AN UPDATED TECHNICAL REVIEW OF THE CHENG QIANG YAN PHOSPHATE DEPOSIT AND SHI SUN XI PHOSPHATE DEPOSIT, MIANZHU CITY, SICHUAN PROVINCE, PEOPLE'S REPUBLIC OF CHINA FOR ASIAPHOS LIMITED

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Toronto, Canada

Watts, Griffis and McOuat
Since 1962
CONSULTING GEOLOGISTS AND ENGINEERS

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

LIST OF TABLES

LIST OF FIGURES

TABLE OF CONTENTS
(continued)

Page

1. EXECUTIVE SUMMARY

Introduction and Terms of Reference

Watts, Griffis and McOuat Limited ("**WGM**") was engaged by AsiaPhos Limited ("**AsiaPhos**") a company listed October 7, 2013, on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), (trading Symbol 5WV). WGM was asked to update the Technical Report and Mineral Resources estimate, prepared February 28, 2013 in support of their Initial Public Offering ("IPO"), by incorporating the results of the 2013 exploration work on their two phosphorite deposits located in Sichuan Province, People's Republic of China ("**PRC**"). The mineral properties are held by Sichuan Mianzhu Norwest Phosphate Chemical Co. Ltd ("**Mianzhu Norwest**"), a wholly owned subsidiary of AsiaPhos. Mianzhu Norwest has been restoring its operations following the May 12, 2008 Wenchuan Earthquake. The report also updates the status of the current exploration, development, mining and processing operations and improvements to the access roads, as part of the continuous reporting obligations of AsiaPhos. This report updates the technical information of Mianzhu Norwest for use by AsiaPhos in preparation of its 2013 annual report.

This independent technical report has been prepared according to the reporting standards of the National Instrument 43-101 Standards of Disclosure for Mineral Projects, including Companion Policy 43-101, as promulgated by the Canadian Securities Administrators ("NI 43-101") for Reporting of Exploration Results, Mineral Resources and Ore Reserves and in compliance with the requirements of the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") as specified by Practice Note 4C, Disclosure Requirements for Mineral, Oil and Gas Companies.

WGM Senior Associate Mining Engineer, William Glover, P.Eng., and WGM Associate Mining Engineer, Jack Beichen Yue, P.Eng., visited the site from November 25 to 30, 2013 to inspect the project advances and held extensive discussions with mine management and operational personnel. As part of the visit they also collected six reference samples, three from each of the two mine sites. Samples were collected from two active working or development areas, being Level (or Well) 15 at Cheng Qiang Yan (Mine 1) and Level (or Well) 1950 at Shi Sun Xi (Mine 2). Donald H. Hains, P.Geo., Senior Associate Industrial Mineral Specialist reviewed the new exploration data and mineral resource estimate.

The Qualified Persons and Joe Hinzer as well as other partners, directors and substantial shareholders of WGM and their associates are independent of AsiaPhos Limited, its directors and substantial shareholders. The Qualified Persons and Joe Hinzer as well as other partners, directors and substantial shareholders of WGM and their associates do not have any interest, direct or indirect, in AsiaPhos Limited, its subsidiaries or associated companies and will not receive benefits other than remuneration paid to the firm in connection with the qualified person's report. Remuneration paid to the Qualified Persons or WGM in connection with this report is not dependent on the findings of this report.

The effective date of this Technical Report is 31 December 2013 and this Technical Report is dated 28 March 2014. WGM confirms to the best of their knowledge, that there is no new material information that has arisen between the effective date and the date of the Technical Report which would be required to be included in the Technical Report for completeness.

WGM has also been provided with production statistics and related information for 2013 by Mianzhu Norwest and preliminary 2013 exploration data generated by the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team currently completing its technical report on the exploration permit at Mine 1 in support of the Mianzhu Norwest application for the conversion of the current exploration licence to a mining licence.

WGM incorporated information from its previously published NI 43-101 compliant Technical Report entitled "*A Technical Review of the Cheng Qiang Yan Phosphate Deposit and Shi Sun Xi Phosphate Deposit, Mianzhu City, Sichuan Province, People's Republic of China for AsiaPhos Private Limited"* dated February 28, 2013, by Donald H. Hains, P.Geo., G. Ross MacFarlane, P.Eng., and Offering documents filed with the SGX-ST.

Reliance on Other Experts

WGM has relied on information translated from the draft 2013 exploration report prepared by Sichuan Province Geological Exploration and Development Bureau Geochemistry Team as well as other production information provided by Mianzhu Norwest management. The information provided to WGM appears consistent with our personal observations and WGM believe these to be representative.

WGM has also relied on information presented in the AsiaPhos Offer Document dated September 25, 2013 regarding the current status of legal title, property agreements, corporate structure, taxes, and information on environmental compliance all of which have for the largest part been prepared by independent counsel. WGM has not independently researched property title or mineral rights for the exploration permits and Mines under study and expresses no opinion as to the current title and ownership status of the Mianzhu Norwest Mines and Plant.

Property Description and Location

Mianzhu Norwest's Mines are located in the district of Mianzhu City and An Xian County and come under the jurisdiction of Qing Ping Town, Mianzhu City, Sichuan Province, PRC. The elevations of the Mines range from 3,200 m to about 1,800 m. Each of the properties, Cheng Qiang Yan and Shi Sun Xi, is defined by existing mining and exploration permits with surveyed coordinates. The approximate geographic locations of the permit centre points are:

Cheng Qiang Yan	**Shi Sun Xi**
N31°36'14.00"	N 31°38'37.00"
E 104°00'14.00"	E 104°04'43.00"

The AsiaPhos mining property holdings are as follows:

Asset name / Country	AsiaPhos's Interest (%)	Development Status	Licence Expiry Date	Licence Area	Type of Mineral, Oil or Gas Deposit	Remarks
Exploration Area						
Cheng Qian Yan / PRC*	100	Development	9 April 2014	0.55 km^2	Phosphate	Exploration rights
Shi Sun Xi / PRC**	100	Development	16 June 2014	1.28 km^2	Phosphate	Exploration rights
Mining Area						
Cheng Qian Yan / PRC	100	Development	9 December 2015	1.6491 km^2	Phosphate	Mining rights
Shi Sun Xi / PRC	100	Development	9 January 2020	2.02 km^2	Phosphate	Mining rights

*Application submitted for conversion to mining permit
**Application for renewal being prepared

Mianzhu Norwest has 100% ownership of the property rights. There are a number of operational agreements with various parties. Most significant of these are a number of co-operation agreements with Mianzhu Dashan Mining Co., Ltd. for production from approximately 1/3 of the resources on the permits. Under the **Dashan Co-operation Agreements**, (i) Dashan shall, *inter alia*, assist AsiaPhos in its application for the relevant exploration and mining rights and bear related fees, fund certain other expenses arising from Mining Operations and exploration activities and provide certain assets (such as machinery and equipment) to Mianzhu Norwest for its Mining Operations. AsiaPhos shall be responsible for, *inter alia*, the design and construction of the Mines, sales of phosphate rocks, employment and purchase of social insurance for miners.

At the time of the most recent visit Mianzhu Norwest is in compliance with all applicable local regulations. These include purchase fees for the lands for the processing facilities, exploration and mining licence renewal and applications fees and environmental and closure (abandonment) costs. The company has also complied with and obtained the required local Mine safety permits the most recent renewal being January 2014.

The company also provides monetary reimbursement for a timberland compensation and forest recovery fund bi-yearly and has set aside provisions for rehabilitation and reforestation upon mine closure and has installed waste water treatment facilities at the mine sites.

Because of the steep terrain and tectonic activity this area is also prone to landslides and earthquakes.

There are also periodic interruptions primarily in the winter period due to inclement or hazardous weather conditions (including flooding, mudslides and landslides), therefore site operations are generally suspended from mid December to mid March. Inclement weather at other times may delay access to the property if roads become washed out due to heavy rains. The company has budgeted for the improvement and maintenance of access roads (in conjunction with neighbouring operations).

Access Climate Local Resources and Infrastructure and Physiography

The two mines which are approximately 8km apart are located about 45 km northwest (straightline about 330°) of downtown Mianzhu City. They are approximately 40 km by road from Mianzhu Norwest's new downstream processing facility at Gongxing industrial zone, near the start of the Mian Yuan River canyon that leads to the Mines.

The Mian-Mao Highway Section 1 provides the main access from Mianzhu Norwest Plant site via Hanwang Town to Qing Ping Town a distance of approximately 20 km. From there Section 2 goes further up the valley to access local communities and various mining operations. Section 3 will connect with Mao County further to the Northwest of the mines. Unimproved haul roads leading from Section 2 of 3 km and 2 km respectively provide acces to Mine 1 and 2. The Hanwang Town to Qing Ping Town section (Section 1) of the Mian-Mao Highway was completed in mid 2010, but was damaged by a subsequent Landslide in August 2010. Access was restored to passable conditions by the time of the 2011 visit. At the time of the WGM site visit in May 2012, the rehabilitation of the road from Hanwang Town to Qing Ping Town was nearing completion as the entire length was paved and widened, and only the construction of one tunnel and a water diversion installation remained to be completed.

Recent torrential rains and flooding however have again damaged a considerable section of the Mian-Mao highway from Hanwang Town to Qing Ping Town. Although the road was open to traffic and passable at the time of the November 2013 site visit, some parts of the road remain substandard presenting barely passable conditions with semi gravel sections. A continuing hazards from rock slides is present and substandard conditions were noted. WGM has been unable to confirm the current status of the scheduled government led work planned for this section of the road. Currently this section of the road is being maintained by the three mining companies from the same area.

The climate is a medium alpine humid/cold climate. The annual precipitation is about 1,050 mm. The months from July to September are considered the rainy season (59% to 84% of annual average), and from November to February is the snow and frost season. The maximum recorded 24-hour rainfall event is about 255 mm. The highest temperature is 36°C (July) and the lowest temperature is -10°C (January).

The entire area of Mianzhu City is under massive reconstruction efforts to repair damages caused by the Wenchuan Earthquake. Towns and villages have been, relocated and entire industries are also being relocated. The Mianzhu Norwest processing facility has also been relocated, to the new Gongxing industrial zone approximately 3 km to the northeast.

The topography is extremely rugged with northeast trending steep mountains, valleys/canyons, with vegetation cover. The terrain is defined as steeply sloping with multiple scree (loose rock) slopes and inherent instability from slopes close to failure. The entire area is too steep to support any substantial farming or animal husbandry industries. There are however some

small areas between Qing Ping Town and the Gongxing Industrial zone that appear to support small familial gardening/farming.

The chief employment in the area between new Gongxing Industrial zone and Mianzhu Norwest's Mines is centered on state-run and private phosphate mining as well as a state-supported/directed timber industry.

History

The discovery of Phosphorite rocks in this area dates back to 1968 when it was first reported by the #101 Geology Team of the Sichuan Bureau of Geology. Subsequent additional and more detailed surveys were reported from 1970, and 1990-1994.

Mining was first reported at Shi Sun Xi, in 1992 but was reportedly abandoned by 2000 due to low grades. Subsequent mining attempts in 2001 and 2002 from two adits at 1841 and 1,872 m elevation were also abandoned because mineralization was not encountered where expected.

Mining at Cheng Qiang Yan was started in 1994 by the Sichuan Mianzhu School-Run Enterprise Group Company and has been in operation more or less continuously since then.

Mianzhu Norwest acquired the mining operations in 2002 and carried out limited mining operations up until the time of the 2008 Wenchuan Earthquake. During this period the Sichuan Institute of Chemical Engineering and Geological Exploration prepared a mineral reserve estimate to PRC standard and subsequently the Coal Design and Research Institute of Sichuan province was engaged to prepare a preliminary design to increase the capacity at Shi Sun Xi to 200 kt/a (which remains the current allowed capacity).

The company has been working on rehabilitating the operations since 2009 with limited sporadic production. Following a recent restructuring exercise completed in 2013, AsiaPhos Limited became the holding company of Mianzhu Norwest.

Geological Setting and Mineralization

The outcrops in the area of Mianzhu Norwest's Mines, Cheng Qiang Yan and Shi Sun Xi, include Upper Sinian strata, Upper Devonian strata, Lower Carboniferous strata, Lower Permian strata and a small amount of Quaternary system. In general, the geologic structures strike NE to SW and dip to North and Northwest at 42°-58°.

This region is located in the middle part of the discordogenic faults at Longmen Shan Thrust Belt and earthquakes frequently occur with some in the strong to severe categories. The Longmen Shan area marks the (rapid) transition from thick (60 km+) crust beneath the Tibetan Plateau (to the west) to continental crust with normal thickness (around 40 km) beneath the Sichuan Basin. This area is also the boundary point between Caledonian-age folding (Silurian Period) and Songpan-Ganzi geosynclines fold belt of Indosinian orogeny of the early Mesozoic

Era (Late Triassic Period) and has been in the process of deformation for at least the last 600 million years.

There is one minable phosphorite bed in Mianzhu Norwest's area of interest and it occurs on both properties.

The stratigraphic records for the two are very similar. Local geological brigades are unsure as to the exact age of the phosphorite bed. Although the geological age for the phosphorite bed on the two properties is currently judged to be of Upper Devonian age, historically the bed has also been assigned to the Lower Cambrian and/or Upper Sinian (Pre-Cambrian) ages.

Sichuan Institute of Chemical Engineering and Geological Exploration has previously placed this phosphorite bed in the Devonian Period of the geologic time scale and have assigned the bed a specific "deposit type". The deposit type is known as the "Shi Fang" type.

There was a depositional hiatus from the Lower Cambrian to the Devonian Period at which time this phosphorite bed, in preference to others in the area, was severely weathered which created some internal structural changes and enrichment in P_2O_5 content. The internal structure changes and increases in P_2O_5 content are documentable. WGM questions whether this bed should be assigned to the Devonian Period or whether it should be more correctly assigned to the Lower Cambrian.

Upper Devonian System Lower Shawozi Group（D_3S^1） Contains the Phosphorite Bed.
This unit is composed of the grey or dark carbon hydromica claystone, phosphatic clay, siliceous phosphorite and phosphorite; composed of carbon hydromica claystone, phosphatic kaolinite claystone, svanbergite and brecciated phosphorite. Where the claystone is exposed at the surface, there is a risk of serious weathering. In addition, the claystone is vulnerable to be argillized; while svanbergite (strontium aluminum phosphate sulphate hydroxide) and phosphorite, on the other hand, is stable in thickness, hard in texture and good in stability.

Only a detailed description of the phosphorite bed at Shi Sun Xi is presented here and WGM believes it applies equally to Cheng Qiang Yan. The thickness of the phosphorite bed ranges from 1.1 to 13.8 m with an average thickness of 7.4 m. The P_2O_5 content of the bed ranges from 17.8% to 32.2% with an average of 29.6% P_2O_5. The strike of the phosphorite bed is generally E-W and the dip of the bed is about 30° to 40° in a northerly direction. The contact interface of the phosphorite and the bounding wall rock is clear and abrupt, both at the hanging wall and the footwall.

The phosphorite bed has a clear lithological zonation. From the bottom to top there is brecciated phosphorite, dense phosphorite, lutaceous phosphorite, svanbergite, siliceous phosphorite, and phosphatic claystone.

The phosphorite bed often leads to vertical zoning that is not complete, or is partially missing, due to the constraints of variability of the karst base (floor material) at the top of the underlying Deng Ying Group of strata.

The mineral combination mainly includes apatite, collophanite, svanbergite, kaolinite and hydro-mica among other minerals. However, from top to bottom the content of apatite and collophanite decreases in the phosphorite bed, while that of kaolinite and hydro-mica increases. The svanbergite is generally found in the central portion of the property.

The phosphorite bed is generally featured, by positive corpuscle-order gradation, a grain-size change from coarse to fine going from the bottom to the top except for the mixed order and sizes of brecciated phosphorite at the bottom of the sequence.

Physical conformation of the phosphorite bed is strictly controlled by the erosional surface of karstic topography at the base of the bed. Usually the upper contact is regular and even while the lower contact is irregular.

Typical of the "Shi Fang Type" of phosphorite deposit, the phosphorite bed is located in the space formed by the erosion process as a point of accumulation and the bed has transverse thickness variations. The erosional aspects of deposition has a certain character of its own as the accumulation of phosphorite develops along with erosion, and the phosphorite is accumulated in the lower part of the erosional topography as a bed. The phosphorite bed is derived from the weathered and reworked material from the Lower Cambrian Meishucun Formation.

The phosphorite mineral composition consists chiefly of fluroapatite and collophanite (70 to 80%) and of clay minerals (3-10%) with an accompanying 1 to 10% quartz and 1-10% zirlite (an amorphous aluminum-hydrate encrustation) as well as small amounts of pyrite, fragments of carbonate, ferric oxide, and chlorite.

The key element of commercial interest in the phosphorite mineral is phosphorus (P), which occurs in the natural oxidized form as P_2O_5. According to the most recent statistics from the trenches, mine underground development and core drilling, the average P_2O_5 content of the Resource at Cheng Qiang Yan is 27.9 percent. The similar value at Shi Sun Xi is 29.4 percent.

The Coal Design & Research Institute of Sichuan Province determined that the major gangue mineralization in this phosphorite includes MgO, Fe_2O_3, Al_2O_3, and CO_2. These gangue minerals will have no impact on the P_2O_5 quality or production. This is generally consistent with WGM's recent analyses, which showed that CaO was the major gangue making up between 40-50%. Trace minerals were generally low, Sr (300-2616 ppm) and Zn (176-416) had the highest concentrations. Low arsenic levels ranged from 16-30 ppm and Mercury content less than 0.1 ppm.

The Cheng Qiang Yan property is situated in between two major, and regional, fault systems, faults F1 and F2. Most of the faults specifically on the property are reverse faults, typical of overthrust and compressional terranes. A strike slip fault near the western boundary of the property dips toward the west at 55°, the heave is 350 m and the throw is estimated at about 450 m. Northeast of the property a normal fault 230 m long with an azimuth of 259° and dipping at 16° has a brecciation zone about 0.8 m wide. A reverse fault about 140 m long with a visible 0.3 m wide brecciation zone strikes NW with an azimuth of 316°, dipping at 34° with a throw of about 30 m and the heave is 40 m.

In conclusion, the faults on the property generally strike NE to SW with a monoclinal structure and dip toward NW to N at 43 to 58°.

The Shi Sun Xi property contains only one described fault which strikes from SW to NE and dips in an unknown direction at an unknown angle. The fault influences the phosphorite stratum under the exploration license to the east of the mining permit.

According to GB18306-2001 "China's earthquake motion peak acceleration division map" (PRC "National Standard Amendment No.1", June 11th, 2008), the earthquake motion peak acceleration in this region is 0.20 g, the basic earthquake intensity is Mercalli VIII, the earthquake response spectrum eigenperiod is 0.35. According to the Sichuan Province tectonic system and earthquake distribution maps in 1980, Mianzhu county annals and the quartz mine ESR age results explored in the fault zone of this region confirm that this region is located in a later structured active belt, where minor shocks have frequently occurred during geologic times. It was recorded that there were more than 10 earthquakes that affected this region; such as on March 22, 1983, when an earthquake occurred in Qing Ping Town in Mianzhu City, the epicentre was located at 104°17′ East longitude and 31°34′ North latitude with a magnitude of 4.2. Fortunately it caused little damage due to its mild intensity. However, Qing Ping Town became a severely damaged area after the Wenchuan Earthquake. Most of the buildings were destroyed and other damage was devastating. Based on the recorded seismic history in the area along with the geologic features and structures, it is expected that earthquakes will continue in the future. The intensity of major earthquakes could again reach a Mercalli intensity VIII (equivalent to Richter scale between 6 and 7, and mining construction as well as other projects should be planned and designed accordingly.

Although surface facilities were extensively damaged, the underground workings of the Mianzhu Norwest mine were minimally affected by the earthquake. This has been confirmed by recent exploration, development and mining activities since that time.

Deposit Type

The primary phosphorite bed of economic interest is of sedimentary origin. While there is some disagreement between various historical geological reports as to the exact age and nature

of the two deposits, the main feature being the phosphorite bed is easily identifiable and traceable at both sites.

