below:

	As at and for the year ended December 27, 2010 Xichuan Vanadium (Predecessor) $	As at and for the four-day period ended December 31, 2010 Saymour and Vanadium Resources $	As at and for the year ended December 31, 2010 Company $
Assets			
Cash	63,632	36,867	100,499
Restricted cash	1,961,702	–	1,961,702
Other receivables	225,249	–	225,249
Inventory	2,581,073	–	2,581,073
Prepaid expenses	156,992	–	156,992
Deposit for mineral property	497,970	–	497,970
Construction in progress	1,129,443	–	1,129,443
Plant and equipment	7,646,000	–	7,646,000
Intangible assets	2,051,039	–	2,051,039
Investment	–	–	–
Deferred income taxes	160,494	–	160,494
Total Assets	16,473,594	36,867	16,510,461
Liabilities and Shareholder's Equity			
Accounts payables and accrued liabilities	4,332,236	–	4,332,236
Notes payable	3,018,002	–	3,018,002
Short term loan	1,961,702	–	1,961,702
Due to shareholder and related party	4,196,289	–	4,196,289
Taxes payable	413,609	–	413,609
Income tax payable	696,058	–	696,058
Decommissioning liability	449,226	–	449,226
Share capital	603,597	(603,597)	–
Contributed surplus	–	528,826	528,826
Non-controlling interest	–	111,638	111,638
Retained earnings	661,921	–	661,921
Accumulated other comprehensive income	140,954	–	140,954
Total Liabilities and Shareholder's Equity	16,473,594	36,867	16,510,461

2. BASIS OF PRESENTATION (continued)

At December 27, 2010, immediately prior to the acquisition of Xichuan Vanadium by Saymour, Xichuan Vanadium had share capital of $603,597. Upon combining Xichuan Vanadium with Saymour, this amount was accounted for and presented as contributed surplus because the transaction was considered to be a recapitalization of the Predecessor (Xichuan Vanadium). The share capital presented after December 27, 2010 is the legal share capital of Saymour.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are expressed in Canadian dollars and are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board including the following significant accounting policies:

(a) Revenue recognition

Sales revenue is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, delivery has occurred and there is reasonable assurance of collection of the sales proceeds.

The Company generally obtains acknowledgement from its customers, and considers delivery to have occurred when the delivery terms set out in the sales contracts have been fulfilled.

A major portion of the Company's sales are to Yudian Chemical, which controlled Xichuan Vanadium prior to December 27, 2010, and continues to influence Xichuan Vanadium after December 27, 2010.

(b) Cash equivalents

Cash equivalents consist of highly liquid investments that are readily convertible to cash with maturities of three months or less when purchased.

(c) Accounts receivable

Accounts receivable are carried at original invoice amounts less allowances made for doubtful receivables based on a periodic review of accounts receivable balances. An allowance for doubtful accounts receivable is made when there is objective evidence that the Company will not be able to collect the amounts due according to original payment terms.

(d) Inventory

Inventory, comprising finished goods (ammonium metavanadate) and raw materials (ore and other chemical ingredients), is stated at the lower of cost and net realizable value using a weighted average cost flow assumption. The cost of finished goods comprises the raw materials, direct labour, other direct costs and related production overheads. The cost of raw materials includes the cost of purchased or mined ore and related ingredients and delivery costs. Net realizable value is the estimated selling price in the ordinary course of business, less any costs to complete and sell the product. An allowance for obsolete, slow-moving or defective inventories is made as it occurs.

(e) Deferred financing costs

Professional, consulting and regulatory fees, as well as other costs directly attributable to financing transactions, are reported as deferred financing costs until the transactions are completed if the completion of the transaction is considered to be likely. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost which includes the acquisition price and any direct costs to bring the asset into productive use at its intended location.

Amortization of property, plant and equipment is calculated using the straight-line method to write off the cost, net of any estimated residual value, over the estimated useful lives as follows:

Building	20 years
Machinery and equipment	10 and 20 years
Office furniture and equipment	5 years
Vehicles	4 years
Electronics	3 years

During 2010, the Company revised its estimate of the useful life of certain equipment from 20 years to 10 years because it increased the production rate at which this equipment was operating. Accordingly, the equipment is no longer expected to remain productive for 20-year life originally estimated.

(g) Construction-in-progress

Construction-in-progress is stated at cost, which comprises all direct and indirect costs of procuring, assembling and testing the asset. Upon completion, construction-in-progress is transferred to property, plant and equipment and is amortized upon being available for use.

(h) Impairment of long-lived assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable from the future undiscounted net cash flows expected to be generated by the asset. If the asset is not fully recoverable, an impairment loss is recognized for the difference between the carrying value of the asset and its estimated fair value based on discounted net future cash flows expected from the asset or quoted market prices for disposal of the asset. The Company has not recognized any impairment losses to date.

(i) Intangible Assets

Land use rights

Land use rights are recorded at cost and are amortized over 50 years, which is the term of the land use right set by the Chinese government.

Mineral Property

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are depleted using the unit of production method over the estimated recoverable ore reserves. Management periodically assesses the carrying values and productive lives of properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed or otherwise ceased to have productive capability, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. Amounts capitalized as resource properties represent costs incurred to date, less write-downs and recoveries, and does not necessarily reflect present or future values.

Patent rights

Patent rights are recorded at cost and are amortized over 20 years, which is the term of the patent right set by the Chinese government.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Decommissioning liability

The Company recognizes a decommissioning liability at fair value in the period in which they are incurred. The restoration costs are capitalized as part of the cost of the related mineral property and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

(k) Income tax

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences which arise between the accounting basis and the tax basis of various assets and liabilities, and are measured using substantively enacted tax rates and laws expected to apply when these differences reverse. A valuation allowance is provided for any future income tax assets if it is more likely than not that the asset will not be realized.

(l) Reserve funds

The Company is required to appropriate a portion of its annual profit to various statutory reserve funds in accordance with PRC regulations. Certain of these statutory reserve funds are restricted as to the distribution of dividends and other distributions (see Note 18).

(m) Research and development

Research costs are expensed and charged to income in the year incurred. Development costs are charged as an expense in the year incurred unless the product or process to which they relate can be clearly defined and quantified in which case development costs may be capitalized. To December 31, 2012, the Company has not capitalized any development costs.

(n) Financial Instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable, short term loans, and amounts due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Foreign currency translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of Saymour and Vanadium Resources is the US dollar and these entities transact primarily in US dollars. The functional currency of the Company's wholly-owned PRC subsidiary, Xichuan Vanadium, which comprises substantially all of the Company's assets and operations, is the Chinese Renminbi ("RMB").

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the income statement.

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated at the year end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included in accumulated other comprehensive income in shareholders' equity.

(p) Earnings per share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings per share. Diluted earnings per share excludes all dilutive potential common shares if their effect is anti-dilutive. The Company does not currently have any convertible instruments outstanding that could give rise to diluted earnings per share.

The per share calculations for the consolidated financial statements have been presented retrospectively to account for all transactions which occurred as at and for the years ended December 31, 2012, December 31, 2011, and December 31, 2010 related to the share capitalization outlined in Note 17.

(q) Government Assistance

The Company receives financial assistance under certain government incentive programs relating to land development and capital expenditures and the going public process. Government assistance received relating to capital expenditure is reflected as a reduction of the cost of the related capital property, or is presented as a liability until the capital expenditure has been incurred at which point it is offset as a reduction of the capital expenditure. Government assistance relating to the going public process is netted against costs in general and administration expenses in the statement of operations as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

(r) Use of estimates and judgments

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations.

Significant areas requiring the use of management estimates include the recognition of revenue, allowance for doubtful receivables, obsolescence of inventories, useful lives of property, plant and equipment, determination of accrued liabilities, determination of production costing, recognition of deferred income tax assets and liabilities and impairment of long lived assets. Actual results could differ from the estimates made.

Significant areas involving the use of management judgments include the timing of recognition of government assistance, determination of when development costs incurred can be clearly defined and quantified in which case development costs may be capitalized, and the determination of functional and reporting currency.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resourced embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(t) Recent accounting pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these consolidated financial statements. The following standards and interpretations have been issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committees with effective dates relating to the annual accounting periods starting on or after the effective dates as follows:

International Accounting Standards		Effective Date
IAS 1 – Presentation of Financial Statements	In June 2011, the IASB issued an amendment to IAS 1, which requires entities to separately present items in other comprehensive income based on whether they may be recycled to profit or loss in future periods.	January 1, 2013
IAS 19 – Employee Future Benefits	In June 2011, the IASB issued an amendment to IAS 19, which changes the recognition, measurement and presentation of defined benefit pension expense and provides for additional disclosures for all employee benefits.	January 1, 2013
IFRS 10 – Consolidated Financial Statements	IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 changed the definition of control such that the same criteria are applied to all entities to determine control. IFRS 10 supersedes all of the guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation – Special Purpose Entities.*	January 1, 2013
IFRS 11 – Joint Arrangements	IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures,* and SIC 13, *Jointly Controlled Entities – Non-monetary Contributions.*	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.	January 1, 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Recent accounting pronouncements (continued)

IFRS 13 – Fair value measurement	IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.	January 1, 2013
IAS 27 – Separate Financial Statements	As a result of the issue of the new consolidation suite of standards, IAS 27 *Separate Financial Statements* has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provided the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.	January 1, 2013
IFRS 9 – Financial Instruments	In November 2009, as part of the IASB project to replace IIAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments*, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.	January 1, 2015

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Corporation has not been determined.

