KAIYUE INTERNATIONAL INC.

3500, 855 - 2 Street SW
Calgary, Alberta
T2P 4J8

FILING STATEMENT

Dated as at October 30, 2012

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Filing Statement. This is not an exhaustive list of defined terms used in this Filing Statement and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“$” means Canadian dollars.

“ABCA” means the *Business Corporations Act* (Alberta).

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

(c) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and

(d) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

(e) a Company controlled by that Person, or

(f) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Agent” means M Partners Inc., the agent which assisted the Issuer with respect to the sale of Shares in the IPO pursuant to the terms of the IPO Agency Agreement.

“Associate” when used to indicate a relationship with a person or company, means:

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person or company,

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity, or

(d) in the case of a person, a relative of that person, including:

(i) that person’s spouse or child, or

(ii) any relative of the person or of his spouse who has the same residence as that person;

but

(e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D (as defined in applicable Exchange Policies) with respect to that Member firm, Member corporation or holding company.

"Auditor"	means the Issuer's currnet auditor, MNP LLP, Chartered Accountant.
"Author"	means Jean Pautler, P.Geo., of JP Exploration Services Inc., who prepared the Technical Report.
"BCGold"	means BCGold Corp., a company incorporated pursuant to the BCBCA.
"Board"	means the board of directors of the Issuer and the board of directors of the Resulting Issuer, as applicable.
"**Business Day**"	means a day other than Saturday, Sunday or a statutory holiday in British Columbia.
"Canaccord"	means Canaccord Genuity Corp., which acted as the finder to the Issuer in connection with the Transaction.
"Cash Payment"	means the aggregate $255,000 to be paid to BCGold as partial consideration pursuant to the Option Agreement.
"CEO"	means Chief Executive Officer.
"CFO"	means Chief Financial Officer.
"Closing"	means the closing of the Transaction.
"Closing Date"	means the date on which the Closing occurs.
"company"	unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
"Completion of the Qualifying Transaction"	means the date the Final Exchange Bulletin is issued by the Exchange.
"Control Person"	means any person or company that holds, or is one of a combination of persons or companies that holds, a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
"CPC"	means a corporation: (a) that has been incorporated or organized in a jurisdiction in Canada; (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

"CPC Escrow Agreements" means the Exchange Form 2F *CPC Escrow Agreement* for Tier 2 issuers dated May 25, 2010, and the Form 5D Value Escrow Agreement dated October 21, 2011, among the Issuer, the Transfer Agent and certain Shareholders pursuant to which the CPC Escrow Shares are currently held in escrow.

"CPC Escrow Shares" means the 6,180,000 Shares held in escrow pursuant to the CPC Escrow Agreements.

"CPC Policy" means Exchange Policy 2.4 *Capital Pool Companies* in the Exchange's Corporate Finance Manual.

"Exchange" means the TSX Venture Exchange Inc.

"Filing Statement" means this filing statement dated October 30, 2012, together with all Schedules hereto.

"Final Exchange Bulletin" means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

"Finder's Fees" means cash in the amount of $25,000 already paid and 100,000 Resulting Issuer Shares to be issued to Canaccord, subject to the approval of the Exchange, in connection with assisting the Resulting Issuer in introducing BCGold to the Issuer for the Option Agreement.

"First Anniversary Date" means the date that is one year from the date of the Final Exchange Bulletin.

"First Option" means the option of the Issuer to acquire up to a 60% interest in and to the Toe Property from BCGold.

"Fourth Anniversary Date" means the date that is four years from the date of the Final Exchange Bulletin.

"IFRS" means international financial reporting standards.

"Insider" if used in relation to an Issuer, means:

(a) a director or senior officer of the Issuer;

(b) a director or senior officer of the Issuer that is an Insider or subsidiary of the Issuer;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or

(d) the Issuer itself if it holds any of its own securities.

"IPO" means the initial public offering of the Issuer as completed on August 6, 2010.

"IPO Agency Agreement" means the agency agreement dated May 25, 2010 between the Issuer and the Agent.

"IPO Agent's Options" means the non-transferable share purchase warrants that entitled the Agent to acquire up to 80,000 Shares at an exercise price of $0.10 per Share, which expired on August 12, 2012.

"Issuer" means Kaiyue International Inc.

"Majority of the Minority Approval"	means the approval of the Qualifying Transaction by the majority of the votes cast by shareholders, other than: (a) Non Arm's Length Parties to the CPC; (b) Non Arm's Length Parties to the Qualifying Transaction; and (c) in the case of a Related Party Transaction: (i) if the CPC holds its own shares, the CPC, and (ii) a Person acting jointly or in concert with a Person referred to in paragraphs (a) or (b) in respect of the transaction. at a properly constituted meeting of the common shareholders of the CPC.
"Member"	has the meaning set out in the policies of the Exchange.
"Named Executive Officers" or "NEO"	means: (a) the CEO; (b) the CFO; (c) each of the Issuer's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds $150,000 per year; or (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Issuer at the end of the most recently completed financial year.
"NEX"	is a trading board of the Exchange that provides a trading forum for listed companies that have fallen below the Exchange's ongoing listing standards.
"NI 43-101"	means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.
"Non Arm's Length Party"	means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.
"Non Arm's Length Parties to the Qualifying Transaction"	means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm's Length Parties of the Vendor(s), the Non Arm's Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.
"Non Arm's Length Qualifying Transaction"	means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.
"NSR Royalty"	means the 2.5% net smelter returns royalty of the actual proceeds received by the Issuer form a smelter or other place of sale or treatment with respect to all ore,

concentrates or other mineral products from commercial production at, on or under the Toe Property, as evidenced by its returns or settlement sheets after deducting from the said proceeds all freight or other transportation costs from the shipping point to the smelter or other place of sale or treatment, as further described in the Option Agreement.

"Option"	means the option granted to the Issuer by BCGold to acquire up to a 70% interest in the Toe Property upon exercise of the First Option and the Second Option.
"Option Agreement"	means the binding letter agreement dated effective July 25, 2012, between the Issuer and BCGold, subsequently superseded by a formal property option agreement dated effective October 15, 2012, pursuant to which the Issuer has the right to acquire up to a 70% interest in and to the Toe Property, a copy of which is available on SEDAR at www.sedar.com.
"Payment Shares"	means the total of 400,000 Resulting Issuer Shares to be issued by the Issuer to BCGold as partial consideration for the exercise of the Option at a deemed issue price of $0.10 per Payment Share.
"Person"	means a Company or individual.
"Qualified Person"	means a Qualified Person as defined in NI 43-101.
"Qualifying Transaction"	means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.
"Resulting Issuer"	means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin.
"Resulting Issuer Options"	means stock options to acquire Resulting Issuer Shares granted under the Stock Option Plan.
"Resulting Issuer Shares"	means common shares in the capital of the Resulting Issuer.
"Resulting Issuer Warrants"	means the common share purchase warrants in the capital of the Resulting Issuer.
"Second Anniversary Date"	means the date that is two years from the date of the Final Exchange Bulletin.
"**Second Option**"	means the option of the Issuer to acquire up to an additional interest in and to the Toe Property.
"Shareholder"	means a holder of Shares.
"Shares"	means common shares without par value in the capital of the Issuer.
"Significant Assets"	means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the Exchange.
"Stock Option Plan"	means the incentive stock option plan of the Issuer or the Resulting Issuer, as applicable.
"Stock Options"	means stock options to acquire Shares granted under the Stock Option Plan.

"Technical Report"	means the technical report entitled "Technical Report on the Toe Property in the Carmacks Copper-Gold Belt, Yukon Territory", dated August 22, 2012, prepared by the Author, which Technical Report has been filed on SEDAR at www.sedar.com under the profile of the Issuer.
"Third Anniversary Date"	means the date that is three years from the date of the Final Exchange Bulletin.
"Toe Property"	means the 76 mineral claims located in the Whitehorse Mining District, Yukon Territory, which cover an aggregate of approximately 1,587 hectacres.
"Transaction"	means the acquisition of the Option by the Issuer from BCGold, which is intended to constitute the Issuer's Qualifying Transaction in accordance with the CPC Policy.
"Transfer Agent"	means the Issuer's transfer agent and registrar, Equity Financial Trust Company.
"Work Costs"	has the meaning ascribed thereto in the Option Agreement.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Filing Statement are forward-looking statements or information. The Issuer and the Resulting Issuer are hereby providing cautionary statements identifying important factors that could cause the Issuer's or the Resulting Issuer's actual results to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Issuer and the Resulting Issuer have assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Issuer, the Toe Property or the Resulting Issuer.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: limited operating history; exploration, development and operating risks; regulatory risks; substantial capital requirements and liquidity; financing risks and dilution to Shareholders; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations; conflicts of interest of management; uninsurable risks; exposure to potential litigation; and other factors beyond the control of the Issuer or the Resulting Issuer.

Further, unless otherwise noted, any forward-looking statement speaks only as of the date of this Filing Statement, and, except as required by applicable law, neither the Issuer nor the Resulting Issuer undertakes any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Issuer, the Toe Property or the Resulting Issuer, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. See "Risk Factors".

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to the Issuer, the Toe Property and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

General

The Issuer is a company incorporated under the ABCA and is a CPC. As such, the principal business of the Issuer has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition of, or participation in, such assets or business subject to receipt of the approval of the Exchange. The Issuer is required to complete its Qualifying Transaction by November 12, 2012. In the event that the Transaction is not completed by November 12, 2012, the Issuer will be transferred to NEX.

Summary of Qualifying Transaction

The Transaction

Under the terms of the Option Agreement, the Issuer has agreed to acquire up to 70% of BCGold's right, title and interest in and to the Toe Property, as further described below. The Toe Property consists of 76 Yukon Quartz Mining claims covering an area of approximately 1,587 hectares in the Whitehorse Mining District, Yukon. Upon completion of the Transaction, the Issuer expects that it will be classified as a mining issuer under the policies of the Exchange and will proceed to carry on business in the mining exploration sector.

The Issuer can exercise the First Option, and earn a 60% interest in the Toe Property, by:

(a) paying to BCGold the Cash Payment as follows:

  (i) $25,000 on the signing of the Option Agreement (already paid),

  (ii) $25,000 on or before the First Anniversary Date,

  (iii) $55,000 on or before the Second Anniversary Date,

  (iv) $50,000 on or before the Third Anniversary Date, and

  (v) $100,000 on or before the Fourth Anniversary Date;

(b) allotting and issuing to BCGold an aggregate of:

  (i) 100,000 Payment Shares on the issuance of the Final Exchange Bulletin,

  (ii) 100,000 Payment Shares on or before the First Anniversary Date, and

  (ii) 200,000 Payment Shares on or before the Second Anniversary Date; and

(c) incurring no less than $1,900,000 in Work Costs on the Toe Property as follows:

  (i) $200,000 on or before the First Anniversary Date,

  (ii) $400,000 on or before the Second Anniversary Date,

  (iii) $650,000 on or before the Third Anniversary Date, and

(iv) $650,000 on or before the Fourth Anniversary Date.

At its sole election, the Issuer can exercise the Second Option and earn an additional 10% interest in the Toe Property by completing a feasibility study on or before the Fourth Anniversary Date.

At Closing, the Issuer will enter into a royalty agreement with BCGold whereby the Issuer will grant the NSR Royalty to BCGold with respect to the commercial production of all precious metals from the Toe Property. The NSR Royalty will be payable by the Issuer following commencement of commercial production on the Toe Property. If BCGold receives an offer from a third party to acquire all or any portion of the NSR Royalty, the Issuer will have a right of first refusal to acquire such portion of the NSR Royalty on the same terms as set forth in the third party offer.

Upon the Issuer having earned a 60% interest in the Toe Property, the Issuer and BCGold shall enter into a joint venture agreement for the purpose of further exploration and development work on the Toe Property and, if warranted, the operation of one or more mines on the Toe Property.

Throughout the period that the Option is outstanding, the Issuer will have the exclusive right to enter the Toe Property; to manage and operate all work programs carried out on the Toe Property; the right to access all information in the possession or control of BCGold relating to prior operations on the Toe Property, including all geological, geophysical and geochemical data and drill results; to enter upon the Toe Property and carry out such exploration and development work thereon and thereunder as the Issuer considers advisable, including removing material from the Toe Property for the purpose of testing; and to bring upon and erect upon the Toe Property such structures, machinery, equipment, facilities and supplies as BCGold considers advisable. The Issuer will also be responsible for maintaining the Toe Property in good standing throughout such time. BCGold will have the right to access the Toe Property and all data, reports and other information generated by the Issuer with respect to the Toe Property during the period that the Option is outstanding.

Completion of the Transaction will be subject to certain conditions, including that:

(a) the Exchange will have accepted the acquisition of the Option as the Qualifying Transaction of the Issuer;

(b) the Payment Shares will have been conditionally accepted for listing by the Exchange;

(c) all consents, orders and approvals required, necessary or desirable for the completion of the Transaction will have been obtained, including the consent of the shareholders of the Issuer and BCGold, if applicable; and

(d) the Toe Property will satisfy the Exchange's Initial Listing Requirements as set out in Exchange Policy 2.1 such that, assuming satisfaction of all other Initial Listing Requirements, the Issuer will qualify as a Tier 1 or a Tier 2 Issuer on the Exchange upon completion of the Transaction.

See "Information Concerning the Significant Assets" for further details of the terms of the Option Agreement.

Officers and Directors

Upon completion of the Transaction, the directors and officers of the Company will be as follows:

Hilda Sung – President, Chief Executive Officer and Director
George Dorin – Chief Financial Officer, Corporate Secretary and Director
Judyanna Chen – Director
Brad Cran – Director
Yingting (Tony) Guo – Director

Interests of Insiders

Except as disclosed herein, no Insider, promoter or Control Person of the Issuer, and no Associate or Affiliate of any of those persons, has any interest in the Transaction other than that which arises from the holding of Shares.

Arm's Length Transaction

The Transaction will be carried out by parties dealing at arm's length to one another and therefore will not be a Non Arm's Length Qualifying Transaction.

Availability of Funds

The Issuer had unaudited working capital of approximately $1,238,800 as at August 31, 2012. Based on this working capital position, and assuming completion of the Transaction, the estimated funds available to the Resulting Issuer (on an unaudited basis) will be as follows:

Item	$
Estimated working capital of the Issuer as at August 31, 2012	1,238,800
less: Payments related to the Completion of the Qualifying Transaction(1)	63,000
Estimated funds available to the Resulting Issuer upon Completion of the Qualifying Transaction	1,175,800

(1) The estimate of payments related to completion of the Qualifying Transaction includes TSXV filing fee of $10,000, legal fees of $40,000, audit and accounting fees of $10,000, technical report fee of $3,000.

It is the Resulting Issuer's intention to use these funds for a period of 12 months after the Completion of the Qualifying Transaction as follows:

Use of Proceeds	$
General and administrative expenses(1)	283,000
Costs relating to Phase I of the work program on the Toe Property	200,000
Payment to BCGold on or before First Anniversary Date	25,000
Unallocated working capital	667,800
Total Use of Proceeds	1,175,800

(1) The estimate of general and administrative costs for the next 12 months following the Closing of $283,000 includes transfer agent fees of $5,000, filing fees of $6,000, legal, audit and accounting fees of $35,000, office expenses of $6,000, directors' fees of $6,000, salaries and wages of approximately $200,000 and property insurance costs and consulting fees of $25,000.

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Financial Information

Schedule "A" to this Filing Statement contains audited annual financial statements of the Issuer for the years ended December 31, 2011 and 2010, Schedule E to this Filing Statement contains audited annual financial statements of the Issuer for the year ended December 31, 2009 and Schedule "C" of this Filing Statements contains unaudited financial statements of the Issuer for the six month period ended June 30, 2012. The following table sets forth a comparison of the Issuer's working capital and total assets for such years. Such information is derived from the Issuer's financial statements and should be read in conjunction with such financial statements:

	June 30, 2012 (unaudited)	December 31, 2011 (audited)	December 31, 2010 (audited)	December 31, 2009 (audited)
Working capital	$1,272,887	$1,373,082	$123,543	$86,807
Total assets	$1,307,789	$1,454,400	$176,841	$124,982

Exchange Listing

The Shares were listed for trading on the Exchange on August 12, 2010 under the trading symbol "KYU.P". The Shares have been halted from trading on the Exchange since December 3, 2010 until now. The closing price per Share on November 23, 2010, the last day the Shares traded on the Exchange, was $0.16.

The Shares were suspended from trading by the Exchange on August 12, 2012 for failure by the Issuer to complete its Qualifying Transaction within the prescribed time in accordance with the CPC Policy. In order to avoid delisting, the Issuer must complete its Qualifying Transaction by November 12, 2012. In the event that the Transaction is not completed by November 12, 2012, the Issuer will be transferred to NEX. See "Stock Exchange Price" for more information.

Sponsorship

Pursuant to Policy 2.2 of the Exchange, sponsorship is generally required in conjunction with a Qualifying Transaction. The Issuer will be seeking an exemption from the sponsorship requirements of the Exchange pursuant to Section 3.4 (a)(i) of Policy 2.2 because:

(a) the Resulting Issuer will not be a Foreign Issuer;

(b) the management of the Resulting Issuer meets a high standard as the directors and officers of the Resulting Issuer collectively possess appropriate experience, qualifications and history whereby each member is suitable both on an individual basis and in relation to other members so that the board of the Resulting Issuer collectively possess:

i. a positive record with junior companies;

ii. an ability to raise financing;

iii. a positive corporate governance and regulatory history;

iv. technical experience in mining industry;

v. positive experience as directors or officers with public companies in Canada or the United States; and

vi. the Resulting Issuer has a current geological report.

Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in natural resource exploration or development. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. As of the date of this Filing Statement, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between the Issuer and any of the directors or officers of the Issuer.

Interests of Experts

To the best of the Issuer's knowledge, no direct or indirect interest in the Issuer is held or will be received by any expert. Refer to "Experts" for more information.

Risk Factors

An investment in the Issuer or in the Resulting Issuer following Completion of the Qualifying Transaction involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Issuer and the Resulting Issuer. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer or the Resulting Issuer, that could influence actual results include, but are not limited to: limited operating history; mineral exploration, development and operating risks; risks related to capital requirements and liquidity; competition; reliance on management and dependence on key personnel; fluctuating mineral prices and marketability of minerals; regulatory requirements; financing risks and dilution to Shareholders; title to properties; local resident concerns; no mineral reserves or mineral resources; environmental risks; governmental regulations; potential conflicts of interest of management; uninsurable risks; exposure to potential litigation; and other factors beyond the control of the Issuer or the Resulting Issuer. For a detailed description of certain risk factors relating to the Transaction and the ownership of the Shares which should be carefully considered before making an investment decision, see "Risk Factors".

Conditional Listing Approval

The Exchange has conditionally accepted the Transaction subject to the Issuer fulfilling all of the requirements of the Exchange on or before the closing of the Transaction.

RISK FACTORS

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

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

Limited Operating History

The Issuer has no history of business or mining operations, revenue generation or production history. The Issuer was incorporated on November 23, 2009 and has yet to generate a profit from its activities. The Resulting Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Resulting Issuer anticipates that it may take several years to achieve positive cash flow from operations.

Conditions Precedent

There is no assurance that the Transaction will receive regulatory and Exchange approval or that all other conditions precedent, including other conditions under the Option Agreement, will be satisfied or waived.

Exploration, Development and Operating Risks

The Resulting Issuer's mining and exploration activities will involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The Toe Property is in the exploration stages only, is without known bodies of commercial mineralization and has no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The Resulting Issuer's mineral exploration activities may not result in any discoveries of commercial bodies of mineralization. If the Resulting Issuer's efforts do not result in any discovery of commercial mineralization, the Resulting Issuer will be forced to look for other exploration projects or cease operations. With all mining operations there is uncertainty. Mineral exploration is speculative in nature and there can be no assurance that the Company will be able to locate any mineral resources or mineral reserves on the Toe Property.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Resulting Issuer's current and planned mining operations will be required. No assurances can be given that the Resulting Issuer will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

Fluctuating Mineral Prices

The economics of mineral exploration are affected by many factors beyond the Resulting Issuer's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Resulting Issuer may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals that may be found on the Toe Property.

Regulatory, Permit and License Requirements

The proposed operations of the Resulting Issuer may require permits from various governmental authorities, and such operations will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Resulting Issuer may require for facilities and the conduct of exploration and development operations on the Toe Property will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Resulting Issuer might undertake.

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

Financing Risks and Dilution to Shareholders

The Resulting Issuer will have limited financial resources, no operations and no revenues. If the Resulting Issuer's exploration program on the Toe Property is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Resulting Issuer's shareholders.

Title to Properties

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

Competition

The mineral exploration and development industry is highly competitive. The Resulting Issuer will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Resulting Issuer, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Resulting Issuer and its prospects.

Reliance on Management and Dependence on Key Personnel

The success of the Resulting Issuer will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Resulting Issuer's business and prospects. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Resulting Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Resulting Issuer and its prospects.

Environmental Risks

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

Local Resident Concerns

Apart from ordinary environmental issues, the exploration, development and mining of the Toe Property could be subject to resistance from local residents that could either prevent or delay exploration and development of the Toe Property.

Conflicts of Interest

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

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer. It is not always possible to obtain insurance against all such risks and the Resulting Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Resulting Issuer's results of operations and financial condition and could cause a decline in the value of the Resulting Issuer Shares.

Litigation

The Resulting Issuer and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

INFORMATION CONCERNING THE ISSUER

Corporate Structure

Name and Incorporation

The Issuer was incorporated under the ABCA on November 23, 2009, under the name "Kaiyue International Inc.", as evidenced by a certificate of incorporation issued on that date pursuant to the provisions of the ABCA. The Issuer's head office is located at 3500, 855 – 2 Street SW, Calgary, Alberta T2P 4J8. The registered and records office of the Issuer is located at 150 6 Avenue Southwest Calgary, Alberta T2P 3Y6.

General Development of the Business

History

The Issuer is a CPC and to date has not carried on any operations. The sole business of the Issuer since its incorporation has been to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to any approvals as required under applicable corporate and securities laws and subject to acceptance by the Exchange, so as to complete a Qualifying Transaction. Until the completion of the Transaction, the Issuer will not have a business, business operations or any material assets other than cash. The Issuer currently has no written or oral agreements in principle for the acquisition of an asset or business other than the Option Agreement.