The geology reports by local geological bureaus for the two deposits differ as to the geologic age of the phosphorite bed with the bed at Shi Sun Xi being of Devonian age and the Cheng Qiang Yan being Upper Pre Cambrian. WGM believes that both are more likely of Lower Cambrian age and equivalent to the Meishicun Formation similar to the deposits on the east flank of the very large anticline that forms the basis of most of Mianzhu area's phosphorite production.

WGM has no doubts that the roof material for the Shi Sun Xi bed is Devonian and there is a significant unconformity between the two strata just as there is an unconformity between the phosphorite bed and the underlying Upper Sinian strata identified as the Deng Ying Formation.

Because of the "Devonian" age assignment for the phosphorite bed at Shi Sun Xi, this type of "Devonian phosphorite deposit" is designated as the "Shi Fang Type" in Sichuan Province. During the depositional hiatus and erosional events that occurred between the Middle Cambrian and Devonian ages the phosphorite bed was severely weathered which increased the quality of the bed significantly compared to the Meishucun Formation. This is a natural "beneficiation" process. During the initial depositional events during the sea on-lap in the Devonian age, the "Shi Fang Type" beds were displaced somewhat and incurred internal structural changes to the bed which was subsequently covered with mid- to upper shelf Devonian marine sediments.

Exploration

At Cheng Qiang Yan, no significant exploration of the licences had taken place before 2013 other than the advancement in the understanding of the mineralization stemming from the small scale mining and development efforts. The Sichuan Province Geological Exploration and Development Bureau Geochemistry Team was engaged for the last quarter of 2013 to complete a local technical feasibility study as required by PRC regulation in support of the Mianzhu Norwest application for a Mining Permit covering the area below the current mining Licence and the existing exploration permit which expires April 9, 2014.

Exploration consisted primarily of underground surveying, mapping and sampling as well as a surface verification survey to update topographic data. The field work was completed by the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team December 21, 2013. Approximately 4,600 m of underground mapping and surveying and cutting of 20 channels (105 samples) was completed covering the six levels of development work at Cheng Qian Yan previously prepared by Mianzhu Norwest.

The work was focussed mostly on surveying and exploring underground development levels or wells 1, 3, 4, 15, and 2140 within the exploration permit.

Drilling

There has been no new drilling or trenching on the property since the earthquake in 2008. However more recent underground development and limited mining activity have provided details of the mineralized zone, either in the form of structural and dimensional information as well as grade information from direct mining activity or channel sample results. This information has been treated as equivalent to trench information by WGM. All underground sample sites have been carefully surveyed to applicable PRC standards with sub-metre X and Y location Z elevation coordinates provided.

The Cheng Qiang Yan geological dataset contains records for six trenches and nineteen pre-2013 locations within the existing underground mine where organized production control samples were collected between 2002 and 2008. Results of the 2013 underground exploration sampling provide an additional 18 underground data points.

These sample data contain information regarding location, "true" thickness, elevation and percent P_2O_5. Some of the data points also reported percent Fe_2O_3 (13 points only). The 2013 samples were also tested for percent SrO.

There have been no updates to the Shi Sun Xi geological dataset which contains records for six drill holes and five trenches, some of which were reported from neighbouring properties. There are also two locations within the existing underground mine where organized production control samples were collected between 2006 and 2008.

These forty three (43) sample locations at Cheng Qiang Yan and thirteen (13) Shi Sun Xi samples have been treated as "trench" locations for the work conducted by WGM.

Reference samples collected by WGM in November 2013 from both the Mine sites generally confirmed the grade and density of the reported mineralization.

Sample Preparation Analyses and Security

PRC had well established standards for geological exploration and reporting requirement. The exploration, sampling and analyses procedures for Phosphate are contained in a number of standards which must be followed in order get approval to advance any projects. The detailed procedures have been presented in the previous WGM report entitled "*A Technical Review Of The Cheng Qiang Yan Phosphate Deposit And Shi Sun Xi Phosphate Deposit, Mianzhu City, Sichuan Province, People's Republic Of China For AsiaPhos Private Limited"* dated February 18, 2013, by Donald H. Hains, P.Geo., G. Ross MacFarlane, P.Eng.

WGM understands that the program completed on December 23, 2013 by the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team was conducted according to the required PRC regulation. These procedures are considered by WGM to be acceptable.

Data Verification

WGM collected six samples, 3 from Mine 1 and 3 from Mine 2, during its November 2013 site visit. Sample analyses confirm the overall mining grade, rock density and range of oxide minerals as well as accessory minerals content. These samples were analysed at SGS Tianjin Mineral Laboratory, Tianjin, PRC using standard analytical techniques for phosphate ores. The results of the analyses confirmed the general tenor of the grade and specific gravity of the ore as reported in the Chinese geological reports.

During its November 2013 visit, WGM also observed the various steps of this fully integrated Phosphate operation from mining through final processing. WGM personnel reviewed development and mining practises at Mines 1 and 2 as well as mine access roads, minesite fixed facilities and toured the new process plant.

WGM was able to confirm that development and production stoping was underway on 5 levels or wells at Mine 1, employing 84 contract miners at this underground operation. At Mine 2, there were 5 levels or wells under development employing an additional 69 contract miners for a total of 153 total contract miners employed at the two mines. In addition to the contract miners were the company staff, camp maintenance personnel and contract truckers which reportedly brought the total manpower at the two mines to approximately 200 people, the plant manpower being extra.

WGM toured the modern state-of-the-art 20,000 tonnes per annum P_4 Plant at the New Gongxing industrial zone which was operating at steady state during the visit. Both the 10,000 capacity furnaces were charged and operating. WGM visited the processing plant, stockpile, processing consumables storage, furnace control room and office facilities. During the visit, WGM observed the in-plant crushing process, including mucking, loading and ore handling.

WGM observed the tramway operation, loading of trucks from the bins, truck haulage from the mines to the stockpiling operation at the plant site. The haulage roads within 3 kms or so of the mines were roughly graded, lacked crushed granular topping and mainly limited to single lane traffic. Once onto the government maintained roads, the roads were generally well graded and accommodated two way traffic at higher speeds. Special attention has been paid to slope stability, ground control installations, river channel debris and road maintenance at locations where severe hauling interruption can happen due to heavy rainfall.

Mineral Processing and Metallurgical Testing

No direct evidence of previous mineral processing and/or metallurgical testing has been presented for inclusion. A report by the Sichuan Institute of Chemical Engineering and Geological Exploration indicated that the "Shi Fang Type" mineralization, has been discovered and processed for over 40 years. The processing industry has considerable processing experience on handling this type of mineralization, and based on these experiences, the product from this site can be directly used as chemical reagents or fertilizer".

Mianzhu Norwest, produced, from 2002 until the Wenchuan Earthquake, a total of approximately 379,000 tonnes of phosphate rock that were fed to the electric furnace operations at Hanwang Town Mianzhu City to produce elemental phosphorous (P_4). This operating history demonstrates that end products (P_4 and related) can be produced economically and competitively with this type of operation. Based on records recovered after the earthquake, production averaged about 29.6% P_2O_5 and 2.9% Fe_2O_3 (dry). The average moisture content of each of these samples was about 4.6% H_2O.

There was no evidence that elements like arsenic had been tracked in the operation from the phosphate rock, waste products and possible releases to the environment which would be normal and required practice in western operations. Two WGM composite samples collected in November 2013 returned arsenic (As) results of 16 and 30 ppm respectively.

Mineral Resources

The two phosphorite deposits controlled by Mianzhu Norwest contain, as of December 31, 2013, an estimated Measured and Indicated ("M&I") Resources of 20.5 million in situ tonnes, at a grade of 29.38% P_2O_5 under mining licenses. A further 2.6 million in situ tonnes of M&I Resources at a grade of 26.71% P_2O_5 are controlled under exploration licenses on the two properties. The Inferred Resources are estimated to total 2.7 million in situ tonnes, at a grade of 28.91% P_2O_5 under the mining licenses and an inferred 16.1 million in situ tonnes are estimated under the exploration licenses at a grade of 29.74% P_2O_5. These estimates used are CIM compliant. Computer model design criteria included:

- Phosphorite Density – A constant 3.08 tonnes per cubic metre was used for Cheng Qiang Yan and 3.03 tonnes per cubic metre used for Shi Sun Xi; these are the same as for all past studies conducted and are supported by reports and samples;
- Minimum Phosphorite Bed Thickness – 0.25 m; estimates by past PRC work use a minimum thickness of 1.6 m; (Thicknesses ranged from 0.67 m to 13.84 m);
- Phosphorite Subcrops – None were used. The geological history for the Shi Fang type deposit dictates that all weathering phenomena were emplaced millions of years ago and no recent activity accounts for changes;
- Phosphorite Analyses – The data which are contained in individual sample analyses contained in the dataset for each property are limited. The past PRC estimates used various grade cutoffs at various times all dictated by Provincial guidelines with such cutoffs not geologically warranted. WGM applied an effective 8% P_2O_5 cutoff basis (resource polygon grades ranged from 17.77% - 35.39%);
- Outside Estimate Boundary – The mining license boundary and the exploration license boundary are used for each property; and,
- Average bed thickness and average P_2O_5 content are weight averaged by tonnes from the various applicable polygons resulting from the estimating process.

The following tables summarize the Mineral Resources by property area. For each property (asset) the mineral resources for the mining licence area and exploration license area have been combined. Note that the estimates account for the continuity, grades and bed thickness from drill holes and surface trenching as well as mine development and production mining which were used in computer models developed for each deposit.

Mineral Resources that are not mineral reserves do not have demonstrated economic viability. Under NI 43-101 criteria, only Mineral Resources under the M&I classification may be considered for inclusion into any mine planning efforts which are required and to possibly elevate the categorization of that material to Reserve status. The demonstration of economic viability of the Resource and downstream processing must be established before the Mineral Resources can be classed as Reserves. No Inferred Resources may be included in these efforts. This document is the reporting of phosphorite Resources only.

Summary of the Mineral Resources and Reserves for Mianzhu Norwest's Mines

Category	Mineral Type	Gross Attributable to licence		Net Attributable to Issuer Assumed at 100%			Remarks
		Tonnes (millions)	Grade (P_2O_5 %)	Tonnes (millions)	Grade (P_2O_5 %)	Change from previous update (%)	
Shi Sun Xi/China							
Reserves							Insufficient studies to determine
Proved		-	-	-	-	-	
Probable		-	-	-	-	-	
Total		**-**	**-**	**-**	**-**	**-**	
Resources							
Measured	Phosphorite	6.9	29.21	6.9	29.21	0%	
Indicated	Phosphorite	12.1	29.43	12.1	29.43	0%	
Total		**19.0***	**29.35**	**19.0**	**29.35**	0%	
Inferred	Phosphorite	17.9	29.77	17.9	29.77	0%	
Cheng Qiang Yan/China							
Reserves							Insufficient studies to determine
Proved		-	-	-	-	-	
Probable		-	-	-	-	-	
Total		**-**	**-**	**-**	**-**	**-**	
Resources							
Measured	Phosphorite	4.1	27.83	4.1	27.83	24%	
Indicated	Phosphorite	-	-	-	-	0%	
Total		**4.1**	**27.83**	**4.1**	**27.83**	**24%**	
Inferred	Phosphorite	0.9	26.77	0.9	26.77	0%	

Notes: Mineral Resources effective December 31, 2013

1. Mineral Resources are estimated at a cutoff value of 8% P2O5, and a minimum phosphorite bed thickness of 0.25 m.
2. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
3. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.
4. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.
5. S.G. of 3.08 tonnes/m^3 and 3.03 08 tonnes/m^3 used for Cheng Qiang Yan and Shi Sun Xi respectively.
6. Indicated amounts may not precisely sum due to rounding.
7. Inferred Resource cannot be included in total Resource calculation under NI 43-101 Standard.

Mineral Reserves
No Mineral reserves to NI 43-101 standard have been prepared to date.

Mining Method
The company's two Phosphate producing mines are both underground mines comprising relatively higher density, hard host rock. Primary access is by adit from the mountainside at 100 metre vertical intervals and plus 3% grade for water control. These horizontal adits are driven conventionally with handheld drills in the footwall parallel to the steeply dipping ore vein.

A typical stope is 50 metres along strike and 50 metres high. Once a stoping block has been outlined, conventional stull and ladder raises are driven every 50 m along the adit drift to define the lateral extent and gain access to the top of the 50 m high stope. The footwall raises are driven from the adit drift to a captive sub level 50 m above and then the raise is continued up another 50 m to the adit above.

The mining method is conventional shrinkage stoping where uppers are drilled using handheld drills in a horizontal slice from one raise to the raise at the other extent of the 50 m long stope. Due to the steeply dipping ore, gravity allows the broken ore in the stope to migrate down to the extraction drawpoint below. Swell muck is extracted from drawpoints and the remainder of the ore is left in the stope for a working platform for the stope miners who work off the broken ore in the stope. A backhoe-conveyor mucking arrangement mucks ore from the drawpoint into a small three wheeled, diesel powered mine cart. The truck or cart hauls the ore out the adit to a chute on the mountainside where it is loaded into an aerial tramway bucket and transported across the valley to a surface truck bin.

Recovery Method
Mine ore transported to the company's processing plant located in Gongxing industrial zone is dumped in stockpiles, based on origin and analysed in the company assay lab to determine grade and moisture content. Based on the grade of the ore it is either sent to the processing facility or sold as raw ore.

Conveyors feed the ore stock piled in the courtyard, to two stages of rock crushing. Lower grade material is generally sold untreated as crushed rock for local consumption or to the fertilizer industry. The highest quality rock is utilized to meet the capacity of the Mianzhu Norwest Plant.

Production shortfalls from Norwest mining operations can be filled with the purchase of other production in the area and mine production in excess of the required capacity of the Mianzhu Norwest Plant is either stockpiled for future use or will be sold to other phosphate rock processors in the region.

The new processing facility also includes an adjacent area for the production of the food processing chemicals, SHMP and STPP. Relocation of the STPP plant and the related storage and handling facilities immediately west of the new furnace site has been completed and is now operational.

Project Infrastructure

The restoration of the adits remains a priority for Mianzhu Norwest as such Mianzhu Norwest has made agreements with neighbouring mine operations to integrate three surplus tunnels into their handling of mine rock production. For 2014 plans include developing an underground passage system at both Mines that connects all levels to allow equipments and personnel to enter and exit the Mines through well established and protected main portals at lower elevations where there is much reduced risk from further rock slides.

Cheng Qiang Yan or Mine #1 is the company's flagship mining operation with development and stoping in five adits or wells as of December 2013. Shi Sun Xi or Mine #2 is the newer of the two mines and mainly under development with stoping to accelerate during FY2014.

As of December 2013, there were five adits or wells being developed at Mine #2. Development included reinforced concrete for ground support at the 1,815 m, portal, an 800 tonne capacity loading station, a wide drift that allows trucks to move directly under the loading station.

The Plans for 2014 consists of drift advancement on most of the existing mine levels to create production faces and to connect levels with rock passes and ventilation raises to help Mianzhu Norwest to further explore and initiate definition of Reserves.

Process Plant and Facilities

The company has completed construction of its P4 Plant (which includes the construction of two (2) furnaces) at the New Gongxing industrial zone under Phase 1. Trial production was carried out and completed in FY2013. There were no sales of P4 in 2013 since trial production of P4 was only started in mid-2013. The company is currently awaiting approvals before the P4 produced can be sold.

As at 31 December, 2013, the company expended approximately Rmb122.8 million (approximately S$25.5 million on the construction of the New Facilities.

The company also intends to the build the P4 flue gas storage facility during FY2014 for an estimated cost of S$1.4 million.

Phase 2 of the Rebuilding Program

Subject to unforeseen circumstances and meeting all regulatory and legal requirements, and securing land use rights, estimated to cost approximately S$0.6 million the company expects to commence Phase 2 of the Rebuilding Program by the end of FY2014.

Phase 2 includes upgrading the STPP plant, a new thermal phosphoric acid plant and food grade SHMP plant, as well as new office and dormitory facilities and plant site access roads. As at December 31, 2013, approximately Rmb5.4 million (approximately S$1.1 million) of an estimated S$5.9 million has been expended.

Access Road

Mianzhu Norwest made a production forecast to reach 415,000 tonnes in 2015 or upon completion of the reconstruction of the northern section of the mine haulage road. Reconstruction of the southern section including road widening, water diversion, slope stability installations and traffic control had been well advanced and significantly reduced travel time. However extensive flooding in late 2013 damaged a major section of the newly completed road, making some sections barely passable.

The conditions on the section north of Qing Ping Town to both mines (Section 2) of the Mian-Mao Highway were also being improved with plans to construct a series of tunnels and bridges. This northern section of the road currently requires major work to establish a safe and reliable haulage route to sustain the Mianzhu Norwest mine production as well as that of two other mine operations in the area and will be a critical factor until the construction is completed. Based on the latest information available to WGM construction of the north section is to be continued, but no completion date is available. Stockpiling of aggregate was noted since mid 2013 and excavation of three tunnels of the seven tunnels planned was started along with some of the planned bridge construction. Due to heavy rainfall during the rainy season each year, these bridges and tunnels have been redesigned and relocated to higher elevation to avoid potential damage. This has caused further delay in construction. Thus, there was no completion date forecast available during WGM's visit.

Most parts of the road section north of Qing Ping Town and the last 3 km to access the Mines is under upgrade and maintenance by the three companies operating the mines in the area. Due to the higher elevation, this section of the road received less damage from flooding compared to the lower section of the highway (Hanwang town to Qing Ping town section). However, most damage to this secondary gravel road is mainly from loaded trucks from the three operating companies. The collective continuous efforts of the companies have been adequate to maintain the haulage road.

Market Studies Contracts

The recent independent CRU International Limited ("**CRU**") market review dated 21 June 2013 prepared for AsiaPhos indicates that their phosphate rocks are of relatively higher quality than other phosphate rocks mined in the PRC.

The industry preference is for phosphate rocks with a minimum P_2O_5 content of 29% to 32%. CRU further states that most of the phosphate mines in the PRC are mining phosphate rocks with P_2O_5 content of 20% to 25%, and that the average grade of PRC's phosphate rock deposits is estimated to have P_2O_5 content of less than 20%.

The combined measured and indicated phosphate rock resources for Mine 1 and Mine 2 have an average P_2O_5 content of 29.62%. In addition, CRU noted in their report date 21 June 2013 that phosphate rock with low Cadmium (Cd) content of less than 5 ppm Cd would generate a premium. Independent samples by WGM show the cadmium content of 2 composite samples to be 2.12 and 2.99 ppm respectively.

Between 1 January and 31 December 2013, AsiaPhos produced an actual mine output of approximately 128,000 tonnes of phosphate rocks with an average P_2O_5 content of 30.9%. The Y2013 actual was about 6,600 tonnes or 5% higher than the 121,400 tonnes budgeted for the year. The Y2013 actual mining output tonnage was approximately two times the tonnage of what was mined in Y2012.

The AsiaPhos Mining operations will yield phosphate rocks with relatively high P_2O_5 content and low contaminants, which will be valued and priced as higher-quality phosphate rocks, and should generate strong demand from customers.

The CRU report dated 21 June 2013 forecasts a modest growth for global phosphate production with a compound annual average growth rate of 1.8% per year until 2022. China accounted for 40% of world consumption in 2012. CRU believes that future Chinese production will closely match domestic demand..

Vertically integrated operations are favoured and AsiaPhos benefits from a number of factors such as operational experience, access to power, their new and more efficient plant and an established marketing network.

While considered small scale at present and faced with a fragmented local market, the company's objectives of growing the operation to 415,000 tonnes production per annum in the near term and to 1 million tonnes annual production over the longer term would advance them to a larger scale producer category.

AsiaPhos believes that their vertically-integrated strategy will provide stability with the supply and price of raw material as well as quality assurance and production flexibility.

Environmental Studies

WGM is not aware of any social or environmental issues, which would affect exploration, development, and exploitation of the Mianzhu Norwest`s properties herein described as currently practiced in the PRC, other than the required post-earthquake restoration activities which are currently being carried out in co-ordination with local government and regulators.