4. RESTRICTED CASH

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Security - Nanyang Commercial Bank note (Also Note 12)	-	-	1,961,702
To secure SPD Bank notes payable (Also see Note 12)	-	3,368,774	-
To secure SPD Bank short-term loan (Also see Note 13)	-	3,232,010	-
To secure Bank of China short-term loan (Also see Note 13)	-	2,106,812	-
To secure Bank of China short-term loan (Also see Note 13)	-	1,076,088	-
	-	9,783,684	1,961,702

Restricted cash has been classified as current because the loans for which it has been pledged as security have maturity dates of less than one year, at which point the security is released and the cash becomes available.

(Expressed in Canadian dollars)

5. NOTES RECEIVABLE

Notes receivable consists of bankers acceptances issued and guaranteed by banks in China. As at December 31, 2012, the Company held $1,416,548 (RMB 8,870,000) of bankers acceptances, all maturing before June 2013.

As at December 31, 2011, the Company held $743,362 (RMB4,600,000) of bankers acceptances, all maturing before July 2012.

6. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable
Xichuan Vanadium generally requires customers to prepay the full sales value before shipping goods to the customers. In recent years, the Company has begun to extend credit to some customers.

The 2012 accounts receivable balance of $1,414,158 (RMB 8,855,035) and 2011 accounts receivable balance of $1,784,476 (RMB11,042,519) arose primarily as a result of sales to the Company's non-related party customers. Also see Note 14(c).

Other receivables
Other receivables mainly consist of advances to employees of the Company.

7. INVENTORY

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Raw materials – vanadium ore and ingredients	2,284,588	3,049,748	1,680,301
Work-in-progress – leaching and roasting	1,266,493	960,256	868,140
Finished goods – ammonium metavanadate	339,640	136,388	32,632
	3,890,721	4,146,392	2,581,073

8. DEPOSIT AND PREPAID EXPENSES

During 2012, the Company made down payments of $115,820 (RMB725,227) (December 31, 2011: $144,353 (RMB893,273)) to suppliers to purchase equipment for the new plant.

During 2011, the Company paid down payments of $1,939,206 (RMB12,000,000) to Yudian Chemical to purchase three mineral properties (also see Note 14(d)). This purchase agreement was cancelled on January 6, 2012 and the deposit of $1,916,400 (RMB12,000,000) was returned to the Company. During 2011, the Company also paid $105,041 (RMB650,000) to the PRC government to purchase land lease rights for the new plant.

On November 7, 2009, the Company signed a contract to purchase a mineral property and paid a deposit of $505,890 (RMB3,300,000) to the seller. The mineral property is located in Hubei province, PRC. The purchase of the mineral property was subject to the seller obtaining the mining permit for the property. The Company had the right to recover the deposit from the third party if the mining permit was not granted by the PRC government. The seller did not obtain the mining permit from government; therefore, in May 2011, the deposit of $533,282 (RMB3,300,000) was returned to the Company.

(Expressed in Canadian dollars)

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Vehicles	Office Equipment	Electronic Equipment	Construction in progress	Total
	$	$	$	$	$	$	$
Cost							
December 31, 2009	3,849,330	3,640,806	34,528	14,582	8,190	210,499	7,757,935
Additions	744,021	750,669	50,962	2,993	38,822	929,844	2,517,311
Disposal	-	(22,017)	-	-	-	-	(22,017)
Foreign exchange movement	(66,346)	(62,956)	(957)	(253)	(446)	(10,900)	(141,858)
December 31, 2010	4,527,005	4,306,502	84,533	17,322	46,566	1,129,443	10,111,371
Additions	1,337,280	1,102,148	44,098	3,681	49,653	2,150,707	4,687,567
Disposals	(134,861)	-	-	-	-	-	(134,861)
Transfer to building and machinery	-	-	-	-	-	(2,024,121)	(2,024,121)
Foreign exchange movement	389,606	368,247	8,510	1,438	6,134	87,310	861,245
December 31, 2011	6,119,030	5,776,897	137,141	22,441	102,353	1,343,339	13,501,201
Additions	1,184,450	1,164,132	127,929	27,009	6,422	1,442,116	3,952,058
Government grant (see Note 20)	-	-	-	-	-	(217,816)	(217,816)
Transfer to building and machinery	-	-	-	-	-	(1,679,804)	(1,679,804)
Foreign exchange movement	(62,238)	(58,383)	(566)	(43)	(1,151)	(80,733)	(203,114)
December 31, 2012	7,241,242	6,882,646	264,504	49,407	107,624	807,102	15,352,525

(Expressed in Canadian dollars)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings	Machinery	Vehicles	Office Equipment	Electronic Equipment	Construction in progress	Total
	$	$	$	$	$	$	$
Accumulated amortization							
December 31, 2009	303,390	470,673	5,686	3,615	5,203	-	788,567
Additions	129,102	395,994	14,775	2,041	22,409	-	564,321
Foreign exchange movement	(5,805)	(10,607)	(210)	(73)	(265)	-	(16,960)
December 31, 2010	426,687	856,060	20,251	5,583	27,347	-	1,335,928
Additions	246,105	467,824	23,467	3,100	12,301	-	752,797
Foreign exchange movement	44,296	87,390	2,775	573	2,641	-	137,675
December 31, 2011	717,088	1,411,274	46,493	9,256	42,289	-	2,226,400
Additions	302,337	602,441	39,115	5,383	24,742	-	974,018
Foreign exchange movement	(5,957)	(11,662)	(227)	(65)	(295)	-	(18,206)
December 31, 2012	1,013,468	2,002,053	85,381	14,574	66,736	-	3,182,212
Net book value							
December 31, 2010	4,100,318	3,450,442	64,282	11,739	19,219	1,129,443	8,775,443
December 31, 2011	5,401,942	4,365,623	90,648	13,185	60,064	1,343,339	11,274,801
December 31, 2012	6,227,774	4,880,593	179,123	34,833	40,888	807,102	12,170,313

During the year ended December 31, 2010, Xichuan Vanadium changed the estimated useful life for certain machinery from 20 years to 10 years to reflect the increased usage of the machinery resulting from production rates that were higher than originally expected. The effect of this change in estimate is to increase machinery amortization by $34,336 for each year from 2010 through 2016, and decrease amortization by $34,336 for each year from 2017 through 2026.

(Expressed in Canadian dollars)

10. INTANGIBLE ASSETS

	Land use right $	Mineral property $	Patent rights $	Total $
Cost				
December 31, 2009	70,889	-	-	70,889
Additions	1,336,593	747,908	-	2,084,501
Foreign exchange movement	(12,040)	(6,117)	-	(18,157)
December 31, 2010	1,395,442	741,791	-	2,137,233
Additions	-	-	-	-
Foreign exchange movement	98,950	52,601	-	151,551
December 31, 2011	1,494,392	794,392	-	2,288,784
Additions	-	-	9,504	9,504
Foreign exchange movement	(17,566)	(9,337)	78	(26,825)
December 31, 2012	1,476,826	785,055	9,582	2,271,463
Accumulated amortization				
December 31, 2009	3,150	-	-	3,150
Additions	10,486	73,292	-	83,778
Foreign exchange movement	(135)	(599)	-	(734)
December 31, 2010	13,501	72,693	-	86,194
Additions	25,558	83,884	-	109,442
Foreign exchange movement	2,415	9,940	-	12,355
December 31, 2011	41,474	166,517	-	207,991
Additions	26,482	88,993	-	115,475
Foreign exchange movement	(272)	(1,230)	-	(1,502)
December 31, 2012	67,684	254,280	-	321,964
December 31, 2010	1,381,941	669,098	-	2,051,039
December 31, 2011	1,452,918	627,875	-	2,080,793
December 31, 2012	1,409,142	530,775	9,582	1,949,499

(a) Land use right

On June 30, 2007, Yudian Chemical transferred the land use right for a piece of land comprising 4,335 square meters near Jiuchong county, Henan, China on which Xichuan Vanadium's plant was situated, to Xichuan Vanadium for $52,064 (RMB345,020). In addition, in 2008, Xichuan Vanadium reimbursed $28,894 (RMB106,000) to local farmers for the loss of trees and crops and in 2009, Xichuan Vanadium reimbursed $1,747 (RMB11,400) to local farmers for the loss of crops in the course of construction.

On November 2, 2010, Xichuan Vanadium acquired the land use rights for a piece of land comprising 67,170 square meters near Jiuchong county, Henan, China on which Xichuan Vanadium's plant was situated, for $1,324,552 (RMB8,785,025). Of this amount, $1,173,778 (RMB7,785,025) was paid to the local government to acquire the land use right, and $150,900 (RMB1,000,000) was paid to the previous land owner as a reimbursement for reallocation cost.

(Expressed in Canadian dollars)

10. INTANGIBLE ASSETS (continued)

(b) Mineral property

On February 18, 2010, Yudian Chemical transferred its 100% encumbered mining interest in Kongshan Vanadium Resources Property ("Kongshan Property") to Xichuan Vanadium. Also see Notes 2 and 14(e). The Kongshan Property is being amortized over a period of 8 years and 9 months, based on estimated mineral reserves and estimated annual extraction rates.