On January 12, 2010, the Issuer filed a preliminary prospectus in British Columbia and Alberta to qualify for public sale and distribution under the IPO of 2,000,000 Shares at $0.10 per Share. The final prospectus was filed on May 25, 2010 and the Issuer completed its IPO of 2,000,000 Shares on August 6, 2010 for gross proceeds of $200,000. On August 6, 2010, pursuant to the IPO Agency Agreement, the Issuer paid a commission of $7,728 (4% of the gross proceeds of the IPO raised by the Agent) to the Agent and granted the Agent the IPO Agent's Options. The Issuer also paid the Agent a non-refundable corporate finance fee of $5,000. The IPO Agent's Options expired unexercised on August 12, 2012.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Overall Performance

Since its incorporation, the Issuer has incurred costs in carrying out its IPO, in seeking, evaluating and negotiating a potential Qualifying Transaction, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the Exchange.

The Issuer is classified as a CPC. The Issuer was listed on the Exchange on August 12, 2010 and in accordance with the CPC Policy, was required to complete a Qualifying Transaction by August 12, 2012. Because the Issuer did not complete a Qualifying Transaction by such date, the Shares were suspended from trading by the Exchange on August 12, 2012. In order to avoid delisting, the Issuer must complete a Qualifying Transaction by November 12, 2012. In the event that the Transaction is not completed by November 12, 2012, the Issuer will be transferred to NEX.

Information from Inception

Schedule "A" to this Filing Statement contains audited annual financial statements of the Issuer for the years ended December 31, 2011 and 2010 and Schedule "E" to this Filing Statement contains audited annual financial statements of the Issuer for the year ended December 31, 2009. The following tables set forth the Issuer's total assets, total liabilities and total expenses for such fiscal years. Such information is derived from the Issuer's financial statements and should be read in conjunction with such financial statements.

Assets	**2011 (audited) ($)**	**2010 (audited) ($)**	**2009 (audited) ($)**
Cash and cash equivalents	1,452,384	176,841	103,982
Other receivables	2,016	-	-
Deferred transaction costs	-	-	21,000
Total	**1,454,400**	**176,841**	**124,982**

Liabilities	**2011 (audited) ($)**	**2010 (audited) ($)**	**2009 (audited) ($)**
Accounts payables and accrued liabilities	81,318	53,298	38,175
Total	**81,318**	**53,298**	38,175

Expenses	**2011 (audited) ($)**	**2010 (audited) ($)**	**2009 (audited) ($)**
Bank charge and interest	846	698	18
Filing and transfer agency fees	101,170	15,750	10,113
Professional fees	137,546	104,933	7,062

Expenses	2011 (audited) ($)	2010 (audited) ($)	2009 (audited) ($)
Others	113	-	-
Total	**239,675**	**121,381**	**17,193**

For the year ended December 31, 2011, the Issuer had deferred mineral property acquisition costs of $Nil. Since June 30, 2012, management of the Issuer estimates that the Issuer has incurred additional costs of approximately $30,000.

As of August 31, 2012, the Issuer had cash and cash equivalents (on an unaudited basis) of approximately $1,238,800. The Issuer estimates that its additional cash expenditures in closing the Transaction, including legal fees, filing fees and audit fees will be approximately $63,000. If the Transaction is not completed by November 12, 2012, the Issuer will be unable to pursue another Qualifying Transaction prior to its transfer to NEX as, although it may have sufficient cash to pursue another transaction, it will not have sufficient time to complete any other Qualifying Transaction prior to its transfer to NEX, as described above.

Management's Discussion and Analysis

The Management's Discussion and Analysis ("**MD&A**") of the Issuer for the years ended December 31, 2011 and 2010 are incorporated by reference and attached to this Filing Statement as Schedule "B". The MD&A should be read in conjunction with the Issuer's audited annual financial statements for such years, together with the notes thereto, which are incorporated by reference and attached to this Filing Statement as Schedule "A".

Description of the Securities

Attributes and Characteristics of Shares

The authorized capital of the Issuer consists of an unlimited number of Shares without par value.

As at the date of this Filing Statement, 14,180,000 Shares were issued and outstanding, of which 6,180,000 Shares were held in escrow. The Shareholders are entitled to one vote at all meetings of Shareholders, to receive dividends if, as and when declared by the directors and, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Issuer. The Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Shares to contribute additional capital and no restrictions on the issuance of additional securities by the Issuer. There are no restrictions on the repurchase or redemption of Shares by the Issuer except to the extent that any such repurchase or redemption would render the Issuer insolvent.

Stock Option Plan

The Issuer has adopted the Stock Option Plan, pursuant to which the Board may, from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers and consultants to the Issuer non-transferable options to purchase Shares. While the Issuer is a CPC, Exchange policies require that the number of Shares reserved for issuance cannot exceed 10% of the issued and outstanding Shares. Stock Options granted under the Stock Option Plan may be exercisable for a period of up to ten years from the date of grant. Upon Completion of the Qualifying Transaction, the Issuer may also grant Stock Options to consultants and employees of the Issuer. The number of Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Shares and the number of Shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding Shares. Stock Options may be exercised for 90 days following cessation of the optionee's position with the Issuer, unless an optionee was engaged in investor relations activities on behalf of the Issuer, in which case the Stock Options may only be exercised for 30 days following the optionee's ceasing such position. If the cessation of office, directorship or consulting arrangement was by reason of death, the Options may be exercised within a maximum period of one year after such death, subject to the expiry date of such Options. Any

Shares acquired pursuant to the exercise of Stock Options prior to the Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The Issuer has granted Stock Options to persons eligible to receive Stock Options under the Stock Option Plan. As of the date of this Filing Statement, the Issuer had 150,000 Stock Options outstanding, which Stock Options entitle the holders thereof to acquire an aggregate of 150,000 Shares at $0.10 per Share until August 6, 2015.

Name	Securities Under Stock Options Granted(1)	Exercise Price ($/Resulting Issuer Share)	Expiry Date
Hilda Sung	50,000	$0.10	August 6, 2015
Joseph Chan(2)	50,000	$0.10	August 6, 2015
Bradley Cran	50,000	$0.10	August 6, 2015
Total	**150,000**	**-**	**-**

(1) All Stock Options granted are subject to the terms of the CPC Escrow Agreements.

(2) Joseph Chan resigned as a director on September 29, 2012 therefore the expiration date for these Resulting Issuer Options will be 90 days after the date of resignation.

Prior Sales

Since the date of incorporation, 14,180,000 Shares have been issued for cash, as follows:

Date	Price	Number of Shares
November 23, 2009	$0.05	1
December 30, 2009	$0.05	1,699,999(1)
January 6, 2010	$0.05	480,000(1)
August 6, 2010	$0.10	2,000,000(2)
October 24, 2011	$0.15	10,000,000(3)
Total	-	**14,180,000**

(1) These Shares are held in escrow pursuant to the CPC Escrow Agreements.

(2) These Shares were issued pursuant to the IPO.

(3) Out of these Shares, 4,000,000 were purchased by Ms. Hilda Sung, the President, CEO and Director of the Issuer and these Shares are also held in escrow pursuant to the CPC Escrow Agreements.

IPO Agent's Options

In consideration of the services provided by the Agent in connection with the Issuer's IPO, which was completed on August 6, 2010, the Issuer granted the IPO Agent's Options to the Agent. The IPO Agent's Options expired, unexercised, on August 12, 2012.

Stock Exchange Price

The following table shows quarterly high, low and closing prices and average trading volume of the Shares between August 12, 2010, being the first day the Shares began trading on the Exchange, and November 23, 2010, being the day trading in the Shares was halted in connection with the Issuer's announcement of a prior Qualifying Transaction, which was never completed. As described above, the Shares were suspended from trading by the Exchange on August 12, 2012 for failure by the Issuer to complete its Qualifying Transaction within the prescribed time in accordance with the CPC Policy. In order to avoid a transfer to NEX, the Issuer must complete its Qualifying Transaction by November 12, 2012:

Quarter Ended	High	Low	Close	Volume Traded
December 31, 2010(1)	$0.16	$0.16	$0.16	7,000
September 30, 2010(2)	$0.31	$0.31	$0.31	9,500

(1) The trading of the Shares has been halted or suspended since December 3, 2010.

(2) Trading of the Shares on the Exchange commenced on August 12, 2010.

Arm's Length Transaction

The proposed Transaction is an Arm's Length Qualifying Transaction.

Legal Proceedings

There are no material pending legal proceedings to which the Issuer is or is likely to be a party, or of which any of its property is the subject matter.

Auditor, Transfer Agent and Registrar

Auditor

The current auditor of the Issuer is MNP LLP, Chartered Accountants, at its office at 2300, 1055 Dunsmuir Street, PO Box 49148 Vancouver, British Columbia V7X 1J1. MNP LLP, Chartered Accountants, were appointed on August 21, 2012, because on August 21, 2012, Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong resigned as the Issuer's auditor, and the Issuer appointed MNP LLP as the Issuer's new auditor. The reporting package relating to the Issuer's change of auditor, including: (a) Notice of Change of Auditor pursuant to Section 4.11 of National Instrument 51-102-Continous Disclosure Obligations, (b) letter of MNP LLP, and (c) letter of Deloitte Touche Tohmatsu can be found under the Issuer's profile on SEDAR at www.sedar.com.

Transfer Agent and Registrar

Equity Financial Trust Company, located at Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1, is the transfer agent and registrar for the Shares.

Material Contracts

The Issuer has not entered into any contracts material to investors in the Shares since incorporation other than contracts in the ordinary course of business, except:

1. the Option Agreement (see "Information Concerning the Issuer – General Development of the Business");

2. the CPC Escrow Agreements (See "Information Concerning the Issuer - Escrowed Securities");

3. the IPO Agency Agreement (See "Information Concerning the Resulting Issuer - Fully Diluted Share Capital"); and

4. the Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated May 25, 2010 between the Issuer and the Transfer Agent.

Copies of these agreements may be inspected without charge during regular business hours at Suite 800, 885 West Georgia Street, Vancouver, British Columbia V6C 3H1, until 30 days after the Closing. Copies of these agreements may also be found on SEDAR at www.sedar.com.

INFORMATION CONCERNING THE SIGNIFICANT ASSETS

The Option Agreement

Under the terms of the Option Agreement, the Issuer has agreed to acquire up to 70% of BCGold's right, title and interest in and to the Toe Property, as further described below. Upon completion of the Transaction, the Issuer expects that it will be classified as a mining issuer under the policies of the Exchange and will proceed to carry on business in the mining exploration sector.

The Issuer can exercise the First Option and earn a 60% interest in the Toe Property by:

(a) paying to BCGold the Cash Payment as follows:

- (i) $25,000 on the signing of the Option Agreement (already paid);
- (ii) $25,000 on or before the First Anniversary Date,
- (iii) $55,000 on or before the Second Anniversary Date,
- (iv) $50,000 on or before the Third Anniversary Date, and
- (v) $100,000 on or before the Fourth Anniversary Date;

(b) allotting and issuing to BCGold an aggregate of:

- (i) 100,000 Payment Shares on the issuance of the Final Exchange Bulletin,
- (ii) 100,000 Payment Shares on or before the First Anniversary Date, and
- (ii) 200,000 Payment Shares on or before the Second Anniversary Date; and

(c) incurring no less than $1,900,000 in Work Costs on the Toe Property as follows:

- (i) $200,000 on or before the First Anniversary Date,
- (ii) $400,000 on or before the Second Anniversary Date,
- (iii) $650,000 on or before the Third Anniversary Date, and
- (iv) $650,000 on or before the Fourth Anniversary Date.

At its sole election, the Issuer can exercise the Second Option, and earn an additional 10% interest in the Toe Property, by completing a feasibility study on or before the Fourth Anniversary Date.

At Closing, the Issuer will enter into a royalty agreement with BCGold whereby the Issuer will grant the NSR Royalty to BCGold with respect to the commercial production of all precious metals from the Toe Property. The NSR Royalty will be payable by the Issuer following commencement of commercial production on the Toe Property. If BCGold receives an offer from a third party to acquire all or any portion of the NSR Royalty, the Issuer will have a right of first refusal to acquire such portion of the NSR Royalty on the same terms as set forth in the third party offer.

Upon the Issuer having earned a 60% interest in the Toe Property, the Issuer and BCGold shall enter into a joint venture agreement for the purpose of further exploration and development work on the Toe Property and, if warranted, the operation of one or more mines on the Toe Property.

Throughout the period that the Option is outstanding, the Issuer will have the exclusive right enter the Toe Property; to manage and operate all work programs carried out in the Toe Property; the right to access all information in the possession or control of BCGold relating to prior operations on the Toe Property, including all geological, geophysical and geochemical data and drill results; to enter upon the Toe Property and carry out such exploration and development work thereon and thereunder as the Issuer considers advisable, including removing material from the Toe Property for the purpose of testing; to bring upon and erect upon the Toe Property such structures, machinery, equipment, facilities and supplies as BCGold considers advisable. The Issuer will also be responsible for maintaining the Toe Property in good standing throughout such time. BCGold will have the right to access the Toe Property and all data, reports and other information generated by the Issuer with respect to the Toe Property during the period that the Option is outstanding.

Completion of the Transaction will be subject to certain conditions, including that:

(a) the Exchange will have accepted the acquisition of the Option as the Qualifying Transaction of the Issuer;

(b) the Payment Shares will have been conditionally accepted for listing by the Exchange;

(c) all consents, orders and approvals required, necessary or desirable for the completion of the Transaction will have been obtained, including the consent of the shareholders of the Issuer or BCGold, if applicable;

(d) the Toe Property will satisfy the Exchange's Initial Listing Requirements as set out in Exchange Policy 2.1 such that, assuming satisfaction of all other Initial Listing Requirements, the Issuer will qualify as a Tier 1 or a Tier 2 Issuer on the Exchange upon completion of the Transaction; and

(e) the Issuer will have completed, and will be reasonably satisfied with, its due diligence.

The Technical Report

The Issuer commissioned the Author to prepare the Technical Report on the Toe Property. The Author is an independent Qualified Person under NI 43-101. The Technical Report, a report compliant with NI 43-101, is dated August 22, 2012 and has been filed on SEDAR at www.sedar.com. The following information concerning the Toe Property is derived from the Technical Report:

Property Location and Description

Location

The Toe Property, NTS map sheet 1151/11, covers low rolling hills just southwest of the Yukon River, near its confluence with the Pelly River, approximately 45 km west of Pelly Crossing and 90 km northwest of Carmacks. Carmacks is 175 km by paved highway north of Whitehorse, Yukon Territory *(Figures 1 and 2).* The property is centered at a latitude of 62°043'N and a longitude of 137°25'W *(Figure 2).* The claims cover favourable geology, regional airborne magnetic anomalies and regional stream sediment anomalies that are prospective for Minto and Carmacks Copper style copper-gold mineralization.

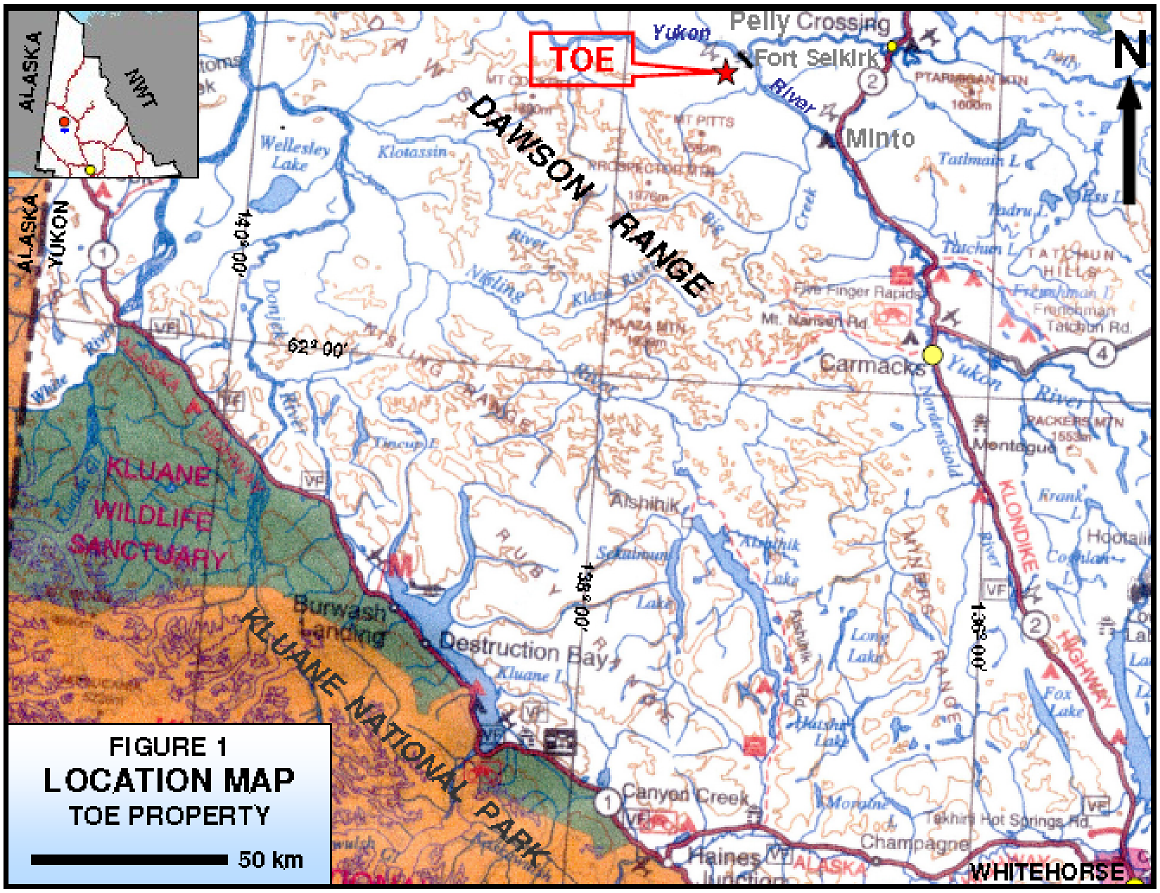


FIGURE 1
LOCATION MAP
TOE PROPERTY

Land Tenure

The Toe Property consists of 76 Yukon Quartz Mining claims covering an area of approximately 1587 hectares in the Whitehorse Mining District *(Figure 2).* The area is approximate since claim boundaries have not been legally surveyed. The mineral claims were located by GPS and staked in accordance with the Yukon Quartz Mining Act on claim sheet 1151/11, available for viewing in the Whitehorse Mining Recorder's Office. A table summarizing pertinent claim data follows.

TABLE 1: Claim Data

Claim Name	Grant No.	No of Claims	Record Date	Expiry Date
Toe 1 to 24	YC46628-651	24	20/3/2006	20/03/2017
Toe 25 to 60	YC 46674-709	36	4/4/2006	20/03/2017
To 61 o 76	YC 66548-563	16	21/11/2007	21/11/2013
Total		**76**		

The 100% registered owner of the Toe claims is BCGold which holds a 100% interest in a larger package of 16 properties (15,925 hectares), including the Toe Property, comprising the Carmacks Copper-Gold Project, strategically located proximal and adjacent to Capstone Mining Corp.'s currently producing, high-grade copper-gold Minto Mine and Copper North Mining Corp.'s Carmacks Copper Project *(Figure 3).* BCGold is the largest land holder in the Carmacks Copper-Gold Belt, having spent approximately $4 million in exploration expenditures over the past 4 years and discovering 7 copper-gold mineralized zones.

The Issuer has agreed to acquire up to 70% of BCGold's right, title and interest in and to the Toe Property, as summarized below.

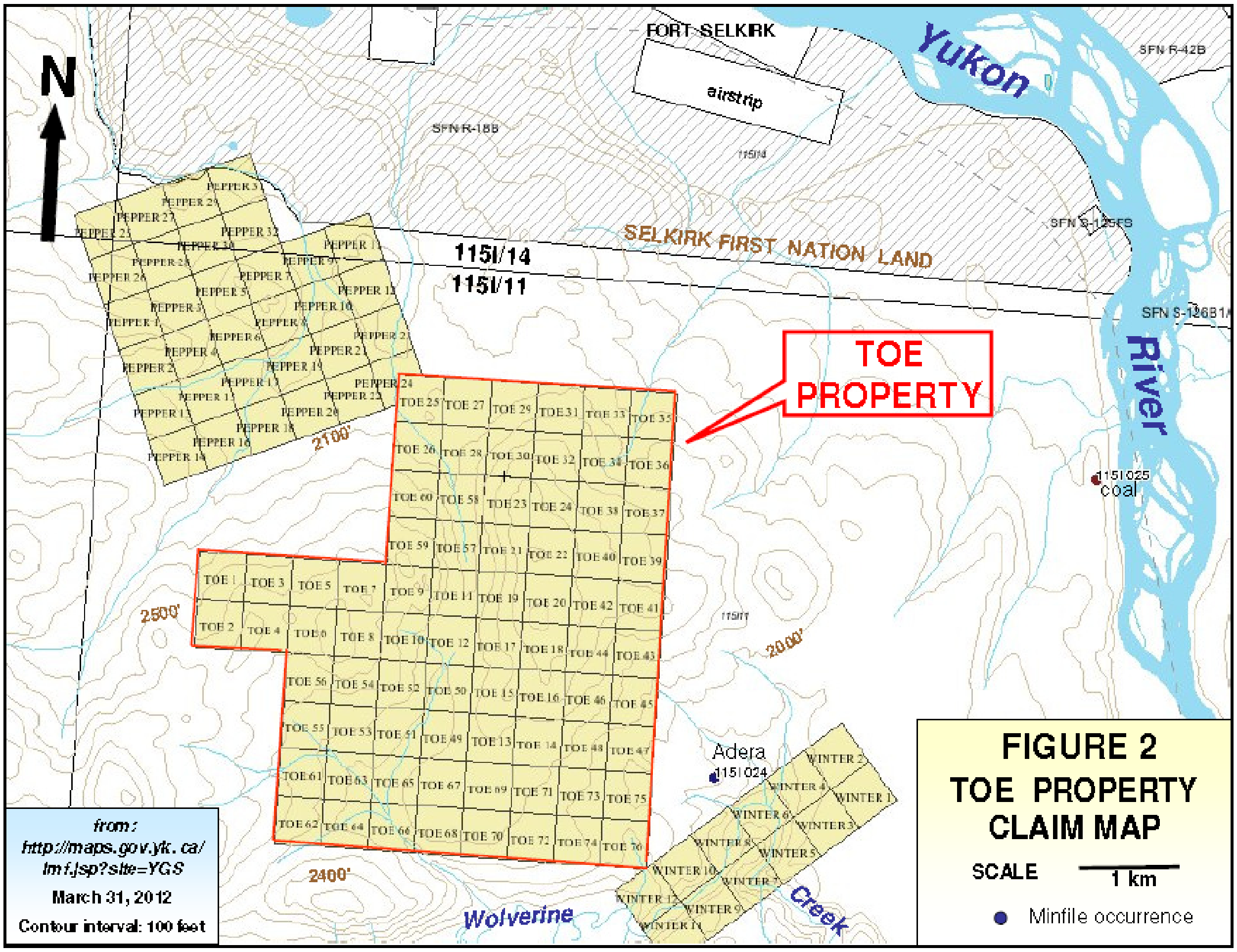
TABLE 2: Option agreement summary

Timing	$ Cash	Shares	$ Expenditures
Signing of the Option Agreement	25,000	-	-
Approval	-	100,000	-
Year 1	25,000	100,000	250,000
Year 2	55,000	200,000	350,000
Year 3	50,000	-	650,000
Year 4	100,000	-	650,000
TOTAL	**$255,000**	**400,000**	**$1,900,000**

The claims are located within the Traditional Territory of the Selkirk First Nation, which has a land claim settlement agreement under the Yukon Umbrella Final Agreement. A Selkirk First Nation land parcel (surface rights only) is located 1.5 km north of the property *(Figure 2).* There have been no access concerns or problems encountered in the recent exploration on the property and, considering that land issues have not changed, no foreseeable access or risk concerns have been identified that would impact on continued exploration. The land in which the mineral claims are situated is Crown Land and the mineral claims fall under the jurisdiction of the Yukon Government. Surface rights would have to be obtained from the government if the property were to go into development.