The AsiaPhos Mianzhu Norwest operations are currently in compliance with all local requirements and current operating plans also provide for capital and operating budgets to maintain the operations in compliance with PRC regulations. The Plant commissioned in 2013 complies with the environmental law of the PRC and will practice water recycling and off gas collection as well as slag disposal at a nearby cement operation.

Mianzhu Norwest acknowledges that various current conditions and practices would not meet the standards of international best practice. Mianzhu Norwest has stated its desire to move their operations towards international best practices.

The company also provides monetary reimbursement for a timberland compensation and forest recovery fund bi-yearly and has set aside provisions for rehabilitation and reforestation upon mine closure as well as investment in a number of areas to improve the mine workplace safety and productivity. The underground operations have recently installed a communication and personnel locating system as well as provision of mine refuge stations, fire control and prevention, and underground air quality monitoring.

As an initiative in community social responsibility, Mianzhu Norwest has also donated funds to help finance education for local students from low income families. The company plans to continue donating part of the annual net profit as well as funding scholarships for university students.

Capital and Operating Costs

Current Operating Costs for Y2013

The total unit operating cost in Y2013 based on approximately 128,000 dry tonnes was Rmb243 per tonne mined including amortisation and depreciation, compared to Rmb240 per tonne in 2012. The 1.25% increase in unit operating costs in Y2013 versus the previous year was mainly due to higher labor costs but offset by lower unit co-operation costs and higher tonnes mined. Transport unit costs were the same year over year due to no change in contract trucking rates. Resources tax increased by Rmb2 per ton and safety costs doubled from Rmb1 to Rmb2 per tonne.

Economic Analyses

WGM has reviewed Mianzhu Norwest's proposed production plan and has completed an independent evaluation of the economics of the project over the next 13 years. This review includes the gradual expansion of the mining capacity to 1.0 Mtpa (million tpa) over a four

year period following the scheduled completion of the reconstruction of the haulage road in 2015. WGM has not considered what permitting may be necessary to expand the mine production nor allowed for any delays in the production schedule that may result from failure to receive the necessary permits as required by the plan.

The basic assumptions in the Mianzhu Norwest model extend to the year 2033, and include the actuals for 2013. WGM presents the first 14 years of this model, with the annual production rate projected to increasing from 415,000 tpa in 2015 to 1.0 Mtpa in 2019. Also, the WGM model is based on an inflation rate of 5% of both prices and capital and operating costs and an exchange rate of ¥6.10 per US$(March, 2014). While WGM believes that labour costs in the PRC will increase faster than 5% in the coming years, the increased capital cost allowed for some mechanization in the mine operations in the business plan should help mitigate these labour cost increases.

WGM has treated the year 2013 as sunk revenue and cost and has discounted the net cash flow to the beginning of 2014. As the financial analysis demonstrates, the production plan of Mianzhu Norwest has robust economics over the 13 years (the discounted period) that have been analysed. The project shows an NPV of US$120.8 million at a discount rate of 10%, an IRR of 121% and a payback period of 2.2 years from the start of 2014.

The sensitivity tested these variables from -25% to +25% of their Base Case values. The net cash flow remains positive even at a 25% decrease in product prices. Also, as would be expected, the project is most sensitive to sales prices, followed by operating costs and is least sensitive to changes in capital costs.

WGM regards the greatest risk to this analysis is the potential impact of the haulage road from the mine to the Plant in the initial three years when the haulage road reconstruction is expected to be completed.

Adjacent Properties

The Mianzhu Norwest Mines, Cheng Qiang Yan and Shi Sun Xi, are both located in an historic phosphorite mining area that was active until the Wenchuan Earthquake.

WGM has determined that the adjacent “neighbours” at Cheng Qiang Yan are Lomon Phosphate Company to the north and Qing Ping Phosphate Mining Company to the east of the current mining license area. Likewise, at Shi Sun Xi the adjacent “neighbours” are the Deyang Long Lin Mining Company to the west and An Xian Shi Sun Xi Mining Company to the east.

Cooperation between the neighbouring companies and Mianzhu Norwest was taking place with provision of access during operations and continues to be good cooperation during post-earthquake restoration activities. The recent co-operation efforts include the cost sharing of

restoring access to all properties in the appropriate and adjacent water-sheds which provide the main routes of access to the Mianzhu Norwest properties as well as others in the area.

Other Relevant Data and Information

This document only reports the phosphorite Resources for the two Mines of the Mianzhu Norwest. There are no additional requirements to report that would materially affect the estimation of the Resources. No associated mining, metallurgical, economic, marketing or environmental studies have been referenced in the preparation of these Resources.

The conversion of the phosphorite Resource to Reserves in compliance with CIM definitions and standards will require closer spaced drilling and sampling to more accurately define the deposit boundaries and thicknesses as well as the grades. This conversion must also be supported by the application of required modifying factors including economic and mining factors, environmental, metallurgical and market factors to define the cutoff grade for the portion of phosphorite Resource that can be economically extracted, to be classified as reserves.

Interpretation and Conclusions

The phosphorite Resources controlled by Mianzhu Norwest are higher grade than many of the nearby phosphorite deposits. The high grade and relatively low in impurities are favoured by markets. The modern processing facility and vertically integrated operations provides greater operational flexibility.

The Resource estimates made in this report are based on the assumption of the existence of one continuous mineralized bed on the licenses. There is a reasonable expectation that further exploration of the licence areas can contribute to increases in the Resources resulting from better understandings of the local structure and thickness of the mineralization.

The full analysis of the phosphorite Resource as well as the normal metallurgical testing has not been carried out as would be routine for development considerations of deposits of this type elsewhere in the world. As such, it is difficult to compare these deposits with others around the world other than by evaluation of the products produced.

Recommendations

Based on the history to date of the Mianzhu Norwest operations, WGM believes that completion of the necessary drilling and sampling will be successful in conversion of a high proportion of the Resource being classified as Reserves. Further development efforts, primarily drilling and sampling, are required to elevate the Inferred Resources, or any portion thereof, to the Measured and Indicated categories. This work may take place in the future as required by Mianzhu Norwest's long-term business planning.

In general WGM agrees with Mianzhu Norwest's post-Wenchuan Earthquake business plan that accommodates the current conditions of each of the Mines. This includes the scope, schedule and cost of the restoration and expansion of production as well as the long-term approach for the operations taking into consideration current and projected markets. The plan should continue to address the type of operation necessary to reach standards that are more analogous to international best practice and that may be necessary for compliance with potential future state requirements, standards for listed companies and possibly required by the future market place standards for the industry such as ISO certifications.

Each of the Mines needs additional geologic definition through further drilling and sampling required for better mine planning with reduced risk to production shortfalls or grade variations. The current practices of "exploration through production" should be replaced with Reserve definition drilling prior to mining.

In addition to analysing the samples for the phosphate grade, the program should determine all constituents in the rock to establish an information base for future reference in reviewing processing operations, environmental issues, market requirements, etc. The samples may also be used to support bench scale metallurgical testing to support the ongoing operations or evaluation of potential processing options.

In years 2014 to 2019 when the planned mine production is scheduled to increase from 264,200 tonnes to 1,000,000 tonnes with 1Mtpy to be maintained thereafter, the requirement to establish Mineable Reserves to sustain that production level was estimated previously when the restoration of production after the Wenchuan Earthquake was just beginning. Since that time considerable development of the footwall haulage has been completed at both mines.

The new estimate of the exploration requirements considers the increased level of mine development now available noted in the site visit of November 2013. The exploration requirement that is identified is the order of the exploration expenditure required to define the minimum portion of the Mineral Resource as Mineable Reserves.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1 INTRODUCTION

Watts, Griffis and McOuat Limited ("**WGM**") was engaged by AsiaPhos Limited ("**AsiaPhos**") a company listed October 7, 2013, on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), (trading Symbol 5WV). WGM was asked to update the Technical Report and Mineral Resources estimate, prepared February 28, 2013 in support of their Initial Public Offering ("IPO"), by incorporating the results of the 2013 exploration work on their two phosphorite deposits located in Sichuan Province, People's Republic of China ("**PRC**"). The mineral properties are held by Sichuan Mianzhu Norwest Phosphate Chemical Co. Ltd ("**Mianzhu Norwest**"), a wholly owned subsidiary of AsiaPhos. Mianzhu Norwest has been restoring its operations following the May 12, 2008 Wenchuan Earthquake. The report also updates the status of the current exploration, development, mining and processing operations and improvements to the access roads, as part of the continuous reporting obligations of AsiaPhos. This report updates the technical information of Mianzhu Norwest for use by AsiaPhos in preparation of its 2013 annual report.

WGM had originally been retained in 2010 by Norwest Chemicals Pte Ltd, the immediate holding company of Sichuan Mianzhu Norwest Phosphate Chemical Co. Ltd ("**Mianzhu Norwest**"), a wholly owned subsidiary of AsiaPhos to provide technical assistance to the company and thereafter to prepare an independent technical report ("Technical Report") in compliance with the requirements of the Catalist Board of the Singapore Exchange Securities Trading Limited as specified by Practice Note 4C, Disclosure Requirements for Mineral, Oil and Gas Companies. AsiaPhos Limited was successfully listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on October 7, 2013.

Two WGM associate mining engineers conducted an independent site visit from November 25 to 30, 2013. WGM has also been provided with operational statistics and details of the work carried out by Mianzhu Norwest in 2013 and the preliminary data from the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team which conducted extensive underground exploration at Mine 1 in 2013 for the preparation of their technical report to support the Mianzhu Norwest application for the conversion of the current exploration licence to a mining licence.

WGM's visit also focussed on advising AsiaPhos on appropriate exploration parameters for upgrading the existing Mineral Resources to Mineral Reserves, reviewing the current development advances in support of planned operational expansion, and the company's ongoing efforts to engage international best practices. WGM also collected independent reference samples from current operating and development sites to assist with updating the mineral resources. The report also updates the status of the current processing operations that

were being restored to full production following the earthquake May 12, 2008 (the "Wenchuan Earthquake as well as advances on the upgrades to the mine access roads and loading portals.

WGM has extensive experience with these operations gained as a result of their four previous site visit since 2010. These visits included progress reviews and assessments of the status of the road reconstruction following the Wenchuan Earthquake, and progress in development at the two mine sites, and construction of the new processing facilities.

This independent technical report has been prepared for AsiaPhos in accordance with the reporting standards of the National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects, including Companion Policy 43-101, as promulgated by the Canadian Securities Administrators for Reporting of Exploration Results, Mineral Resources and Ore Reserves and requirements as specified by Practice Note 4C, Disclosure Requirements for Mineral, Oil and Gas Companies.

The data supporting the statements made in this report have been verified for accuracy and completeness by the authors. With due regard, for the standards for documentation of resources in China, no meaningful errors or omissions were noted. The effective date of this Technical Report is 31 December 2013 and this Technical Report is dated 28 March 2014.

WGM confirms to the best of their knowledge, that there is no new material information that has arisen between the effective date and the date of the Technical Report which would be required to be included in the Technical Report for completeness.

2.2 TERMS OF REFERENCE

This report has been completed pursuant to the engagement executed between AsiaPhos and WGM, dated November 21, 2013. WGM's scope of work included making a site visit, reviewing the available information related to the Mianzhu Norwest properties and progress on the implementation of the proposed expansion plans and the work required to achieve conversion of Mineral Resources to Reserves. WGM also reviewed draft results from the ongoing Sichuan Province Geological Exploration and Development Bureau Geochemistry Team exploration data resulting from the company's application for conversion of its exploration licence at Mine 1 to a mining permit. WGM also collected independent reference samples as part of its update of the Mineral Resources. The findings are summarized and presented with recommendations in a report prepared in compliance with Canadian Securities Administrators' NI 43-101 and definitions of the Council of the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") standards. NI 43-101 and in compliance with the requirements of the Catalist Board of the Singapore Exchange Securities Trading Limited as specified by Practice Note 4C, Disclosure Requirements for Mineral, Oil and Gas Companies.

WGM has assisted the company in a technical advisor capacity since 2010 and has completed numerous visits to the property. WGM also prepared a technical report, which summarized the status of the operations, geological exploration, and Mineral Resource estimates for the Cheng Qiang Yan and Shi Sun Xi properties of AsiaPhos Limited in connection with the initial public offering of its shares on the Catalist Board of the SGX-ST.

This report updates the Mineral Resources for the two properties incorporating the 2013 exploration and production results for:

- Cheng Qiang Yan Property – A single phosphorite bed deposit; and
- Shi Sun Xi Property – A single phosphorite bed deposit.

Mianzhu Norwest has been rehabilitating the previous operations of both the Mines and is working on completing the new processing plant and related infrastructure. A sufficient amount of the required engineering, environmental and modifications have been completed. This work in conjunction with historical production data allowed for the preparation of the original conceptual financial models as presented in the previous WGM report.

The current report reviews the advances made to date and additional exploration and detailed engineering work which is still required in order to meet international requirements for the definition of Reserves and demonstrate project feasibility. This work largely entails underground development, exploration drilling and more extensive mine planning to support estimation of Reserves and production forecasts both in short and long term mine plans.

2.3 SOURCES OF INFORMATION

In conducting this updated study WGM relied on its previously published NI 43-101 compliant Technical Report entitled "*A Technical Review Of The Cheng Qiang Yan Phosphate Deposit And Shi Sun Xi Phosphate Deposit, Mianzhu City, Sichuan Province, People's Republic Of China For AsiaPhos Private Limited"* dated February 28, 2013, by Donald H. Hains, P.Geo., G. Ross MacFarlane, P.Eng., and the Offering documents filed with the SGX-ST.

Mr. Joe Hinzer, P.Geo., WGM President met with Dr. Ong, Mr. Simon Ong and Mr. Wang Xuebo, the General Manager on October 31, 2013 to discuss the status of current operations and outline plans for the upcoming site visit and updated technical report.

WGM Senior Associate Mining Engineer, William Glover, P.Eng., and WGM Associate Mining Engineer, Jack Beichen Yue, P.Eng., conducted a site visit from November 25 to 30, 2013. Two operating adits one at each mine, Level or Well 15 at Cheng Qiang Yan (Mine 1) and Level or Well 1950 at Shi Sun Xi (Mine 2), were visited to observe current practices. Extensive discussions with mine management and operational personnel were also undertaken as part of the operational review process. WGM was also provided with Mianzhu Norwest 2013 operational statistics for both mines. Six independent reference samples were

collected (three from each mine), these were assayed for both oxide and trace metals to provide a full base line profile. WGM has also been provided with the draft results from the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team's exploration work at the Mine 1 property. Donald H. Hains, P.Geo., Senior Associate Industrial Mineral Specialist reviewed the new exploration data and mineral resource estimate.

Extensive information was also gathered during previous site visits. The sites were originally visited by: James Spalding, WGM Senior Associate Geologist; Ross MacFarlane, WGM Senior Associate Metallurgical Engineer; and Jack Beichen Yue, WGM Associate Mining Engineer from February 23, 2010 to March 3, 2010. Subsequent site visits, were conducted by Ross MacFarlane and Mr. Yue on November 27 and 28, 2011, and then by Mr. Yue on May 31, 2012 and November 26 to 28, 2012. Donald Hains, Senior Associate Industrial Mineral Specialist reviewed the work previously completed by James Spalding (who retired from active practice for personal reasons in 2011) as well as all of the current results.

In addition to the earlier due diligence visits WGM visited the Mianzhu Norwest downstream processing facility and elemental phosphorous manufacturing facility under construction at the New Gongxing industrial zone in October 2013, as well as the Geological Institute charged with the past exploration programs and interviews were held with the primary Chinese geological consulting firm, the Sichuan Institute of Chemical Engineering and Geological Exploration [1], and with the Mianzhu Norwest personnel involved with the mining, transportation and processing operations.

In preparation of this report, the qualified persons have taken into account all relevant information supplied by the company. WGM has also previously reviewed unpublished internal reports and other information supplied by Mianzhu Norwest and the geological publications of the government of PRC. While WGM is unable to verify some of the information presented in these reports, WGM has no reason to believe that the information is not representative. A list of documentation reviewed and other sources of information are provided in the "References" section at the end of this report.

2.4 DETAILS OF PERSONAL INSPECTION OF THE PROPERTY

WGM's team consisting of WGM Senior Associate Mining Engineer, William Glover, P.Eng., and WGM Associate Mining Engineer, Mr. Jack Beichen Yue, P.Eng., conducted a site visit from November 25 to 30, 2013. The team met with Mr. Wang Xuebo, AsiaPhos General Manager and CEO, Dr. Ong and toured the AsiaPhos plant at Mianzhu city on November 26. For the underground visit to Mine 1 (Cheng Qiang Yan) and Mine 2 (Shi Sun Xi), WGM was

[1] The Sichuan Institute of Chemical Engineering and Geological Exploration has not provided its consent for the purposes of Section 249 of the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**") to the inclusion of its name, its reports and other information extracted from its reports which are referred to here and in other parts of this Technical Report and therefore is not liable for such information under Sections 253 and 254 of the SFA.

accompanied by General Mine Manager Mr. Luo and Mine superintendent Mr. Xu. The visit included a tour of the well/adit #15 at Mine 1 and the Level 1950 at Mine 2 to observe current mining practices and, truck loading operations, ongoing development, assess the overall operational standards and safety practices, and collecting of verification samples completed on November 27. The WGM team conducted extensive meetings with Mr. Wang and Dr. Ong on November 28th and 29th to discuss and review the recommendations to further increase the development efficiency and safety standards.

The Qualified Persons and Joe Hinzer as well as other partners, directors and substantial shareholders of WGM and their associates are independent of AsiaPhos Limited, its directors and substantial shareholders. The Qualified Persons and Joe Hinzer as well as other partners, directors and substantial shareholders of WGM and their associates do not have any interest, direct or indirect, in AsiaPhos Limited, its subsidiaries or associated companies and will not receive benefits other than remuneration paid to the firm in connection with the qualified person's report. Remuneration paid to the Qualified Persons or WGM in connection with this report is not dependent on the findings of this report.

2.5 UNITS AND CURRENCY

Units of measurement used in this report conform to the SI (metric) system. Tonnages are presented in tonnes ("t") equivalent to 1,000 kilograms (kg), metric tonnes per annum ("tpa") or metric tonnes per day ("tpd"). Linear measurements in metres ("m"), square metres ("m^2"), cubic metres ("m^3"), kilometres ("km"), square kilometres ("km^2").

Currencies in this report are quoted in United States of America dollars ("US$"), Singapore dollars ("S$"), and/or China Renminbi ("Rmb ¥"). The Conversion rate from Rmb to US$ used in this report was 6.10 being the exchange rate as at March 14, 2012. To complete the financial analysis of the Mianzhu Norwest 2013 business plan, an exchange rate of 6.10 was used based on the conversion rate on May 9, 2013.

2.6 DEFINITIONS

The following are the terms and their definitions used throughout the report.