(c) Patent rights

During the year ended December 31, 2012, the Company acquired two patent rights for a total of $9,582 (RMB 60,000). The patents have a remaining valid life of 16 and 18 years respectively.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of follows:

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Trade payables	3,882,180	3,731,172	3,604,808
Payroll payable	526,226	584,925	425,364
Payable to previous land owner (see Note 10(a))	-	-	150,900
Other	274,285	323,138	151,164
	4,682,691	4,639,235	4,332,236

12. NOTES PAYABLE

On August 31, 2011, the Company arranged for SPD Bank to issue a $4,848,015 (RMB30,000,000) letter of credit on its behalf to Kangsheng, a company under common control. This letter of credit is secured by $3,368,774 (RMB 20,846,311) (see Note 4) in restricted cash held by the bank which the Company has pledged as a security for the letter of credit. This amount was repaid on March 1, 2012.

On October 14, 2010, the Company arranged for Nanyang Commercial Bank to issue a $3,018,002 (RMB20,000,000) banker's acceptance on its behalf to Yudian Chemical to discharge the Company's obligation to Yudian Chemical in exchange for a note payable to the bank. The resulting note payable to the bank is secured by $1,961,702 (RMB13,000,000) (see Note 4) in restricted cash held by the bank which the Company has pledged as security for the note payable. This amount was repaid during 2011.

(Expressed in Canadian dollars)

13. SHORT-TERM LOANS

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Unsecured loan from Bank of Nanyang, $1,117,907 (RMB7,000,000), bearing annual interest rate 8.528%, and due on May 8, 2013.	1,117,907	-	-
Unsecured loan from Bank of Nanyang, $3,194,021 (RMB20,000,000), bearing annual interest rate 8.20%, and due on June 29, 2013.	3,194,021	-	-
Unsecured loan of $1,303,252 (RMB8,160,574) from a supplier bearing no interest and repayable on June 27, 2013.	1,303,252	-	-
Unsecured loan from Jiuchong Credit Union, $798,505 (RMB 5,000,000), bearing annual interest 10.8%, and due on August 3, 2013.	798,505	-	-
Unsecured loan from Jiuchong Credit Union, $319,402 (RMB 2,000,000), bearing annual interest 10.80%, and due on December 21, 2013.	319,402	-	-
Unsecured loans $352,256 (RMB2,205,720) from individuals, bearing no interest. All the loans are without specific terms of repayment.	352,256	711,042	452,700
Unsecured loan from Bank of Communications, $1,616,005 (RMB10,000,000), bearing an annual interest rate of 6.391%, and due on January 6, 2012.	-	1,616,005	-
Secured loan from SPD Bank, $3,031,625 (RMB18,760,000), bearing an annual interest rate of 6.50%, and due on September 2, 2012. Restricted cash $3,232,010 (RMB20,000,000) deposited as security. (Also see Note 4).	-	3,031,625	-
Secured loan from Bank of China, $6,313,490 (RMB39,068,507), bearing an annual interest rate of 7.268%, and due on April 26, 2012. Restricted cash of $2,106,812 (RMB13,037,161) has been deposited as security. (Also see Note 4).	-	6,313,490	-

(Expressed in Canadian dollars)

13. SHORT-TERM LOANS (continued)

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Secured loan from Bank of China, $2,990,653 (RMB18,506,459), bearing an annual interest rate of 7.326%, and due on May 15, 2012. Restricted cash of $1,076,088 has been (RMB6,658,942) deposited as security. (Also see Note 4)	-	2,990,653	-
Unsecured loan from Jiuchong Credit Union, $808,002 (RMB5,000,000), bearing an annual interest rate of 11.52%, and due on July 27, 2012.	-	808,002	-
Unsecured loan from Jiuchong Credit Union, $323,201 (RMB2,000,000), bearing an annual interest rate of 10.80%, and due on December 5, 2012.	-	323,201	-
Unsecured bank loan from Jiuchong Credit Union, $754,501 (RMB 5,000,000), bearing an annual interest rate of at 11.15%, and due on May 26, 2011.	-	-	754,501
Unsecured loan from Xichuan's Department of Finance, $754,501 (RMB20,000,000), bearing annual interest at 7.36%, and due on December 31, 2009. In December 2009, one-half of the loan was repaid. The due date was extended and one-quarter of the original advance was repaid from Jiuchong Credit Union. The interest payable of $125,190 was forgiven by the Department of Finance; the remaining balance was repaid in 2011.	-	-	754,501
	7,085,343	15,794,018	1,961,702

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS

(a) Amounts due to related party are non-interest bearing without specific terms of repayment as follows:

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Due to Kangsheng Special Material	342,159	-	-
Due to Yudian Chemical	701,423	338,588	4,196,289
Total	1,043,582	338,588	4,196,289

(b) The Company has identified the General Manager as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the years ended December 31, 2012, 2011, and 2010. Short-term key management compensation consists of the following, which are included in general and administrative expenses:

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Management fees			
General Manager	19,241	14,224	19,979

Included in other receivables are the following travel advances that have been provided to the General Manager:

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Due from General Manager	31,946	19,392	22,382

(c) During 2012, Xichuan Vanadium sold 210 tonnes of ammonium metavanadate to a company controlled by the major shareholder of the Company for $2,203,465 (RMB13,910,256). In 2011, Xichuan Vanadium sold 287 tonnes of ammonium metavanadate to a company controlled by the major shareholder of the Company for $2,944,433 (RMB19,259,829). In 2010, Xichuan Vanadium sold 542 tonnes of ammonium metavanadate to Yudian Chemical for consideration of $6,571,637 (RMB43,193,396), of which 456 tonnes, $5,778,032 (RMB37,977,272) was ultimately sold to third parties.

(d) During 2012, Xichuan Vanadium purchased 48 tonnes of vanadium pentoxide from Yudian Chemical for $454,909 (RMB2,871,795) and purchased other raw materials from Yudian Chemical for $110,595 (RMB 698,175). Xichuan Vanadium also purchased 175 tonnes of vanadium pentoxide from a company controlled by the major shareholder of the Company for $1,835,230 (RMB 11,585,624).

(e) On October 31, 2011, Xichuan Vanadium entered into a letter agreement with Yudian Chemical to purchase three mineral properties for total consideration of $4,848,015 (RMB30,000,000). At December 31, 2011, Xichuan Vanadium had advanced $1,939,206 (RMB12,000,000) to Yudian Chemical as a deposit for the mining permit application and transfer process in accordance with the purchase agreement. The prepayment is included in the deposit for mineral property at December 31, 2011. On January 6, 2012, this purchase agreement was cancelled and the deposit of $1,916,400 (RMB12,000,000) was returned to Xichuan Vanadium.

(f) On February 18, 2010, Yudian Chemical transferred the mining permit of Kongshan Property to Xichuan Vanadium for an additional 10% interest in Xichuan Vanadium. Also see Notes 2 and 10(b).

(g) During 2010, Xichuan Vanadium purchased ore from Yudian Chemical consisting of 16,217 tonnes for $94,409 (RMB625,641) ($5.82/tonne (RMB38.58/tonne)). In 2010, the price Xichuan Vanadium paid to Yudian Chemical covered ore digging and shipping cost and was significantly lower than the market price. Xichuan Vanadium's average purchase price for ore from third parties was $9.37/tonne (RMB62.10/tonne) in 2010.

(Expressed in Canadian dollars)

14. RELATED PARTY TRANSACTIONS (continued)

(h) On December 31, 2009, Yudian Chemical repaid 50% of the government loan in the amount of $1,509,001 (RMB10,000,000) out of the total loan of $3,018,002 (RMB20,000,000) on behalf of the Company. As at December 31, 2009, the remaining balance of $1,509,001 (RMB10,000,000) comprising 50% of the government loan remained outstanding, with $754,501 being repaid in each of 2010 and 2011 by the Company.

(i) On July 1, 2007, Yudian Chemical transferred various assets and liabilities to the Company for consideration of $4,837,036 (RMB34,624,453). Also see Note 2.

15. OTHER TAXES PAYABLE

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Value added taxes payable	175,993	371,456	143,412
Municipal and school taxes payable	213,945	220,162	119,559
Resource tax payable	366,986	256,775	144,706
Payroll taxes payable	3,746	11,170	5,932
	760,670	859,563	413,609

16. DECOMMISSIONING LIABILITY

The decommissioning liability results from Xichuan Vanadium's net ownership interests in the Kongshan Property. The Company estimated the total undiscounted cash flows required to settle its decommissioning liability to be approximately $1,094,527 (RMB6,853,600), which will be incurred over the next eight years. A credit adjusted risk free rate of 11.15% was used to calculate the estimated fair value of the decommissioning liability in the amount of $587,367 (RMB3,677,917) at December 31, 2012, $534,726 (RMB3,308,938) at December 31, 2011 and $449,226 (RMB2,976,975) at December 31, 2010.

17. SHARE CAPITAL

Authorized

The Company is authorized to issue a maximum of 203,590 shares of a single class with par value of $0.94 (US$1.00) each.

Issued and outstanding

	Number of Shares	$
Predecessor		
Balance, January 1, 2010	–	275,000
Share capital injection – mineral property	–	328,597
Balance, December 27, 2010	–	603,597
Reclassification to contributed surplus (Note 2)	–	(603,597)
Balance, December 31, 2010	–	–
Saymour - the Company		
Shares issued	50,000	46,922
Less shares issued but unpaid	–	(46,922)
Balance, December 31, 2010	50,000	–
Exercise of stock options	153,590	–
Balance, December 31, 2011 and 2012	203,590	–

17. SHARE CAPITAL (continued)

Predecessor

(a) On June 4, 2007, Yudian Chemical injected share capital of $220,000 (RMB1,600,000) into Xichuan Vanadium; and three individual shareholders injected $27,500 (RMB200,000), $13,750 (RMB100,000), and $13,750 (RMB100,000) respectively into the Company.