A mineral claim holder is required to perform assessment work and is required to document this work to maintain the title as outlined in the regulations of the Yukon Quartz Mining Act. The amount of work required is equivalent to $100.00 of assessment work per quartz claim unit per year. Alternatively, the claim holder may pay the equivalent amount per claim unit per year to the Yukon Government as "Cash in Lieu" to maintain title to the claims.

Preliminary exploration activities do not require permitting, but significant drilling, trenching, blasting, cut lines, and excavating may require a Mining Land Use Permit that must be approved under the Yukon Environmental Socioeconomic Assessment Act (YESSA). A permit is currently in place. To the Author's knowledge, the Toe Project area is not subject to any environmental liability.


N
FORT SELKIRK
airstrip
Yukon
River
SELKIRK FIRST NATION LAND
115I/14
115I/11
TOE PROPERTY
2100'
2500'
2000'
2400'
Adera
115I 024
115I 025
coal
Wolverine
Creek
from:
http://maps.gov.yk.ca/
imf.jsp?site=YGS
March 31, 2012
Contour interval: 100 feet
FIGURE 2
TOE PROPERTY
CLAIM MAP
SCALE
1 km
Minfile occurrence

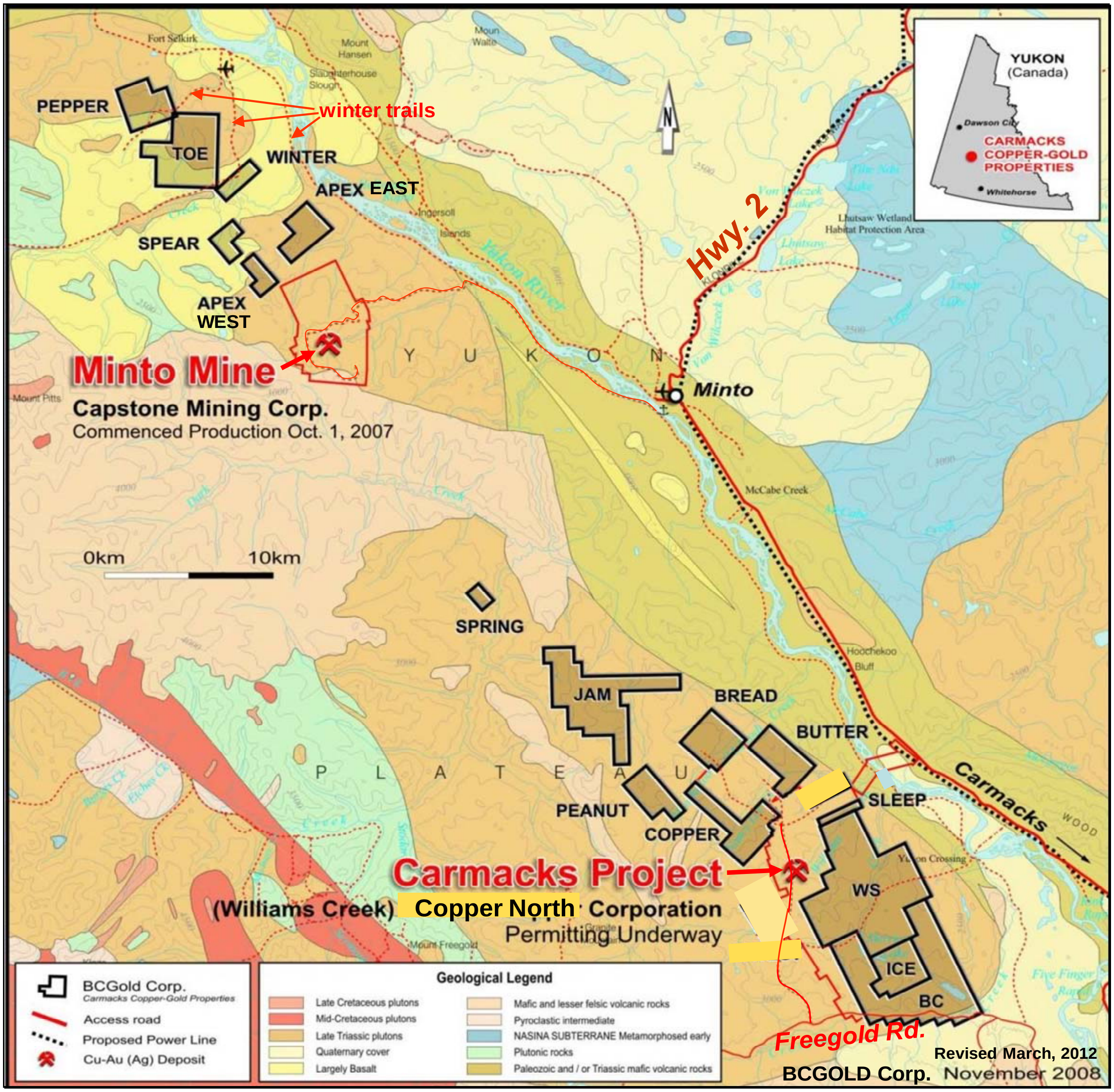


FIGURE 3: CARMACKS COPPER-GOLD PROPERTIES OF BCGOLD CORP.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access, Local Resources Infrastructure

The property is not road accessible, although a winter road from Fort Selkirk lies 1 km to the east of, and another crosses the northeastern tip of, the property *(Figure 3).* Access is by helicopter from the seasonal Carmacks base of Trans North Helicopters at Carmacks, Yukon Territory. Suitable staging areas include the Minto airstrip, 30 km southeast of the property *(Figure 4)* and 75 km by road northwest of the helicopter base, and Pelly Farm *(Figure 1).* The nearest accessible road to the property is at Pelly Farm *(Figure 4),* 13 km north-northeast of the property, accessible via the Pelly Farm Road from Pelly Crossing, which is 106 km north of Carmacks and 37 km west of Pelly Crossing. Fort Selkirk, a mid 1800's trading post along the Yukon River and current heritage site, lies 7 km northeast of the Toe camp, with a 610m (2000') gravel airstrip situated at 62°46'06"N 137°23'05W, 47m elevation *(Figures 2 and 4).*

A suitable helicopter supported waterless fly camp occurs on the property at 375600E, 6957350N. A spring was located at 375790E, 6957656N. Water is available, particularly early in the season, from swampy northerly flowing tributaries of the Yukon River and swampy southerly flowing tributaries of Wolverine Creek, which flows easterly into the Yukon River.

Carmacks is the closest town of significant size, with a population of approximately 450, a gravel airstrip, suitable for medium sized aircraft, and a seasonal helicopter base. Facilities include a grocery store, nursing station, police station, two service stations, accommodation, two restaurants and a cafe. Some heavy equipment is available for contract mining work. Complete services are available in Whitehorse, less than two hours by all-weather highway, 175 km south of Carmacks *(Figure 1).*

Physiography, Climate and Infrastructure

The Toe Property is located along the eastern flank of the Dawson Range within the Yukon Plateau, covering low rolling hills just southwest of the Yukon River, near its confluence with the Pelly River *(Figure 1).* The hills are cut by shallow, intermittent streams (northerly flowing tributaries of the Yukon River and southerly flowing tributaries of Wolverine Creek) with abundant swamps and permafrost. Wolverine Creek lies just south of the Toe Property. Elevation ranges from 1900 feet in the northeastern and southeastern property areas, locally to 2650 feet along an easterly trending ridge through the central property area *(Figure 2).* No ash layer was detected on the property. Permafrost was found to be extensive in the central grid area and in the northern and southern quarters of the grid.

Vegetation is variable with dense to more open spruce forests, locally with pine, broken by open poplar stands. Muskeg and thick willow, birch and alder cover the low swampy ground.

The area has a northern interior climate characterized by a wide temperature range with warm summers, long cold winters and light precipitation. Summers are moderately cool to hot, with daily highs of 15°C to 30°C. Winters are cold, with temperatures of -30°C to - 40°C common. The exploration season lasts from mid May until October.

Although there does not appear to be any topographic or physiographic impediments, and suitable lands appear to be available for a potential mine, including mill, tailings storage, heap leach and waste disposal sites, engineering studies have not been undertaken and there is no guarantee that such areas will be available within the subject property. The nearest source of power is Minto Mine, which is connected to the Yukon electrical grid.

History

The Adera Minfile occurrence (Minfile 1151 024), which was staked as the A & D claims in the 1970's, is shown less than 1 km to the east of the southeastern Toe Property and north of the Winter property *(Figure 2).* The claims are partially shown in Archer (1972) covering an area southeast of the Winter property. A detailed documentation of the work could not be located and no old workings or cut lines were encountered on the Toe Property. The following is a record of the known work history on the Toe claims.

1972 Geological mapping and grid soil sampling southeast of Toe by Adera Mining Ltd. in a joint venture with Consolidated Standard Mines Ltd., with disappointing results (Minfile, 2005).

2006 Originally staked by Shawn Ryan, with additional ground added in 2007, to cover favourable geology and government regional airborne magnetic and stream sediment anomalies considered prospective for Carmacks copper-gold belt mineralization.

2007 A 3,295 line km airborne magnetic and radiometric geophysical survey was funded by BCGold Corp. over their Carmacks Copper-Gold Project *(Figure 3)* which included the Toe Property. A 320 sample MMI soil survey was subsequently completed by Ryanwood Exploration Ltd for BCGold Corp. on the Toe delineating an open ended significantly anomalous area of copper in the south central portion of the claim block, with the southern portion coincident with a gold MMI soil anomaly, in an area of favourable magnetic signature. Two prospecting traverses were completed by Aurum Geological Consultants Inc. The 2007 programs were completed for BCGold, under option from Shawn Ryan.

2008 Completion of a 15 line km induced polarization geophysical survey by Aurora Geosciences for BCGold Corp., under option, covering the area of copper-gold MMI soil anomalies and outlining four features of higher chargeability.

2009 Geological mapping, and prospecting with concurrent geochemical sampling (43 grid soil, one rock, one reconnaissance soil and two silt samples) was conducted by the Author for BCGold under option from Ryan.

2010 Completion of a 1058m diamond drill program in four holes by BCGold for Kestrel Gold Inc., under option. BCGold earned 100% interest from Ryan in October, 2010.

Geological Setting and Mineralization

Regional Geology

The regional geology of the area is primarily summarized from Hood et al. (2009), Gordey and Makepeace (2000), Mortensen and Tafti (2003) and Tafti (2005).

The Toe Property lies within the central portion of the Carmacks copper-gold belt, a 180 km by 60 km-wide north-northwest trending mineralized belt of similar intrusion-hosted copper-gold mineralization. The belt includes the Minto Mine (Minfile 1151 021) of Capstone Mining Corporation (formerly Sherwood Copper Corp.), the Carmacks Copper deposit of Copper North Corp (formerly Western Copper Corp.) (Minfile 1151 008 - currently in the permitting process) and the STU prospect (Minfile 1151 011), all hosted by the Granite Mountain Batholith **(GMB)** of the Early Jurassic Aishihik/Long Lake plutonic suite (**EJgA**). The intrusive body at Minto is specifically referred to as the Minto Pluton (**MP**), part of the Granite Mountain Batholith.

The Minto Mine, which started production in October, 2007, is located approximately 12 km southeast of the Toe Property. Minto has a measured and indicated resource (to NI 43-101 standards) of 29.9 million tonnes grading 1.22% Cu, 0.46 g/t Au and 4.4 g/t Ag using a cutoff grade of 0.5% Cu *(News release June 9, 2009 at www.capstonemining.com).* The above resource information has not been verified by the Author and is not necessarily indicative of the mineralization on the Toe Project which is the subject of this report. New zones continue to be discovered at Minto with the Minto North zone, 600m northwest of Minto, returning 3.0% Cu and 6.0 g/t Au over 32.3m, including 4.7% Cu and 9.8 g/t Au over 8.8m in Hole 09SWC474 *(News release May 26, 2009 at www.capstonernining.com).* Minto North was a purely geophysical discovery.

The regional area of the Carmacks copper-gold belt is underlain by intermediate to felsic intrusive and meta-intrusive rocks of the Early Jurassic Aishihik/Long Lake plutonic suite (**EJgA**) intruding Paleozoic metaplutonic rocks (**YTp**) and locally metavolcanic rocks (not in map area) of the Yukon Tanana Terrane, near the boundary with upper Triassic and/or older mafic volcanic rocks of the Stikine Terrane (ST) to the east. The above lithologies are unconformably overlain by younger basaltic to andesitic volcanic rock units of the Late Cretaceous Carmacks Group **(uKv)** and in the central part of the belt, basalt flows of the Tertiary to Quaternary Selkirk Group (**TOv**). The Selkirk Group is particularly evident along the north side of the Yukon River at Fort Selkirk and along the canyon walls of Wolverine Creek.

The northwest trending Hoochekoo Fault, which lies just to the northeast of the STU property and the Carmacks Copper deposit, transects the Carmacks copper-gold belt separating the Minto deposit from the Carmacks Copper deposit and the STU property

The area has been glaciated with overall northwesterly ice directions and local southeast ice directions, particularly in the west.

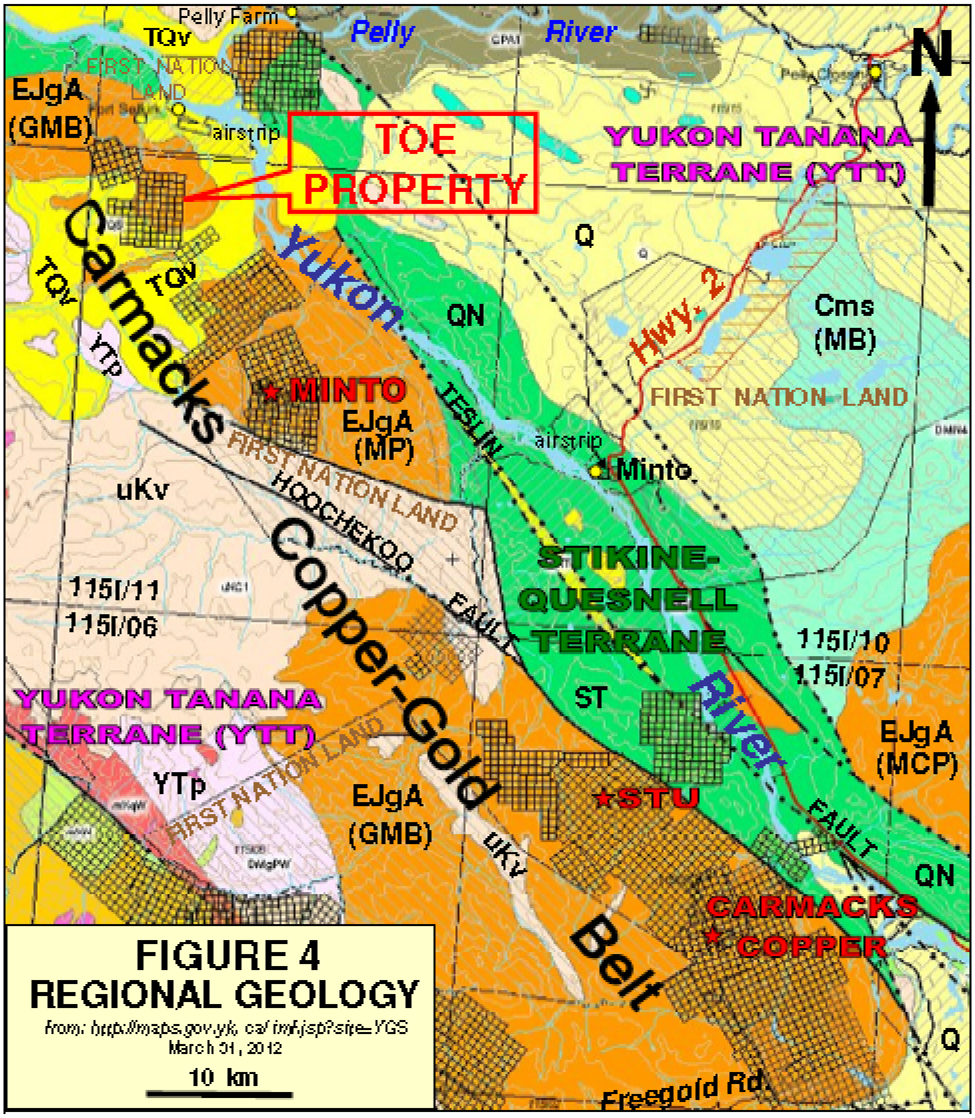


FIGURE 4
REGIONAL GEOLOGY
from: http://maps.gov.yk.ca/imf.jsp?site=YGS
March 31, 2012
10 km

Property Geology

Outcrop is limited on the property, comprising less than 10%, and generally confined to rounded ridge lines. The Toe Property is primarily underlain by the main K-spar megacrystic granodiorite phase of the Granite Mountain Batholith. The main phase is a massive coarse grained biotite-hornblende granodiorite with 5-15% mafic minerals and potassium feldspar megacrysts. It should be noted that within the Carmacks copper-gold belt mineralization is typically associated with foliated to gneissic granodiorite, more mafic phases and often finer grained variants of the granodiorite.

The granodiorite grades to medium grained in the southwest property area, west of the induced polarization grid. One occurrence of fine grained granodiorite was encountered near 109E/96N, exposed as a small outcrop. Epidote-chlorite altered medium to coarse grained granodiorite, with possible secondary biotite occurs in the area at 107E/98N Very minorly foliated coarse grained K-spar megacrystic granodiorite occurs just west of the induced polarization grid trending northwest to north-northwest, dipping shallowly northeast, and in the northern property area, trending 045°/90°N on L111E.

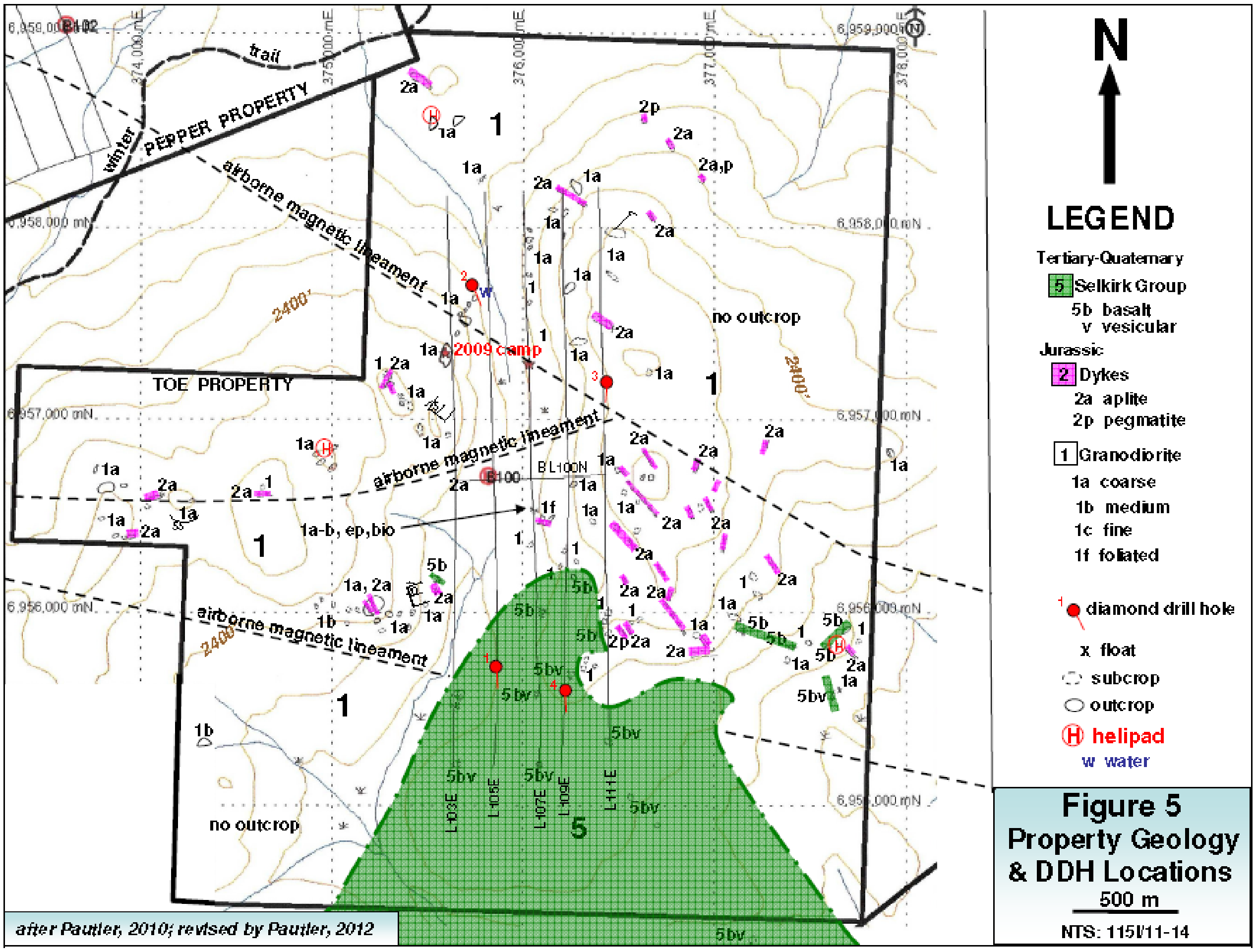
Slightly younger aplite, pegmatite and felsite dykes are common and tend to predominate in areas of poor exposure due to their higher silica content. They are more prevalent in the eastern property area. Dominant trends are west and northwest, with local northerly trends.