TABLE 1.
LIST OF DEFINITIONS

Terms	Description
NI 43-101	National Instrument for the standards of disclosure for mineral projects for listing with Canadian regulators TSX/TSXV etc. (revised June 30, 2011).
JORC	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves that sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves (as revised).
CIM Standards	Standards, set by Canadian Institute of Mining Metallurgy and Petroleum, to establish definitions and guidelines for the reporting of Exploration Information, Mineral Resources and Mineral Reserves in Canada (last revised Nov. 2010).
Technical Report	This independent technical report dated March 28, 2014 prepared by WGM in accordance with NI 43-101 relating to the Mines.
Offer Document	The Offer Document dated 25 September 2013 issued by AsiaPhos Limited and the Vendors, including the Appendices thereto and the Application Forms in respect of the Initial Invitation for Listing on Catalist of the Singapore Exchange Securities Trading Limited.
Dashan	绵竹市大山矿业有限责任公司 (Mianzhu Dashan Mining Co., Ltd).
New Gongxing Facilities	The new facilities for Chemical Production Operations located at the New Gongxing Site.
New Gongxing Site	The new land premises located at Xiangliu Village, Gongxing Town, Mianzhu City, Sichuan Province, the PRC, comprising Phase 1 Land and Phase 2 Land.
Mine 1	The 四川绵竹华丰磷化工有限公司城墙岩磷矿 (Cheng Qiang Yan phosphate mine), located in Qing Ping Town, Mianzhu City, Sichuan Province, the PRC, details of which are set out in the section entitled "General Information on our Group – Mining Operations" of the Offer Document.
Mine 2	The 四川绵竹华丰磷化工有限公司石笋西磷矿 (Shi Sun Xi phosphate mine), located in Qing Ping Town, Mianzhu City, Sichuan Province, the PRC, details of which are set out in the section entitled "General Information on our Group – Mining Operations" of this Offer Document.
Mines	Mine 1 and Mine 2 collectively.
Mianzhu Norwest Mines and Plant	四川绵竹华丰磷化工有限公司 (Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd. and the New Gongxing Facilities.
The Wenchuan Earthquake	A Richter scale 8.0 magnitude earthquake on May 12, 2008 with epicenter in Wenchuan County, Sichuan, China.
Rebuilding Program	The construction of facilities for the Chemical Production Operations and offices at the New Gongxing Site following the Wenchuan Earthquake and the Relocation Exercise.
The Landslide	The landslide that occurred in August 2010 that damaged the access road to the mining activities of Mianzhu Norwest and neighbouring operations.
Rock slide	The falling of rocks down the side of the mountain due to slope instability, often caused by heavy raining or local shocks.
Mtpa	Million tonnes per annum.
Net Cash Flow	The total cash minus the total liability over a given period of time.
Base Case	Financial model using most reasonable/conservative assumptions.
Phosphorite rock	A phosphate bearing sedimentary rock with a high enough content of phosphate minerals to be of economic interest.
Phosphorite Bed	A continuous layer or rock unit of phosphate bearing rock.
Phosphorite material	The chemical component, which is a part of phosphorite deposit that is used to form the final product.
Phosphorite, Phosphorite Resources, Phosphoritic Deposit and Phosphate Deposit	The rock unit that contains the Phosphorite rock with the description and economic context.
Reserve Definition Drilling	The type and extent of drilling including the procedures followed to identify Mineral Resources and Reserves.
Rehabilitating	The reconstruction and restoration of the infrastructures and installations to allow continuation of the exploration, development and mining operations.

TABLE 1.
LIST OF DEFINITIONS (continued)

Terms	Description
Exploration information	The geological, geophysical, geochemical, sampling, drilling, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit.
Mineral Resource	See Section 14.2
Inferred Mineral Resource	See Section 14.2
Indicated Mineral Resources	See Section 14.2
Measure Mineral Resources	See Section 14.2
*Mineral Reserve	See Section 14.2
Probable Mineral Reserve	See Section 14.2
Proven Mineral Reserve	See Section 14.2
Feasibility study	a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are 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.
Preliminary feasibility study; "pre-feasibility study"	a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a mineral reserve.

* Mineral Reserve is defined by CIM definition (as mandated by NI 43-101) and Ore Reserve by JORC. In order to avoid confusion in this report the term Reserve or Reserves are used throughout with the meaning as described.

3. RELIANCE ON OTHER EXPERTS

This updated Technical Report has been prepared by WGM for AsiaPhos Limited, the holding company of Mianzhu Norwest. The information, conclusions, opinions, and estimates contained herein are based upon:

- WGM's, most recent site visit and independent samples collected;
- WGM's observations from previous site visits
- Information available to WGM at the time of preparation of this report;
- Translation of the parts of the draft exploration report being completed Sichuan Province Geological Exploration and Development Bureau Geochemistry Team for the permit upgrade;
- Data, reports, and opinions supplied by Mianzhu Norwest and third party sources listed as references and
- Assumptions, conditions, and qualifications as set forth in this report;

WGM has relied on the AsiaPhos Offer Document dated September 25, 2013, regarding the current status of legal title, property agreements, corporate structure, taxes, and required information concerning social, environmental and operational information and the status of related permits all of which have for the largest part had been prepared by independent counsel. WGM has relied on the information noted above presented as part of the listing application as well as any recent updates received and has not independently researched property title or mineral rights for the exploration permits and Mines under study and expresses no opinion as to the current title and ownership status of the Mianzhu Norwest Mines and Plant.

This NI 43-101 compliant Technical Report on the phosphorite Resources on Cheng Qiang Yan and Shi Sun Xi in Sichuan Province has also been completed with reliance on numerous geological and technical studies previously prepared by various government and related organizations in the PRC. While WGM has not been able to verify all of the data presented, WGM based on its own due diligence and reviews has no reason to believe that the information presented in these reports is not representative.

WGM assessed the project data and geology along with developing a computer model of each of the deposits to complete the deposit evaluation and the phosphorite Resources assessment for this project. The most recent information as presented in this report has been prepared under the supervision of Donald Hains, Senior Industrial Minerals Specialist.

WGM collected a number of independent reference samples from various operational sites at both Mine1 and Mine 2 as part of its visit Nov 25-30, 2013. WGM has relied on these current sample results reported by independent SGS Laboratories, Tianjin, PRC. These results which confirm the assays reported for the previous field programs, local laboratory analytical results

and historical drilling as previously reported by the Geological bureau's confirming that the geological work was completed by experienced and well-regarded exploration personnel and their conclusions can be relied upon.

4. PROPERTY DESCRIPTION AND LOCATION

4.1 LOCATION

The AsiaPhos Cheng Qiang Yan and Shi Sun Xi properties are situated north of Chengdu in the west-central portion of Sichuan Province PRC, almost exactly on the physiological break between the extension of the Tibetan highlands and the Sichuan Basin. The Mines are located in the district of Mianzhu City and An Xian County approximately 60 km northeast of Chengdu population 8 million. The topography in the immediate area of mines is extremely rugged with steep northeast to southwest trending mountains and valleys or canyons, with alpine vegetation cover. The elevations of the Mines range from 3,200 m to about 1,800 m. Each of the properties, Cheng Qiang Yan and Shi Sun Xi, is defined by existing mining and exploration permits (one each) with surveyed coordinates.

The Mianzhu Norwest Mines are located about 45 km northwest (straightline about 330°) of downtown Mianzhu City under the jurisdiction of Qing Ping Town, Mianzhu City, Sichuan Province. The two properties are separated by about 8 km and their geographic locations are:

Cheng Qiang Yan	**Shi Sun Xi**
N31°36'14.00"	N 31°38'37.00"
E 104°00'14.00"	E 104°04'43.00"

The new Mianzhu Norwest processing plant is located in Gongxing Town (Figure 1).

4.2 PROPERTY DESCRIPTION

There is one minable phosphorite bed in Mianzhu Norwest's area of interest and it occurs on both properties. The deposit type is known as the "Shi Fang" type. The phosphorite bed at Cheng Qiang Yan averages about about 5.0 m in thickness with an average grade of about 28.7% P_2O_5. The bed strikes generally WNW-ESE and dips, generally, 45° to 55° to the NNE. Several minor normal faults have been encountered at various elevations in the past with no significant impact on the mining operations. The phosphorite bed at Shi Sun Xi averages about 7.4 m in thickness with an average grade of about 29.6% P_2O_5. The phosphorite bed strikes generally about WSW-ENE and dips about 30° to the NNW.

Mianzhu Norwest currently has an exploration license for Cheng Qiang Yan, for increased mining depth, within the area already licensed for mining. At Shi Sun Xi the company has an exploration license to the east of the area, and nearly contiguous to the area already licensed for mining, (Tables 2 and 3 and Figure 1).

The company also has a processing facility at Gongxing industrial zone in Mianzhu City.

NMA REV / NMA_02_Loc_Map.cdr Last revision date: Monday 10 June 2014

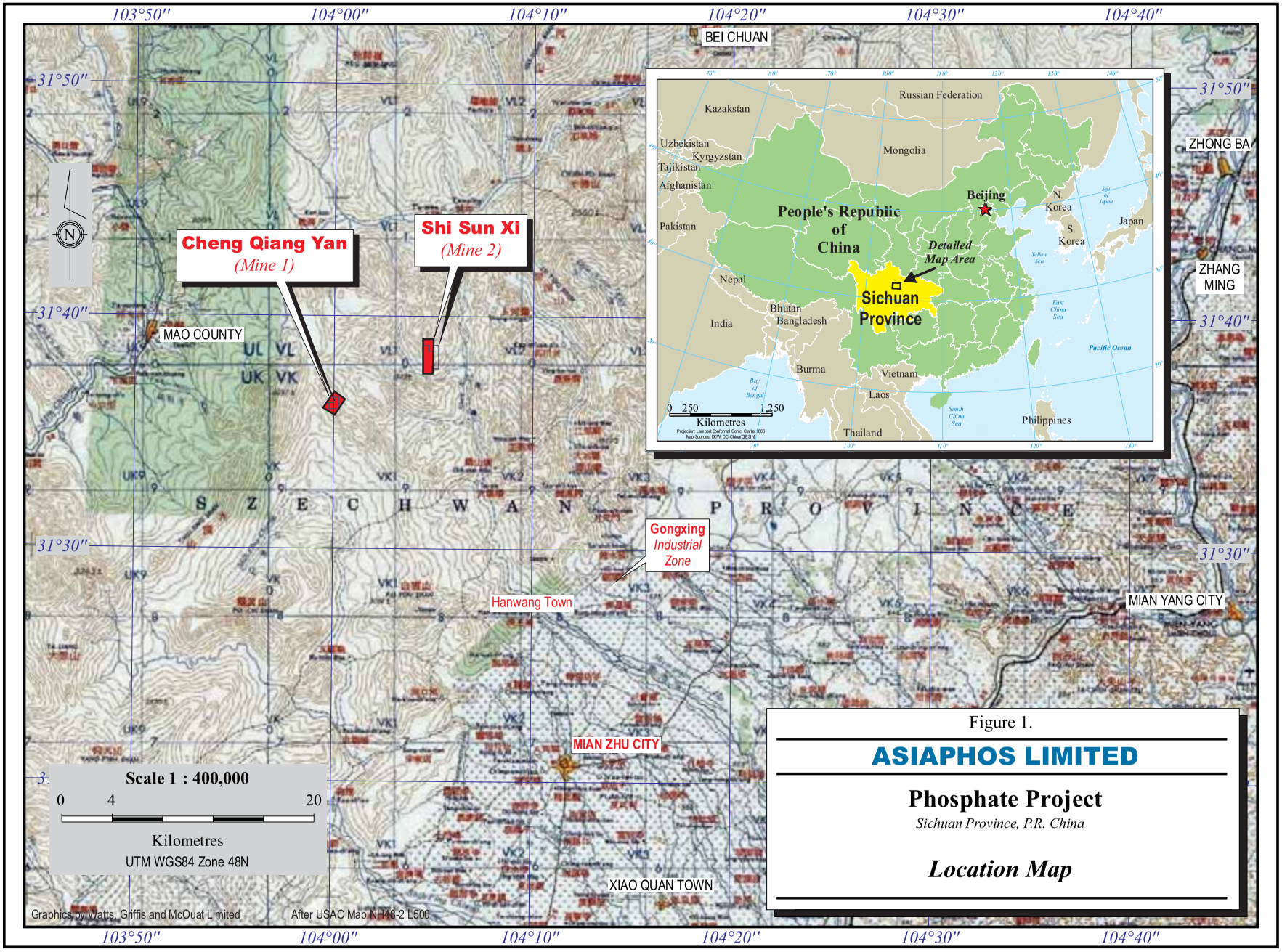

Figure 1.

ASIAPHOS LIMITED

Phosphate Project

Sichuan Province, P.R. China

Location Map

Watts, Griffis and McOuat

TABLE 2.
SUMMARY OF ASSETS

Asset name / Country	AsiaPhos's Interest (%)	Development Status	Licence Expiry Date	Licence Area	Type of Mineral, Oil or Gas Deposit	Remarks
Exploration Area						
Cheng Qian Yan / PRC*	100	Development	9 April 2014	0.55 km^2	Phosphate	Exploration rights
Shi Sun Xi / PRC**	100	Development	16 June 2014	1.28 km^2	Phosphate	Exploration rights
Mining Area						
Cheng Qian Yan / PRC	100	Development	9 December 2015	1.6491 km^2	Phosphate	Mining rights
Shi Sun Xi / PRC	100	Development	9 January 2020	2.02 km^2	Phosphate	Mining rights

*currently under application to convert existing exploration permit to mining permit
**company has started procedure to renew this exploration permit

TABLE 3.
PERMIT COORDINATES

Mine	Land Status	Permit Name	Permit Number	Easting*	Northing*
1	MR	Cheng Qian Yan	C5100000720169	35405175	3497500
				35404250	3498075
				35405150	3499375
				35406000	3498750
1	ER	Cheng Qian Yan	T51520080403010704	35404700.21	3497998.39
				35404704.75	3498460.15
				35405099.77	3498456.87
				35405103.85	3498918.95
				35405499.60	3498915.35
				35405491.16	3497991.31
2	MR	Shi Sun Xi	C5100002010016120054374	35412255	3500770
				35412255	3503500
				35413040	3503510
				35412950	3500770
2	ER	Shi Sun Xi	T51520080603010707	35413031.42	3501160.31
				35413043.17	3502546.63
				35412647.90	3502549.94
				35412651.54	3503011.90
				35412256.34	3503015.09
				35412260.69	3503477.62
				35413050.96	3503471.11
				35413046.87	3503008.44
				35413441.79	3503005.29
				35413426.55	3501157.07

The existing mining permit for Cheng Qiang Yan is about 1.53 km wide E-W and is about 1.10 km long N-S. The area of the property, specified by the issued mining permit is approximately 1.6491 km^2. Topographic elevations range from 2,240 to 2,570 m.

For Cheng Qiang Yan, the mining license number C5100002011036120107965 was renewed on March 9, 2011, and issued to Mianzhu Norwest. The corner points of the renewed license remain the same and the renewed license is in force until December, 2015 with an approved production rate of 50 kt/a.

For Cheng Qiang Yan, the current exploration permit number T51520080403010704 was issued on March 22, 2012 and remains valid until April 9, 2014. The area encompassed by the exploration permit is 0.55 km^2.

The east borderline of the mining permit was previously in dispute until August 2005 due to an overlapping of the east boundary line of the Shi Sun Xi Phosphate Mine and west boundary line of the Long Lin Phosphate Mine. The resolution, in summary, moved the east boundary line of the Shi Sun Xi Phosphate Mine, in parallel, 60 m towards the west.

However, the "*Additional Exploration of Geological Report for Sichuan Mianzhu Norwest Phosphate Chemical Company Ltd (Shi Sun Xi Phosphate Mine)*" report submitted by Sichuan Institute of Chemical Engineering and Geological Exploration in October, 2005, reportedly retained the previous boundary line definition for their PRC standards based reserves estimates. The WGM Resource estimate is based on the revised boundary location.

The existing mining permit for Shi Sun Xi is about 0.76 km wide E-W and is about 2.74 km long N-S. The area of the property, specified by the issued mining permit is approximately 2.0237 km^2. The mineable depth approved with the new permit is between the elevation of 2,420 m and 1,600 m topographic elevations.

For Shi Sun Xi the mining license number C5100002010016120054374 was renewed January 22, 2010 by Sichuan Provincial Bureau of Land and Resource and issued to Mianzhu Norwest. The mining permit license and is in force until January 9, 2020 with an approved production rate of 200 kt/a. The corner points under the renewed license remain the same.

The current exploration permit, number T51520080603010707 for Shi Sun Xi, was renewed on March 22, 2012 and remains valid until June 16, 2014. The area encompassed by the exploration permit is 1.28 km^2.

Current development and mining operations at the two sites are carried out on a level by level basis, with each level treated independently. In most cases each level is developed and mined under the terms of a unique contract which has unique contract parameters. Such that different

contractors may be working on different levels at different contractual terms than those on the adjacent upper or lower level.

Mianzhu Norwest has 100% ownership of the property rights. There are a number of operational agreements with various parties. Most significant of these are a number of co-operation agreements with Mianzhu Dashan Mining Co., Ltd. for production from approximately 1/3 of the resources on the permits. Between 2006 and 2008, Mianzhu Norwest signed various agreements and supplemental agreements were signed with Dashan in respect of co-operation arrangements for the Mines (collectively, the "**Dashan Co-operation Agreements**"). Under the arrangement with Dashan, (i) Dashan shall, *inter alia*, assist Mianzhu Norwest, in its application for the relevant exploration and mining rights and bear related fees, fund certain other expenses arising from the Mianzhu Norwest Mining Operations and exploration activities and provide certain assets (such as machinery and equipment) to Mianzhu Norwest for its Mining Operations. Mianzhu Norwest shall be responsible for, *inter alia*, the design and construction of the Mines, sales of the phosphate rocks, employment and purchase of social insurance for miners.

The current Dashan agreements affect current and future production from a number of mine levels at both sites, with different terms for different levels. The company is currently in discussion with Dashan to restructure these arrangements.

4.3 ENVIRONMENTAL AND REHABILITATION

Mianzhu Norwest has indicated that it is currently in compliance with all applicable local operating requirements and regulations. These include but are not limited to one time purchase fees for the lands for the processing facilities, exploration and mining licence renewal and applications fees and environmental and closure (abandonment) costs. The company has installed waste water treatment facilities at the mine sites. The company received its required local Mine safety permits granted January 26, 2014 valid until 2017.

The company also provides monetary reimbursement for a timberland compensation and forest recovery fund, bi-yearly and has set aside provisions for rehabilitation and reforestation upon mine closure. The company has also budgeted for the improvement and maintenance of access roads (in conjunction with its neighbouring operations).

4.4 RISK FACTORS

Because of the steep terrain and tectonic activity, this area is prone to landslides and earthquakes, the most recent one affecting this area being the 2008 Wenchuan earthquake. Based on the recorded seismic history in the area along with the geologic features and structures, it is expected that earthquakes will continue in the future. The intensity of major earthquakes could again reach a Mercalli intensity VIII (equivalent to Richter scale between

6 and7), and mining construction as well as other projects should be planned and designed accordingly.

The steep terraine also leads to periodic access interruptions due to inclement or hazardous weather conditions (including flooding, mudslides and landslides). Therefore, in the winter the site operation are generally suspended from mid December to mid March. Inclement weather at other times may delay access to the property if roads become washed out due to heavy rains.

Most of the exploration, development work and mining work is currently performed by contract labour. As the company implements production improvements and adopts international mining practices some of the work may shift from contract to in house labour. This may lead to some temporary work disruption during the transition period.

5. ACCESS, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESS

Mianzhu Norwest's mining operations and Mines are located about 45 km northwest (straightline about 330°) from downtown Mianzhu City. It is approximately 40 km by road from Mianzhu Norwest's new downstream processing facility located in Gongxing Town Mianzhu City), to the Cheng Qiang Yan property and 42 km to Shi Sun Xi. The downstream processing facility ("plant") is very near the start of the Mian Yuan River canyon that leads to the Mines. The Mian-Mao Highway Section 1 provides the main access from Mianzhu Norwest's Plant site via Hanwang Town to Qing Ping Town a distance of approximately 20 km. From there the Section 2 goes further up the valley to access local communities and various mining operations. The Section 3 will connect with Mao County further to the Northwest of the mines. Unimproved haul roads leading from the Section 2 road of 3 km and 2 km respectively provides acces to Mine 1 and 2.

Aftter WGM's initial site visit to this project early in 2010, practically the entire length of the access road from Mianzhu Norwest's Plant site to Mianzhu Norwest's Mines, was been under extensive reconstruction to repair the damages caused by the earthquake and strong aftershocks. The Mian-Mao Highway was planned after the earthquake, and the Peoples Liberation Army ("**PLA**") was in charge of the rough work (pioneering) in this reconstruction process and individual contractors are completing the final grading and reconstruction efforts. The Hanwang Town to Qing Ping Town section (Section 1) of Mian-Mao Highway was completed in middle of 2010, but was damaged by a subsequent Landslide in August 2010, Access was restored to basic access by the time of the 2011 visit. At the time of the WGM site visit in May 2012, the rehabilitation of the road from Hanwang Town to Qing Ping Town was nearing completion as the entire length was paved and widened, and only the construction of one tunnel and a water diversion installation remained to be completed.