(b) On March 20, 2010, share capital of $328,597 (RMB2,200,910) was contributed into Xichuan Vanadium by one of its then shareholders, Yudian Chemical, by transferring the Kongshan Property to Xichuan Vanadium. Also see Notes 10(b) and 14(e).

The Company

(c) On January 27, 2010, Saymour issued 50,000 shares at US$1.00 per share for $46,922 (US$50,000). As the amounts for these shares have not yet been paid to the Company, a reduction to share capital has been presented in equity at December 31, 2010, 2011, and 2012 for the outstanding consideration.

(d) At December 31, 2012, December 31, 2011 and December 31, 2010, Xichuan Vanadium's share capital remains as the Company's share capital upon consolidation as Xichuan Vanadium was considered to be the continuing operating company as described in Note 2.

(e) On March 9, 2011, Saymour issued 153,590 common shares to six shareholders for no additional consideration based on earlier subscriptions. After the share issuance, one shareholder and parties related directly to him own 77.85% of Saymour's share capital.

18. RESERVES

According to the Company Law of China, the Company's Chinese subsidiaries are required each year to transfer 10% of the profit after tax as reported in their financial statements, prepared in accordance with Chinese law, to the statutory common reserve fund until the fund reaches 50% of the registered capital. This fund can be used to make up for any losses incurred in the future or be converted into paid-in capital, provided that the fund does not fall below 25% of the registered capital.

The Company also transferred 5% of the profit after tax, computed in accordance with applicable Chinese law, to each of the enterprise expansion fund and employee welfare fund as determined by the board of directors. These funds are used for the collective welfare of staff and workers of the Company.

19. INCOME TAX

The Company conducts 100% its business in PRC. PRC currently has tax laws related to various taxes imposed by both federal and regional governments. Applicable taxes include value added tax, corporate income tax, payroll or social taxes, business enterprise tax and others. Laws related to these taxes have not been effective for very long compared to laws of more developed countries. The implementation of regulations is frequently unclear and their application is sometimes inconsistent or non-existent. Conflicting opinions about interpretation and application often exist among and within government ministries and organizations creating uncertainties and conflict.

Tax declarations, together with other legal compliance areas such as customs and currency controls, are subject to review and investigation by various agencies and authorities, who are enabled by law to impose very severe fines, penalties and interest charges. These facts create tax risks in PRC substantially more significant than typically found in countries with more developed tax systems and structures.

Various tax authorities could take differing positions on interpretive issues and the effect could be significant. The fact that a year has been reviewed does not close that year, or any tax declaration applicable to that year, from future review and assessment by tax authorities.

(Expressed in Canadian dollars)

19. INCOME TAX (continued)

On March 16, 2007, PRC introduced the new Enterprise Income Tax Law of the People's Republic of China which came into force on January 1, 2008. Among other measures, the new tax law introduces a 25% tax rate for foreign invested enterprises and domestic enterprises, with some reduced rates for qualified small companies. Although certain existing preferential tax policies, including those previously applicable to foreign invested entities will be eliminated going forward, most existing preferential tax incentives previously granted will continue to be grandfathered for up to five years.

The tax law also imposes a 10% withholding tax on all dividends paid by PRC companies to non-PRC shareholders.

During 2012, Xichuan Vanadium in the PRC incurred a royalty fee to Vanadium Resources in Hong Kong of $2,550,992 (RMB 16,114,918) (2011: $1,528,795 (RMB10,000,000)) as a royalty for the technical support provided by Vanadium Resources in Hong Kong. This intercompany transaction has been eliminated on consolidation; however, there is a difference between the tax treatment of this transaction in Xichuan Vanadium in the PRC and its treatment in Vanadium Resources in Hong Kong. This results in a permanent tax difference which is accounted for on the reconciliation of the PRC statutory rate to the effective income tax provision.

Income tax expense differs from the amount that would result from applying the Chinese income tax rates to earnings before income taxes as outlined below. The Chinese income tax rate has been applied because substantially all of the Company's assets and operations are situated and conducted in China.

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
PRC statutory rates	25%	25%	25%
Income taxes at statutory rates	742,647	1,057,513	828,139
Non-deductible items	8,766	6,393	8,447
Difference in foreign income tax rate *	(458,983)	(275,183)	-
Non-capital loss carry forward	-	-	(190,790)
Income taxes	292,430	788,723	645,796

* Difference in PRC income tax rate and withholding tax rate.

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of deferred income tax assets are as follows:

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Deferred revenue	520,753	102,836	43,384
Plant and equipment	106,940	18,673	84,023
Land use rights	(39,105)	6,482	892
Mineral property	(75,939)	96,556	32,195
Total deferred income tax assets	512,649	224,547	160,494

20. GOVERNMENT GRANTS

(a) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $57,026 (RMB360,000) as a general business subsidy. As at December 31, 2012, the general business subsidy has been included as other income – government grant as there are no terms attached.

(b) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $33,537 (RMB210,000) to repair roads within the factory. The use of the grant is restricted to the repair of roads and the amount is deferred until the repairs have been incurred and recorded.

(c) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $158,406 (RMB1,000,000) to repair roads beside the factory. The roads have been repaired during December 31, 2012 and the government grant has been netted in general and administrative expenses against costs incurred of $158,406 (RMB1,000,000).

(d) For the year ended December 31, 2011, Xichuan Vanadium received a government grant of $80,800 (RMB500,000) to repair roads beside the factory. The use of the grant is restricted to the repair of roads and the amount was deferred in 2011 until the repairs have been incurred and recorded. For the year ended December 31, 2012, the roads were repaired and the excess funds received of $79,203 (RMB500,000) was recognized as other income as the excess government grant does not have to be repaid.

(e) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $217,816 (RMB1,375,050) for the construction of employee residences. The use of the grant is restricted to the construction of employee residences. As at December 31, 2012, the construction of the employee residences have been completed and the government grant received has been netted off against the costs incurred during the construction of the employee residences (see Note 9).

(f) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $253,449 (RMB1,600,000) to reimburse for expenses related to the Company's current undertaking to become publicly listed. This amount has been netted in general and administrative expenses against costs incurred to go public.

(g) For the year ended December 31, 2011, Xichuan Vanadium received a government grant of $221,674 (RMB1,450,000) to reimburse for expenses related to the Company's current undertaking to become publicly listed. This amount has been netted in general and administrative expenses against costs incurred to go public.

(h) For the year ended December 31, 2011, Xichaun Vanadium received a government grant of $15,288 (RMB100,000) to assist in the development of the plant. This amount has been recognized as other income – government grant, as it was not related to a specific capitalized plant development cost incurred during the year.

21. ECONOMIC DEPENDENCE

For the year ended December 31, 2012, two customers accounted for approximately 52% of the Company's total sales. For the year ended December 31, 2011, the top four customers accounted for approximately 73% of the Company's total sales. In 2010, Xichuan Vanadium sold the majority of its ammonium metavanadate product to Yudian Chemical. In 2010, Xichuan Vanadium sold $6,571,637 (RMB43,193,396) to Yudian Chemical representing 542 tons of production, which was approximately 40% of annual sales. As such, the Company is heavily dependent on Yudian Chemical to facilitate sales and expedite the shipping of its vanadium oxide product to third party customers.

22. SEGMENT DISCLOSURES

The Company operates in one reporting segment – mining vanadium ore and processing ammonium metavanadate. All of the Company's assets and operations, with the exception of corporate offices in Hong Kong and Tortola, BVI, are located in the PRC.

(Expressed in Canadian dollars)

23. FINANCIAL INSTRUMENTS AND CREDIT RISK

Fair values

The Company's financial instruments include cash, restricted cash, accounts receivable, other receivables, loans, notes payable, accounts payable, and amounts due to related parties. The carrying amounts of these financial instruments approximate their fair values because of their current nature. The fair values of these financial instruments approximates their carrying values under the effective interest method.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Held for trading (i)	229,306	10,163,649	2,062,201
Loans and receivables (ii)	3,100,977	2,778,425	225,249
Other financial liabilities (iii)	12,285,390	25,034,931	13,082,865

(i) Cash and restricted cash
(ii) Accounts receivable, notes receivable, and other receivables
(iii) Accounts payable, notes payable, short-term loans and due to related parties

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total December 31, 2012
Cash and restricted cash	$ 229,306	$ -	$ -	$ 229,306

	Level 1	Level 2	Level 3	Total December 31, 2011
Cash and restricted cash	$ 10,163,649	$ -	$ -	$ 10,163,649

	Level 1	Level 2	Level 3	Total December 31, 2010
Cash and restricted cash	$ 2,062,201	$ -	$ -	$ 2,062,201

23. FINANCIAL INSTRUMENTS AND CREDIT RISK (continued)

Interest Rate and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, restricted cash, and accounts receivable. To minimize the credit risk the Company places its cash and restricted cash with financial institutions located in Hong Kong and China.

Credit risk from accounts receivable encompasses the default risk of its customers. Management monitors the level of accounts receivable attributable to each customer and the length of time taken for amounts to be settled on an ongoing basis, and where necessary, takes appropriate action to follow up on those balances considered overdue.

Management does not believe that there is significant credit risk arising from any of the Company's customers; however, should one of the Company's main customers be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts.

Financial assets past due

There are no financial assets past due as at December 31, 2012, 2011, and 2010. The definition of items that are past due is determined by reference to terms agreed with individual customers. The Company continues to conduct business with the customers on an ongoing basis. Accordingly, management has no reason to believe that this balance is not fully collectible in the future.