Olivine basalt flows, commonly vesicular, of the Pliocene and younger Selkirk Group overlie the granodiorite in the southern property area. Minor basalt dykes intrude the Granite Mountain Batholith proximal to the main body of basalt. The aeromagnetic signature and a break in an aeromagnetic lineament suggest that the basalts occur as dykes in the southeast property area and do not form part of the larger body. The break in the aeromagnetic lineament also indicates a pre-Selkirk age for the structure.

Mineralization

Mineralization within the Carmacks copper-gold belt *(Figure 3)* consists of chalcopyrite and bornite with minor chalcocite as disseminations, irregular grains, aggregates and stringers, associated with more foliated to gneissic zones with magnetite-silica, biotite, hematite, epidote, chlorite and locally sericite alteration. Supergene alteration has produced secondary copper minerals such as chalcocite, azurite and malachite. Mineralization at Minto is flat lying but mineralization at Carmacks Copper and alignment of mineralized zones within the belt generally trend 315-340°.

Open ended copper ±gold MMI soil anomalies with coincident chargeability and resistivity high anomalies with a favourable magnetic geophysical signature occur on the property, 12 km northwest directly along trend from the Minto Mine *(Figure 15).* A 5mm seam of massive chalcopyrite within molybdenum was intersected in DDH KSTL-10-03 at 227.65m associated with a highly fractured K-spar flooded zone with hematite, chlorite and clay alteration. There is extremely limited exposure on surface, hampering exploration.


N
LEGEND
Tertiary-Quaternary
5 Selkirk Group
5b basalt
v vesicular
Jurassic
2 Dykes
2a aplite
2p pegmatite
1 Granodiorite
1a coarse
1b medium
1c fine
1f foliated
diamond drill hole
x float
subcrop
outcrop
helipad
w water
Figure 5
Property Geology
& DDH Locations
500 m
NTS: 115I/11-14
after Pautler, 2010; revised by Pautler, 2012
PEPPER PROPERTY
TOE PROPERTY
winter
trail
airborne magnetic lineament
2009 camp
no outcrop
1a-b, ep, bio
BL100N
L103E
L105E
L107E
L109E
L111E
6,959,000 mN
6,958,000 mN
6,957,000 mN
6,956,000 mN
374,000 mE
375,000 mE
376,000 mE
377,000 mE
378,000 mE
2400'

Deposit Type

The Toe Property lies within the central portion of the Carmacks copper-gold belt, a 180 km by 60 km-wide north-northwest trending mineralized belt of similar intrusion-hosted copper-gold mineralization that includes the Minto Mine of Capstone Mining Corporation (12 km southeast directly along trend from the Toe), for which a metamorphosed copper-gold porphyry deposit model was proposed by Pearson and Clark (1979). The same genesis was proposed for the Minto and the Carmacks Copper deposits by Tafti and Mortensen (2004). The deposit model for mineralization within the Carmacks copper-gold belt has ranged from digested red-bed copper, to aborted and deformed porphyry, to iron oxide copper gold *(Hood et al., 2009).*

It has been documented that the Minto and Carmacks Copper deposits are hosted by variably deformed plutonic rocks that occur as pendants and schlieren within slightly younger less deformed intermediate intrusive rocks of the Granite Mountain Batholith *(Tafti and Mortensen, 2004).* Petrographic and field studies of the more gneissic host rocks from Minto and Carmacks Copper show that they represent strongly deformed and metamorphosed intrusive rocks (orthogneiss), with the excess amount of biotite representing secondary (hydrothermal) biotite associated with strong hypogene potassic alteration *(Tafti and Mortensen, 2004).*

Hornblende geochemical studies of plutonic and meta-plutonic host rocks at Minto and Carmacks Copper indicate that they formed in a continental magmatic arc setting *(Tafti and Mortensen, 2004).* The setting, timing of mineralization and petrographic and field observations of the host rocks, mineralization and alteration led Tafti and Mortensen (2004) to conclude that the two deposits represent variations on typical copper (-gold) porphyry deposits.

It should be noted that schlieren are fragile, usually elongate concentrations of mafic material within some intrusions. Genesis may be due to shearing of heterogeneities (enclaves or xenoliths), crystal sorting during convective or magmatic flow, or crystal settling.

Recent work at the Carmacks Copper deposit has suggested that the highly foliated rocks controlling economic mineralization are rafts and lenses (xenoliths) of augite-phyric volcanic rocks of the Povoas Formation within the Granite Mountain Batholith *(Maurice Colpron, personal communication).* The Povoas Formation occurs at the base of the Triassic aged Lewes River Group, part of Stikinia, and is exposed to the northeast of the Granite Mountain Batholith *(see Figure* 4). Similar mineralization at the Minto deposit has been described as being hosted by zones of strongly developed penetrative foliation, interpreted as shears or as rafts of volcanic rock within the granodiorite host. Studies are currently underway to evaluate the genesis of the Minto Mine *(Hood et al., 2009).*

Calc-alkaline porphyry copper-gold mineralization at the Kemess Mine (Kemess South deposit) and the Kemess North deposit in central British Columbia is hosted by Jurassic granodiorite intrusions and adjacent Upper Triassic augite-phyric flows of the Takla Group, indicating similar chemistry, age and deposit characteristics to mineralization within the Carmacks copper-gold belt. The main difference is the lack of foliated rocks associated with the mineralization.

Similarities may exist to the Tropicana gold deposit of AngloGold Ashanti Australia Ltd. in Western Australia *(Fonseca, in Pautler, 2009)* which contains a measured and indicated resource of 50.9 million tonnes of 2.07 g/t Au, under the Australasian Code, with no mineable copper reported *(News release January 23, 2009 at website www.arujlujuanglogold.com).* The above resource information has not been verified by the Author and is not necessarily indicative of the mineralization on the Toe Project which is the subject of this report. Tropicana has been described as a metamorphosed intrusion related gold deposit. Current work is focusing on whether the deposit is in fact a metamorphosed Archean deposit or formed during metamorphism in the Proterozoic.

Tropicana is hosted within high grade metamorphic gneissic rocks and associated with late biotite and pyrite alteration *(AngloGold Ashanti website).* Minto is hosted within upper greenschist metamorphosed gneissic rocks, associated with late biotite alteration and pyrite alteration is documented peripherally. The presence of ubiquitous magmatic epidote is reported at Minto, suggesting depths of formation of 18 to 20 km, which far exceeds typical depths of deposition for porphyry style deposits *(Tafti, 2005).*

Based on the above discussion, the Author believes that mineralization within the Carmacks copper-gold belt is hosted by schlieren zones (including some volcanic xenoliths) within Jurassic granodiorite and is consistent with a calc-alkaline porphyry copper-gold model (with similarities to the Kemess Mine and Kemess North deposit) but formed at a deep crustal level.

Exploration

No exploration work has been undertaken by Kaiyue International Inc. on the Toe Project. Exploration by BCGold since the initial granting of the option from Shawn Ryan in March, 2007 has involved an airborne magnetic and radiometric geophysical survey, a 320 sample MMI soil survey, 15 line km of induced polarization, and property-wide geological mapping and prospecting with coincident geochemical sampling.

Previous Geochemistry

MMI Soil

MMI soil sampling was completed primarily on the southern half of the Toe Property in 2007 by Ryanwood Exploration Inc. of Dawson City, Yukon (a company owned by the original vendor of the property, Shawn Ryan) for BCGold Corp. A total of 320 MMI samples, including blank and duplicate samples, were collected along six 360°, three 090° and two and a quarter discontinuous 320° trending lines, covering approximately 15% of the property. Samples were sent to, and processed at, SGS Mineral Services in Toronto. MMI sampling is an analytical process that measures mobile metal ions reported to be useful in detecting mineralization beneath younger cover rocks and thick glacial till.

Samples were collected using soil augers and mattocks, whichever was appropriate depending on vegetative cover and the thickness of the organic horizon. Generally samples were collected 10-25 cm below the base of the organic horizon, were placed in plastic zip-lock bags and then into pre-numbered Kraft soil bags. The auger or mattock was cleaned after each sample with a J-cloth to avoid contamination. Response ratios were calculated by determining the average value of the sample population and dividing each result by the average *(Doherty, 2008).* Contoured copper and gold response ratios are shown in Figures 6 and 7.

The copper results show a north to northwest trending anomaly through the southern induced polarization grid area, limited by the extent of sampling *(Figure* 6). The southern half of the copper anomaly is coincident with a gold anomaly *(Figure 7).* Limited sampling in the northern grid area partially delineated a copper anomaly at the north end, and to the north, of the grid *(Figure 6).*

Reconnaissance

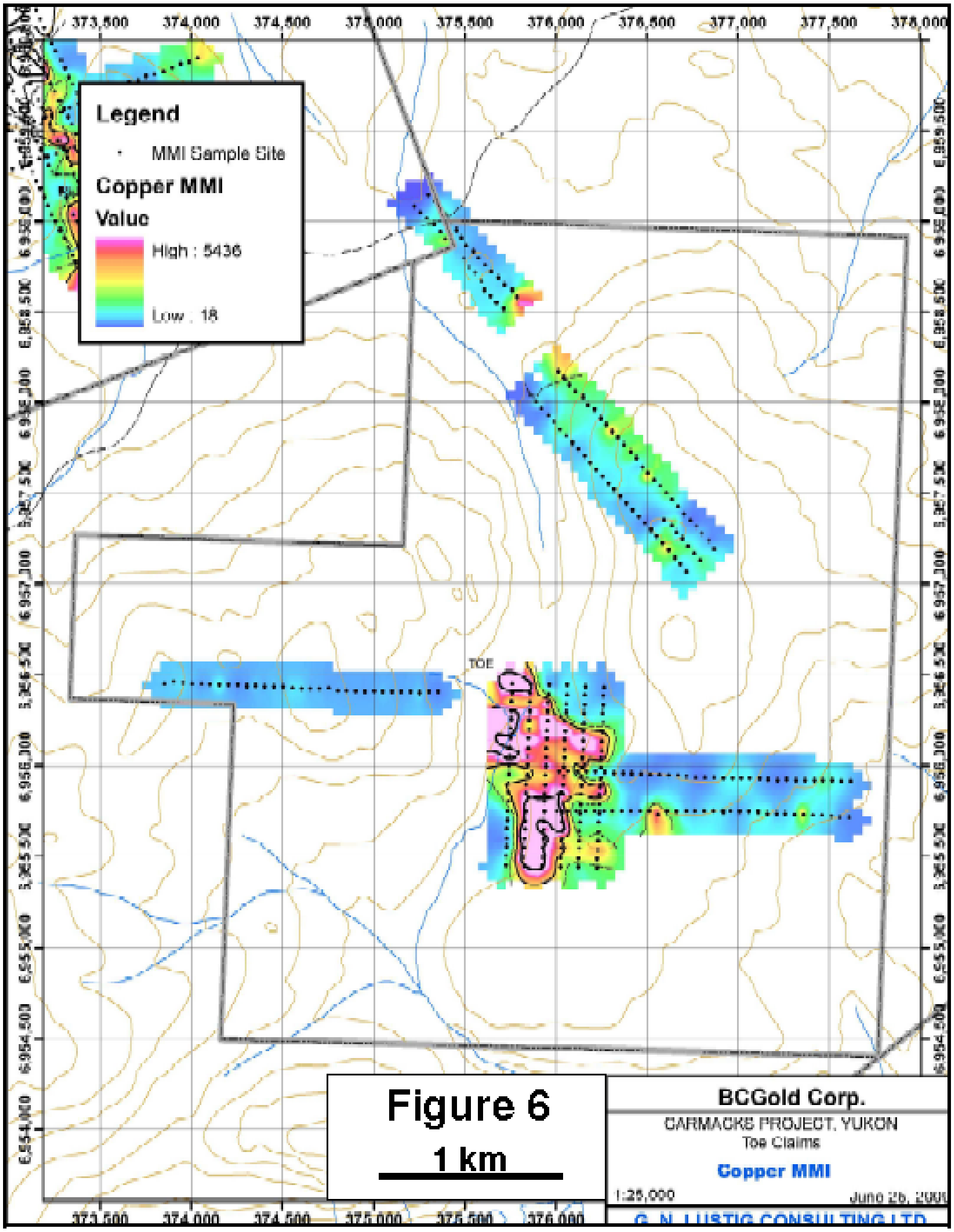
During the process of geological mapping and prospecting by the Author in 2009, one rock, one reconnaissance soil, two silt and forty-three grid soil samples were collected. Four rock samples were collected in 2007 during two prospecting traverses by geologists Ann Doyle and Peter Ledwidge, employed by Aurum Geological Consultants Inc. for BCGold.

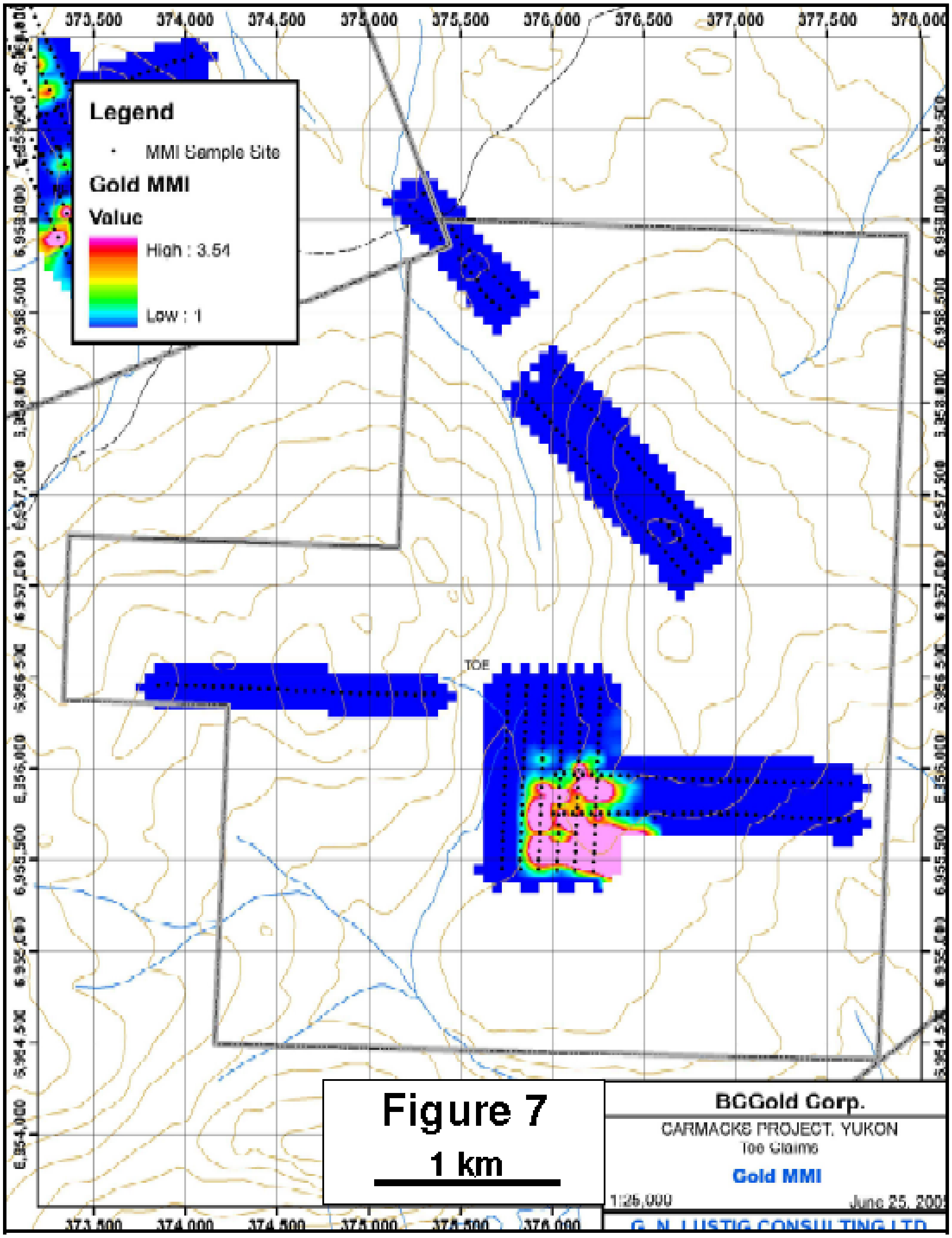
Due to limited exposure, only one rock grab sample was collected in 2009 and four in 2007. The reconnaissance soil sample was collected from the B horizon with a rock hammer to evaluate an area of limited exposure. The grid soils were collected from the B horizon using augers along the induced polarization lines in areas not previously sampled to further delineate the MMI soil anomalies. The silt samples were collected from small bars within the creeks draining the southwest property area to evaluate the drainage basins. Rock samples were placed in clear plastic sample bags and soil and silt samples in waterproof Kraft bags. All samples were located and recorded by GPS in the field using UTM coordinates, Nad 83 datum, Zone 8 projection, numbered and secured in the field.

All 2007 and 2009 samples were sent to Eco Tech Laboratory Limited (Alex Stewart Geochemical) for gold and ICP analysis. Details are discussed under the heading, “Sample Preparation, Analysis And Security”. Sample locations are plotted on Figure 8.

No significant anomalous results were obtained from the rock, reconnaissance soil or silt samples. It should be noted that there is extremely limited exposure in the areas of copper MMI soil anomalies. The conventional grid soils collected to the east of the copper MMI soil anomaly on L109E did not return anomalous results. The absence of an anomaly may be due to cover by the younger Selkirk basalts since the granodiorite/basalt contact would closely follow L111E in this area and conventional soils would not detect mineralization beneath the basalts.

Despite limited sampling due to permafrost a conventional soil anomaly was detected on L103E/97-9750N suggesting continuity of the copper MMI soil anomaly to the west. Additional sampling is necessary to delineate the extent of the anomaly. Another anomaly was detected on L103E at 10650N and 10750N in an area not previously sampled.


Legend
MMI Sample Site
Copper MMI
Value
High : 5436
Low : 18
TOE
373,500
374,000
374,500
375,000
375,500
376,000
376,500
377,000
377,500
378,000
Figure 6
1 km
BCGold Corp.
CARMACKS PROJECT, YUKON
Toe Claims
Copper MMI
1:25,000



Legend
MMI Sample Site
Gold MMI
Value
High : 3.54
Low : 1
TOE
Figure 7
1 km
BCGold Corp.
CARMACKS PROJECT, YUKON
Toe Claims
Gold MMI
1:25,000
G. N. LUSTIG CONSULTING LTD.