Recent torrential rains and flooding however have again damaged a considerable section of the Mian Mao highway from Hanwang Town to Qing Ping Town. Although the road was open to traffic and passable at the time of the November 2013 site visit, some parts of the road remain substandard presenting barely passable conditions with semi gravel sections. A continuing hazards from rock slides is present and substandard conditions were noted.

The Section 2 of the Mian-Mao Highway from Qing Ping to the two Mines remain as secondary gravel road since the earthquake. WGM has been unable to confirm the current status of the scheduled government led work planned for this section of the road. Currently this section of the road is being maintained by the three mining companies from the same area.

Prior to the Wenchuan Earthquake, the Deyang-Hanwang rail line (762 mm rail gage) was operational, providing the possiblility of rail-freighting phosphate rock and phosphate-derived manufactured products to distant locations. The current condition of this line, or its operation, is reportedly resumed, new stations were built and the old destroyed rail station and rail yards in Hanwang Town were turned into a memorial park to the Wenchuan Earthquake.

5.2 CLIMATE

This area is strongly divided by topographic features which affect the local micro-climates in any given area. In the western part of the area, which includes the Mianzhu Norwest Mines, the climate is a medium and alpine humid/cold climate. The annual precipitation is about 1,050 mm. The months from July to September are considered the rainy season (59% to 84% of annual average), and from November to February is the snow and frost season. The maximum recorded 24-hour rainfall event is about 255 mm. The highest temperature is 36°C (July) and the lowest temperature is -10°C (January). There are large diurnal temperature differences. The average annual evaporation rate is between 900 and 1,050 mm per year at the Mianzhu Weather Station. Hanwang Town (elevation ~700 m) sits in a subtropical humid climate zone and has a continental monsoon climate, which means no extreme temperatures in summer and winter. The average annual temperature is 15.7°C and the annual rainfall hits 1,053 mm.

5.3 LOCAL RESOURCES AND INFRASTRUCTURE

The entire Hanwang Town area of Mianzhu City is under massive reconstruction efforts to repair damages caused by the Wenchuan Earthquake. Complete towns and villages have been, or are being, relocated within the confines of Mianzhu City. Entire industries have been, or are being, relocated and at the time of the initial site visit in 2010, the area, around Hanwang Town resembled a single extremely large construction site. Mianzhu Norwest's processing facility damaged during the Wenchuan Earthquake and has been substantially relocated to the new Gongxing industrial zone being developed approximately 3 km to the northeast in the in Mianzhu City.

One site contains all the operations from receiving the rock from the mine to collection and production and storage of the P_4. The Plant includes crushing and screening, drying, mine rock storage and reclaim, two 10,000 tpa P_4 furnaces and storage facilities. The Plant includes gas scrubbers and water treatment facilities to better control environmental issues. At the time of WGM's November 2013 visit this site has been completed and normal operations were observed.Rock from both the Mine 1 operations and Mine 2 development work was being stockpiled on the site, crushed, selected that high grades were fed to the furnace and low grades were sold to other factories.

The second site, separated by a public access road, will contain all the operations associated with the SHMP, the STPP and a thermal phosphoric acid plant along with the product packaging, storage and handling facilities. At the time of the site visit in November 2013, the STPP plant had been relocated from the original site and erected at the new site and mechanical electrical installation was in its final stages. The office was situated in temporary buildings and new permenant office building was being designed. The area for future expansion remain vacant. The original site had been reclaimed and turned over to the local government. The new site is located near a cement plant that will take the furnace slag and near a major power substation that will supply power for the site and electric arc furnaces.

The quality of construction at the Plant location, the site layout with more extensive gas scrubbing, and water containment and treatment has proven that the Plant provides Mianzhu Norwest with a substantial improvement in their operation and better control of any environmental impacts.

5.4 PHYSIOGRAPHY

The immediate area of the Mines is located in the district of Mianzhu City and An Xian County near the regional junction of virgin forests in the alpine zone. The topography is extremely rugged with steep mountains, valleys/canyons, with vegetation cover. The Wenchuan Earthquake and strong aftershocks caused numerous large-scale landslides and slope failures which removed much of the slope vegetation along the access road from Qing Ping Town to the deposits. The overall trend of the mountains, generally, is southwest to northeast. The terrain is defined as steeply sloping with multiple scree (loose rock) slopes and inherent instability from slopes close to failure. In addition to steep bare rock at the surface, the remaining parts of the vegetation are intact. The entire area is too steep to support any farming or animal husbandry industries. The chief employment in the area between Hanwang Town and Mianzhu Norwest's Mines is centered on state-run and private phosphate mining as well as a state-supported/directed timber industry. There are some small areas between Qing Ping Town and Gongxing Industrial zone that appear to support small familial gardening/farming.

6. HISTORY

In 1968, the #101 Geological Team from the Sichuan Bureau of Geology conducted a 1:50,000 traverse geological survey in this region and collected some information about the distribution of the outcropped phosphorite ledge ("bed"), the attitude and the thickness of the bed as well.

In the mid 1960s, the Secondary Regional Geological Survey Team from Sichuan Bureau of Geological conducted a regional survey in the area. In 1970, they submitted 1:200,000 report titled "*Regional Geological Survey Report of P.R.C·Mianyang Region*".

From 1990 to 1994, the Chemical Prospecting Team from Sichuan Bureau of Geology and Mineral Resources carried out 1:50,000 regional survey in this region and submitted a report in 1995 entitled the "*Specification of Geological Map in P.R.C· Qing Ping Region*".

At Shi Sun Xi in 1992, crews (affiliation unknown) constructed a mining adit at the upper part of the deposit. However, the operation was closed in 2000 due to consistently poor production and unsatisfactory profit caused by a poor adit location and design. Anecdotal evidence indicates that an open-pit mining operation was operating during this period.

Before foreign investment was introduced (Mianzhu Norwest), two mining adits were constructed at elevations 1841 m and 1872 m near the lower part of the deposit in 2001 and 2002, but they were abandoned because mineralization was not encountered at the expected locations.

The school-run Cheng Qiang Yan Phosphate Mine in Mianzhu City, An Xian County was administratively owned by the Sichuan Mianzhu School-Run Enterprise Group Company Co. Ltd., a group-owned enterprise founded in 1994. It has been reported that the mine produced 150,000 tons of mineralized rock between 1994 and 1999 but the actual boundaries of the property are unknown. Anecdotal evidence indicates that an open-pit mine was operating during this period.

In 1996, Sichuan Institute of Chemical Engineering and Geological Exploration conducted a geological survey at Zai Ping Phosphorite Mine, which neighbours the Cheng Qiang Yan mine to the west. Subsequently, the Institute submitted the report entitled "*Census Survey of Geological Report of Zai Ping Phosphorite Mine in Mianzhu County, Sichuan Province*".

In 1997, Sichuan Institute of Chemical Engineering and Geological Exploration conducted a geological survey of the Cheng Qiang Yan Mine and submitted a report entitled "*Census Survey of Geological Report for Jia Pi Gou Ore Block of Chang He Ba Phosphorite Mine in Mianzhu City, Sichuan Province*".

In 1998, Sichuan Institute of Chemical Engineering and Geological Exploration conducted a geological survey of the Cheng Qiang Yan Mine and submitted a report entitled "*Census Survey of Geological Report for Cheng Qiang Yan Phosphate Mine at Qing Ping Town in Mianzhu City, Sichuan Province*".

In 2002, operations of the mine were acquired by Mianzhu Norwest. From 2002 until the Wenchuan Earthquake, Cheng Qiang Yan produced and shipped approximately 379,000 tonnes of phosphate rock.

Although the property has been owned by Mianzhu since 2002, WGM has included al of the exploration work up until the time of the Wenchuan earthquake in 2008 in the history section since it is only that efforts were made to advance the reporting for the project to international standards.

In 2005, with the hope to develop the local economy to effectively take advantage of the resources, increase mining capacity, and profit margins, Mianzhu Norwest (Shi Sun Xi) contracted the Coal Design & Research Institute of Sichuan Province[2] to make a preliminary design for an increase in the production capacity from 100 kt/a to 200 kt/a.

Under the contractual commitment, the engineering technical personnel of the Institute together with their counterparts in Mianzhu Norwest in December 2005 developed the mine design criteria and operational parameters that resulted in a series of reports being issued. Based on this integrated work the following reports were issued:

- "*Mineral Resources Development and Utilization Solution for Sichuan Mianzhu Norwest Phosphate Chemical Company Ltd (Shi Sun Xi Phosphate Mine)*" submitted by Coal Design & Research Institute of Sichuan Province in November, 2005. This report generally described the phosphate mineralization and location based on the early exploration work and Mianzhu Norwest's exploitation activities at that time;
- "*Sichuan Mianzhu Norwest Phosphate Chemical Company Ltd. (Shi Sun Xi Phosphate Mine) Initial Design of Expansion Program*" submitted by Sichuan Coal Design and Research Institute in February 2006. This was a mine redesign study to increase production to 200 kt/a; and
- "*Sichuan Mianzhu Norwest Phosphate Chemical Company Ltd. (Shi Sun Xi Phosphate Mine) Initial Design of Expansion Program Safety Procedures*" submitted by Sichuan Coal Design and Research Institute in February 2006. This was the safety procedures for the expansion program, and it was introduced as a standalone report.

Arising from a restructuring exercise completed in 2013, AsiaPhos Limited became the holding company of Mianzhu Norwest.

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[2] The Coal Design & Research Institute of Sichuan Province has not provided its consent for the purposes of Section 249 of the SFA to the inclusion of its name, its reports and other information extracted from its reports which are referred to here and in other parts of this Technical Report and therefore is not liable for such information under Sections 253 and 254 of the SFA.

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1 REGIONAL, LOCAL AND PROPERTY GEOLOGY

The outcrops in the area of Mianzhu Norwest's Mines, Cheng Qiang Yan and Shi Sun Xi, include Upper Sinian strata, Upper Devonian strata, Lower Carboniferous strata, Lower Permian strata and a small amount of Quaternary system. In general, the geologic structures strike NE to SW and dip to North and Northwest at 42°-58°.

This region is located in the middle part of the discordogenic faults at Longmen Shan Thrust Belt and earthquakes frequently occur with some in the strong to severe categories. Most of the stronger historical shocks in Sichuan Province were almost all located in the west of 104°East longitude, and this phosphorite-containing region lies right on this 104°E longitude line. This line also is generally located in the belt where the thickness of the earth's crust is rapidly changing. The Longmen Shan area marks the (rapid) transition from thick (60 km+) crust beneath the Tibetan Plateau (to the west) to continental crust with normal thickness (around 40 km) beneath the Sichuan Basin. This area is also the boundary point between Caledonian-age folding (Silurian Period) and Songpan-Ganzi geosynclines fold belt of Indosinian orogeny of the early Mesozoic Era (Late Triassic Period).

The Mianzhu Norwest's Mines, Cheng Qiang Yan and Shi Sun Xi, are both located between the faults F1 and F2, which are the principal defining regional lineaments. This area is also very near the juncture of the Yangtzi meta-platform, the Longmen Shan - Da Ba Shan platform marginal depression, the fold belt of Longmen Shan, and the north-west wing of a large double-plunging anticline. Geologically, this area of Sichuan Province has been in the process of deformation for at least the last 600 million years (Figure 2).

7.2 GENERAL STRATIGRAPHY

The stratigraphic records for the Mines, Cheng Qiang Yan and Shi Sun Xi, are very similar although there is still, seemingly, some confusion on the part of the local geological brigades as to the exact age of the phosphorite bed of interest on the two properties. Although the geological age for the phosphorite bed on the two properties is currently judged to be of Upper Devonian age, historically the bed has also been assigned to the Lower Cambrian and/or Upper Sinian (Pre-Cambrian) ages. Each of these assignments was complete with supporting geologic descriptions of the relevant strata.

There is one minable phosphorite bed in Mianzhu Norwest's area of interest and it occurs on both properties herein under discussion although existing property reports use two identifications.

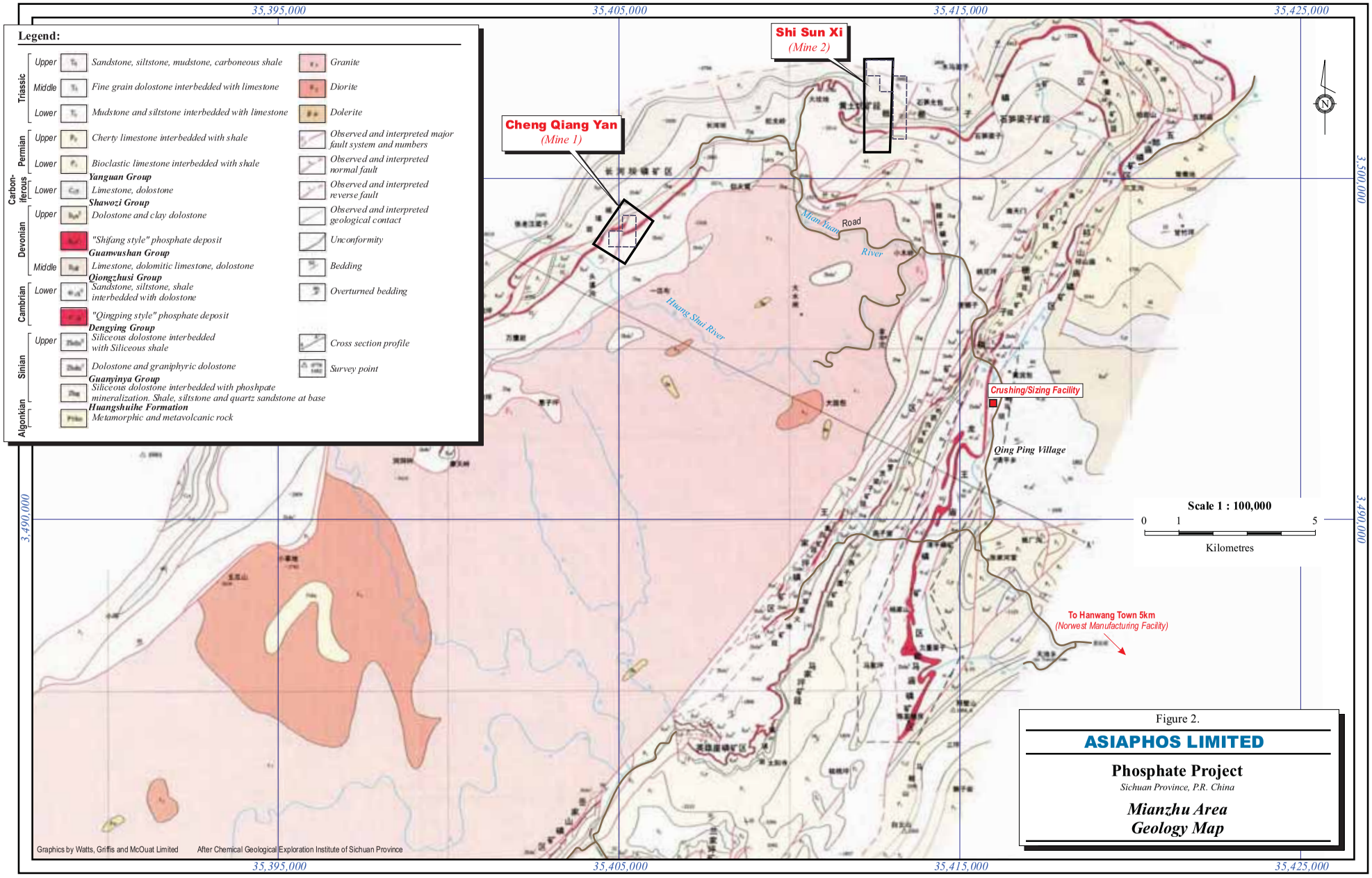

Figure 2.

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Phosphate Project

Sichuan Province, P.R. China

Mianzhu Area Geology Map

Sichuan Institute of Chemical Engineering and Geological Exploration has placed this phosphorite bed in the Devonian Period of the geologic time scale and have assigned the bed a specific "deposit type". The deposit type is known as the "Shi Fang" type. As explained to WGM, the phosphorite bed is actually from the Lower Cambrian Period and was deposited originally as the Meishucun Formation as were most other phosphorite beds on other parts of the Mianzhu anticline area. There was a depositional hiatus from the Lower Cambrian to the Devonian Period at which time this phosphorite bed, in preference to others in the area, was severely weathered which created some internal structural changes and enrichment in P_2O_5 content. The internal structure changes and increases in P_2O_5 content are documentable. WGM questions whether this bed should be assigned to the Devonian Period or whether it should be more correctly assigned to the Lower Cambrian. This discussion has no relevance to the "resource statements" made herein. This discussion is extended in the geology sections of this report. However, there are no documentable traces of evidence, in readily accessible western literature, supporting a period of phosphogenesis and accumulation in the Devonian Period in Asia and very few from the rest of the world.

Given all of the above, this Technical Report will use the Upper Devonian Period age assignment for this phosphorite bed as it is currently accepted locally (Table 4).

7.3 STRATIGRAPHY OF CHENG QIANG YAN

At Cheng Qiang Yan, the major outcrops on the property, and described in detail, are Upper Sinian, Upper Devonian and small amount of Quaternary strata. The descriptions below are in ascending order from oldest to youngest:

7.3.1 UPPER SINIAN GUAN YIN YA GROUP (Zbg)

The lower portion is a gray to purplish-red and layered pebbly sandstone with medium thickness. The bottom is a granitic conglomerate. The upper portion is a purplish-red and layered metamorphosed packsand (fine-grained sandstone) with thin to medium thickness. This is interbedded with muddy siltite and with microlite dolostone and calcite dolostone. The thickness of this outcrop in the property area is 120 to 140 m. The bottom of this unit is in unconformable contact with stratum below, which is "two-mica" granite.

7.3.2 UPPER SINIAN DENG YING GROUP (Zbdn)

This unit is distributed over most of the area. The upper portion of this unit is grayish white to light grey dolostone with granular particles. The upper portion contains phosphate infilling of karstic cavities; lower portion is light grey thick layered dolostone. The thickness ranges from 332 to 710 m. In general, this unit is composed of thick-layered and agglomerated cryptocrystalline dolostone with colors ranging from hoary to grey and with a fossil karst erosion surface the top appearing at to be a piedmont.

TABLE 4.
"SHI FANG" TYPE PHOSPHORITE DEPOSIT STRATIGRAPHIC COLUMN
SICHUAN PROVINCE, PEOPLES REPUBLIC OF CHINA

Era	System	Series	Group	Symbol	Thickness (m)	Rock and fossil description
Cenozoic	Quaternary	Holocence		Q	0-41	Overburden, soil, sand gravel
Mesozoic	Triassic	Upper	Xu Jia He	T_3	114.8	Grey, greyish black, thin bedding of fine grained siltstone, sandstone, mudstone and carboneous shale
		Middle	Tian Jing Shan + Lei Kou Po	T_2	52 - 230	Yellowish grey to light grey, medium to thick bedding of very fine grained dolomite with muddy and calcareous texture, interbedded with yellowish grey siltstone
		Lower	Jia Ling Jiang + Fei Xian Guan	T_1	100 - 282	Purplish red thin to medium layered mudstone, siltstone, interbedded with light grey thin limestone
Paleozoic	Permian	Upper	Chang Xing + Wu Jia Ping	P_2	130-245.7	Grey to greyish black, thick layered limestone. Middle and lower portion is cherty limestone and interbedded with carboneous shale. Contains fossil: Synamulorla cf. cndiea Wangen
					150-125	Dark grey, medium to thick layered limestone, contains cherty. Purplish red iron containing kaolinic mudstone and coal mineralization at bottom
		Lower	Mao Kou + Qi Xia + Liang Shan	P_1	160-200	Grey to dark grey, thick layered and granular shape bioclastic limestone interbedded with shale. Contains fossil: Neoscnwagrlna sp RerbeeRina
					150-250	Light yellowish grey, dark grey, thick layered and granular bioclastic limestone
					150-17.90	Dark grey, medium to thick layered bioclastic marlite interbedded with black carboneous shale.
	Carboniferous	Lower	Yan Guan	C_1y	5.19-55.55	Yellowish grey, greyish white, thin to thick layered limestone. Fine to coarse grained dolomite at lower portion, Dark red conglomerates at bottom.
	Devonian	Upper	Sha Wo Zi	D_3S^2	24.52-360.5	Grey to dark grey, thick layered fine grained dolomite. Interbedded with dark yellow, dark red bluish grey clay dolomite. Sandy dolomite at bottom. Contains fossil: Cyrtospriper sinesis Grabau
				D_3S^1	0-75.3	Phosphate mineralization: Hydrous mica, claystone from top to bottom, phosphate containing kaolinite claystone, Parathion aluminum strontium mineralization, and phosphate rock. Contains fossil: Bcthrolepis sp and etc.
Neoproterozoic	Sinian	Upper	Deng Ying	Zbdn	282.38-710.49	Greyish white, light grey, granular shape dolomite. Phosphate mineralization filled cracks at upper portion. Light grey thick layer dolomite at lower portion. Contains fossil: Renaleis sp, Praesolenopora minutus, Balics sp
			Guan Yi	Zbg	480.11-580.20	Grey to dark grey, thick bedding, siliceous dolomite. Contains siliceous rock, top portion is shattered. Phosphate containing layer is on upper portion, consists of black shale, phosphate rock, siliceous phosphate rock, siliceous rock with phosphate content. Lower portion is purplish red thin layered shale, and greyish white medium to thick layered quartz sandstone interbedded with quartz siltstone. 144.56 m thick.
	Cheng Jiang Formation					Greyish white coarse grained granite

Note: after Sichuan Institute of Chemical Engineering and Geological Exploration

Based on rock characteristics, the Deng Ying group can be divided into 3 sequences, and the first sequence can also be divided into 3 layers. These same sequences can be traced far to the east – at least to the Three Gorges area of Hubei Province and beyond.