Currency Risk

The Company generates revenues and incurs expenses and expenditures primarily in China and is exposed to risk from changes in foreign currency rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the Renminbi ("RMB") could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At December 31, 2012, through its wholly owned subsidiaries, the Company had cash of $212,177, accounts receivable $1,414,158, other receivables of $270,271, accounts payable of $3,882,180, and short-term loans of $7,085,343, amount due to related party of $1,043,582 which were denominated in RMB.

At December 31, 2011, through its wholly owned subsidiaries, the Company had cash and restricted cash of $10,163,649, account receivables $1,784,476, other receivables of $250,587, accounts payable of $4,135,111, notes payable of $4,848,015, short-term loans of $15,794,018, and due to related party of $338,588 which were denominated in RMB.

At December 31, 2010, through its wholly owned subsidiaries, the Company had cash of $2,062,201, other receivables of $225,249, accounts payable of $4,332,236, notes payable of $3,018,002, short-term loans of $1,961,702, and due to related party of $4,196,289 which were denominated in RMB.

Remaining Contractual Lives

The information related to the remaining contractual lives of short term financial instruments is described in Note 13.

23. FINANCIAL INSTRUMENTS AND CREDIT RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations and its ability to do this relies on the Company's ability to collect its accounts receivables in a timely manner and maintain sufficient cash on hand.

The following are the contractual maturities of financial liabilities as at December 31, 2012:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	$	$	$	$	$	$
Accounts payable	4,156,465	4,156,465	4,156,465	-	-	-
Short-term loans	7,085,343	7,085,343	7,085,343	-	-	-
Total	11,241,808	11,241,808	11,241,808	-	-	-

The following are the contractual maturities of financial liabilities as at December 31, 2011:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	$	$	$	$	$	$
Accounts payable	4,054,310	4,054,310	4,054,310	-	-	-
Notes payable	4,848,015	4,848,015	4,848,015	-	-	-
Short-term loans	15,794,018	15,794,018	15,794,018	-	-	-
Total	24,696,343	24,696,343	24,696,343	-	-	-

Sensitivity analysis

The Company has completed a sensitivity analysis to estimate the impact on comprehensive income which a change in foreign exchange rates as at and during the years ended December 31, 2012 and December 31, 2011 would have had.

The sensitivity analysis includes the assumption that changes in individual foreign exchange rates do not cause foreign exchange rates in other countries to alter.

For the year ended December 31, 2012, the result of this sensitivity analysis indicates that a 10% increase (decrease) in the average value of the RMB during the year would have resulted in an increase (decrease) in other comprehensive income of approximately $1,430,462.

For the year ended December 31, 2011, the result of this sensitivity analysis indicates that a 10% increase (decrease) in the average value of the RMB during the year would have resulted in an increase (decrease) in other comprehensive income of approximately $1,079,114.

The effect on other comprehensive income reflected in above results primarily from the fact that all of the Company's significant operations and assets are denominated in RMB, while its reporting currency is the Canadian dollar. The financial position of the Company may vary at the time that a change in the foreign exchange rate occurs, causing the impact on the Company's results to be affected accordingly.

The potential impact of the change in foreign exchange rates on net income is insignificant.

(Expressed in Canadian dollars)

24. CAPITAL DISCLOSURES

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern including the preservation of its capital, and to achieve reasonable returns for its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its operations. The Company considers its share capital and loans to be its manageable capital.

25. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2011, Xichuan Vanadium has advanced $1,939,206 (RMB12,000,000) to Yudian Chemical as a deposit for purchasing three mineral properties from Yudian Chemical. The purchase agreement was cancelled on January 6, 2012 and the deposits of $1,916,400 (RMB12,000,000) were returned to Xichuan Vanadium. Also see Note 15(d).

The Kongshan Property described in Note 10(b) is subject to a 2% production royalty payable to the national government, an annual resource fee of RMB200,000 payable to the local government, and an annual property rental of RMB1,000 per square kilometer.

26. SELLING AND DISTRIBUTION EXPENSES

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Promotion	221,281	94,180	82,848
Transport	75,280	2,010	-
Other	14,327	1,479	13,394
	310,888	97,670	96,242

27. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2012 $	December 31, 2011 $	December 31, 2010 $
Employee wages and benefits	545,486	463,605	366,217
Government grants (also see Note 20)	(411,855)	(221,675)	-
Professional fees	136,920	181,543	171,769
Road repair costs (also see Note 20)	158,406	-	-
Utilities and office expenses	83,486	66,753	39,218
Other	304,275	84,968	115,765
	798,077	575,194	692,970

28. EMPLOYEE BENEFITS

The employees of the Company's PRC subsidiary are required to participate in a central pension scheme operated by the local municipal government. Contributions are recognized as an expense in profit or loss as employees render services during the year. The Company's obligation under these plans is limited to the fixed percentage contributions payable.

For the year ended December 31, 2012, the PRC subsidiary incurred total employee compensation expense of $2,757,674 (2011 - $2,302,975; 2010 - $1,613,681), which have been recorded in cost of sales, selling and distribution expenses, and general and administrative expenses.

29. SUBSEQUENT EVENTS

On January 15, 2013, the Company entered into a letter of intent with 0922372 BC Ltd. (the "Issuer") which provides that upon completion of the transaction, the Issuer will acquire all the issued and outstanding common shares of the Company ("Saymour Shares"). Subsequently, the Issuer entered into a three-cornered amalgamation agreement dated February 27, 2013 with Seymour Metal Holding Inc. (Seymour") and the Company, which replaces and supersedes the letter of intent in its entirety.

Effective May 3, 2013, the three-cornered amalgamation agreement was completed among the Company, the Issuer, and Seymour, a wholly-owned subsidiary of the Issuer incorporated solely for the purpose of completing the amalgamation agreement, pursuant to which Saymour amalgamated with Seymour to formed a combined entity ("Amalco") and the Issuer issued 120,408,163 common shares in the capital of the Issuer to the holders of common shares in the capital of Saymour on the basis of one share of the Issuer for one share of Saymour held by the Saymour shareholder. Upon completion of the amalgamation agreement, Amalco became a wholly-owned subsidiary of the Issuer.

In connection with the amalgamation agreement, the Issuer changed its name to Green Standard Vanadium Resources Corp. to reflect the new business of the Issuer, and effected a change in directors and management.

Schedule “B"

Unaudited Interim Financial Statements for Saymour for the Quarter Ended March 31, 2013.

Saymour Metal Holdings Inc.

Interim Consolidated Financial Statements

(Unaudited)

For the Three Months Ended March 31, 2013

Saymour Metal Holdings Inc.

Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	March 31, 2013 (Unaudited)	December 31, 2012 (Audited)
		$	$
Current Assets			
Cash		549,461	229,306
Notes receivable	4	812,000	1,416,548
Accounts receivable	5	2,294,025	1,414,158
Other receivables	5	271,958	270,271
Inventory	6	4,959,901	3,890,721
Prepaid expenses	7	772,314	350,659
		9,659,659	7,571,663
Deposit for mineral property	7	368,404	362,282
Construction in progress	8	1,150,494	807,102
Property, plant and equipment	8	11,269,487	11,363,211
Intangible assets	9	1,952,133	1,949,499
Deferred income tax asset		493,014	512,649
		24,893,191	22,566,406
Current Liabilities			
Accounts payable and accrued liabilities	10	4,842,519	4,682,691
Short-term loans	11	7,509,388	7,085,343
Deferred revenue		38,502	33,537
Due to related parties	12	1,356,113	1,043,582
Other taxes payable	13	750,452	760,670
Income taxes payable		793,097	582,544
		15,290,071	14,188,367
Decommissioning liability	14	613,945	587,367
		15,904,016	14,775,734
Shareholders' Equity			
Equity attributed to shareholders of the Company			
Share capital	15	-	-
Contributed surplus		528,826	528,826
Reserves	16	997,954	997,954
Non-controlling interest		404,902	330,009
Retained earnings		6,573,404	5,570,497
Accumulated other comprehensive income		484,089	363,386
		8,989,175	7,790,672
		24,893,191	22,566,406

SUBSEQUENT EVENTS (Note 26)

"Yudian Zhao"
Director

"Ming Jiao"
Director

See accompanying notes to interim consolidated financial statements.

Saymour Metal Holdings Inc.
Interim Consolidated Statements of Comprehensive Income
(Expressed in Canadian Dollars)

	Note	Three Months Ended March 31, 2013 (Unaudited)
		$
Revenue		6,584,253
Direct costs		4,795,868
Gross profit		1,788,385
Expenses		
Selling and distribution	23	73,758
General and administrative	24	211,530
Accretion of decommissioning liability		59,254
Debt interest		174,525
		519,067
Income before other income		1,269,318
Other income		
Government grants	17	-
Miscellaneous		29,000
		29,000
Net income before income taxes		1,298,318
Current income taxes		207,087
Deferred income taxes		27,984
		235,071
Net income		1,063,247
Other Comprehensive Income (loss)		
Unrealized gain (loss) on foreign exchange		120,703
Comprehensive income		1,183,950
Net income attributable to:		
Controlling shareholders of the Company		1,002,907
Non-controlling shareholders of the Company		60,340
		1,063,247
Comprehensive income attributable to:		
Controlling equity holders of the Company		1,109,057
Non-controlling equity holders of the Company		74,893
		1,183,950
Earnings per share – basic and diluted		5.22
Weighted average number of outstanding shares		203,590

See accompanying notes to interim consolidated financial statements.