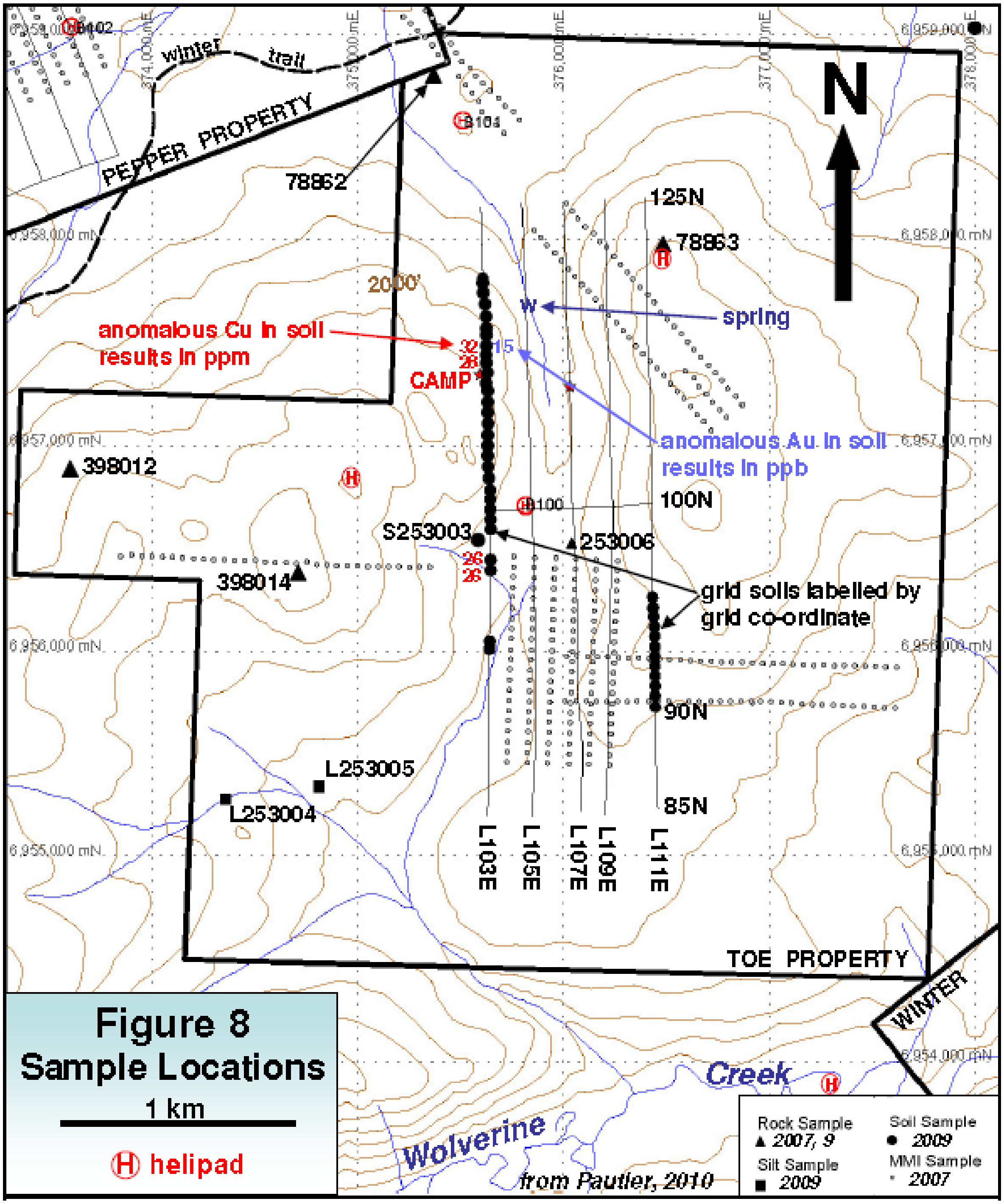


Figure 8
Sample Locations

Previous Geophysics

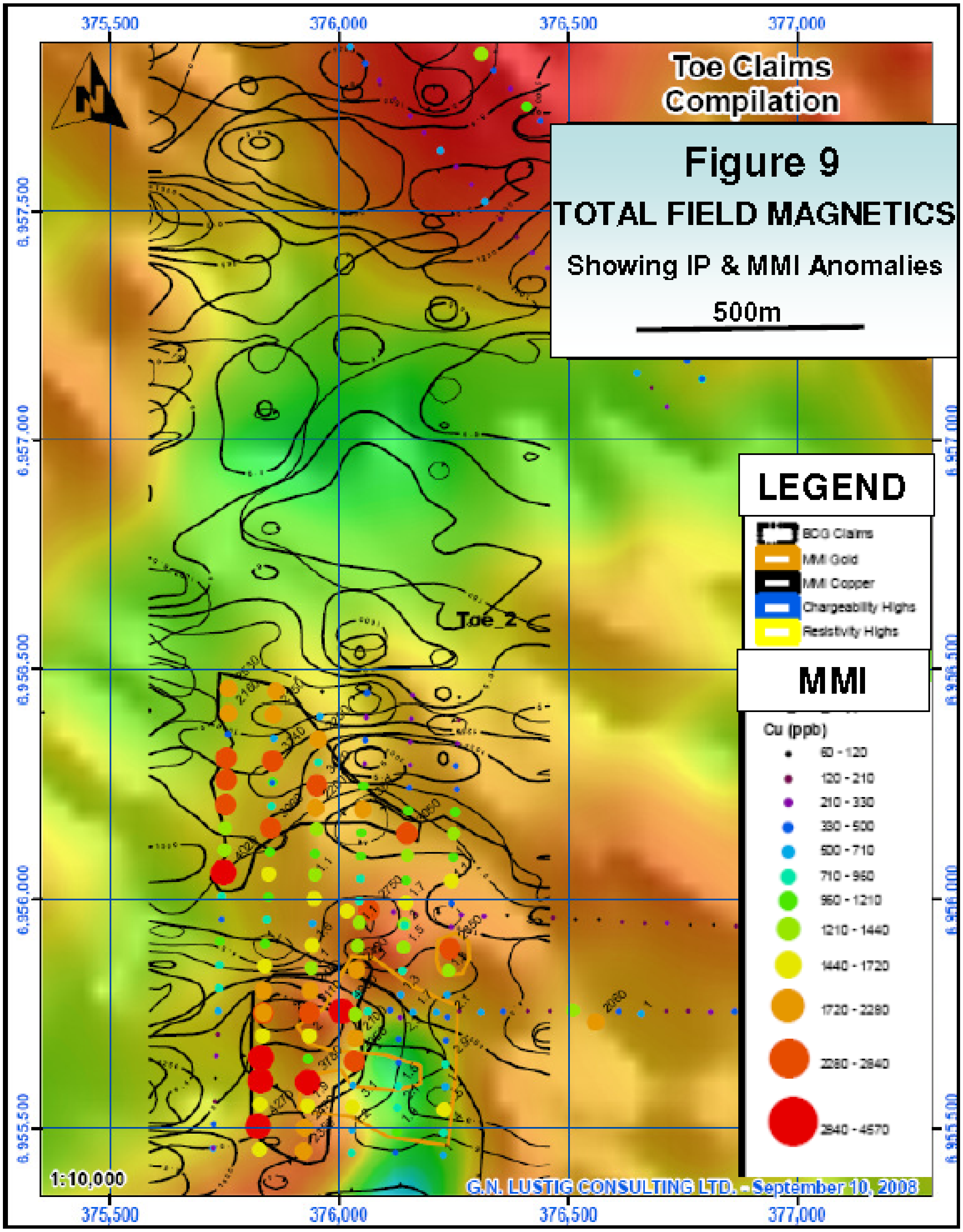
In 2007 a 3,295 line km airborne magnetic and radiometric geophysical survey was flown by Aeroquest Surveys, Mississauga, Ontario for BCG0Id Corp. over their Carmacks Copper-Gold Project which included the Toe Property. The total field magnetic map is shown as a base in Figure 9. The magnetic signature in the southern property area confirms that the area is underlain by basaltic rocks, as suggested by the presence of Selkirk basalt float. The magnetic signature in the southeastern area suggests that the basalt here may occur as dykes. Favourable moderate magnetic high anomalies correspond to copper MMI soil anomalies in the southern and northeast grid areas. Some west to northwesterly trending lineaments were evident, which have been shown on the geology map in Figure 5. The disruption of the southernmost easterly trending lineament further suggests that the basalt in the southeastern property area occurs as dykes.

The airborne radiometric survey shows that most of the Toe Property is underlain by a thorium/potassium low which is also evident in the northern Minto deposit.

A fifteen line km gradient array induced polarization survey was completed in 2008 by Aurora Geosciences Ltd. for BCGold covering the area of copper-gold MMI soil anomalies delineated in 2007. The survey was undertaken along five 3.0 km long, 360° trending lines, 200m apart. The line direction is suitable if the easterly trending aplite dyke orientations are the dominant foliation direction, but mapping in 2009 delineated more northwest dyke orientations and foliations, and only one foliation was noted trending northeast and dipping steeply. Northwest trends predominate within the Carmacks copper-gold belt.

The survey outlined four areas of higher chargeability denoted A, B, C and D on Figure 10. Results of the survey are summarized from Newton, 2009.

Area A exhibits coincident chargeability and resistivity highs in an area of no MMI coverage. Area B exhibits coincident chargeability and resistivity highs just north of the main copper MMI soil anomaly but not coincident with the gold MMI soil anomaly. Area C has high chargeability along the southern edge of an area of low resistivity, consistent with that of a flat-lying conductor, in an area of no MMI coverage. Area D has high chargeability coincident with an area of elevated MMI copper values on L105E, in an area of low to moderate resistivity. The induced polarization signature is consistent with a horizontal conductor. Depths to the conductors could not be determined.


Toe Claims
Compilation
Figure 9
TOTAL FIELD MAGNETICS
Showing IP & MMI Anomalies
500m
LEGEND
BCG Claims
MMI Gold
MMI Copper
Chargeability Highs
Resistivity Highs
MMI
Cu (ppb)
60 - 120
120 - 210
210 - 330
330 - 500
500 - 710
710 - 960
960 - 1210
1210 - 1440
1440 - 1720
1720 - 2280
2280 - 2840
2840 - 4670
Toe_2
375,500
376,000
376,500
377,000
6,957,500
6,957,000
6,956,500
6,956,000
6,955,500
1:10,000
G.N. LUSTIG CONSULTING LTD. - September 10, 2008

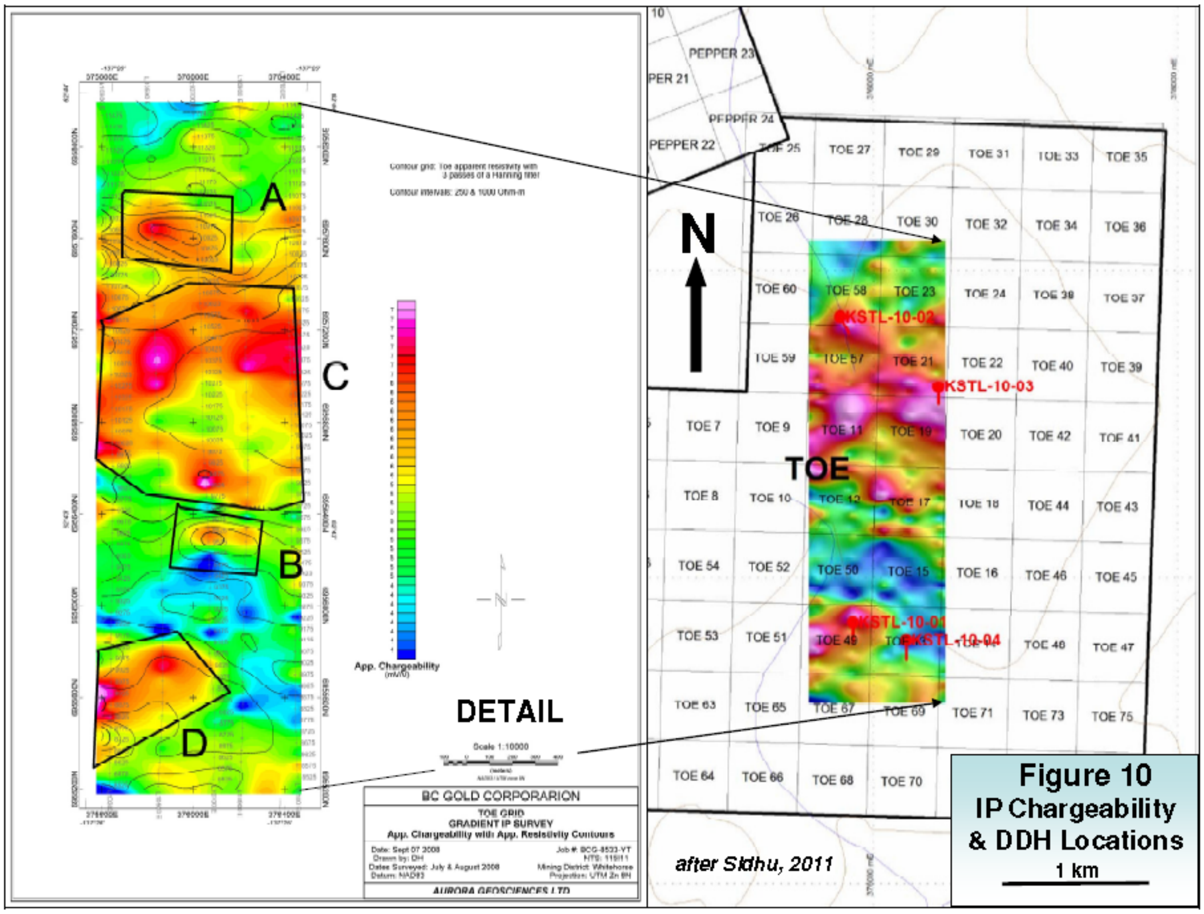
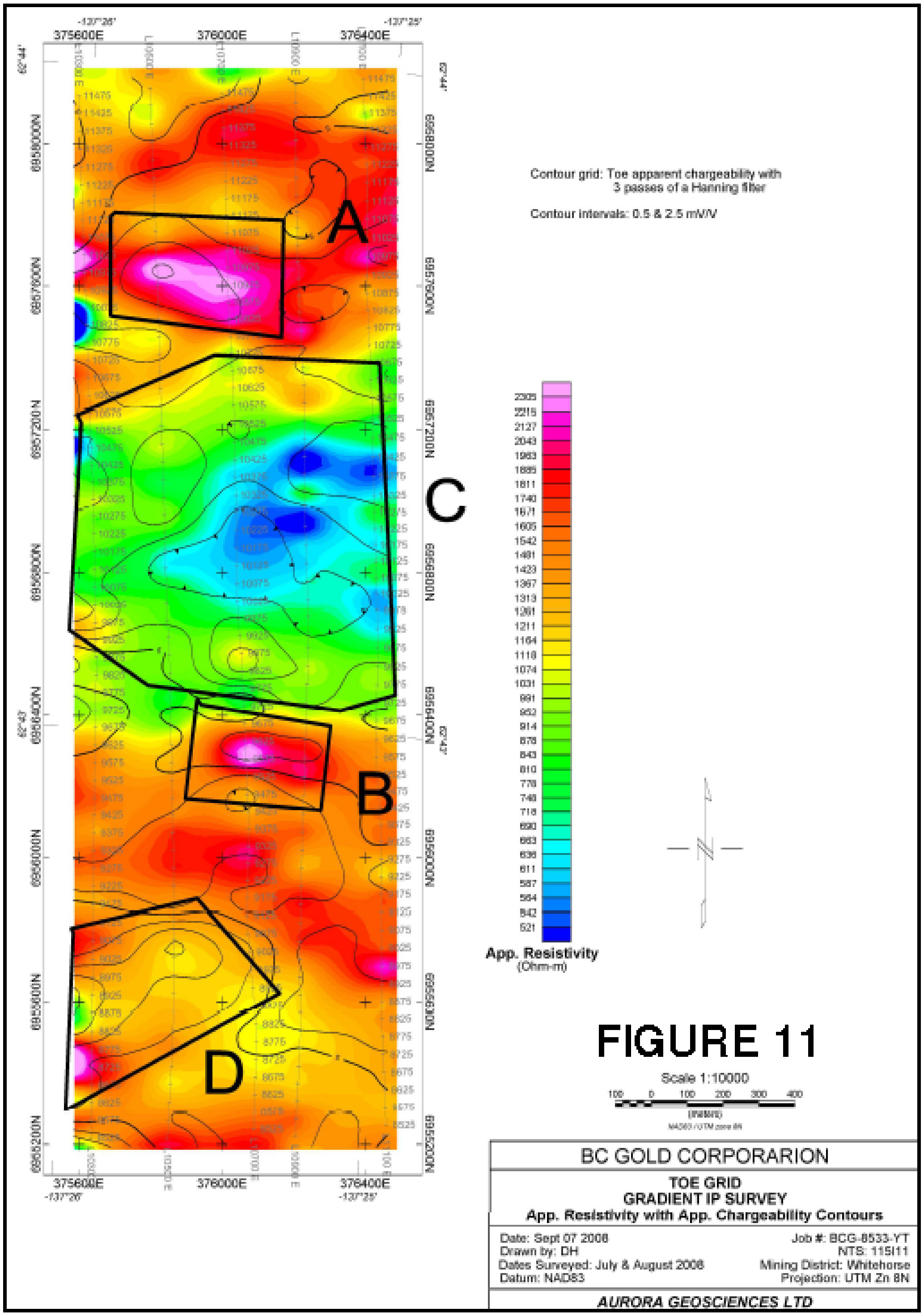


Figure 10
IP Chargeability
& DDH Locations


Contour grid: Toe apparent chargeability with 3 passes of a Hanning filter
Contour intervals: 0.5 & 2.5 mV/V
A
B
C
D
375600E
376000E
376400E
App. Resistivity (Ohm-m)
FIGURE 11
Scale 1:10000
BC GOLD CORPORARION
TOE GRID
GRADIENT IP SURVEY
App. Resistivity with App. Chargeability Contours
Date: Sept 07 2008
Drawn by: DH
Dates Surveyed: July & August 2008
Datum: NAD83
Job #: BCG-8533-YT
NTS: 115I11
Mining District: Whitehorse
Projection: UTM Zn 8N
AURORA GEOSCIENCES LTD

Drilling

No drilling has been conducted on the Toe Property by Kaiyue International Inc. A total of 1058m of diamond drilling in 4 holes was completed on the Toe Project for Kestrel Gold Inc. by and under option from BCGold between July 21 and August 13, 2010 at a cost of $412,871.71. The diamond drilling was carried out by Kluane Drilling Ltd. of Whitehorse, Yukon Territory utilizing a KDHT 600 drill with NTW thin-walled wireline tools. Core is stored at the Pelly River Ranch, which served as the drill camp, at 384208mE, 6968916mN, Nad 83, Zone 8 projection. The core was located and examined by the Author on April 19, 2012. Core blocks and sample tags were observed and positively correlated with drill logs in Sidhu (2011). Drill collars are shown with the geology in Figure 5 and cross sections are shown in Figures 12 to 14.

Diamond drill core recoveries were generally good in KSTL-10-01 and -02, averaging above 90%. Recovery was poor in KSTL-10-03, and KSTL-10-04 shows a low recovery of 69%, but recoveries were not calculated for 165m of core in the centre, so could be much higher.

A FlexIt MultiSmart survey tool was utilized for down hole surveys. Single Shot down hole surveys were completed after every shift and multi shot surveys were completed at the end of the hole. The drilling was helicopter supported by HeliDynamics Ltd, of Whitehorse, Yukon. The drill holes were surveyed in using a hand held GPS unit and a Brunton compass. Diamond drill hole specifications are summarized in Table 4, below.

TABLE 4: Diamond drill hole specifications

Drill Hole Number	Easting Nad 83	Northin Nad 83	Elev (m)	Az. (°)	Dip (°)	Length (m)	Core Recovery
KSTL-10-01	375866	6955709	674	180	-60	240.79	95%
KSTL-10-02	375784	6957708	661	155	-65	300.53	91%
KSTL-10-03	376430	6957247	761	180	-65	260.67	79%
KSTL-10-04	376217	6955596	711	180	-60	256.03	69%+
TOTAL						**1058.02**	

Drill holes KSTL-10-01 to -03 were targeted on airborne magnetic anomalies in conjunction with gradient array induced polarization anomalies similar to Minto-type targets, and KSTL-1 0-04 targeted an MMI gold anomaly *(Figures 5 to 10).* A total of 243 samples of drill core were submitted for analysis. Although the diamond drill holes were drilled sub-parallel to parallel (as opposed to perpendicular) to the regional 315^{o} trend of mineralization, minor mineralization, significant alteration, and several strongly magnetic mafic rich zones were encountered within the granodiorite. Mineralization within the Carmacks copper-gold belt is typically associated with foliated to gneissic granodiorite, more mafic phases and often finer grained variants of the granodiorite, with magnetite-silica, potassic (biotite or K-spar), hematite, epidote, chlorite and locally sericite alteration.

Holes KSTL-10-02 and -03 *(Figures 13 and 14),* in the northern property area targeting chargeability high anomalies, intersected granodiorite with aplite and pegmatite dykes. A 5mm seam of massive chalcopyrite within molybdenum was intersected in KSTL-10- 03 at 227.65m associated with a highly fractured K-spar flooded zone with hematite, chlorite and clay alteration. An examination of this intersection by the Author showed extensive fault gouge through this section. A rock chip with minor chalcopyrite and molybdenum mineralization in quartz was observed at the core splitter. Numerous faults were encountered in this hole probably resulting in the poor core recoveries. The poor recoveries encountered, especially in the vicinity of the mineralized zone, may have resulted in the loss of sulphide bearing sections, since soft sulphide mineralization tends to be more readily ground up and lost. Localized zones of weak to moderately mafic rich foliated granodiorite associated with silica alteration were encountered in the lower two thirds of KSTL-10-02. Mineralization, alteration and more mafic rich foliated granodiorite within the holes appears to increase towards a northwest trending aeromagnetic lineament (probably representing a structure) located a few hundred metres south of the hole collars.

Holes KSTL-10-01 and -04 *(Figure 12),* in the southern property area, intersected magnetic basalt flows underlain by granodiorite with basalt down to 72.8m in DDH 1 and down to 28m in DDH 4. This confirms the thinning of the basalt pile to the east, giving way to basalt dykes further to the east. Thick overburden (71.65m) was encountered in KSTL-10-01, which may be the cause of the induced polarization anomaly. Significant but localized alteration, consisting of hematite, silica and fine grained and mafic phases of the granodiorite, were intersected just below centre (between 124 and 153m) in KSTL-1 0-04.

Drill Sampling Method and Approach

The drill sampling procedure and approach is summarized from Sidhu (2011).

The core was delivered to the core processing site, a temporary tent erected near camp. Block markers in imperial units were first converted into metric units and the core was then metered with a yellow grease pencil. Total Core Recovery (ICR), Rock Quality Designation (RQD), and Rock Hardness were measured and entered into a laptop computer. Readings of magnetic susceptibility were taken every 50 cm using a Czech Geofyzika, a.s. micro-Kappa Kappameter and entered into the laptop. Finally interval lengths and descriptions of lithology, alteration, structure, mineralization, and sample intervals were all entered. Lithological units less than 0.3m were generally not noted unless of specific interest. All core logging and sampling was completed by Gary Sidhu of BCGold. As the core boxes were being moved to the cutting and sampling tent, they were labeled with aluminum tags and photographed.

After logging, intervals for geochemical analysis were selected for sampling, primarily chosen for their potential to contain copper and gold, but also based on alteration, lithology, and to characterize background values for some rock units (for example dykes). The selected core samples were marked both on the core and on the core box in red grease pencil. Sample lengths varied between 0.13 and 1.3m and averaged 0.58m in length. A total of 243 samples of drill core were submitted for analysis with 43 additional QAQC samples. Drill core samples were cut with a diamond saw, and one half of the core replaced in the core box for future reference, and the other half bagged in numbered plastic bags, placed in rice bags and sealed for shipping. The field duplicates consisted of quartering the remaining half core. Core samples were tracked by three-part sample tag books. One part was placed in the core box at the end of the assay interval, one tag went with the sample for assay and the last tag was kept as a record.