7.3.3 DENG YING GROUP 1ST SEQUENCE ($Zbdn_1$)

1st layer ($Zbdn_1^1$): grey to light grey dolomite with elegant trace, top is siliceous dolomite. Conformity contact with Guan Yin Ya group below. Thickness: 220 to 250 m.

2nd layer ($Zbdn_1^2$): this layer contains phosphate mineralization; it is sandy mudstone or muddy fine grained sandstone with phosphate content, interbedded with grey to dark grey lens shape or granular dolostone. An area with high P_2O_5 was formerly defined as the Cheng Qiang Yan deposit. This was one of the former age assignments for the phosphorite bed.

3rd layer ($Zbdn_1^3$): grey to light color dolomite with elegant trace, lower portion is siliceous dolomite. Contact with 2nd layer is siliceous dolomite. Thickness is 450 to 500 m, average around 480 m.

7.3.4 DENG YING GROUP 2ND SEQUENCE ($Zbdn_2$)

This is located at Northwest part of the property. Lower portion is grey thin layered marlite and purplish-red shale with collapse structures (karstic) locally. The upper portion is grayish-black, thin to medium thick microlitic dolomite and dolomitic limestone interbedded with black shale. The thickness is over 50 m.

7.3.5 DENG YING GROUP 3RD SEQUENCE ($Zbdn_3$)

Located at Northwest of the property. Light grey to dark grey color thick granular shape dolomite. The middle and lower portion is siliceous dolomite with a thickness of 100 to 120 m.

7.3.6 UPPER DEVONIAN SHAWOZI GROUP (D_3S)

Located in the Northwest of the property.

Lower Sequence (D_3S^1)

This sequence which contains the phosphate mineralization is the current age assignment for the Cheng Qiang Yan phosphorite bed. The strata from the top to bottom, is clay layer, clay layer with phosphate content, and siliceous rock. There is granular phosphorite locally and is generally described as being composed of the grey or dark carbon hydromica claystone, phosphatic clays, siliceous phosphorite and phosphorite. It has a thickness from 0 to 26.19 m. Where the claystone is exposed at the surface, there is a risk of serious weathering. In

addition, the claystone is vulnerable to being argillized, while svanbergite (strontium aluminum phosphate sulphate hydroxide) and phosphorite, on the other hand, are stable in thickness, hard in texture and good in stability.

The phosphorite bed is located at the top of the "speckle" dolostone fossil karst base of erosion of the Upper Sinian series Deng Ying Group, and below the Upper Devonian Series Shawozi Group dolomicrite.

Within the mining and exploration license areas of the Cheng Qiang Yan deposit, the thickness of the phosphorite bed ranges from 0.7 to 13.8 m with an average thickness 5.0 m. The P_2O_5 content of the bed ranges from 18.5% to 36.4% with an average of 28.7% P_2O_5. The strike of the phosphorite bed is generally NE-SW and the dip of the bed is about 50° in a northwesterly direction. The contact interface of the phosphorite and the bounding wall rock is clear and abrupt, both at the hanging wall and the footwall..

Upper Sequence (D_3S^2)
Dolomite. The lower portion is a sandy-dolomite; the middle portion is yellowish-grey, grey, reddish fine to mid-sized granular dolomite, also interbedded with grey to light-bluish grey, thin layered clay and muddy dolomite. The upper portion is grey, light grey thin to thick microlite to crystallite dolomite, with visible black organic traces locally. The thickness is over 280 m with no visible upper limit. The Shawozi Group (D_3S^2) contains abundant solution phenomena including crags and crevices that exemplify karstic terrane. The Upper Member is primarily composed of fine and medium-to-thick mesocrystalline dolostone of grey or dark grey color; this stratum is distributed at the top of the Cheng Qiang Yan mountain. According to the drilling information from adjacent properties, it is composed chiefly of solution phenomena crags and crevices. This stratum developed these karstic features due to strong weathering during past geologic times.

7.3.7 QUATERNARY (Q)

This is scattered on the property; mainly as overburden and in valley-fill sediments. It consists primarily of poorly weathered dolomite and limestone fragments as well as clay; up to 30 m thick.

7.4 STRATIGRAPHY OF SHI SUN XI

At Shi Sun Xi, the major outcrops on the property, and described in detail, are Upper Sinian, Upper Devonian, Lower Carboniferous, Permian and a limited amount of Quaternary strata. The descriptions below are in ascending order from oldest to youngest:

7.4.1 UPPER SINIAN DENG YING GROUP (Zbdn)

Upper-Mid Deng Ying Group ($Zbdn_3$) - solution phenomena fracture features (Karst)
It is composed of thick-layered agglomerated cryptocrystalline dolostone from hoary to grey colors with a fossil karst erosion surface top appearing at piedmont. The thickness of this unit is directly related to the erosional surface. This superficial weathering feature has developed during various geologic times. According to the drilling information from adjacent properties, the superficial erosion phenomena and fractures were developed at the elevations where groundwater intensely fluctuated during its geologic history. The base Zd dolostone is dense and brittle, with karstic joint fissures well developed. When encountered by mining operations, the developed fracture/fissure sections, it is possible for wall caving and minor slumps to occur. The top of this group of strata is bounded by an unconformity.

Upper Devonian System Lower Shawozi Group（D_3S^1） Containing Phosphorite Bed
This unit is composed of the grey or dark carbon hydromica claystone, phosphatic clay, siliceous phosphorite and phosphorite; composed of carbon hydromica claystone, phosphatic kaolinite claystone, svanbergite and brecciated phosphorite. Where the claystone is exposed at the surface, there is a risk of serious weathering. In addition, the claystone is vulnerable to be argillized; while svanbergite (strontium aluminum phosphate sulphate hydroxide) and phosphorite, on the other hand, is stable in thickness, hard in texture and good in stability. The strike of the phosphorite bed is generally E-W and the dip of the bed is about 30° in a northerly direction.

Within the mining and exploration license areas of the Shi Sun Xi deposit, the thickness of the phosphorite bed ranges from 1.1 to 13.8 m with an average thickness 7.4 m. The P_2O_5 content of the bed ranges from 17.8% to 32.2% with an average of 29.6% P_2O_5. The strike of the phosphorite bed is generally E-W and the dip of the bed is about 30° to 40° in a northerly direction. The contact interface of the phosphorite and the bounding wall rock is clear and abrupt, both at the hanging wall and the footwall.

Upper Devonian System Upper Shawozi group (D_3S^2) - Solution Phenomena Fractures (Karst)
This is composed of fine and medium-to-thick mesocrystalline dolostone of grey or dark grey color. This stratum is distributed in the middle of the property. The top of the Shawozi Group is marked as an unconformity.

Lower Carboniferous Yanguan Group (C_1y） - Solution Phenomena Fracture (Karst)
This is distributed in the middle and the north-west corner of the property and found as conglomeratic dolostone, limestone, politic dolostone with its thickness of 23.44-153.04 m.

Permian system (P_1q+m） - solution phenomena fracture (Karst)
This is distributed in the middle and southern part of the property and found as a thick layer of biocalcarenite with grayish black or dark grey color and has a thickness >193.06 m.

Lower Permian System Liangshan Group (P_1l)
This is distributed in the middle and north-west corner of the property. It is an intertwined stratum with dark grey layered marlstone from thin to medium-thick and medium-thick layered dark claystone. It is held between the lentoid dark grey gravel biocalcarenite with a thickness of 16.60-18.70 m, with the stratum being stable and consistent.

7.4.2 QUATERNARY SYSTEM (Q)

The brecciated sedimentation is composed of yellow clay, clayey loam with gravels, and is 0-82.06 m in thickness and deposited at slight grade with the terrain and on both sides of the valley.

7.5 STRATIGRAPHY OF THE PHOSPHORITE BED

Only a detailed description of the phosphorite bed at Shi Sun Xi (Coal Design & Research Institute of Sichuan Province—2006) has been presented for review for this Technical report. No similar description for Cheng Qiang Yan has been found in the review materials. However, since the phosphorite bed at both locations is geologically the same and of the same age, the description below can be applied, in general, to the bed at Cheng Qiang Yan which is only 8 km distant.

The phosphorite bed has a clear lithological zonation. From the bottom to top there is brecciated phosphorite, dense phosphorite, lutaceous phosphorite, svanbergite, siliceous phosphorite, and phosphatic claystone.

The phosphorite bed often leads to vertical zoning that is not complete, or is partially missing, due to the constraints of variability of the karst base (floor material) at the top of the underlying Deng Ying Group of strata. However the position is stable and gradation is in a normal sequence, as identified in regional comparisons.

The mineral combination mainly includes apatite, collophanite, svanbergite, kaolinite and hydro-mica among other minerals. However, from top to bottom the content of apatite and collophanite decreases in the phosphorite bed, while that of kaolinite and hydro-mica increases. The svanbergite is generally found in the central portion of the property. Phosphorite claystone (brecciated) is formed due to a sharp increase of kaolinite and hydro-mica. A partial section of the bed appears as siliceous phosphorite.

The phosphorite bed is generally featured, by positive corpuscle-order gradation, a grain-size change from coarse to fine going from the bottom to the top except for the mixed order and sizes of brecciated phosphorite at the bottom of the sequence.

Physical conformation of the phosphorite bed is strictly controlled by the erosional surface of karstic topography at the base of the bed. Usually the upper contact is regular and even while the lower contact is irregular. Typical of the "Shi Fang Type" of phosphorite deposit, the phosphorite bed is located in the space formed by the erosion process as a point of accumulation and the bed has transverse thickness variations. The erosional aspects of deposition has a certain character of its own as the accumulation of phosphorite develops along with erosion, and the phosphorite is accumulated in the lower part of the erosional topography as a bed. The phosphorite bed is derived from the weathered and reworked material from the Lower Cambrian Meishucun Formation.

7.6 GEOLOGICAL STRUCTURE

7.6.1 STRUCTURE OF CHENG QIANG YAN

The Cheng Qiang Yan property is situated in between two major, and regional, fault systems, faults F1 and F2. Most of the faults specifically on the property are reverse faults, typical of overthrust and compressional terranes, and are identified as F201, F202, F203 and F205 and are actually a series of fault systems, as following:

7.6.2 F205 NORMAL – STRIKE SLIP FAULT

It is near the western boundary of the property, starting from the Southwest corner and 860 m long. The fault is Visible in TC103. The strike of the fault system is generally N-S with a dip toward the west at 55°. The heave is 350 m and the throw is estimated at about 450 m.

7.6.3 F202 NORMAL FAULT

The fault is located in northeast of the property and around 230 m long. The brecciation zone is about 0.8 m wide. The strike of this fault system is generally toward the west with an azimuth of 259° and dipping at 16° in an unspecified direction.

7.6.4 F201 REVERSE FAULT

The fault system is located in northeast of the site and about 140 m long with a visible 0.3 m wide brecciation zone in TC102. Fault strikes NW with an azimuth of 316°, dipping at 34° in an unspecified direction. The throw is about 30 m and the heave is 40 m.

7.6.5 F203 REVERSE FAULT

This fault is located northeast of the property about 100 m away from F201 and is 120 m long. It strikes N and NE with the dip towards the N and NW and the dip angle, throw and heave are unknown.

F206 in previous reports was not found in this survey (mapping and sampling in the trench and tunnels), so it is not included.

The locations and altitudes of Fault 201, 202, 203 have been adjusted based on the updated information obtained in the latest survey (2009). In conclusion, the faults on the property generally strike NE to SW with a monoclinal structure and dip toward NW to N at 43 to 58°.

The strike of the phosphorite bed is generally E-W and the dip of the bed is about 50° in a northerly direction.

7.7 STRUCTURE OF SHI SUN XI

The Shi Sun Xi property contains only one described fault. The F14 faulted zone strikes from SW to NE and dips in an unknown direction at an unknown angle. The fault does not interfere with possible mining operations under the existing mining permit but does influence the phosphorite stratum under the exploration license to the east of the mining permit.

The strike of the phosphorite bed is generally E-W and the dip of the bed is about 30° in a northerly direction.

7.8 SEISMICITY

The Longmen Shan marks the tectonic contact between the Sichuan Basin to the east and the mountains of western Sichuan and the eastern Tibetan plateau to the west. Marked by fast *P*-wave ("primary" wave) propagation to at least 250 km depth, the low-elevation and topographically flat Sichuan Basin appears to be a deeply-rooted, mechanically strong unit underlain by craton-like lithosphere that has resisted Mesozoic and Cenozoic deformations that affected the surrounding regions. The slow seismic wave propagation west of the Longmen Shan fault zone suggests that the mechanical strength is much lower here than beneath the Sichuan Basin. The recurring earthquakes reflect tectonic stresses resulting from the relative motion between these tectonic units. Geological structures along the Longmen Shan suggest a total displacements of tens of kilometres since the Late Cenozoic and GPS measurements constrain active rates at a few millimetre per year.

The tectonic evolution of the Longmen Shan is complex and still only moderately understood. The Longmen Shan marks not only the present boundary between the high topography of the

Tibetan Plateau to the west and the relatively undeformed Sichuan Basin to the east, but this region also marks the limit of deformation during the Mesozoic Indosinian orogeny. During the Late Triassic to Early Jurassic, a sequence of continental margin sediments and flysch were highly deformed and thrust eastward onto the rocks of the Yangtze craton while the Sichuan Basin was accumulating clastic sediments as a fore deep basin (Indosinian orogeny). The structures of the Longmen Shan region primarily reflect this Mesozoic deformation; Cenozoic faults and folds tend to parallel and often reactivate Mesozoic structures. Cenozoic deformation in the Longmen Shan is difficult to constrain, but there is evidence for right-lateral strike-slip, thrusting, and normal faulting on several different structures. The fault that appears to have broken on the Wenchuan Earthquake is at or very near the boundary between the Precambrian rocks of the Pengguan Massif and the Mesozoic fore deep sediments of the Sichuan Basin. The fault has a history of mostly right-lateral strike-slip and a smaller amount of thrust motion.

The Longmen Shan marks the (rapid) transition from thick (60 km+) crust beneath the Tibetan Plateau to continental crust with normal thickness (around 40 km) beneath the Sichuan Basin.

The region is located in the middle part of the discordogenic fault at Longmen Shan, where earthquakes frequently occur and often very strongly. The strongest shocks to have ever occurred in Sichuan province were almost all located in the west of 104°east longitude, and this region lies right on this line. The borderline is generally located in the belt where the thickness of the earth's crust is changing as mentioned above. It is also the border point between Caledonian folding (Silurian Period) and the Mesozoic Songpan-Ganzi geosynclines fold belt in the Indosinian orogeny.

According to GB18306-2001 "China's earthquake motion peak acceleration division map" (PRC "National Standard Amendment No.1", June 11th, 2008), the earthquake motion peak acceleration in this region is 0.20g, the basic earthquake intensity is Mercalli VIII, the earthquake response spectrum eigenperiod is 0.35. According to the Sichuan Province tectonic system and earthquake distribution maps in 1980, Mianzhu county annals and the quartz mine ESR age results explored in the fault zone of this region confirm that this region is located in a later structured active belt, where minor shocks have frequently occurred during geologic times. It was recorded that there were more than 10 earthquakes that affected this region; such as on March 22, 1983, when an earthquake occurred in Qing Ping Town in Mianzhu City, the epicentre was located at 104°17′ East longitude and 31°34′ North latitude with a magnitude of 4.2. Fortunately it caused little damage due to its mild intensity. However, Qing Ping Town became a severely damaged area after the Wenchuan Earthquake. Most of the buildings were destroyed and other damage was devastating. Based on the recorded seismic history in the area along with the geologic features and structures, it is expected that earthquakes will continue in the future. The intensity of major earthquakes could again reach a Mercalli intensity VIII (equivalent to Richter scale between 6 and 7, and mining construction as well as other projects should be planned and designed accordingly.

As an added note, during the first site visit to Cheng Qiang Yan in late February 2010, an inspection of the "Level #15" drift was conducted by the WGM project team. While all surface facilities at the mine were destroyed, the underground workings on level #15 showed little impact from the Wenchuan Earthquake. Inspection of Levels #9 and #4 by other members of the Mianzhu Norwest mine operating personnel revealed that these underground operations were also minimally affected by the earthquake. This has been confirmed by recent exploration, development and mining activities since that time.

7.9 MINERALIZATION

The phosphorite particles are mainly granular in shape but also arenaceous "through recrystallization" processes. While the phosphorite is mainly granular, there are visible "washing marks" (brecciation) at the base of the bed. The phosphorite mineral exists mainly of argillaceous phosphorite, siliceous phosphorite, "dense" phosphorite and brecciated phosphorite. The phosphorite occurs in brecciated structure, secondarily in arenaceous form with individual particles and "dense" structure. The latter is developed as recrystallized and metasomatic in texture. The phosphorite is chiefly "lumpy" in structure and occasionally there are scour marks found at the base of the bed.

The phosphorite bed mainly includes four natural types, which are lutaceous phosphorite, siliceous phosphorite, dense phosphorite and brecciated phosphorite.

The phosphorite mineral composition consists chiefly of fluroapatite and collophanite (70 to 80%) and of clay minerals (3-10%) with an accompanying 1 to 10% quartz and 1-10% zirlite (an amorphous aluminum-hydrate encrustation) as well as small amounts of pyrite, fragments of carbonate, ferric oxide, and chlorite.

The key element of commercial interest in the phosphorite mineral is phosphorus (P), which occurs in the natural oxidized form as P_2O_5. According to the current statistics from the trenches, mine underground development and core drilling, the average P_2O_5 content of the Resource at Cheng Qiang Yan is 27.8 percent. The similar value at Shi Sun Xi is 29.4 percent. No systematic analyses of the oxides had been completed on the individual exploration and development samples so no detailed analysis of chemical variations or particle-size analysis was available in the literature. This is a deficiency, but the normal practice in the PRC.

WGM as part of its November 2013 site visited collected six samples considered representative of the phosphorite beds within the two mines. Samples 1 to 3 were obtained from Mine 1, while samples 4 to 6 were obtained from Mine 2. Samples 4 to 6 were channel samples but did not cross the full extent of the mineralization. The locations of the samples collected by WGM are shown in Table 5.