Saymour Metal Holdings Inc.
Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital $	Contributed Surplus $	Reserves $	Non-controlling Interest $	Retained Earnings (Deficit) $	Accumulated Other Comprehensive Income $	Total Shareholders Equity $
Balance, December 31, 2012 (Audited)	203,590	-	528,826	997,954	330,009	5,570,497	363,386	7,790,672
Net income	-	-	-	-	60,340	1,002,907	-	1,063,247
Foreign exchange translation adjustment	-	-	-	-	14,553	-	120,703	135,256
Balance, March 31, 2013 (Unaudited)	203,590	-	528,826	997,954	404,902	6,573,404	484,089	8,989,175

Saymour Metal Holdings Inc.
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2013 (Unaudited) $
OPERATING ACTIVITIES	
Net income for the period	1,063,247
Items not involving cash:	
Amortization of property, plant and equipment	297,351
Amortization of intangible assets	29,980
Accretion of decommissioning liability	16,465
Deferred income tax asset	27,984
	1,435,027
Changes in operating assets and liabilities:	
Accounts receivable	(846,427)
Other receivables	(165,869)
Notes receivable	621,483
Inventories	(992,243)
Prepaid expenses	(411,095)
Accounts payable and accruals	248,695
Income taxes payable	200,357
Deferred revenue	4,349
Cash provided by operating activities	94,277
INVESTING ACTIVITIES	
Acquisition of plant and equipment	(14,783)
Additions to construction in progress	(326,077)
Cash (used in) investing activities	(340,860)
FINANCING ACTIVITIES	
Increase in related party amounts	262,475
Proceeds from short term loans	1,325,555
Repayment of short term loans	(1,024,644)
Cash provided by financing activities	563,386
Effect of changes in exchange rates on cash	3,352
Increase in cash	316,803
Cash, beginning	229,306
Cash, ending	549,461
Supplemental disclosure of cash flow information:	
Cash paid for interest	239,126
Cash paid for income taxes	8,614

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Saymour Metal Holding Inc. (the “Company” or “Saymour”), through its subsidiary, Xichuan Vanadium Resources Co., Ltd. (“Xichuan Vanadium” or the “Predecessor”) in Xichuan, Henan Province, Peoples Republic of China (“China” or “PRC”), is in the business of exploration, mining, acquisition and development of mineral properties focusing on vanadium, and the production and sale of ammonium metavanadate for industrial use. Saymour, through Xichuan Vanadium, currently conducts its mining in the PRC while searching for additional vanadium mining properties globally.

Saymour was incorporated on January 27, 2010 pursuant to the laws of the British Virgin Islands. The address of the Company’s registered office is 3993 Michener Court, North Vancouver, BC, Canada. These consolidated financial statements include the operations, assets, and obligations of the Company from December 28, 2010 as well as the assets and operations of its wholly owned subsidiary, Vanadium Resources Limited (“Vanadium Resources”) and its 90% (previously 80%) owned subsidiary Xichuan Vanadium for the years presented.

2. BASIS OF PRESENTATION

Xichuan Vanadium Resources Co., Ltd. (“Xichuan Vanadium” or the “Predecessor”)

Xichuan Vanadium was incorporated on June 8, 2007 under the business laws of China. On July 1, 2007, Henan Xichuan Yudian Chemical & Metallurgical Co., Ltd. (“Yudian Chemical”) completed the transfer of certain net assets and operations comprising its vanadium ore extraction and ammonium metavanadate processing business to Xichuan Vanadium in exchange for an 80% interest in Xichuan Vanadium. Since Yudian Chemical controlled 80% of the share capital of Xichuan Vanadium, subsequent to the transfer, this transaction was considered a related party transaction not in the ordinary course of operations and the net assets transferred were accounted for as a continuity of interest based on their carrying values as reported by Yudian Chemical immediately prior to the transfer. On February 18, 2010, Yudian Chemical acquired an additional 10% interest in Xichuan Vanadium in exchange for the transfer of an additional resource property to Xichuan Vanadium. Also see Notes 9 and 12.

The carrying values of the net assets transferred to Xichuan Vanadium on July 1, 2007 were comprised as follows:

Cash	$ 1,072
Accounts receivable	791,994
Inventory	1,294,353
Prepaid	9,724
Building machinery and equipment	2,491,809
Construction in progress	1,314,169
Land use rights	48,199
Short term loan	(258,955)
Accounts payable and accrued liabilities	(799,449)
Long term loan	(55,880)
	$4,837,036

Vanadium Resources Limited (“Vanadium Resources”) and Saymour Metal Holdings Inc. (“Saymour”)

Vanadium Resources was incorporated by Saymour on February 18, 2010 in Hong Kong under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). On December 27, 2010, Vanadium Resources acquired a 90% interest in Xichuan Vanadium from Yudian Chemical in exchange for shares of Vanadium Resources.

Because Saymour, Vanadium Resources, and Yudian Chemical were under common control, the acquisition of Xichuan Vanadium by Vanadium Resources was considered a related party transaction not in the ordinary course of operations and was accounted for as a continuity of interest with a concurrent change in share capital structure.

2. BASIS OF PRESENTATION (continued)

Continuity of Interest

Since its inception, Xichuan Vanadium's assets and operations were controlled, directly or indirectly, by the same shareholders. The consolidated financial statements of the Company comprise the operations, assets and obligations of the Predecessor, Xichuan Vanadium, from January 1, 2008 to December 27, 2010; and the operations, assets and obligations of Saymour, Vanadium Resources, and Xichuan Vanadium from December 28, 2010 to December 31, 2010, and for the years ended December 31, 2011 and December 31, 2012 and for the three months ended March 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and statement of compliance

These unaudited interim consolidated financial statements ("interim financial statements") are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2012.

As the Company was a private company prior to March 31, 2013, no interim consolidated financial information was prepared in compliance with IAS 34 for periods prior to the three months ended March 31, 2013 that are consistent with the three months ended March 31, 2013; therefore comparative interim financial information for the three months ended March 31, 2012 is not presented in these financial statements.

These interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 25, 2013.

New standards and interpretations

The accounting policies applied in preparation of these interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2012. In addition, the Company adopted the following accounting policies effective January 1, 2013:

IFRS 7 - Financial Instruments: Disclosures - requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect of potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. The adoption of this IFRS did not impact the Company's interim financial statements.

IFRS 10 - Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaced SIC-12, Consolidation-Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. The adoption of this IFRS did not impact the Company's interim financial statements.

IFRS 12 - Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of this IFRS did not impact the Company's interim financial statements.

IFRS 13 - Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The adoption of this IFRS did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards and interpretations (continued)

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company's interim financial statements.

Use of estimates and judgments

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions about the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the results of operations.

Significant areas requiring the use of management estimates include the recognition of revenue, allowance for doubtful receivables, obsolescence of inventories, useful lives of property, plant and equipment, determination of accrued liabilities, determination of production costing, recognition of deferred income tax assets and liabilities and impairment of long lived assets. Actual results could differ from the estimates made.

Significant areas involving the use of management judgments include the timing of recognition of government assistance, determination of when development costs incurred can be clearly defined and quantified in which case development costs may be capitalized, and the determination of functional and reporting currency.

4. NOTES RECEIVABLE

Notes receivable consists of bankers acceptances issued and guaranteed by banks in China.

As at March 31, 2013, the Company held $812,000 (RMB 5,000,000) of bankers acceptances, all maturing before September 30, 2013.

As at December 31, 2012, the Company held $1,416,548 (RMB 8,870,000) of bankers acceptances, all maturing before June 30, 2013.

5. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

Accounts receivable

Xichuan Vanadium generally requires customers to prepay the full sales value before shipping goods to the customers. In recent years, the Company has begun to extend credit to some customers.

The March 31, 2013 accounts receivable balance of $2,294,025 (RMB 14,125,770) and December 31, 2012 accounts receivable balance of $1,414,158 (RMB 8,855,035) arose primarily as a result of sales to the Company's non-related party customers. Also see Note 14(c).

Other receivables
Other receivables mainly consist of advances to employees of the Company.

6. INVENTORY

	March 31, 2013 $ (Unaudited)	December 31, 2012 $ (Audited)
Raw materials – vanadium ore and ingredients	2,707,616	2,284,588
Work-in-progress – leaching and roasting	870,450	1,266,493
Finished goods – ammonium metavanadate	1,381,835	339,640
	4,959,901	3,890,721

7. DEPOSIT AND PREPAID EXPENSES

During the year ended December 31, 2012, the Company made down payments of $115,820 (RMB725,227) to suppliers to purchase equipment for the new plant.

During 2011, the Company paid down payments of $1,939,206 (RMB12,000,000) to Yudian Chemical to purchase three mineral properties (also see Note 12). This purchase agreement was cancelled on January 6, 2012 and the deposit of $1,916,400 (RMB12,000,000) was returned to the Company.