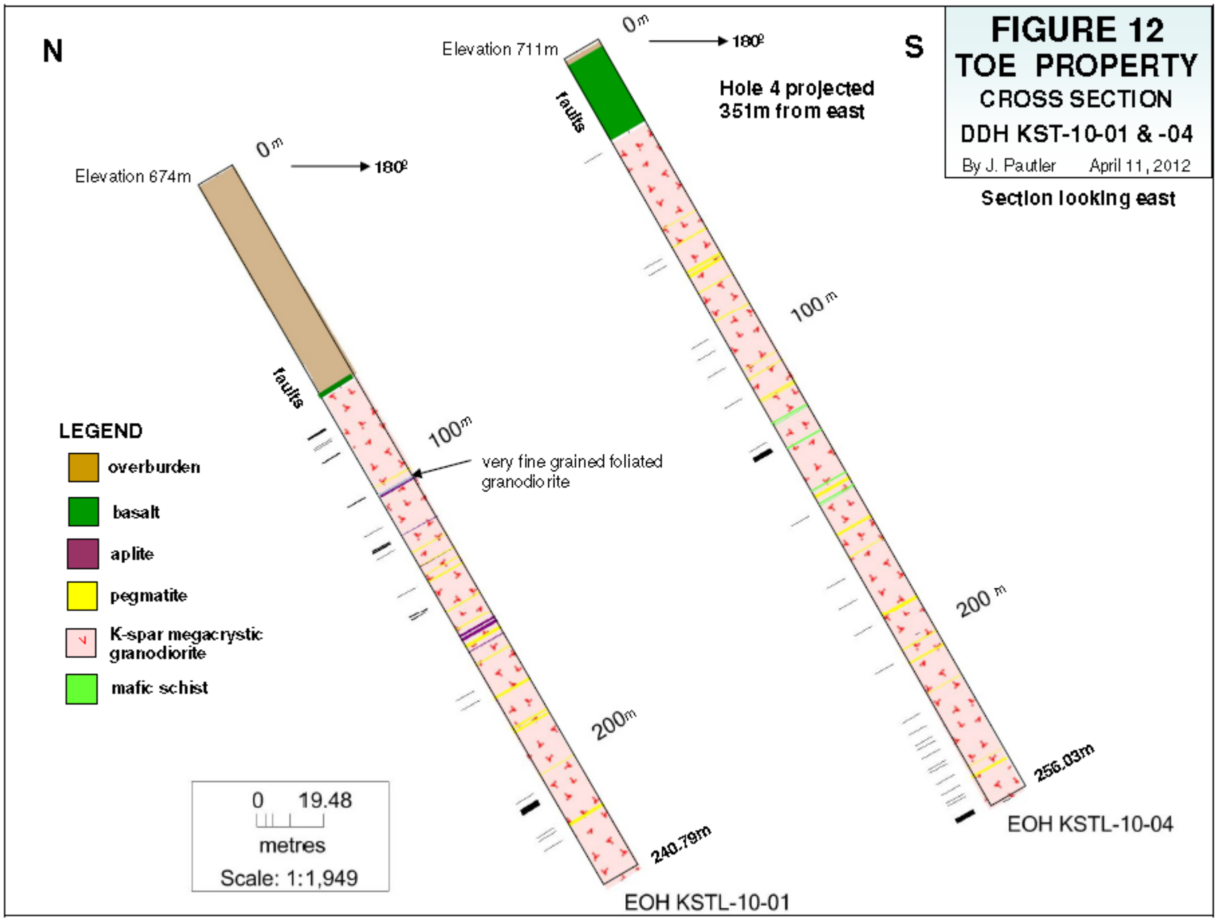


FIGURE 12
TOE PROPERTY
CROSS SECTION
DDH KST-10-01 & -04
By J. Pautler April 11, 2012
Section looking east
N
S
Elevation 674m
0 m
180º
Elevation 711m
0 m
180º
Hole 4 projected
351m from east
faults
faults
100 m
100 m
200 m
200 m
very fine grained foliated granodiorite
240.79m
256.03m
EOH KSTL-10-01
EOH KSTL-10-04
LEGEND
overburden
basalt
aplite
pegmatite
K-spar megacrystic granodiorite
mafic schist
0 19.48
metres
Scale: 1:1,949

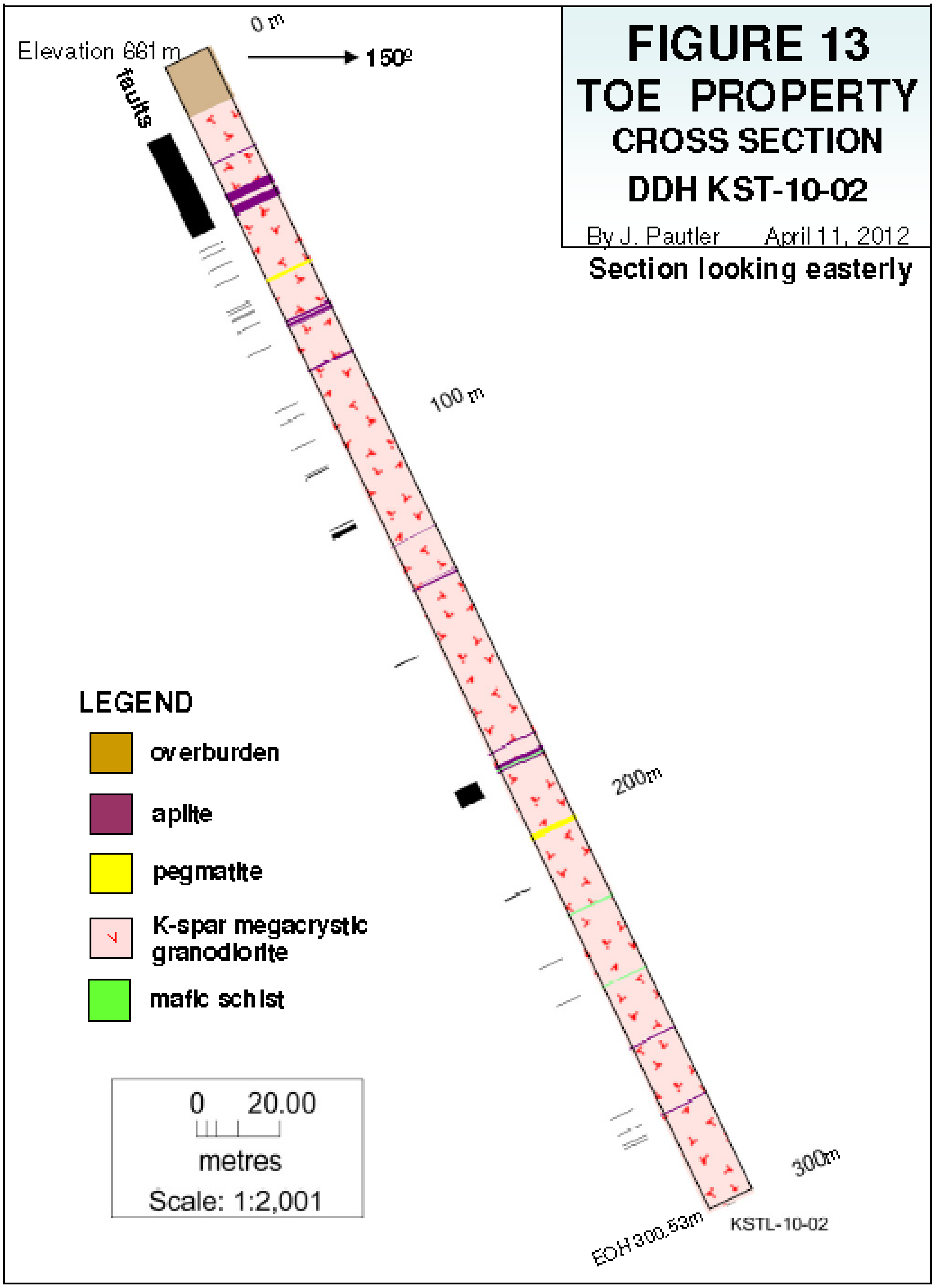


FIGURE 13
TOE PROPERTY
CROSS SECTION
DDH KST-10-02
By J. Pautler April 11, 2012
Section looking easterly
Elevation 661 m
0 m
150º
faults
100 m
200m
300m
EOH 300.53m
KSTL-10-02
LEGEND
overburden
aplite
pegmatite
K-spar megacrystic granodiorite
mafic schist
0 20.00
metres
Scale: 1:2,001

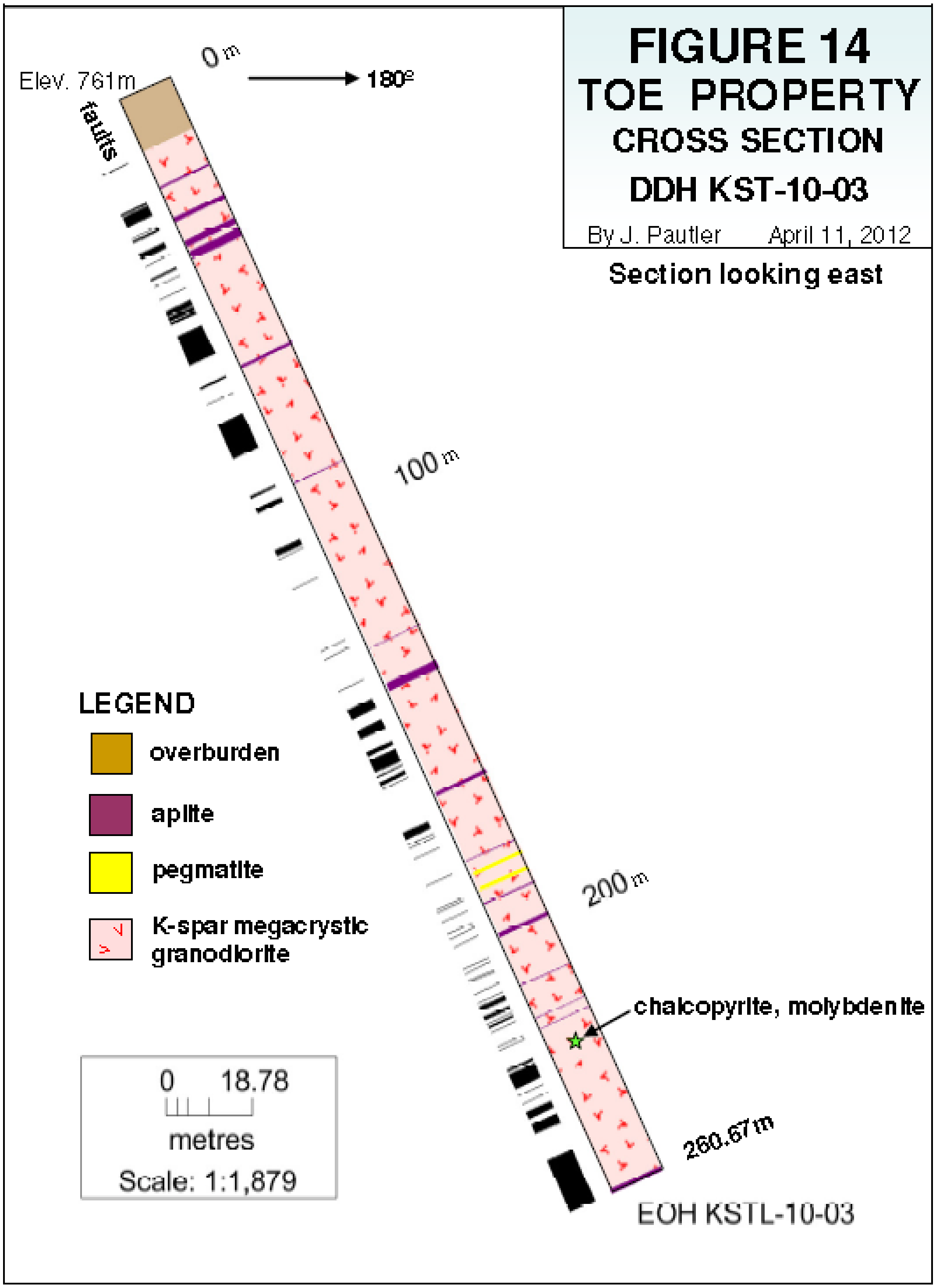


FIGURE 14
TOE PROPERTY
CROSS SECTION
DDH KST-10-03
By J. Pautler April 11, 2012
Section looking east
Elev. 761m
0 m
180º
faults
100 m
200 m
260.67m
EOH KSTL-10-03
chalcopyrite, molybdenite
LEGEND
overburden
aplite
pegmatite
K-spar megacrystic granodiorite
0 18.78
metres
Scale: 1:1,879

Sample Preparation, Analysis and Security

The 286 samples from the 2010 drill program were delivered directly to the Whitehorse lab of Eco Tech Laboratories Ltd. by a BCGold representative at the completion of the program, with chain of custody documented. Eco Tech Laboratories is a subsidiary of the global Stewart Group, a British Columbia Certified Assayer, which maintained an ISO 9001:2000 certified laboratory in Whitehorse for sample preparation, and a certified analytical lab in Kamloops, British Columbia, where the pulps were forwarded for analysis. All 2009 samples were placed in rice bags in the field by the Author and secured. The 2007 and 2009 samples were delivered to the sample preparation laboratory of Eco Tech Laboratory Limited (Stewart Group) in Whitehorse for preparation. Eco Tech Laboratory Limited was acquired by ALS Laboratory Group in 2011.

Sample preparation at the laboratory involved cataloguing and drying. Rock and core samples are 2 stage crushed to minus 10 mesh and a 250 gram subsample is pulverized on a ring mill pulverizer to -140 mesh. The subsample is rolled, homogenized and bagged in a pre-numbered bag. Soils were prepared by sieving through an 80 mesh screen to obtain a minus 80 mesh fraction. Samples unable to produce adequate minus 80 mesh material are screened at a coarser fraction. These samples are flagged with the relevant mesh.

Samples were then internally sent directly to Eco Tech's facility in Kamloops, British Columbia for analysis. All samples were analyzed by Eco Tech for Al, Sb, As, Ba, Bi, Cd, Ca, Cr, Co, Cu, Fe, La, Pb, Mg, Mn, Mo, Na, Ni, P, Ag, Sr, Ti, Sn, W, U, V, Y and Zn using a 28 element ICP package which involves a nitric-aqua regia digestion. Gold was analyzed by fire assay with an atomic absorption finish using a 30g sub-sample. In the drill program copper was assayed by atomic absorption and ICP following a four acid digestion. Complete laboratory sample preparation and analysis procedures are outlined in Table 3. Eco Tech was an ISO 9001 accredited facility, registration number CDN 52172-07.

Quality assurance and control procedures (QAQC) were implemented at the laboratory, involving the regular insertion of blanks and standards and repeat analyses of at least 25% of the samples, with re-analyses being performed for one sample in each batch on the original sample prior to splitting (resplit). Field blank and duplicate samples were submitted for quality control in the MMI survey and one duplicate was collected in the 2009 conventional soil survey. Quality control by BCGold during the 2010 drill program consisted of the insertion of 14 certified standard samples, 15 blanks, and 14 duplicates into the sample shipment stream for a total of 43 additional QAQC samples. The standards utilized were CDN-CGS-12 (0.265% Cu, 0.29 g/t Au) and CDN-CGS-15 (0.451% Cu, 0.57 g/t Au). Analytical data quality assurance and quality control was indicated by the favourable reproducibility obtained in laboratory and company inserted standards, blanks and duplicates. Field duplicates for soils and drill core also showed favourable reproducibility. All analyses were within acceptable limits for Cu and Au.

There is no evidence of any tampering with the samples during collection, shipping, analytical preparation or analysis. All sample preparation was conducted by the laboratory. The laboratory is entirely independent from the issuer. In the Author's opinion, the sample preparation, analysis and analytical procedures are adequately reliable for the purposes of the Technical Report.

Data Verification

The 2007, 2009 and 2010 geochemical data was verified by the Author by sourcing original analytical certificates and digital data. Analytical data quality assurance and quality control was indicated by the favourable reproducibility obtained in laboratory and company inserted standards, blanks and duplicates. Field duplicates for soils and drill core also showed favourable reproducibility. All analyses were within acceptable limits for copper and gold. Quality control procedures are documented under the heading, "Sample Preparation, Analysis And Security". In the Author's opinion, the data is adequately reliable for the purposes of the Technical Report.

Adjacent Properties

The Toe Property is adjoined by the Pepper property to the northwest and the Winter property to the southeast, both registered to BCGold and at an early stage of exploration. *(Refer to Figure 15.)*

Mineral Processing and Metallurgical Testing

The Toe Property is at an early exploration stage and no mineralization has been encountered, therefore no metallurgical testing has been carried out. However, mineralization would be expected to be similar to that at the Minto Mine.

Mineral Resource Estimate

There has not been sufficient work on the Toe Property to undertake a resource calculation.

Interpretation and Conclusions

The Toe Property constitutes a property of merit based on the presence of a favourable magnetic and radiometric geophysical signature, and copper gold MMI soil anomalies with coincident chargeability and resistivity high anomalies 12 km along trend from the Minto Mine *(Figure 15).* Exploration in the Toe Property area has been hampered by lack of exposure, overburden cover, and presence of permafrost. Historical exploration appears to have been concentrated on areas more proximal to the Minto and Carmacks Copper deposits, with claims in the 1970's documented to just southeast of the Toe Property.

The following interpretation and correlation of the geology, geophysics and soil geochemistry refers to the geophysical anomalous areas (A, B, C and D) as shown on Figures 10 and 11, with references to the MMI soil geochemistry on Figures 6 and 7 and the geology on Figure 5.

The granodiorite grades to medium grained in the southwest property area (a more favourable host for mineralization within the Carmacks copper-gold belt), west of the induced polarization grid. No geochemistry or geophysics has been undertaken in this area.

One occurrence of fine grained granodiorite (a more favourable host for mineralization within the belt) was encountered near 109E/96N, exposed as a small outcrop at the north edge of the copper MMI soil anomaly. Epidote-chlorite altered medium to coarse grained granodiorite, with possible secondary biotite occurs in the area at 107E/98N, in an area not soil sampled. This favourable geology occurs proximal to the Area B coincident chargeability and resistivity high anomaly at L107E/9575N.

Very minorly foliated coarse grained K-spar megacrystic granodiorite occurs just west of the induced polarization grid trending northwest to north-northwest, dipping shallowly northeast, in an area not covered by geochemistry or geophysics, and in the northern property area, trending 045°/90° on L111E, just south of a copper MMI anomaly. Mineralization within the Carmacks copper-gold belt commonly occurs within foliated zones within the intrusion.

MMI anomalies in the southern grid area occur in an area underlain by swamp and pervasive permafrost and may be suspect. The extensive permafrost saturated overburden in KSTL-10-01 appears to be the cause of the induced polarization chargeability anomaly D. Although exposure is extremely limited throughout the area, it appears to be primarily underlain by basalt, as supported by the intersection of basalt in KSTL-10-01 and -04. It is still possible that the MMI is detecting anomalies beneath the basalt cover.

In conclusion the Toe Property has potential to host mineralization similar to that within the Carmacks copper-gold belt such as at the Minto and Carmacks Copper deposits. The 2007 to 2009 programs undertaken by BCGold were successful in delineating copper MMI soil anomalies with coincident chargeability and resistivity high anomalies with a favourable magnetic and radiometric geophysical signature 12 km northwest directly along trend from the Minto Mine.

The small 2010 diamond drill program, consisting of 1058m in 4 holes, for Kestrel Gold Inc. by, and under option from, BCGold intersected localized strongly magnetic mafic rich and intensely altered zones, favourable for Minto style mineralization, but no significant copper-gold assay results were obtained. A 5mm seam of massive chalcopyrite within molybdenum was intersected in KSTL-1 0-03 at 227.65m associated with a highly fractured K-spar flooded zone with hematite, chlorite and clay alteration. The holes were drilled parallel, as opposed to perpendicular, to foliation and the regional trend. Westerly directed holes are recommended in future drill programs.

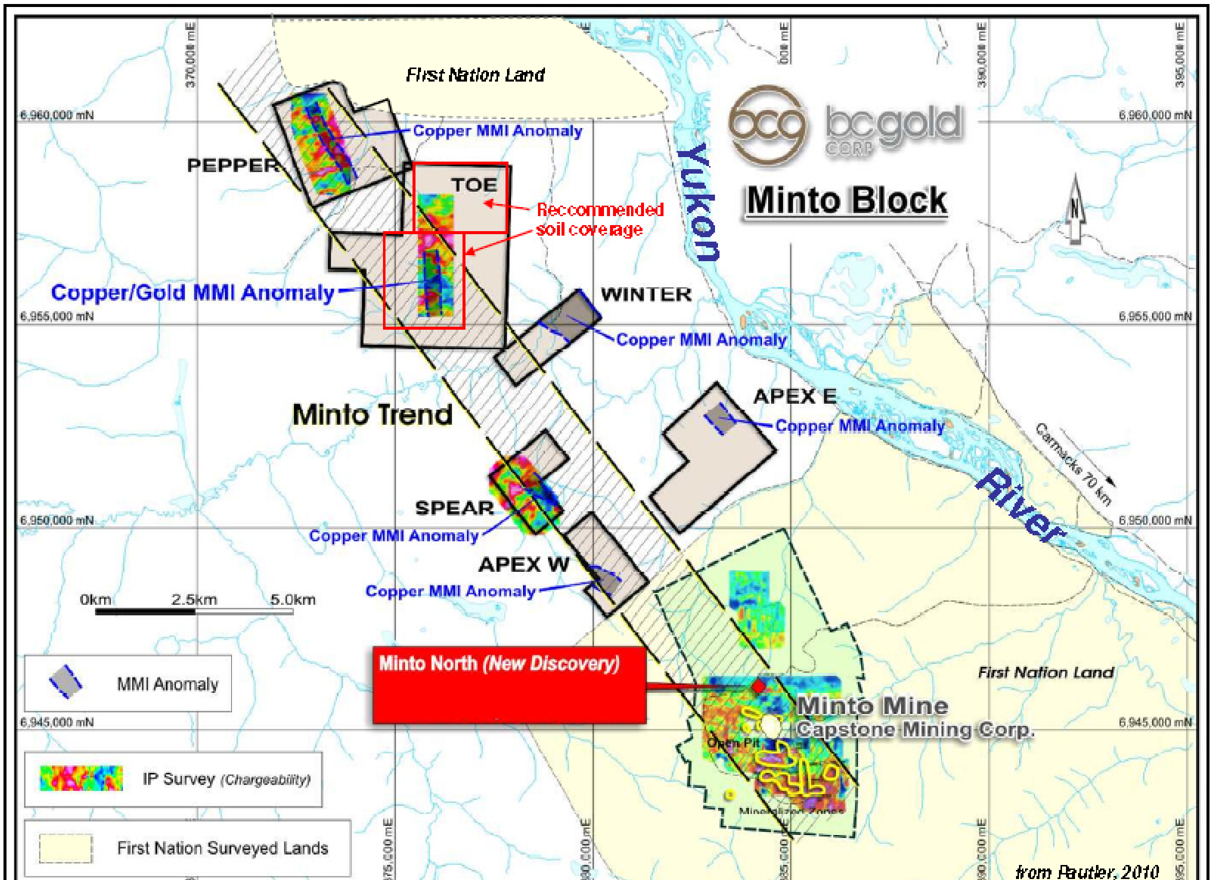


FIGURE 15 COMPILATION MAP showing Minto trend NTS: 115I/11-14

The Toe Project is at an early stage of exploration, and as such considered a high risk. There are no specific risks that the Author foresees that would impact continued exploration and development of the Toe Property. The above interpretations and the following recommendations for work are based on the results of geochemical and geophysical surveys, which are subject to a wide range of interpretation. Although the Author believes that the surveys on the Toe Property are scientifically valid, evaluating the geological controls on mineralization is hampered by a lack of rock exposure. At the present time and for the foreseeable future, the project is not generating any cash flow.