TABLE 5.
LOCATIONS OF WGM DUE DILIGENCE SAMPLES

	Mine 1 level 15
1	Stope 1 Drop pt 2
2	Stope 2 Drop pt 1
3	Stope 1 Drop pt 3
	Mine 2 Level 1950
4	Development ore pt1
5	Development ore pt2
6	Development ore pt3

These samples were analysed SGS Tianjin Mineral Laboratory, Tianjin, PRC using method ICP95A. This method provides for analysis of all major oxides and the typical range of accessory minerals affecting phosphate ore quality, including uranium and thorium. It is noted that method ICP95A has an upper limit of detection for P_2O_5 of 25 wt%. Samples 1,2,3,5 and 6 assayed in excess of 25% P_2O_5 and were reassayed using a gravimetric method to determine the P content in apatite. Summary assays for the samples are detailed in Table 6.

TABLE 6.
SUMMARY ASSAY DATA – WGM DUE DILIGENCE SAMPLES

Method	ICP95A	APATITE_P	ICP95A									PHY01K
	P_2O_5	P_2O_5	Al_2O_3	CaO	Cr_2O_3	Fe_2O_3	K_2O	MgO	MnO	Na_2O	TiO_2	LOI
Limit of Detection	%	%	%	%	%	%	%	%	%	%	%	%
Lower	0.01	0.0001	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Upper	25	100	75	60	10	75	25	30	10	30	25	100
Sample No.												
	>25	31.84	8.34	45.27	0.01	1.94	0.86	0.23	0.03	0.20	0.38	3.81
	>25	34.89	3.32	43.90	<0.01	1.10	0.25	0.08	<0.01	0.14	0.15	2.19
	>25	36.52	4.33	49.23	<0.01	1.69	0.28	0.19	0.02	0.13	0.19	2.93
	18.66	n/a	0.87	39.12	<0.01	2.42	0.22	12.10	0.31	0.07	0.05	24.04
	>25	29.53	2.98	40.91	<0.01	3.53	0.96	0.42	0.18	0.08	0.14	4.54
	>25	29.29	1.47	46.65	<0.01	1.69	0.37	4.41	0.18	<0.01	0.08	9.20

Trace element assays for composite samples are detailed in Table 7.

TABLE 7.
TRACE ELEMENT ASSAYS – COMPOSITE SAMPLES, WGM DUE DILIGENCE SAMPLES

		Method	ICP95A	ICP95A	ICP95A	ICP95A	ICP95A	ICP95A	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B
			Ba	Sr	Zr	Nb	Y	Zn	Ag	Al	As	Ba	Bi	Ca	Cd	Ce
			ppm	ppm	ppm	ppm	ppm	Ppm	Ppm	%	ppm	ppm	ppm	%	ppm	ppm
		LDL	10	10	10	10	10	5	0.01	0.01	1	5	0.02	0.01	0.01	0.05
		UDL	100000	100000	100000	100000	100000	10000	10	15	10000	10000	10000	15	10000	1000
Mine 1 level 15																
1	Stope 1 Drop pt 2		418	2380	168	12	148	123								
2	Stope 2 Drop pt 1		175	3470	59	<10	89	261								
3	Stope 1 Drop pt 3		207	6122	94	<10	86	153								
	composite 1-2-3								0.30	1.33	16	291	0.21	>15	2.99	16.70
Mine 2 Level 1950																
4	Dvlpmnt ore pt1		107	244	19	<10	18	93								
5	Dvlpmnt ore pt2		230	314	44	<10	53	974								
6	Dvlpmnt ore pt3		196	374	31	<10	33	157								
	composite 4-5-6								0.32	0.82	30	267	0.11	>15	2.12	26.80

		Method	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B
			Co	Cr	Cu	Fe	Ga	Hg	K	La	Mg	Mn	Mo	Na	Ni	P
			ppm	ppm	ppm	%	ppm	Ppm	%	ppm	%	ppm	ppm	%	ppm	ppm
		LDL	0.1	1	0.5	0.01	0.1	0.01	0.01	0.1	0.01	5	0.05	0.01	0.5	50
		UDL	10000	10000	10000	15	10000	10000	25	10000	15	10000	10000	10	10000	10000
Mine 1 level 15																
1	Stope 1 Drop pt 2															
2	Stope 2 Drop pt 1															
3	Stope 1 Drop pt 3															
	composite 1-2-3		14.2	33	35.3	0.99	4.9	0.08	0.35	10.9	0.08	158	7.49	0.13	63.4	>10000
Mine 2 Level 1950																
4	Dvlpmnt ore pt1															
5	Dvlpmnt ore pt2															
6	Dvlpmnt ore pt3															
	composite 4-5-6		3.7	40	19.8	1.57	5.6	0.09	0.52	26.1	3.26	1663	4.78	0.11	22.7	>10000

		Method	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B	ICM12B
			Pb	Rb	Sb	Sc	Sn	Sr	Th	Ti	Tl	U	V	W	Y	Zn
			ppm	ppm	ppm	ppm	ppm	Ppm	Ppm	%	ppm	ppm	ppm	ppm	ppm	ppm
		LDL	0.2	0.2	0.05	0.1	0.3	0.5	0.1	0.01	0.02	0.05	1	0.1	0.05	1
		UDL	10000	10000	10000	10000	1000	10000	10000	15	10000	10000	5000	10000	10000	10000
Mine 1 level 15																
1	Stope 1 Drop pt 2															
2	Stope 2 Drop pt 1															
3	Stope 1 Drop pt 3															
	composite 1-2-3		23.1	11.8	3.12	3.8	1.6	2616.3	4.4	<0.01	0.53	45.91	29	0.7	93.51	176
Mine 2 Level 1950																
4	Dvlpmnt ore pt1															
5	Dvlpmnt ore pt2															
6	Dvlpmnt ore pt3															
	composite 4-5-6		34.7	15.2	5.03	2.3	0.8	300.0	2.5	<0.01	1.43	16.81	143	0.4	33.64	416

The SGS assays for the six samples collected by WGM show P_2O_5 values of 29.29% to 36.52% except Sample 4, which assayed 18.66% P_2O_5. The assayed values for the major gangue elements are in general agreement with the reported historic assay values except for Sample 4. Sample 4 was collected outside of the main ore zone and is representative of the lower grade zones. Trace element assays show very low levels for all elements of interest.

The only comments on the chemical components of the phosphorite material which were presented for review for WGM's original Technical report came from a report on Shi Sun Xi (Coal Design & Research Institute of Sichuan Province-2006). No similar discussion was found for the material at Cheng Qiang Yan. However, given the geological situation and the geographical location of the Mines, the following general discussion can be applied to both.

The Coal Design & Research Institute of Sichuan Province determined that the major gangue mineralization in this phosphorite includes MgO, Fe_2O_3, Al_2O_3, and CO_2. These gangue minerals will have no impact on the P_2O_5 quality or production and will report to the slag from the furnace operation. None of the composited analyses were presented for evaluation of this Technical Report. Using the results of 27 combined-analysis data in Huang Tu Keng block of Ban Peng Zi Phosphorite Mine, which is adjacent to this mine, the key chemical components in their ore include P_2O_5, CaO, F, Fe_2O_3, Al_2O_3, SiO_2, MgO, and CO_2, making up to over 90% of the total. Based on the analysis of these data, the following summary has been prepared:

- The content variation of MgO is between 0.05% and 3.32% and 0.72% in average; the variation factor is 79%, which is "unstable" in variation. The content in the phosphorite is not uniform and appears as a negative correlation with P_2O_5, in asynchronous regression. It is closely related with the content of CO_2, which is 2.68%; lower than the requirement ($MgO/P_2O_5<8$) of the industrial indexes, so it is a phosphorite of low magnesium content; The WGM samples reported MgO values ranging from 0.08% to 4.41%, exclusive of Sample 4, which assayed 12.10%. The WGM samples confirm the low MgO characteristics of the ore;

- The content variation of Fe_2O_3 is between 0.74% and 6.75% and averages 3.24%; with variation factor of 63%, which is unstable in variation. The content in the phosphorite is not uniform and appears as a negative correlation with P_2O_5 in asynchronous regression. It is closely related with the content of Al_2O_3, increasing synchronized; the ratio of Fe_2O_3/P_2O_5 is 12%, higher than the Fe/P requirement of the industrial indexes; The WGM samples exhibited an Fe_2O_3 range of 1.10% to 3.53%, with Sample 4 reporting an Fe_2O_3 content of 2.42%. The Fe_2O_3/P_2O_5 ratio ranged from 3.15% to 12.97% (sample 4);

- The content variation of Al_2O_3 is between 1.2% and 8.79% and averages 4.01%; with a variation factor of 52%, which is unstable in variation. The content in the phosphorite is not uniform and appears negative correlation with P_2O_5, in an asynchronous regression. It is closely related with the content of Fe_2O_3, increasing synchronized, the ratio of Al_2O_3:

P_2O_5 is 15%, higher than the Al/P requirement of the industrial indexes; The WGM samples reported Al_2O_3 values ranging from 0.87% to 8.34%, with A/P ratios of 4.66% (sample 4) to 26.19% (sample 1), with the remaining samples reporting less than 12%;

- The content variation of CO_2 is between 0.64% and 6.28% and averages 1.59% with a variation factor of 151%, which is extremely unstable in variation. It is not related with the content of P_2O_5, but it is in positive correlation with MgO. CO_2 content is lower than the requirement (CO_2 of 4%) in the industrial indexes;

  The WGM samples reported LOI values ranging from 2.19% to 24.04% (sample 4). Sample 6 had a reported value of 9.20%, with the other samples reporting less than 4% LOI. WGM does not consider the relatively low CO_2 content a detriment in processing; and

- Overall, the WGM grab samples confirm the quality of the ore and the historic assay values. WGM is satisfied that the historic assay data are representative of the ore and that the historic assay data can be used in reporting resources.

8. DEPOSIT TYPES

The primary phosphorite bed of economic interest at both Cheng Qiang Yan and Shi Sun Xi is of sedimentary origin. From the work reviewed and interviews conducted for this report, it is believed that the phosphorite beds are of different geologic ages. The geology reports from the two deposits differ as to the geologic age of the phosphorite bed with the bed at Shi Sun Xi being of Devonian age. WGM takes exception with this assignment believing that the phosphorite bed at Shi Sun Xi is more likely of Lower Cambrian age and equivalent to the Meishicun Formation similar to the deposits on the east flank of the very large anticline that forms the basis of most of Mianzhu's phosphorite production. However, whatever the age of the phosphorite, that determination has no impact on the Resources estimated for the two properties which are separated by approximately 8 km.

The regional geologic map of the phosphorite production area of Mianzhu, supplied by the Sichuan Institute of Chemical Engineering and Geological Exploration, indicates that the bed on both properties is the same Devonian age. The geology report for Cheng Qiang Yan, with accompanying stratigraphic descriptions, also written by the Sichuan Institute of Chemical Engineering and Geological Exploration, indicates that the phosphorite bed is Sinian (Upper Pre-cambrian) age and located in the Deng Ying Formation. The stratigraphic descriptions of the strata lying above the phosphorite bed at Cheng Qiang Yan does not match the description of the equivalent strata from Shi Sun Xi. The "Devonian" age assignment from the regional geologic map places the preferred stratigraphic location for the bed on both properties as disconformably resting on the Deng Ying Formation, a position and circumstance similar to the Meishucun Formation on the eastern flank of the anticline and the stratum from which the state-run Qing Ping phosphorite mine operated, at rates approaching 1,000,000 tpa until the Wenchuan Earthquake.

Current data reviewed indicate that there was no significant sedimentary phosphogenesis and accumulation event in the Devonian anywhere in Asia and only minor occurrences elsewhere in the world are assigned to this age. To WGM's knowledge, with the exception of Shi Sun Xi and one other, all other producing phosphorite occurrences in Sichuan are reported as Upper Sinian or Lower Cambrian in age (either Deng Ying Formation or Meishucun Formation). However, scientific journals, from the PRC on this subject are difficult to find and evaluate.

Current regional geologic data and reports indicate that a more likely age for the Shi Sun Xi phosphorite bed (if, in fact, it is different from Cheng Qiang Yan) is Lower Cambrian and it should be assigned, in general, to the Meishucun Formation of that age which lies stratigraphically above the Deng Ying Formation of the same age (approx). WGM has no doubts that the roof material for the Shi Sun Xi bed is Devonian and there is a significant unconformity between the two strata just as there is an unconformity between the phosphorite bed and the underlying Upper Sinian strata identified as the Deng Ying Formation.

The “Devonian” age assignment for the phosphorite bed at Shi Sun Xi, as explained by personnel from the Sichuan Institute of Chemical Engineering and Geological Exploration, requires a special designation as to the type of the deposit. This type of “Devonian phosphorite deposit” is designated as the "Shi Fang Type” in Sichuan Province. As explained, the phosphogenesis and accumulation events for this type of deposit occurred originally in the Lower Cambrian age as the Meishucun Formation. During the depositional hiatus and erosional events that occurred between the Middle Cambrian and Devonian ages the phosphorite bed was severely weathered which increased the quality of the bed significantly compared to the Meishucun Formation. This is a natural “beneficiation” process. During the initial depositional events during the sea on-lap in the Devonian age, the "Shi Fang Type” beds were displaced somewhat and incurred internal structural changes to the bed which was subsequently covered with mid- to upper shelf Devonian marine sediments.

In the most current report issued by Sichuan Institute of Geology and Mineral Development Geochemistry Team, it is confirmed the phosphorite bed is concealed within Upper Devonian in age, Sha Wo Zi Formation. However, there was no reference to “Shi Fang Type” deposit in the geology description.

In WGM’s opinion, if the age of the phosphorite bed at Cheng Qiang Yan is to be reclassified from Upper Sinian Deng Ying Formation to the Devonian "Shi Fang Type” deposit, Sichuan Institute of Chemical Engineering and Geological Exploration must return to re-examine the stratigraphic descriptions of the sediments overlying the bed. Currently, these sediments are described in detail and classified as the Deng Ying Formation.

9. EXPLORATION

9.1 PROCEDURES/PARAMETERS OF SURVEYS AND INVESTIGATION

After acquiring the Cheng Qiang Yan and Shi Sun Xi operations in 2002 by Mianzhu Norwest the mine produced and shipped approximately 379,000 tonnes of phosphate rock until the Wenchuan Earthquake in 2008. Since that time the company has been working on re-establishing and upgrading its operations. That has included extensive underground development work and related activities as well as limited production

Since the recent re-establishment of production at Cheng Qiang Yan no significant exploration of the licences had taken place before 2013 other than the advancement in the understanding of the mineralization stemming from the small scale mining and development efforts. The current mining permit for Cheng Qiang Yan, granted between the elevation of 2,570 m and 2,240 m, is in force until December, 2015 with an approved production rate of 50 kt/a. Therefore exploration activities were focussed on the exploration permit which covers a portion of the area immediately below the mining permit with no lower elevation limit.

The recent exploration work by the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team in 2013 has been focussed on providing a better understanding of the thickness of the mineralization and the local structures. This work is also required in support of the application by Mianzhu Norwest to apply for a Mining Permit to cover the area below the current mining and exploration permit which expires April 9, 2014.

The most recent exploration work, consisting primarily of underground surveying, mapping and sampling was completed by the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team Provincial geological bureau, by Dec 21, 2013. This work also included a surface orientation surveys. The geological report expected in the first quarter of 2014 will be used in support of the application for the conversion of the existing exploration permit to a mining permit.

The exploration work by the Sichuan Province Geological Exploration and Development Bureau Geochemistry Team was completed as part of Dashan's obligations under the "**Dashan Co-operation Agreements**". Under the arrangement with Dashan, (i) Dashan shall, *inter alia*, assist Mianzhu Norwest, in its application for the relevant exploration and mining rights and bear related fees, fund certain other expenses arising from the Mianzhu Norwest Mining Operations and exploration activities. As such these are not directly attributable to AsiaPhos.

Work was focussed mostly on surveying and exploring underground development levels 1, 3, 4, 15, and 2140 of the exploration permit and Level 2420 of the mining permit. This work was designed primarily to better understand the distribution and nature and structural controls of

the mineralization below the current mining permit elevation of 2,240 m. The work also included the re-surveying of previous drill holes.

Surface surveys included orientation/location and topographic confirmation, surface mapping and sampling and collection of hydrogeological data.

The following table summarizes the work completed.

	Work completed	Unit	Qty.	Remark
Survey	Control point survey	Spots	6	
	Topographic survey	km^2	1.50	Update
	Development survey	Spots	10	
	Underground survey	M	4,600	
Geology	1:5,000 geological mapping	km^2	1.65	
	1:5,000 hydrology mapping	km^2	1.65	
	1:2,000 geology X section mapping	M	5,967	
	Underground Mapping	M	4,600	
Environmental	River and water source observation	Spots	3	
Sampling	Channel sampling	Pcs	105	
	S.G. samples	Pcs	12	
	Water samples	Pcs	6	
	Rock sample	Pcs	10	

Similarly on the Shi Sun Xi property, no significant exploration work has been completed since the 2008 earthquake, other than what was required to advance current development work. However WGM understands that Sichuan Institute of Geology and Mineral Development Geochemistry Division has been engaged to conduct additional exploration work in support of the exploration permit renewal.

After acquisition by Mianzhu Norwest in 2002, exploration on the Shi Sun Xi property was conducted by the Sichuan Institute of Chemical Engineering and Geological Exploitation, drilling of three holes, the geological descriptions and phosphorite sampling from the recovered drill core in 2005 and preparation of a preliminary design for the expansion of the production capacity from 100 kt/a to 200 kt/a the Coal Design & Research Institute of Sichuan Province.

As part of WGM's November, 2013 site visit six representative samples were also collected by WGM, three from each of the two mines. At Cheng Qiang Yan sampling was limited to collecting 3 grab samples from the main ore draw points on level 15 due to local flooding. The three samples were taken approximately 25 m apart along strike and represent three different

ore stopes. At Shi Sun Xi WGM collected three channel samples cut from within the phosphorite bed on level 1950.

9.2 SAMPLING METHODS AND SAMPLE QUALITY

While WGM was not present during the recent exploration work, the Sichuan Institute of Geology and Mineral Development Geochemistry Team is well respected and would have conducted its work in conformity with currently required procedures in China. Based on WGM's experience these are generally in conformity with current international procedures.

Elevation, topographic control point surveying was carried out on surface with a real-time GPS system to update the existing topographic map with the new survey results. The topographic survey is compliant with National Standard of People's Republic of China GB/T 18314-2001. Total 6 Level E GPS points were recorded, and suitable spacing for level E was selected according to the National Standard. Each Level E GPS points were marked with cement and 12 mm steel cable at center point and a number assigned. The coordinate system used was Xi'an 1980 and elevation was 1985 National Elevation Datum. Trimble Geomatics Office software was used for data interpretation, and Hgenuis 1.0 software was used for elevation calculation. The accuracy in X, Y and Z is to 0.001 m and angle is to 1 second. Traverse survey was done based on the Level E GPS points.

Similarly underground surveying of existing mining areas included verification of the previous drill hole coordinates for use as reference points for the future underground development work in the exploration permit area. The survey was carried out by total station, TOPCON 3002LN. The verification on drill holes showed the error in offset is 0.12 m in plane and 0.15 m in elevation.

Thirty percent (30%) of the survey points were checked for quality assurance purpose.

Underground geological mapping is tied to the new survey points and now allows for the updating of previous survey data and to update the distribution of the mineralization both within the current mining permit levels and in the exploration permit area below the current mining areas.

The section plans reviewed by WGM were extremely detailed and presented both the geology as well as the orientation (dip and strike) of the phosphorite bed and any other pertinent structural details encountered. Detailed geological mapping was complete along the entire 4,600 m of underground workings surveyed. Rock descriptions symbols are recorded on adit long section plots, as well as underground sample locations and survey points. All information is entered into an AutoCAD drawing file with appropriate orientation details.

In total 127 rock samples were collected, 12 for SG determination (two from each well/level), 10 grab samples and 105 channel samples representing 20 channels from 6 levels. The Channel sampling in most cases traversed the complete phosphorite bed and extended into both the footwall and hanging wall portions of the zone. Samples were generally cut from the upper portion of the side wall near the back (top).

Sichuan Institute of Geology and Mineral Development Geochemistry Team, who carried out the 2013 field program, followed National Standard of People's Republic of China DZ/T 0209-2002 "Specific for phosphorous mineral exploration", which includes standard sampling procedures. It is specified that all sampling shall be continuous through the entire sample length; channel sample cross section shall be 10 cm by 5cm and the size shall increase in brecciation zone; sample length shall not exceed mining width and length shall be limited between 0.5 m to 1 m when seam interbedded with gauge. All samples taken in field for assaying were channel sampling.