(Expressed in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Vehicles	Office Equipment	Electronic Equipment	Construction in progress	Total
	$	$	$	$	$	$	$
Cost							
December 31, 2012 (Audited)	7,241,242	6,882,646	264,504	49,407	107,624	807,102	15,352,525
Additions	371	4,511	-	3,599	6,302	546,896	561,679
Government grant (see Note 17)	-	-	-	-	-	(220,819)	(220,819)
Foreign exchange movement	122,382	116,368	4,470	876	1,890	17,315	263,301
March 31, 2013 (Unaudited)	**7,363,995**	**7,003,525**	**268,974**	**53,882**	**115,816**	**1,150,494**	**15,956,686**
Accumulated amortization							
December 31, 2012 (Audited)	1,013,468	2,002,053	85,381	14,574	66,736	-	3,182,212
Additions	111,294	154,697	16,626	4,811	5,879	-	293,307
Foreign exchange movement	19,934	37,745	1,863	368	1,276	-	61,186
March 31, 2013 (Unaudited)	**1,144,696**	**2,194,495**	**103,870**	**19,753**	**73,891**	**-**	**3,536,705**
Net book value							
December 31, 2012 (Audited)	6,227,774	4,880,593	179,123	34,833	40,888	807,102	12,170,313
March 31, 2013 (Unaudited)	**6,219,299**	**4,809,030**	**165,104**	**34,129**	**41,925**	**1,150,494**	**12,419,981**

(Expressed in Canadian dollars)

9. INTANGIBLE ASSETS

	Land use right $	Mineral property $	Patent rights $	Total $
Cost				
December 31, 2012 (Audited)	1,476,826	785,055	9,582	2,271,463
Additions	-	-	-	-
Foreign exchange movement	24,967	13,272	162	38,401
March 31, 2013 (Unaudited)	1,501,793	798,327	9,744	2,309,864
Accumulated amortization				
December 31, 2012	67,684	254,280	-	321,964
Additions	7,425	22,555	-	29,980
Foreign exchange movement	1,230	4,557	-	5,787
March 31, 2013	76,339	281,392	-	357,731
Net book value				
December 31, 2012 (Audited)	1,409,142	530,775	9,582	1,949,499
March 31, 2013 (Unaudited)	1,425,454	516,935	9,744	1,952,133

(a) Land use right

On June 30, 2007, Yudian Chemical transferred the land use right for a piece of land comprising 4,335 square meters near Jiuchong county, Henan, China on which Xichuan Vanadium's plant was situated, to Xichuan Vanadium for $52,064 (RMB345,020). In addition, in 2008, Xichuan Vanadium reimbursed $28,894 (RMB106,000) to local farmers for the loss of trees and crops and in 2009, Xichuan Vanadium reimbursed $1,747 (RMB11,400) to local farmers for the loss of crops in the course of construction.

On November 2, 2010, Xichuan Vanadium acquired the land use rights for a piece of land comprising 67,170 square meters near Jiuchong county, Henan, China on which Xichuan Vanadium's plant was situated, for $1,324,552 (RMB8,785,025). Of this amount, $1,173,778 (RMB7,785,025) was paid to the local government to acquire the land use right, and $150,900 (RMB1,000,000) was paid to the previous land owner as a reimbursement for reallocation cost.

(b) Mineral property

On February 18, 2010, Yudian Chemical transferred its 100% encumbered mining interest in Kongshan Vanadium Resources Property ("Kongshan Property") to Xichuan Vanadium. Also see Notes 2 and 12. The Kongshan Property is being amortized over a period of 8 years and 9 months, based on estimated mineral reserves and estimated annual extraction rates.

(c) Patent rights

During the year ended December 31, 2012, the Company acquired two patent rights for a total of $9,582 (RMB 60,000). The patents have a remaining valid life of 16 and 18 years respectively.

(Expressed in Canadian dollars)

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of follows:

	March 31, 2013 $ (Unaudited)	December 31, 2012 $ (Audited)
Trade payables	3,954,613	3,882,180
Payroll payable	626,008	526,226
Other	261,898	274,285
	4,842,519	4,682,691

11. SHORT-TERM LOANS

	March 31, 2013 $ (Unaudited)	December 31, 2012 $ (Audited)
Unsecured loan from Bank of Nanyang, RMB4,900,000, bearing annual interest rate 9%, and due on January 5, 2014.	795,760	-
Unsecured loan from Jiuchong County Treasury, RMB2,000,000, bearing monthly interest rate 1.5%, and due on May 28, 2013.	324,800	-
Unsecured loan from Bank of Nanyang, RMB7,000,000, bearing annual interest rate 8.528%, and due on May 8, 2013.	1,136,800	1,117,907
Unsecured loan from Bank of Nanyang, RMB20,000,000, bearing annual interest rate 8.20%, and due on June 29, 2013.	3,248,000	3,194,021
Unsecured loan of RMB2,200,074 (December 31, 2012 - RMB8,160,574) from a supplier bearing no interest and repayable on June 27, 2013.	357,292	1,303,252
Unsecured loan from Jiuchong Credit Union, RMB 5,000,000, bearing annual interest 10.8%, and due on August 3, 2013.	812,000	798,505
Unsecured loan from Jiuchong Credit Union, RMB 2,000,000, bearing annual interest 10.80%, and due on December 21, 2013.	324,800	319,402
Unsecured loans RMB3,140,000 (December 31, 2012 - RMB2,205,720) from individuals, bearing no interest. All the loans are without specific terms of repayment.	509,936	352,256
	7,509,388	**7,085,343**

(Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS

(a) Amounts due to related party are non-interest bearing without specific terms of repayment as follows:

	March 31, 2013 $ (Unaudited)	December 31, 2012 $ (Audited)
Due to Kangsheng Special Material	752,318	342,159
Due to Yudian Chemical	603,795	701,423
	1,356,113	1,043,582

(b) The Company has identified the General Manager as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the three months ended March 31, 2013. Short-term key management compensation consists of the following, which are included in general and administrative expenses:

	Three Months Ended March 31, 2013 $ (Unaudited)
Management fees	
General Manager	4,915

(c) Included in other receivables are the following travel advances that have been provided to the General Manager:

	March 31, 2013 $ (Unaudited)	December 31, 2012 $ (Audited)
Due from General Manager	29,381	31,946

(d) During the three months ended March 31, 2013, Xichuan Vanadium purchased raw material from Yudian Chemical for $39,495 (RMB245,934).

(e) On October 31, 2011, Xichuan Vanadium entered into a letter agreement with Yudian Chemical to purchase three mineral properties for total consideration of $4,848,015 (RMB30,000,000). At December 31, 2011, Xichuan Vanadium had advanced $1,939,206 (RMB12,000,000) to Yudian Chemical as a deposit for the mining permit application and transfer process in accordance with the purchase agreement. The prepayment is included in the deposit for mineral property at December 31, 2011. On January 6, 2012, this purchase agreement was cancelled and the deposit of $1,916,400 (RMB12,000,000) was returned to Xichuan Vanadium.

(Expressed in Canadian dollars)

13. OTHER TAXES PAYABLE

	March 31, 2013 $ (Unaudited)	December 31, 2012 $ (Audited)
Value added taxes payable	108,440	175,993
Municipal and school taxes payable	218,320	213,945
Resource tax payable	418,213	366,986
Payroll taxes payable	5,479	3,746
	750,452	760,670

14. DECOMMISSIONING LIABILITY

The decommissioning liability results from Xichuan Vanadium's net ownership interests in the Kongshan Property. The Company estimated the total undiscounted cash flows required to settle its decommissioning liability to be approximately $1,094,527 (RMB6,853,600), which will be incurred over the next eight years. A credit adjusted risk free rate of 11.15% was used to calculate the estimated fair value of the decommissioning liability in the amount of $613,945 (RMB3,780,448) at March 31, 2013 and $587,367 (RMB3,677,917) at December 31, 2012,

15. SHARE CAPITAL

Authorized

The Company is authorized to issue a maximum of 203,590 shares of a single class with par value of $0.94 (US$1.00) each.

Issued and outstanding

	Number of Shares	$
Predecessor		
Balance, January 1, 2010	–	275,000
Share capital injection – mineral property	–	328,597
Balance, December 27, 2010	–	603,597
Reclassification to contributed surplus (Note 2)	–	(603,597)
Balance, December 31, 2010	–	–
Saymour - the Company		
Shares issued	50,000	46,922
Less shares issued but unpaid	–	(46,922)
Balance, December 31, 2010	50,000	–
Exercise of stock options	153,590	–
Balance, December 31, 2011 and 2012 and March 31, 2013	203,590	–

15. SHARE CAPITAL (continued)

Predecessor

(a) On June 4, 2007, Yudian Chemical injected share capital of $220,000 (RMB1,600,000) into Xichuan Vanadium; and three individual shareholders injected $27,500 (RMB200,000), $13,750 (RMB100,000), and $13,750 (RMB100,000) respectively into the Company.

(b) On March 20, 2010, share capital of $328,597 (RMB2,200,910) was contributed into Xichuan Vanadium by one of its then shareholders, Yudian Chemical, by transferring the Kongshan Property to Xichuan Vanadium. Also see Note 12.

The Company

(c) On January 27, 2010, Saymour issued 50,000 shares at US$1.00 per share for $46,922 (US$50,000). As the amounts for these shares have not yet been paid to the Company, a reduction to share capital has been presented in equity at December 31, 2010, 2011, and 2012 for the outstanding consideration.

(d) At December 31, 2012, December 31, 2011 and December 31, 2010, Xichuan Vanadium's share capital remains as the Company's share capital upon consolidation as Xichuan Vanadium was considered to be the continuing operating company as described in Note 2.

(e) On March 9, 2011, Saymour issued 153,590 common shares to six shareholders for no additional consideration based on earlier subscriptions. After the share issuance, one shareholder and parties related directly to him own 77.85% of Saymour's share capital.

16. RESERVES

According to the Company Law of China, the Company's Chinese subsidiaries are required each year to transfer 10% of the profit after tax as reported in their financial statements, prepared in accordance with Chinese law, to the statutory common reserve fund until the fund reaches 50% of the registered capital. This fund can be used to make up for any losses incurred in the future or be converted into paid-in capital, provided that the fund does not fall below 25% of the registered capital.

The Company also transferred 5% of the profit after tax, computed in accordance with applicable Chinese law, to each of the enterprise expansion fund and employee welfare fund as determined by the board of directors. These funds are used for the collective welfare of staff and workers of the Company.