Recommendations and Budget

Based on the presence of a favourable geology, magnetic and radiometric geophysical signature, and copper-gold MMI soil anomalies with coincident chargeability and resistivity high anomalies 12 km along trend from the Minto Mine, further work is recommended on the Toe Property. Only 15% of the property has been explored by soil and ground induced polarization. Consequently, a concentrated Phase I program of geophysics and MMI soil geochemistry is recommended across the property.

A pole-dipole induced polarization geophysical survey is recommended more perpendicular to the regional trend of approximately 315-335°. East-west trending L100N is already cut for 800m and could be extended an additional 1200m to the west and 400m to the east to facilitate the survey. Lines 91N and 105N, each 2.4 km long, should also be cut and surveyed with induced polarization.

Additional MMI soil sampling is recommended to delineate the extent of existing anomalies and to evaluate the remainder of the property *(Figure 15)*. Medium grained granodiorite, a more prospective host for mineralization within the belt, occurs in the southwest property area and chalcopyrite and molybdenum mineralization were intersected in KSTL-10-03, proximal to the intersection of two aeromagnetic lineaments (fault intersection). Copper in MMI soil anomalies remain open to the south and northwest of the central MMI grid area and an anomaly is emerging in the northern property area *(Figure 6)*.

Potential drill targets are proposed based on the integration of the limited geological information available with the geophysics and copper and gold MMI soil anomalies and results from the diamond drill program. The targets are tentative and the Phase 2 drill program should integrate results from the Phase 1 program, which is anticipated to generate additional targets. Westerly directed holes are recommended in future drill programs. Proposed drill hole specifications are tabulated below, but are tentative and may change based on results fro the Phase 1 program.

TABLE 2: Proposed drill hole specifications

DDH No.	Grid Northing	Co-ord. Easting	Az. (°)	Dip (°)	Depth (m)	Target
P-1	10450N	111E	230	-60	300	fault intersection
P-1	104N	106E	270	-60	250	chargeability high (C
P-3	96N	L108E	270	-60	250	chg, res, (B) edge of Cu in MMI
TOTAL:					**800**	

chg denotes chargeability high; res denotes resistivity high

Based on the above recommendations, the following non-contingent two phase exploration program with corresponding budget is proposed:

Phase 1:	**Geophysics and geochemistry**	
•	linecutting (6.4 line km)	10,000
•	induced polarization geophysics (7.2 line km @ 4,000/km)	30,000
•	wages (supervision & geologist)	10,000
•	helicopter	10,000
•	accommodation/camp, food, communication meals	10,000
•	geochemistry (1000 MMI soils @ $40/ea, labour & helicopter)	40,000
•	soil assays (1000 MMI soils @ $40/ea)	40,000
•	preparation, report and drafting	20,000
•	contingency	30,000
Phase 1 TOTAL:		**$200,000**
Phase 2:	**drilling:** (contingent on results of Phase 1)	
•	diamond drilling (1,500m @ $200/m all in)	300,000
•	wages (geologist, core splitter, supervision)	52,000
•	helicopter	20,000
•	accommodation/camp, food, field supplies, communication	26,000
•	geochemistry (100 rocks @ $35/ea)	7,000
•	preparation, report and drafting	20,000
	contingency	50,000
Phase 2 TOTAL:		**$475,000**
Phase 1 & 2 TOTAL:		**$675,000**

INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

The corporate structure of the Issuer will be unaffected by the Transaction.

The head office of the Resulting Issuer will remain located at 3500, 855 – 2 Street SW, Calgary, Alberta T2P 4JB and the registered and records office of the Resulting Issuer will be located at 150 6 Avenue Southwest Calgary, Alberta T2P 3Y6.

Narrative Description of the Business

Principal Business

After completion of the Transaction, the Resulting Issuer will be a natural resource company engaged in acquisition, exploration and development of mineral properties, with its primary focus on the Toe Property. The Resulting Issuer will be an exploration stage company with no producing properties and, consequently, no current operating income cash flow or revenues. It will not provide any products or services to third parties. There is no assurance that a commercially viable mineral deposit exists on the Toe Property.

Upon the issuance of the Final Exchange Bulletin, the Resulting Issuer will conduct the recommended exploration program for the Toe Property as set out in the Technical Report. See “Information Concerning the Significant Assets – Conclusions and Recommendations” for additional information. The Resulting Issuer may also complete additional property acquisitions.

Environmental Conditions

All aspects of the Resulting Issuer’s field operations will be subject to environmental regulations and generally will require approval by appropriate regulatory authorities prior to commencement. Any failure to comply could result in fines and penalties. With the development of the Toe Property at the exploration stage, the financial and operational impact of environmental protection requirements is minimal. Should any projects advance to the test mining or feasibility stage, considerably more time and money would be involved in satisfying environmental protection requirements.

Competitive Conditions

The Resulting Issuer will compete with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral tenements, claims, leases and other mineral interests for exploration and development projects. The Resulting Issuer will also compete with other mining companies for investment capital with which to fund such projects and for the recruitment and retention of qualified employees.

The ability of the Resulting Issuer to acquire additional mineral properties in the future will depend on its ability to operate and develop the Toe Property and also on its ability to select and acquire suitable producing properties or prospects for development or exploration.

Stated Business Objectives

The Resulting Issuer expects to use its available working capital to finance exploration and development on the Toe Property, and for general working capital, including complementary acquisitions. The Resulting Issuer's immediate short-term objectives will be to:

(a) complete the recommended work program on the Toe Property pursuant to the Technical Report; and

(b) acquire and evaluate additional complementary mineral properties to expand the Resulting Issuer's portfolio.

The Resulting Issuer's long-term objectives will be to:

(a) determine if an economic mineral deposit exists on the Toe Property;

(b) find one or more economic mineral deposits and bring them to commercial production; and

(c) deliver a return on capitalization to shareholders.

Milestones

The principal milestone that must occur for the stated short-term business objectives described above to be accomplished is as follows:

Milestone	Target Date	Cost
Phase I Work Program on the Toe Property	June 30, 2013	$200,000

Exploration and Development

The Resulting Issuer intends to begin the Phase I work program as recommended in the Technical Report as soon as possible following the Closing.

Description of the Securities

Common Shares

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value. Following Completion of the Qualifying Transaction, the issued and outstanding Resulting Issuer Shares are expected to be as follows:

Description of Security	Number of Shares
Shares issued as at the date of this Filing Statement	14,180,000
Payment Shares to be issued to BCGold at Closing[(1)]	100,000
Shares to be issued to Canaccord as partial Finder's Fee	100,000
Total	**14,380,000**

(1) Does not include the 300,000 Payment Shares that may be issuable to BCGold subsequent to the Completion of the Qualifying Transaction.

The Resulting Issuer Shares will have all of the same attributes and characteristics as the existing Shares of the Issuer. For a full description of such rights and restrictions, see "Information Regarding the Issuer – Description of the Securities – Attributes and Characteristics of Shares".

Resulting Issuer Options

The following table sets out the Resulting Issuer Options that are expected to be outstanding upon Completion of the Qualifying Transaction:

Name	Securities Under Options Granted	Exercise Price ($/Resulting Issuer Share)	Expiry Date
Hilda Sung	50,000	$0.10	August 6, 2015
Joseph Chan[(1)]	50,000	$0.10	August 6, 2015
Bradley Cran	50,000	$0.10	August 6, 2015
Total	**150,000**	**-**	**-**

(1) Joseph Chan resigned as a director on September 29, 2012 therefore the expiration date for these Resulting Issuer Options will be 90 days after the date of resignation.

Pro Forma Consolidated Capitalization

The following table sets out the capitalization of the Resulting Issuer after giving effect to the Transaction:

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of June 30, 2012	Amount outstanding after giving effect to the Transaction
Common Shares	Unlimited	14,180,000	14,380,000[(1)]

(1) On an undiluted basis. Does not include the 150,000 Resulting Issuer Shares to be reserved for issuance upon the exercise of the Resulting Issuer Options and the 300,000 Payment Shares that may be issuable to BCGold subsequent to the Completion of the Qualifying Transaction.

Fully Diluted Share Capital

The Resulting Issuer will have 150,000 Resulting Issuer Options outstanding to purchase 150,000 Resulting Issuer Shares at a price of $0.10 per Resulting Issuer Share, exercisable until August 6, 2015. None of the Resulting Issuer Options have been exercised as of the date of this Filing Statement.

The following table states the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

Description of Security	Number assuming completion of the Transaction	Percentage of Total
Shares issued as at the date of this Filing Statement	14,180,000[(1)]	97.59%
Payment Shares to be issued in connection with the Closing	100,000[(2)]	0.69%
Shares to be issued to Canaccord as partial Finder's Fee	100,000	0.69%
Resulting Issuer Shares reserved for issuance upon exercise of existing Stock Options	150,000	1.03%
Total	**14,530,000**	**100.0%**

(1) 6,180,000 of these will remain subject to the CPC Escrow Agreements. See "Escrowed Securities".

(2) Does not include the 300,000 Payment Shares that may be issuable to BCGold subsequent to the Completion of the Qualifying Transaction.

Available Funds and Principal Purposes

Funds Available

The Issuer had working capital (on an unaudited basis) of $1,238,800 as at August 31, 2012. Based on this working capital position, and assuming completion of the Transaction, the estimated funds available to the Resulting Issuer will be as follows:

Item	$
Estimated working capital of the Issuer as at August 31, 2012	1,238,800
less: Payments related to the Completion of the Qualifying Transaction[(1)]	63,000
Estimated funds available to the Resulting Issuer upon Completion of the Qualifying Transaction	1,175,800

(1) The estimate of payments related to completion of the Qualifying Transaction including TSXV filing fee of $10,000, legal fees of $40,000, audit and accounting fees of $10,000, technical report fee of $3,000.

Dividends

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid.

Principal Purposes of Funds

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use its estimated available working capital for the 12 months following the completion of the Transaction. The table does not include any proceeds that may be available to the Issuer through the exercise of the IPO Agent's Options or Resulting Issuer Options. See "Stated Business Objectives".

Use of Proceeds	$
General and administrative expenses[(1)]	283,000
Costs relating to Phase I of the work program on the Toe Property	200,000
Payment to BCGold on or before First Anniversary Date	25,000

Unallocated working capital	667,800
Total Use of Proceeds	1,175,800

(1) The estimate of general and administrative costs for the next 12 months following the Closing of $283,000 includes transfer agent fees of $5,000, filing fees of $6,000, legal, audit and accounting fees of $35,000, office expenses of $6,000, directors' fees of $6,000, salaries and wages of approximately $200,000 and property insurance costs and consulting fees of $25,000.

The Resulting Issuer intends to spend the funds available to it upon Completion of the Qualifying Transaction to further its stated business objectives as set forth in the table above. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Principal Securityholders

To the knowledge of the Issuer's directors and senior officers, upon Completion of the Qualifying Transaction, other than Ms. Hilda Sung who owns 5,700,000 Resulting Issuer Shares, representing 40.20% of the total issued and outstanding Resulting Issuer Shares upon Completion of the Qualifying Transaction, no person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, Resulting Issuer Shares carrying more than 10% of all voting rights attached to the outstanding Resulting Issuer Shares.

Directors, Officers and Promoters

The following table sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, period during which served as a director or officer, and the anticipated number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's directors and officers following completion of the Transaction.

Name and Municipality of Residence	Proposed Position with the Resulting Issuer	Principal Occupation During Last Five Years	Period during which proposed director has served as a director of the Issuer	Number and percentage of Resulting Issuer Shares upon completion of the Qualifying Transaction(1)(2)
Hilda Sung Happy Valley, Hong Kong	President, CEO and Director	Chief Executive Officer and a director of Yongsheng Capital Inc., a capital pool company listed on the TSX Venture Exchange (March 2011 to present); Managing Director of China High Growth Fund Management Limited (September 2009 to present); Managing Director of ZY Financial Investment Consultants (Shenzhen) Ltd.; Executive Director of China High Growth Fund Management Ltd.; Director of China Southern Futures Co. Ltd. (July 2005 to present); Director of New Territories General Chamber of Commerce of The Hong Kong Chamber of Medium Business Ltd. (2002 to present); Managing Director of Taifook Lexton Investement Consultants (Shenzhen) Ltd. (January 2008 to October 2009); Marketing Director of Hantec International Finance Group Limited (May 2005 to September 2007); and Director of Wealth Management of Taifook Lexton Consultants Limited. (July 2007 to September 2009).	December 9, 2009 to present	5,700,000 39.64%

Name and Municipality of Residence	Proposed Position with the Resulting Issuer	Principal Occupation During Last Five Years	Period during which proposed director has served as a director of the Issuer	Number and percentage of Resulting Issuer Shares upon completion of the Qualifying Transaction[(1)(2)]
George Dorin Surrey, British Columbia	Chief Financial Officer, Corporate Secretary and Director[(3)]	President of CANUS Capital Corporation, a Vancouver based corporate finance advisory services boutique since 2008; director and chair of audit committee of China Keli Electric Company Ltd. (TSXV: ZKL) from May 2010 to present; Chief Financial Officer of several TSXV listed entities, including Open EC Technologies, Inc. (OCE) from February 2010 to present; Xianburg Data Systems Canada Corporation (XDS) from November 2010 to April 2011, Yalian Steel Corp. (YL) from July 2009 to December 2009, and Pyng Medical Corp. (PYT) from October 2009 to present; CFO and Corporate Secretary of Norsat International, Inc. (TSX: NII, OTC.BB) from October 2005 to September 2006 and CFO of GLG Life Corporation (TSX: GLG) from May 2007 to October 2007.	September 29, 2012	Nil
Judyanna Chen Toronto, Ontario	Director[(3)]	Chief Financial Officer of China Health Labs & Diagnostics Ltd., a leading provider of total lab solutions for medical diagnostic and food safety in China company listed on the TSX Venture Exchange, since August 15, 2011 and Senior Manager of Manning Elliott LLP from November 2007 to August 2011.	Upon completion of Qualifying Transaction	Nil
Bradley Cran Hong Kong	Director[(3)]	Mr. Cran is currently employed at the law firm Fangda Partners in Hong Kong. He practiced corporate/commercial law at Blake, Cassels & Graydon LLP in Toronto, Canada from February 2002 to August 2009 and was subsequently employed as legal counsel at Research In Motion Limited, a wireless innovation company listed on NASDAQ and Toronto Stock Exchange. Mr. Cran also has been a director of Yongsheng Capital Inc, a capital pool company listed on the TSX Venture Exchange (March 2011 to present).	December 9, 2009 to present	100,000 0.70%
Yingting (Tony) Guo Surrey, British Columbia	Director	General Manager of Gansu Pacific Mining Company; Vice President of Behre Dolbear Group, Inc., a worldwide mineral industry advisory firm from 2001 to 2012; Exploration Manager of China Gold International Resources Corp., a mineral development company listed on the Toronto Stock Exchange, from 2006 to 2009; Self-employed consulting geologist from 2002 to 2006.	Upon completion of Qualifying Transaction	Nil

(1) Percentages calculated on an undiluted basis based on 14,380,000 Resulting Issuer Shares issued and outstanding upon Completion of the Qualifying Transaction.

(2) An aggregate of 6,180,000 of these Resulting Issuer Shares will be held in escrow under the CPC Escrow Agreements upon the Completion of the Qualifying Transaction

(3) Audit Committee member.

At the Completion of the Qualifying Transaction, the directors and officers of the Resulting Issuer as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 5,800,00 Resulting Issuer Shares, representing 40.33% of the issued and outstanding Resulting Issuer Shares. Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The Resulting Issuer's audit committee will be comprised of George Dorin, Bradley Cran and Judyanna Chen. Mr. George Dorin will be the chairperson of the audit committee. Mr. Cran and Ms. Chen are independent members and Mr. Dorin is not independent as he is the CFO and Corporate Secretary of the Issuer. All members are considered financially literate. There are no other committees of the Board at this time.

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

Management

Additional biographic information about the proposed directors and officers of the Resulting Issuer is provided below.

Hilda Sung – Happy Valley, Hong Kong – President, Chief Executive Officer, Director and Promoter

Ms. Sung, of Happy Valley, Hong Kong, age 47, has served as a director, President and Chief Executive Officer since December 2009. Ms. Sung is currently the Chief Executive Officer and director of Yongsheng Capital Inc., a capital pool company listed on the TSX Venture Exchange since March 3, 2011 and the Managing Director of China High Growth Fund Management Limited since September 2009. Ms. Sung is also presently the Managing Director of ZY Financial Investment Consultants (Shenzhen) Ltd. and Executive Director of China High Growth Fund Management Ltd. as well as the Independent Director of China Southern Futures Co. Ltd since July 2005 and Director, New Territories General Chamber of Commerce of The Hong Kong Chamber of Medium Business Ltd. since 2002. From January 2008 to October 2009, Ms. Sung was the Managing Director of Taifook Lexton Investment Consultants (Shenzhen) Ltd. Ms. Sung has been the Marketing Director of Hantec International Finance Group Limited from May 2005 to September 2007. From July 2007 to September 2009, Ms. Sung was the Director of Wealth Management of Taifook Lexton Consultants Limited.

Ms. Sung obtained a Master of Business Administration from the University of South Australia in 2002 and a Bachelor of Laws from Tsing Hua University in 2007.

Ms. Sung will devote the time necessary to perform the work required in connection with acting as President, Chief Executive Officer and a director of the Resulting Issuer. Management does not anticipate that Ms. Sung will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

George Dorin – Surrey, British Columbia – Chief Financial Officer, Corporate Secretary and Director

Mr. Dorin has 30 years of broad-based financial experience, including 15 years as a Vice-President, Finance or Chief Financial Officer for several private and public companies. As a Chief Financial Officer and contract management consultant, Mr. Dorin has been involved in a number of corporate finance transactions and has assisted companies with strategic and business planning, financial and regulatory reporting, investor relations and corporate development. Prior to his work in industry, he worked in the financial services sector as a Senior Accountant with Ernst & Whinney (now part of KPMG), as a Manager in the Corporate Finance Group and Management Consulting Group at Price Waterhouse, as an Assistant Manager at the Royal Bank of Canada, and as an Investment Advisor with Pemberton Securities (now part of RBC Dominion Securities). In 2007 and 2008 he acted as Senior Vice President of the Corporate Finance Group of Wolrige Mahon, LLP a mid-sized British Columbia-based accounting firm.

Most recently, Mr. Dorin has been providing contract corporate finance and financial management advisory services to various industrial companies and other corporate finance advisory firms through his own company, CANUS Capital Corporation. Mr. Dorin has experience serving as a Director or Chief Financial Officer for several China-related companies listed on the TSXV, including China Keli Electric Company Ltd. (director since May 2010), Yalian Steel Corp. (CFO from July 2009 to December 2009), Xianburg Data Systems Canada Corporation (CFO from November 2010 to April 2011), GLG Life Tech Corp. (CFO from May 2007 to October 2007), and HFX Holding Corp. (director since December, 2010).

Mr. Dorin earned undergraduate degrees in Science and Accounting from the University of British Columbia in 1974, a Masters Degree in Finance from the London School of Economics in England in 1987, and the Diploma FCSI (Fellow of the Canadian Securities Institute). A Chartered Accountant, he was also granted a CF (Corporate Finance) specialist designation from the Canadian Institute of Chartered Accountants in 2008.

Mr. Dorin will devote the time necessary to perform the work required in connection with acting as CFO, Corporate Secretary and a director of the Resulting Issuer. Management does not anticipate that Mr. Dorin will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Judyanna Chen – Toronto, Ontario – Director

Ms. Chen, of Toronto, Ontario, age 31, has served as a director since September 2012. Ms. Chen is a Chartered Accountant and Certified Public Accountant (Washington) and is currently the Chief Financial Officer of China Health Labs and Diagnostics Ltd., a leading diagnostic lab solution provider for the public healthcare industry in China, listed on the TSX Venture Exchange. Ms. Chen's experience includes providing assurance and compliance services for public companies in Canada and the United States in various industries including Biotechnology, Healthcare, Mining, Oil and Gas and Manufacturing. She graduated with distinction from the University of Alberta with a Bachelor of Commerce degree and has over seven years of experience as an auditor, working previously at KPMG in the public accountability team and was also a senior manager at Manning Elliott LLP.