Sichuan Institute of Geology and Mineral Development Geochemistry Team also claimed a standard of "Sampling procedure for phosphorous mineral exploration" was followed during sampling process. However, WGM was not able to verify this standard.

WGM samples were collected as multiple chips collected from a number of locations to be representative of the portion of the bed to be sampled, and in the case of grab samples consisted of anumber of chips from several ore blocks in each case. WGM had these six samples analysed independently. Analyses include major oxide elements and a suite of accessory elements. A composite was also prepeapred from the each of the mines and the resulting two samples were analysed with a 40 element scan to determine the level of othe minor elements including toxic elements such as As and Hg.

9.3 RELEVANT INFORMATION

Most underground exploration activity is conducted as pre development work along the mineralized structure with drifts usualy spaced 15 m apart to cross cut the mineralized structure. Historically underground drilling has not been used on these types of operations as cost for drifting is often equivalent to that of drilling.

Data collected by the Sichuan Institute of Geology and Mineral Development Geochemistry Team has been incorporated into a mineral reserve estimate based on current PRC reporting standards to support the application for a new mining permit.. While WGM has incorporated the sample information and analytical results in their mineral resource estimate the actual PRC reserve estimation has not been utilized, in part, because of the absence of sufficient modifying data and because a significant portion of the reserves identified by the Institute are located outside of the actual boundaries of the current exploration permit area.

9.4 RESULTS AND INTERPRETATION OF EXPLORATION

The work completed by the Sichuan Institute of Geology and Mineral Development Geochemistry Team has generally confirmed the strike and dip of the phosphorite bed. The closer spaced sampling has identified a number of minor faults which displace the bed locally however these offsets were limited to several 10's of metres at the most.

Most notable was the variation of the thickness of the bed. Bed thickness was shown to increase quite quickly over relatively short distances. The closer spaced sampling has demonstrated local areas of increased thickness resulting in an overall increase in the volume of the resource.

10. DRILLING AND TRENCHING

The current Cheng Qiang Yan geological dataset contains records for six trenches which are referenced in either reports or on drawings reviewed by WGM. The data set also includes nineteen pre-2013 locations within the existing underground mine where organized production control samples were collected. Results of the 2013 underground exploration sampling provide an additional 18 underground data points.

The trenches are identified as TC101, TC102, TC103, TC104, TC105 and TC106. The dates of the field work that excavated and sampled the trenches are unknown. However, it is believed that the Sichuan Institute of Chemical Engineering and Geological Exploration, or its predecessors, conducted the field work sometime between 1990 and 2000, more likely during the mid-1990s. Due to file storage problems at the Institute, none of the field records were available for review, or subsequent copying, during the WGM site-visit interviews.

The pre 2013 underground samples were surveyed and all samples were collected in a similar manner. This work was completed by the Mianzhu Norwest and the samples analyzed at the company laboratory in Hanwang Town Mianzhu City. These are from lowest elevation to upper elevations as follow: Level #15 (elevation 2,060 m) four samples; Level #9 (elevation 2,106 m) two samples; Level #4 (elevation 2,169 m) three samples; Level #3 (elevation 2,211 m) three samples; Level #8 (elevation 2,281 m) three samples; and Level #5 (elevation 2,385 m) four samples. These sample data contain information regarding location, "true" thickness, elevation, $\%P_2O_5$ and $\%Fe_2O_3$ (13 points only). This work was conducted between 2002 and 2008 and the sample sites are contained, with appropriate information, on company AutoCAD drawings of each working level.

The 2013 underground samples were surveyed and all samples were collected in a similar manner. This work was completed by the Sichuan Institute of Geology and Mineral Development Geochemistry Team and the samples analyzed at Sichuan Deyang Institute of Geological Engineering and Exploration Mineral Testing Center, which is an independent laboratory in Deyang City. The 18 channel samples are, from the lowest elevation to the uppermost as follows; Level 1, (elevation 1953 m) 2 channels, Level 15, (elevation 2058 m) 4 channels, Level, 2140 (elevation 2143 m) 3 Channels, Level 4, (elevation 2165 m) 4 Channels, Level 3 (elevation 2208 m) 5 channels. The analytical results for two channel samples collected on Level 2420 (elevation 2420) were apparently taken from an old mine area outside of the actual permit boundary and were not available to WGM. These sample data contain information regarding location, "true" thickness, elevation, $\%P_2O_5$ and %SrO (13 points only). This work was conducted in the last quarter of 2013 and the sample sites are contained, with appropriate information, on company AutoCAD drawings of each working level.

These forty three (43) sample locations have been treated as "trench" locations for the work conducted by WGM.

There have been no updates to the Shi Sun Xi geological dataset which contains records for six drill holes and five trenches referenced in either the reports or on drawings. The drill holes are ZK701, ZK703, ZK705, ZK902, ZK903 and ZK1001. Drill holes ZK701, ZK703 and ZK705 are located on neighboring properties and, as such, no detailed information was transmitted by the Sichuan Institute of Chemical Engineering and Geological Exploration. However, summarized data from these holes regarding the phosphorite bed appear on drawings that were transmitted. Drill holes ZK902, ZK903 and ZK1001 are located on the Mianzhu Norwest mining permit and, as such, detailed geologic logs and "basic" analyses were transmitted by the institute. The drill holes by Mianzhu Norwest were completed between May and September 2005. The average drilling rate for the three holes was 14.3 m per day (7-day weeks).

At Shi Sun Xi, the five trenches are TC123, TC124, TC125, TC126 and TC205. Trenches TC123, TC124 and TC205 are located on a neighboring property near the western extent of the mining license. However, the Institute transmitted graphic logs with "basic" analyses for these trenches. Trenches TC125 and TC126 are located in the SW part of Mianzhu Norwest's mining license and the graphic logs, with analyses, were also transmitted by the Institute.

At Shi Sun Xi, there are two locations within the existing underground mine where organized production control samples were collected. Each of these locations was surveyed and both samples were collected in a manner similar to the Cheng Qiang Yan underground samples. This work was completed by Mianzhu Norwest and the samples analyzed at the company laboratory in Hanwang Town Mianzhu City. This work was conducted between 2006 and 2008 and the sample sites are contained, with appropriate information, on company AutoCAD drawings of each working level. There is one location at the 1950 m level and one at the 2,050 m level. These two sample locations, in the NW corner of the mining license, have been treated as "trench" locations for the work conducted by WGM.

Although no field operating records for the Shi Sun Xi drilling campaign were submitted for review, it is assumed that the program was conducted in accordance with the typical "Standards" mandated by the PRC National and Provincial governments and their guidelines. It is WGM opinion based on other references that the PRC works to standards that are satisfactory to the purposes of this review.

Also standard in the PRC is the process to ascertain the variability of drill hole inclination where the azimuth and dip of borehole direction were surveyed for every 150 m of drilling with any problems corrected promptly and good results attained.

Recent representative samples collected by WGM at three locations from Level 1950 at Shi Sun Xi, confirmed the overall tenor and S.G of the mineralization, but since these samples were only collected in part of the mineralized zone and they were not considered for inclusion in the channel data base.

11. SAMPLE PREPARATION, ANALYSES AND SECURITY

11.1 SAMPLING METHOD AND APPROACH

Sichuan Institute of Geology and Mineral Development Geochemistry Team, who carried out the 2013 field program, followed National Standard of People's Republic of China DZ/T 0209-2002 "Specific for phosphorous mineral exploration", which includes standard sampling procedures. It is specified that all sampling shall be continuous through the entire sample length; channel sample cross section shall be 10 cm by 5cm and the size shall increase in brecciation zone; sample length shall not exceed mining width and length shall be limited between 0.5 m to 1 m when seam interbedded with gauge. All samples taken in field for assaying were channel sampling.

Sichuan Institute of Geology and Mineral Development Geochemistry Team also claimed a standard of "Sampling procedure for phosphorous mineral exploration" was followed during sampling process. However, WGM was not able to verify this standard.

Coring procedures used during field campaign at Shi Sun Xi focused on the recovery of "HX" sized core or equivalent. The core was recovered and placed into core boxes and then described in detail in the field. The core was then transported to the geological team headquarters for further description and confirmation of both sets of descriptions. The chemical analyses of selected samples were probably conducted by the 21st Laboratory of Chemical Geology and Mine of Sichuan Province[3], considered to be independent of the issuer, which is apparently associated with the Sichuan Institute of Chemical Engineering and Geological Exploration. It has been assumed that the laboratory followed the guidelines of the National Standard of People's Republic of China "GB/T 1871.1-1995--Assaying for Phosphorus Pentoxide in Phosphorus Ore and Phosphorus Ore Concentrate, Phosphomolybdic Acid and Quinoline Gravimetric Method and Volumetric Method". These guidelines also include standards for the analysis of iron, aluminum, calcium, and magnesium in "phosphorus ore concentrate and phosphorus ore". These methods must be followed or the laboratory could lose its accreditation.

It is assumed that no core preservation techniques were employed for any of the core (PRC standard practice) and, as such, future detailed analytical tests of the core will yield results which are not necessarily representative of the unweathered phosphorite material. The moisture content of the unweathered phosphorite material is sufficiently low so that the core will nominally acquire atmospheric moisture and "accelerate" the weathering process on the

[3] The 21st Laboratory of Chemical Geology and Mine of Sichuan Province has not provided its consent for the purposes of Section 249 of the SFA to the inclusion of its name, its reports and other information extracted from its reports which are referred to here and in other parts of this Technical Report and therefore is not liable for such information under Sections 253 and 254 of the SFA.

mineralization exposed by the coring process. This process affects the chemistry as well as the physical attributes of the cored material.

All phosphorite core and trench samples as appropriate from the various field programs, were hand-washed and put into the core box (or bagged in PVC containers) in sequence. All core-log forms were completed and well kept in the field, which meets the requirements for assay, photography, and sampling standards. For drill hole sealing, mortar was prepared by ratio of 1:0.7:2 of 425# cement with water and fine sands used to place a surface seal in the drill collars. All boreholes were marked with permanent cement stakes buried at the collar with hole number, date and drilling team marked on the stake.

All original records were completed in accordance with stipulations and PRC standard practices, with their contents and forms retained to keep an accurate, complete, clear and timely record of events and results. The drilling-shift records were accepted upon inspection by 3 levels of supervision and management. Other original records that were completed include procedures for compilation, inspection and proofreading. The quality of original records is reliable and provides for a precise reliable firsthand source of basic information for the preparation of the geological report.

Core was taken from the field operations to the geological team core-storage facilities where it was further described and processed. Detailed core descriptions were completed and various samples selected for chemical analysis. The core intervals selected for chemical analysis were split lengthwise by a core-splitter with one-half being retained for reference and the other half submitted to the laboratory for evaluation. Samples were defined by lithology and bed identification but never exceeded 2.0 m in length in the phosphorite bed.

For the samples derived from the several sampling campaigns at both Mines, sample collection was conducted on the premise of recording detailed records of depth, thickness and core length, along with statements of the physical properties of the phosphorite bed and overburden material, macrolithotype and core conditions. The phosphorite bed was wholly sampled as an independent seam. Samples were weighed on site to ensure their representativeness. Core that was reduced to fines in the drill operation or contaminated were not sampled. With the intact "cylinder core" recovered from drilling, *intervals with gangue of 10 mm, or more, were rejected as were intervals of core in very small* fragments or powder form. Collected phosphorite samples were washed and dried, placed into core boxes and then sent to the 21st Laboratory of Chemical Geology and Mine of Sichuan Province for assay using the National Standard of People's Republic of China "GB/T 1871.1-1995--Assaying for Phosphorus Pentoxide in Phosphorus Ore and Phosphorus Ore Concentrate, Phosphomolybdic Acid and Quinoline Gravimetric Method and Volumetric Method" within the set transportation time limit established by Provincial standards. Collection, packaging and transportation of all types of samples were in accordance with the Ministerial criteria and the design for detailed survey. In total, over several campaigns, samples from 13 trenches and six drill holes were

sent to the Provincial chemical laboratory for analysis. In addition, 21 samples from underground mining locations were sent to the chemical laboratory of the Mianzhu Norwest in Hanwang Town Mianzhu City for assay using the National Standard of People's Republic of China GB/T 1871.1-1995.

Samples collected for rock strength analysis are sent to one of several laboratories which specialize in such specific analytical work. Water samples collected for analyses are also sent to laboratories which specialize in such work.

References to various guidelines for data verification are found throughout this report especially in Sections 11, 12 and 13. Specific and general criteria and guidelines for conducting fieldwork, and data verification by the Institute, are briefly listed below:

- "Classification on Solid Mineral Resources/Reserves" (GB/T17766-1999);
- "Evaluation Guidelines for Mining Rights" (The Amendment Act in 2006);
- The No. 18 announcement on implementing "The Revised Evaluation Methods for the Assessment Ways of Mining Revenue" issued in 2006 by Ministry of Land and Resources;
- "Interim Measures for Prospecting and Mining Rights Assessment"; and
- "Evaluation Guidelines for Mining Rights" (The Amendment Act in 2006).

For the samples derived from the multiple field programs at both Mianzhu Norwest Mines, it has been assumed that the 21st Laboratory of Chemical Geology and Mine of Sichuan Province provided the testing and analytical results according to the protocols set forth in the National Standard of People's Republic of China "GB/T 1871.1-1995. As explained in Section 13 of this report there is an intense and extensive data verification protocol that is dictated by internal, Provincial and National set of standards. It has been reported that this facility holds both a "China Authorization Certificate" and a National "Metrology Accreditation Certificate" which were in force at the appropriate times.

11.2 SAMPLE PREPARATION AND ASSAYING

Sichuan Institute of Geology and Mineral Development Geochemistry Team, who carried out the 2013 field program, followed National Standard of People's Republic of China DZ/T 0209-2002 "Specific for phosphorous mineral exploration", which includes standard samples preparation. It is specified that all sampling shall be prepared in four stages, which are grinding, screening, mixing and quartering; Using Qeqott formula, the K value shall be 0.1 to 0.2; the loss during grinding shall be less than 5%; Error in quartering shall be less than 3%. The samples were sent to at Sichuan Deyang Institute of Geological Engineering and Exploration Mineral Testing Center for sample preparation and assaying. WGM understands but has not confirm that this laboratory is independent from the Company and holds the required accreditation. No specific standard used by the laboratory were identified.

Prior to Mianzhu Norwest's establishment of operations in 2002, all sample preparation and all analytical routines were conducted at the 21st Laboratory of Chemical Geology and Mine of Sichuan Province which was independent of the company. Later sampling in the 2002 to 2008 period was completed by Mianzhu Norwest with the analysis completed at the chemical laboratory of Mianzhu Norwest in Hanwang Town Mianzhu City. While all sampling and assaying that was used was not independent of the company, WGM has relied on its accuracy based on the more than 10 years of successful production history by Mianzhu Norwest.

All assaying was completed using the National Standard of People's Republic of China "GB/T 1871.1-1995--Assaying for Phosphorus Pentoxide in Phosphorus Ore and Phosphorus Ore Concentrate, Phosphomolybdic Acid and Quinoline Gravimetric Method and Volumetric Method" with further implementation of appropriate Provincial and/or current industrial standards for assay procedures. All tasks of sample collection, packaging and assay determination were under the guidance of the appropriate Ministerial, Provincial and/or National standards and rules.

According to Provincial and National guidelines, after typical sample preparation procedures, individual analytes were quantified using wet chemical methods, atomic adsorption and other testing as required. During the analytical procedures, quality control and quality assurance were checked on a continuing basis. Internal laboratory checking, which is actually a reanalysis of the individual samples, was completed on 5% of the samples received. "Standard" samples (knowns) were inserted into the set of samples being tested. These "standards", inserted about once every day, were used for internal laboratory procedure control and checking of the analytical accuracy. In addition to checking overall laboratory performance, about once per year a National Standard is analyzed by all "phosphate" laboratories in China and the results compared. Such actions and reforms as necessary are completed immediately under both Provincial and National supervision. This facility is authorized and certified by both the National and Provincial governments. All differences accounted for in the QA/QC programs are rectified either through re-analysis or through mathematical procedures which account for analytical "drift."

In general, two types of analyses were prepared from the samples from the deposits:

- Basic ["Fundamental"]; and
- Group ["Combinatory"].

The "Group" sample analysis reported for this report is assumed to be based on the report by the Coal Design & Research Institute of Sichuan Province in 2005. However, no analyses have been presented for review in this Technical report.

In the PRC, it is common to composite various exploration/development samples for "group assays". While this methodology and approach provides some limited information, the

approach does not offer any insights into the vertical variability of the phosphorite bed or the aerial variability of the phosphorite bed between sampling points. In the exploitation of the phosphorite, particularly on large properties, the variability of the phosphorite can, and often does, change the performance of the "ore" in whatever processing flowsheet is used.

Normally, in phosphorite exploration and development work in the "western world" a number of constituents are analyzed on each and every sample without physically compositing the material. Generally these constituents include: P_2O_5, CaO, SiO_2, MgO, Fe_2O_3, Al_2O_3, and CO_2 (LOI) "Fundamental". Other constituents are often analyzed on composited "Combinatory" samples – either whole-bed analysis (preferred) or groups of holes. Those constituents can include, but are not limited to: Na_2O, K_2O, SO_3^-, C, F, Cl^-, Cd, As, Hg, Se, etc. Each of these analytes plays a role in evaluating the success of a process flowsheet and/or determination of harmful constituents in various waste streams from the process or in the final product being produced.

For the Shi Sun Xi drill holes only the "basic" analysis group was run on each sample and consists of results for only P_2O_5, acid insolubles (H.P.) and SiO_2. With regard to all of the trench samples from both properties, only the P_2O_5 analyses have been presented for review. The analyses for the samples collected underground on both properties, only P_2O_5 and Fe_2O_3were completed by Mianzhu Norwest. The same analytical standards and methods were applied as used for the trench and drill hole samples.

Phosphorite bed densities were determined using the displacement method on selected samples. These individual densities were then weight averaged for the property. A single average density was used for the bed on each property to determine the contained tonnage. A total of 28 samples collected in 1997 were used at Cheng Qiang Yan and a total of 16 samples from Shi Sun Xi were used for that property. The use of an "averaged" density for resource calculations is not unwarranted in this type of geologic environment although some actual minor variations must be expected due to the differing contributions of the individual phosphate layers at different locations. Approximately the same density is used for both of Mianzhu Norwest's Mines: 3.08 t/m^3 at Cheng Qiang Yan and 3.03 t/m^3 at Shi Sun Xi. WGM's channel sampling results returned specific gravity values of 2.97 (sample 4) to 3.18. The average specific gravity value, was 3.09, which is in general agreement with the historic reported values.

Several groups (sets; phosphorite roof and floor) of rock samples were collected from both the trenches and drill holes to examine the rock mechanics of the rock strata which form the roof and floor of phosphorite bed. In addition, several "tests" were completed on the phosphorite material itself. As appropriate, samples were marked with the orientation of top and bottom, the block number, the specifications and sampling depth. The individual samples were then packed in wax paper and kraft paper, wax sealed and sent to the lab in a timely fashion.

The phosphorite and rock samples are not considered "high value" assets and as such do not require the extra precautions of physical security that other more valuable minerals might require. However, the QA/QC procedures implemented by the laboratories do provide "security" for the accuracy of the analyses and the results which are reported. The following are a few of the steps employed by the QA/QC system:

- Every sample is analyzed in duplicate and retests are completed by two technicians in parallel;
- The results of the analyses are rechecked by the assayer, by the group leader and finally by the "technician-in-charge" for a total of three checks;
- For results in dispute, the re-analysis must be conducted simultaneously with a standard to verify accuracy;
- "Standard" samples are all certified as are the sub-level standards;
- Implementation of assay results verification is organized by the person in charge of techniques at the lab and in accordance with existing protocols and appropriate standards;
- Duplicate assays are by the same or different analytical methods as required; and
- The person in charge (see above) is to complete a statistical analysis of the verification data to discover trends and to appraise the results with statistical measures.