17. GOVERNMENT GRANTS

(a) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $57,026 (RMB360,000) as a general business subsidy. As at December 31, 2012, the general business subsidy has been included as other income – government grant as there are no terms attached.

(b) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $33,537 (RMB210,000) to repair roads within the factory. The use of the grant is restricted to the repair of roads and the amount is deferred until the repairs have been incurred and recorded.

(c) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $158,406 (RMB1,000,000) to repair roads beside the factory. The roads have been repaired during December 31, 2012 and the government grant has been netted in general and administrative expenses against costs incurred of $158,406 (RMB1,000,000).

(c) For the year ended December 31, 2011, Xichuan Vanadium received a government grant of $80,800 (RMB500,000) to repair roads beside the factory. The use of the grant is restricted to the repair of roads and the amount was deferred in 2011 until the repairs have been incurred and recorded. For the year ended December 31, 2012, the roads were repaired and the excess funds received of $79,203 (RMB500,000) was recognized as other income as the excess government grant does not have to be repaid.

(Expressed in Canadian dollars)

17. GOVERNMENT GRANTS (continued)

(e) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $217,816 (RMB1,375,050) for the construction of employee residences. The use of the grant is restricted to the construction of employee residences. As at December 31, 2012, the construction of the employee residences have been completed and the government grant received has been netted off against the costs incurred during the construction of the employee residences (see Note 8).

(f) For the year ended December 31, 2012, Xichuan Vanadium received a government grant of $253,449 (RMB1,600,000) to reimburse for expenses related to the Company's current undertaking to become publicly listed. This amount has been netted in general and administrative expenses against costs incurred to go public.

(i) For the three months ended March 31, 2013, Xichuan Vanadium received a government grant of $220,819 (RMB1,375,050) for the construction of employee residences. The use of the grant is restricted to the construction of employee residences. As at March 31, 2013, the construction of the employee residences have been completed and the government grant received has been netted off against the costs incurred during the construction of the employee residences (see Note 8).

18. ECONOMIC DEPENDENCE

For the year ended December 31, 2012, two customers accounted for approximately 52% of the Company's total sales. For the three months ended March 31, 2013, the top two customers accounted for approximately 73% of the Company's total sales.

19. SEGMENT DISCLOSURES

The Company operates in one reporting segment – mining vanadium ore and processing ammonium metavanadate. All of the Company's assets and operations, with the exception of corporate offices in Hong Kong and Tortola, BVI, are located in the PRC.

20. FINANCIAL INSTRUMENTS AND CREDIT RISK

Fair values

The Company's financial instruments include cash, restricted cash, accounts receivable, other receivables, loans, notes payable, accounts payable, and amounts due to related parties. The carrying amounts of these financial instruments approximate their fair values because of their current nature. The fair values of these financial instruments approximates their carrying values under the effective interest method.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	March 31, 2013 $	December 31, 2012 $
Held for trading (i)	549,461	229,306
Loans and receivables (ii)	3,377,983	3,100,977
Other financial liabilities (iii)	12,237,077	12,285,390

(i) Cash and restricted cash
(ii) Accounts receivable, notes receivable, and other receivables
(iii) Accounts payable, notes payable, short-term loans and due to related parties

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

20. FINANCIAL INSTRUMENTS AND CREDIT RISK (continued)

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total March 31, 2013 (Unaudited)
Cash and cash equivalent	$ 549,461	$ -	$ -	$ 549,461

	Level 1	Level 2	Level 3	Total December 31, 2012 (Audited)
Cash and cash equivalent	$ 229,306	$ -	$ -	$ 229,306

Interest Rate and Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash, restricted cash, and accounts receivable. To minimize the credit risk the Company places its cash and restricted cash with financial institutions located in Hong Kong and China.

Credit risk from accounts receivable encompasses the default risk of its customers. Management monitors the level of accounts receivable attributable to each customer and the length of time taken for amounts to be settled on an ongoing basis, and where necessary, takes appropriate action to follow up on those balances considered overdue.

Management does not believe that there is significant credit risk arising from any of the Company's customers; however, should one of the Company's main customers be unable to settle amounts due, the impact on the Company could be significant. The maximum exposure to loss arising from accounts receivable is equal to their total carrying amounts.

Financial assets past due

There are no financial assets past due as at March 31, 2013 and December 31, 2012. The definition of items that are past due is determined by reference to terms agreed with individual customers. The Company continues to conduct business with the customers on an ongoing basis. Accordingly, management has no reason to believe that this balance is not fully collectible in the future.

Currency Risk

The Company generates revenues and incurs expenses and expenditures primarily in China and is exposed to risk from changes in foreign currency rates. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the Renminbi ("RMB") could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

At March 31, 2013, through its wholly owned subsidiaries, the Company had cash of $511,941, accounts receivable $2,294,025, other receivables of $277,116, accounts payable of $4,694,346, and short-term loans of $7,509,388, amount due to related party of $1,356,113 which were denominated in RMB.

At December 31, 2012, through its wholly owned subsidiaries, the Company had cash of $212,177, accounts receivable $1,414,158, other receivables of $270,271, accounts payable of $3,882,180, and short-term loans of $7,085,343, amount due to related party of $1,043,582 which were denominated in RMB.

Remaining Contractual Lives

The information related to the remaining contractual lives of short term financial instruments is described in Note 11.

20. FINANCIAL INSTRUMENTS AND CREDIT RISK (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations and its ability to do this relies on the Company's ability to collect its accounts receivables in a timely manner and maintain sufficient cash on hand.

The following are the contractual maturities of financial liabilities as at March 31, 2013:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years	Over 3 years
	$	$	$	$	$	$
Accounts payable	3,959,771	3,959,771	3,959,771	-	-	-
Short-term loans	7,509,388	7,509,388	7,509,388	-	-	-
Total	11,459,159	11,459,159	11,459,159	-	-	-

Sensitivity analysis

The Company has completed a sensitivity analysis to estimate the impact on comprehensive income which a change in foreign exchange rates as at and during the three months ended March 31, 2013 would have had.

The sensitivity analysis includes the assumption that changes in individual foreign exchange rates do not cause foreign exchange rates in other countries to alter.

For the three months ended March 31, 2013, the result of this sensitivity analysis indicates that a 10% increase (decrease) in the average value of the RMB during the year would have resulted in an increase (decrease) in other comprehensive income of approximately $1,586,669.

The effect on other comprehensive income reflected in above results primarily from the fact that all of the Company's significant operations and assets are denominated in RMB, while its reporting currency is the Canadian dollar. The financial position of the Company may vary at the time that a change in the foreign exchange rate occurs, causing the impact on the Company's results to be affected accordingly.

The potential impact of the change in foreign exchange rates on net income is insignificant.

21. CAPITAL DISCLOSURES

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern including the preservation of its capital, and to achieve reasonable returns for its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its operations. The Company considers its share capital and loans to be its manageable capital.

22. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2011, Xichuan Vanadium has advanced $1,939,206 (RMB12,000,000) to Yudian Chemical as a deposit for purchasing three mineral properties from Yudian Chemical. The purchase agreement was cancelled on January 6, 2012 and the deposits of $1,916,400 (RMB12,000,000) were returned to Xichuan Vanadium. Also see Note 12.

The Kongshan Property described in Note 9 is subject to a 2% production royalty payable to the national government, an annual resource fee of RMB200,000 payable to the local government, and an annual property rental of RMB1,000 per square kilometer.

(Expressed in Canadian dollars)

23. SELLING AND DISTRIBUTION EXPENSES

	Three Months Ended March 31, 2013 $
Promotion	50,584
Transport	22,435
Other	739
	73,758

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended March 31, 2013 $
Employee wages and benefits	129,849
Professional fees	7,387
Utilities and office expenses	13,916
Other	60,378
	211,530

25. EMPLOYEE BENEFITS

The employees of the Company's PRC subsidiary are required to participate in a central pension scheme operated by the local municipal government. Contributions are recognized as an expense in profit or loss as employees render services during the year. The Company's obligation under these plans is limited to the fixed percentage contributions payable.

For the three months ended March 31, 2013, the PRC subsidiary incurred total employee compensation expense of $708,207, which have been recorded in cost of sales, selling and distribution expenses, and general and administrative expenses.

26. SUBSEQUENT EVENTS

On January 15, 2013, the Company entered into a letter of intent with 0922372 BC Ltd. (the "Issuer") which provides that upon completion of the transaction, the Issuer will acquire all the issued and outstanding common shares of the Company ("Saymour Shares"). Subsequently, the Issuer entered into a three-cornered amalgamation agreement dated February 27, 2013 with Seymour Metal Holding Inc. (Seymour") and the Company, which replaces and supersedes the letter of intent in its entirety.

Effective May 3, 2013, the three-cornered amalgamation agreement was completed among the Company, the Issuer, and Seymour, a wholly-owned subsidiary of the Issuer incorporated solely for the purpose of completing the amalgamation agreement, pursuant to which Saymour amalgamated with Seymour to formed a combined entity ("Amalco") and the Issuer issued 120,408,163 common shares in the capital of the Issuer to the holders of common shares in the capital of Saymour on the basis of one share of the Issuer for one share of Saymour held by the Saymour shareholder. Upon completion of the amalgamation agreement, Amalco became a wholly-owned subsidiary of the Issuer.

In connection with the amalgamation agreement, the Issuer changed its name to Green Standard Vanadium Resources Corp. to reflect the new business of the Issuer, and effected a change in directors and management.