Ms. Chen will devote the time necessary to perform the work required in connection with acting as a director of the Resulting Issuer. Management does not anticipate that Ms. Chen will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Bradley Cran – Hong Kong – Director

Mr. Cran, of Hong Kong, age 38, has served as a director of the Corporation since December 2009. Mr. Cran is currently employed at the law firm Fangda Partners in Hong Kong. He practiced corporate/commercial law at Blake, Cassels & Graydon LLP in Toronto, Canada from February 2002 to August 2009 and was subsequently employed as legal counsel at Research In Motion Limited, a wireless innovation company listed on NASDAQ and Toronto Stock Exchange. He has much experience advising public and private companies on compliance with applicable regulatory requirements and Canadian corporate laws including Chinese companies wishing to do business in Canada. Mr. Cran also has been a director of Yongsheng Capital Inc. since March 3, 2011, a capital pool company listed on the TSX Venture Exchange.

Mr. Cran obtained a Bachelor of Science from the University of Ottawa in 1996 and a J.D. from Dalhousie Law School in Halifax, Canada in 2000. Mr. Cran has been a member of the Law Society of Upper Canada (Ontario) since 2002.

Mr. Cran will devote the time necessary to perform the work required in connection with acting as a director of the Resulting Issuer. Management does not anticipate that Mr. Cran will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Yingting Guo – Surrey, British Columbia – Director

Mr. Guo has 24 years of mineral resource exploration and mining industry experience in Asia, North America and Africa. From 2001 to June 2012, Mr. Guo was a Senior Associate, and former Vice President of Behre Dolbear & Company, a worldwide mineral industry advisory firm. Mr. Guo was the Exploration Manager of China Gold

International Resources Corp., a mineral development company listed on the Toronto Stock Exchange, from 2009 to 2009, and a Consulting Geologist with China Gold International Resources Corp. from 2004 to 2006. Currently, Mr. Geo is the General Manager of Gansu Pacific Mining Company.

Mr. Guo obtained a Bachelor of Science from Nanjing University in 1982, a PhD in Geology and Exploration Engineering from the China Institute of Mining and Technology in 1987 and a diploma in Advanced Geographic Information Systems from the British Columbia Institute of Technology in 1998.

Mr. Guo will devote the time necessary to perform the work required in connection with acting as a director of the Resulting Issuer. Management does not anticipate that Mr. Guo will enter into a non-competition or nondisclosure agreement with the Resulting Issuer.

Promoters

Hilda Sung is the promoter of the Issuer in that she took the initiative in founding and organizing the Issuer, and she will continue to be the promoter of the Resulting Issuer upon Completion of the Qualifying Transaction. Ms. Sung will beneficially own, directly or indirectly, or exercise control or direction over, 5,700,000 Resulting Issuer Shares, or 39.64% of the issued and outstanding Resulting Issuer Shares on an undiluted basis, and Resulting Issuer Options to purchase an additional 50,000 Resulting Issuer Shares, all are more particularly described elsewhere in this Filing Statement. See “Stock Option Plan”, “Principal Securityholders”, “Directors, Officers and Promoters” and “Options to Purchase Securities” for additional information. Except as disclosed in this Filing Statement, Ms. Sung has not and will not receive from or provide to the Resulting Issuer anything of value, including money, property, contracts, options or rights of any kind directly or indirectly. No other person will be, or has been within the two years preceding the date of this Filing Statement, a Promoter of the Resulting Issuer.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, as at the date of this Filing Statement and within the ten years before the date of this Filing Statement, no director, officer or promoter of the Resulting Issuer is or has been a director, officer or promoter of any person or company (including the Resulting Issuer), that while that person was acting in that capacity:

(a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

(a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of such persons, has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the ABCA or other applicable corporate legislation.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term From – To
Hilda Sung	Yongsheng Capital Inc.	Exchange	President, Chief Executive Officer, Director	March 2011 to Present
	MDream Inworld Limited	Hong Kong Stock Exchange	Director	July 2004 to February 2006
George Dorin	Pyng Medical Corp.	Exchange	Chief Financial Officer	October 2009 to present
	Megal Capital Corporation	Exchange	Director	January 2011 to present
	Open EC Technologies Inc.	Exchange	Chief Financial Officer	February 2010 to present
	China Keli Electric Company Ltd.	Exchange	Director	May 2010 to present
	Xianburg Data Systems Canada Corp.	Exchange	Chief Financial Officer	November 2010 to April 2011
	HFX Holding Corp.	Exchange	Director	December 2010 to present
	Yalian Steel Corp.	Exchange	Chief Financial Officer	July 2009 to December 2009
	Cantronic Systems Corp.	Exchange	Director	March 2005 to June 2006
	GLG Life Tech Corporation	Toronto Stock Exchange NASDAQ	Chief Financial Officer	May 2007 to October 2007
	Norsat International Inc.	Toronto Stock Exchange OTCBB	Chief Financial Officer Secretary	October 2005 to September 2006
Bradley Cran	Yongsheng Capital Inc.	Exchange	Director	March 2011 to Present
Judyanna Chen	China Health Labs and Diagnostics Ltd.	Exchange	Chief Financial Officer	August 15, 2011 to Present

Name of Director, Officer or Promoter	Name of Reporting Issuer	Market	Position	Term From – To
Yingting Guo	None			

Executive Compensation

Although the Resulting Issuer may pay compensation to NEOs and other officers of the Company for their services as such, the amounts of such compensation have not been determined at this time.

Options Granted to Executive Officers

The management of the Resulting Issuer has not contemplated any grants of Resulting Issuer Options to its CEO and CFO during the 12 month period following completion of the Transaction. The 150,000 currently outstanding Resulting Issuer Options to purchase Resulting Issuer Shares will remain outstanding after Completion of the Qualifying Transaction. See "Information Concerning the Resulting Issuer – Options to Purchase Securities".

Termination of Employment, Change in Responsibilities and Employment Contracts

It is not anticipated that there will be any employment contracts between the Resulting Issuer and a Named Executive Officer in the 12 months following completion of the Transaction.

It is not anticipated that there will be any compensatory plans, contract or arrangements between the Resulting Issuer and a Named Executive Officer in the 12 months following completion of the Transaction with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer's responsibilities following a change in control of the Resulting Issuer involving an amount, where the Named Executive Officer is entitled to receive more than $100,000, including periodic payments or instalments.

Compensation of Directors

Although the Resulting Issuer may pay compensation to directors of the Company for their services as such, the amounts of such compensation have not been determined at this time.

It is not anticipated that any directors of the Resulting Issuer who are not Named Executive Officers, will receive, in the 12 months following completion of the Transaction, compensation pursuant to:

(a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as director; or

(c) any arrangement for the compensation of directors for services as consultants or experts.

Indebtedness of Directors and Officers

No director or officer of the Issuer, nor any proposed director or officer of the Resulting Issuer, is or has been indebted to the Issuer at any time.

Investor Relations Arrangements

No written or oral agreement has been reached with any person to provide promotional or investor relations activities for the Resulting Issuer.

Options to Purchase Securities

As of the date of this Filing Statement, the following table sets forth all Resulting Issuer Options to purchase securities of the Resulting Issuer that will be held upon Completion of the Qualifying Transaction:

Persons who will Receive Resulting Issuer Options (as a group)	Number of Resulting Issuer Shares Under Option	Purchase Price of Resulting Issuer Shares Under Option	Expiration Date	Market Value of Resulting Issuer Shares Under Option on the date of this Filing Statement
Executive officers (2 persons)(1)(2)	150,000	$0.10	August 6, 2015	$24,000 (4)
Directors (who are not also executive officers) (1 person)(3)	50,000	$0.10	August 6, 2015	$8,000 (4)
Total	**200,000**			

(1) Consists of Hilda Sung and Joseph Chan.

(2) Joseph Chan resigned as a director on September 29, 2012 therefore the expiration date for these Resulting Issuer Options will be 90 days after the date of resignation.

(3) Consists of Bradley Cran.

(4) Based on a market price of $0.16 per Resulting Issuer Share, being the closing price per Share on the Exchange on November 23, 2010, the last day of trading prior to the halting of trading in the Shares on December 3, 2010 in connection with a prior Qualifying Transaction, which was not completed.

Stock Option Plan

Following the Closing, the Stock Option Plan as disclosed under the heading "Information Concerning the Issuer – Stock Option Plan" will remain in effect. The shareholders of the Resulting Issuer may approve a resolution at a meeting of the shareholders of the Resulting Issuer adopting a new Stock Option Plan or amending the existing Stock Option Plan.

Escrowed Securities

It is not expected that any of the Payment Shares issued to BCGold at Closing will be held in escrow upon the completion of the Qualifying Transaction. However, certain Shares will continue to be held in escrow pursuant to the policies of the Exchange, under the CPC Escrow Agreements upon Completion of the Qualifying Transaction.

CPC Escrow Shares

The following table sets out, as at the date of this Filing Statement, the number and percentage of CPC Escrow Shares held in escrow under the CPC Escrow Agreements prior to giving effect to the Qualifying Transaction, and the number and percentage of Reporting Issuer Shares that will be held in escrow after giving effect to the Qualifying Transaction, but before giving effect to the initial release of the CPC Escrow Shares under the CPC Escrow Agreements:

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Securityholder	Designation of Class	Number of Securities Held in Escrow	Percentage of Class(1)	Number of Securities to be Held in Escrow	Percentage of class assuming completion of the Transaction(2)

Hilda Sung Happy Valley, Hong Kong	Common Shares	5,700,000	40.20%	5,700,000	39.64%
Joseph Chan Thornhill, Ontario	Common Shares	100,000	0.71%	100,000	0.70%
Bradley Cran Hong Kong	Common Shares	100,000	0.71%	100,000	0.70%
Paul Zhang Vancouver, British Columbia	Common Shares	100,000	0.71%	100,000	0.70%
Zhuo Cao Shanghai, China	Common Shares	100,000	0.71%	100,000	0.70%
Steve Isenberg Toronto, Ontario	Common Shares	80,000	0.56%	80,000	0.56%
Total		**6,180,000**	**43.60%**	**6,180,000**	**43.00%**

(1) Based on 14,180,000 Shares issued and outstanding on an undiluted basis.

(2) Based on 14,380,000 Resulting Issuer Shares issued and outstanding on an undiluted.

The CPC Escrow Shares are currently held in escrow pursuant to the CPC Escrow Agreements. The Transfer Agent is the escrow agent for the purposes of the CPC Escrow Agreements. There are 6,180,000 CPC Escrow Shares currently in escrow. At the time of Completion of the Qualifying Transaction, it is expected that each of the persons listed in the table above will hold Resulting Issuer Shares subject to escrow in the amount listed beside such persons name.

The CPC Escrow Shares are currently subject to the release schedule set out in Schedule B(1) to the Exchange's Form 2F – *CPC Escrow Agreement* and Schedule B(2) to the Exchange's Form 5D - *Value Escrow Agreement*. Pursuant to Schedule B(1) of Form 2F and Schedule B(2) of Form 5D, 10% of the CPC Escrow Shares are to be released upon the date of issuance of the Final Exchange Bulletin respecting the Transaction and an additional 15% of the CPC Escrow Shares are to be released every 6 months thereafter until all CPC Escrow Shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the Exchange as a Tier 1 Issuer, the CPC Escrow Shares will be released on an accelerated schedule, as set out in Schedule B(2) of Form 2F and Schedule B(1) of Form 5D. Pursuant to Schedule B(2) of Form 2F and Schedule B(1) of Form 5D, 25% of the CPC Escrow Shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the CPC Escrow Securities would be released every 6 months thereafter, until all CPC Escrow Shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The CPC Escrow Agreement provides that the CPC Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the CPC Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the CPC Escrow Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the CPC Escrow Shares held by the escrow shareholder will be released from escrow.

The Transfer Agent is the escrow agent for purposes of the CPC Escrow Agreement.

Auditor, Transfer Agent and Registrar

Auditor

Upon completion of the Transaction, it is intended that the Resulting Issuer's auditors will continue to be MNP LLP, Chartered Accountants, at its office at 2300, 1055 Dunsmuir Street, PO Box 49148 Vancouver, British Columbia V7X 1J1.

Transfer Agent and Registrar

The Resulting Issuer anticipates that the transfer agent and registrar for the Resulting Issuer will be Equity Financial Trust Company, located at Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1. Transfers may be recorded in Toronto, Ontario.

GENERAL MATTERS

Sponsorship

Pursuant to Policy 2.2 of the Exchange, sponsorship is generally required in conjunction with a Qualifying Transaction. The Issuer will be seeking an exemption from the sponsorship requirements of the Exchange pursuant to Section 3.4 (a)(i) of Policy 2.2 because:

(a) the Resulting Issuer will not be a Foreign Issuer;

(b) the management of the Resulting Issuer meets a high standard as the directors and officers of the Resulting Issuer collectively possess appropriate experience, qualifications and history whereby each member is suitable both on an individual basis and in relation to other members so that the board of the Resulting Issuer collectively possess:

i. a positive record with junior companies;

ii. an ability to raise financing;

iii. a positive corporate governance and regulatory history;

iv. technical experience in mining industry;

v. positive experience as directors or officers with public companies in Canada or the United States; and

vi. the Resulting Issuer has a current geological report.

Experts

The following is a list of persons or companies whose profession or business gives authority to a statement made by a person or company named in this Filing Statement as having prepared or certified a part of that document or report described in the Filing Statement:

(a) Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong;
(b) MNP LLP, Chartered Accountants; and
(c) Jean Pautler, P.Geo., the Qualified Person who prepared the Technical Report.

To the knowledge of management of the Issuer, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of the Issuer.

Other Material Facts

To management’s knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Filing Statement or are necessary for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Transaction.

Board Approval

The Board of the Issuer has approved the contents of this Filing Statement.

Conditional Listing Approval

The Exchange has conditionally accepted the Transaction subject to the Issuer fulfilling all of the requirements of the Exchange on or before January 22, 2013.

CERTIFICATION OF ISSUER

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities of Kaiyue International Inc. assuming completion of the Qualifying Transaction.

DATED this 30th day of October, 2012

KAIYUE INTERNATIONAL INC.

/s/Hilda Sung
Hilda Sung
President, Chief Executive Officer and
Director

/s/George Dorin
George Dorin
Chief Financial Officer, Corporate Secretary
and Director

On behalf of the Board of Kaiyue International Inc.

/s/Bradley Cran
Bradley Cran
Director

ACKNOWLEDGMENT – PERSONAL INFORMATION

"**Personal Information**" means any information about an identifiable individual, and includes information contained in any items in the attached filing statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Exchange Form 3B1/3B2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(s) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to Exchange Form 3B1/3B2; and

(t) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: this 30th day of October, 2012

KAIYUE INTERNATIONAL INC.

/s/Hilda Sung
Hilda Sung
President, Chief Executive Officer and Director

Schedule “A”

Audited Annual Financial Statements of the Issuer for the Years Ended December 31, 2011 and 2010

[see next page]

Kaiyue International Inc.

Financial Statements
As at and for the year ended December 31, 2011

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KAIYUE INTERNATIONAL INC.

We have audited the accompanying financial statements of Kaiyue International Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KAIYUE INTERNATIONAL INC. - continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
April 27, 2012

Kaiyue International Inc.

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As at and for the year ended December 31, 2011

Kaiyue International Inc.

Statements of Financial Position
As at December 31, 2011, December 31, 2010 and January 1, 2010
(Expressed in Canadian dollars)

	December 31, 2011 $	December 31, 2010 $	January 1, 2010 $
ASSETS			
Current assets:			
Bank and cash	1,452,384	176,841	103,982
Other receivables	2,016	-	-
Deferred transaction costs	-	-	21,000
Total assets	1,454,400	176,841	124,982
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payables and accrued liabilities	81,318	53,298	38,175
Total current liabilities	81,318	53,298	38,175
Shareholders' equity:			
Share capital (Note 8)	1,750,741	261,527	85,000
Shares to be issued	-	-	19,000
Deficits	(377,659)	(137,984)	(17,193)
Total shareholders' equity	1,373,082	123,543	86,807
Total liabilities and shareholders' equity	1,454,400	176,841	124,982

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors on April 27, 2012.

[Joseph Chan] [Hilda Sung]

Director Director

Kaiyue International Inc.

Statements of Comprehensive Loss
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	Year ended December 31, 2011 $	Year ended December 31, 2010 $
General and administrative expenses		
Bank charges	(846)	(698)
Filing fees	(101,170)	(15,750)
Professional fees	(137,546)	(104,933)
Others	(113)	-
	(239,675)	(121,381)
Other income		
Interest income	-	590
Net loss and comprehensive loss for the year	(239,675)	(120,791)
Deficit, beginning of year	(137,984)	(17,193)
Deficit, end of year	(377,659)	(137,984)
Basic and diluted loss per common share	$0.04	$0.04
Weighted average number of common shares outstanding:		
Basic and diluted	6,043,014	2,984,384

The accompanying notes are an integral part of these financial statements.

Kaiyue International Inc.

Statements of Changes in Equity
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	Share capital $	Shares to be issued $	Deficits $	Total shareholders' equity $
Balance at January 1, 2010	85,000	19,000	(17,193)	86,807
Proceed received for the shares issued during the year (Note 8)	176,527	(19,000)	-	157,527
Net loss and comprehensive loss for the year	-	-	(120,791)	(120,791)
Balance at December 31, 2010	261,527	-	(137,984)	123,543
Proceed received for the shares issued during the year (Note 8)	1,489,214	-	-	1,489,214
Net loss and comprehensive loss for the year	-	-	(239,675)	(239,675)
Balance at December 31, 2011	1,750,741	-	(377,659)	1,373,082

The accompanying notes are an integral part of these financial statements.

Kaiyue International Inc.

Statements of Cash Flows
For the years ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

	Year ended December 31, 2011 $	Year ended December 31, 2010 $
Operating activities:		
Net loss	(239,675)	(120,791)
Adjustment for:		
Interest income	-	(590)
Operating cash flows before movements in working capital	(239,675)	(106,258)
Increase in other receivables	(2,016)	-
Increase in accounts payables and accrued liabilities	28,020	15,123
	(213,671)	(105,078)
Investing activity:		
Interest received	-	590
Financing activity:		
Proceeds from issuance of shares (Note 8)	1,489,214	178,527
Net change in cash and cash equivalents	1,275,543	72,859
Cash and cash equivalents, beginning of year	176,841	103,982
Cash and cash and cash equivalents, end of year	1,452,384	176,841
Cash and cash equivalents are comprised of the following:		
Cash	-	-
Cash equivalents	1,452,384	176,841

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Kaiyue International Inc. ("Kaiyue" or the "Company") was incorporated under the Business Corporation Act of Alberta on November 23, 2009. The Company trades under the symbol KYU.P on the TSX Venture (the "Exchange"). The address of the Company's corporate office is 3500, 855 - 2 Street SW, Calgary, Alberta, Canada.

The Company is a Capital Pool Company ("CPC") as defined in the Policy 2.4 "Capital Pool Companies" of the Exchange. The Company's principal purpose is to identify and evaluate assets, properties or businesses with an aim to completing a "Qualifying Transaction" as defined in CPC policy. As at December 31, 2011, the Company has no business operations. Where a Qualifying Transaction is warranted, additional funding will be required. The ability of the Company to fund its potential future operations and commitments is dependent upon additional financing, of which the certainty cannot be determined at this time. Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company's shares from trading should it not meet these requirements.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that up to lesser of 30% of the gross proceeds or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

On December 3, 2010, the Company entered into an agreement ("Agreement") with China Easy-Pay Technology Inc. ("China Easy-Pay") and its sole shareholder Soar High Group Limited ("Soar High"), to purchase all of the issued and outstanding shares of China Easy-Pay (the "Acquisition"). The Acquisition, if completed, will constitute the Company's Qualifying Transaction under Policy 2.4 - Capital Pool Companies of the Exchange. China Easy-Pay and Soar High are at arm's length to the Company, as such, the Company anticipates that the Acquisition will not be subject to approval of the Company's shareholders.

China Easy-Pay owns 100% of Dragon Smart Technology Limited ("Dragon Smart"), a corporation incorporated under the laws of Hong Kong on January 5, 2010. Dragon Smart in turn owns 100% of Guangzhou Huahong Network Technology Company Limited ("Huahong"), a corporation incorporated under the laws of the People's Republic of China on July 25, 2005, and which is the operating subsidiary for China Easy-Pay.

1. NATURE OF OPERATIONS - continued

Huahong is a close strategic partner of China Mobile Guangdong (a subsidiary of China Mobile Limited, the largest mobile communications operator in China), and has an established, profitable and growing business, processing payments for prepaid (or pay-as-you-go) mobile phone accounts for China Mobile customers in Guangdong Province. Currently, Huahong offers top-up voucher services to its clients in Guangdong, China.

Under the terms of the Agreement, the Company will issue 14,758,000 common shares ("Acquisition Securities") to acquire 100% of the issued and outstanding shares of China Easy-Pay, which shall represent 51% of the total issued and outstanding shares of the resulting issuer immediately following the closing of the Acquisition. In the event that the Private Placement (as defined below) or any unforeseeable event shall result in 14,758,000 common shares of the Company constituting more or less than 51% of the total issued and outstanding shares of the resulting issuer immediately following the closing of the Acquisition, then the number of common shares of the Company issuable shall be adjusted so that the Acquisition Securities issuable to the Soar High shall constitute 51% of the total issued and outstanding shares of the resulting issuer immediately following closing of the Acquisition.

Upon the completion of the Acquisition, China Easy-Pay will become a wholly-owned subsidiary of the Company, the Company will carry on its business through China Easy-Pay and Huahong, and the Company will be renamed "China Easy-Pay Inc.".

The Company has also completed a non-brokered private placement of common shares to raise approximately $1,500,000, at a price of $0.15 per share (the "Private Placement"). Completion of the Private Placement will not be conditional upon completion of the Acquisition, and the Company may, subject to Exchange approval, complete the Private Placement without completing the Acquisition. On October 24, 2011, the Company has completed the non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,000 and net proceeds of $1,489,214. The shares are subject to a hold period and unless permitted under securities legislation the shares may not be traded before February 22, 2012. The Company paid a finder's fee to an agent in the amount of $11,734 or 3.5% in connection with the sale of 2,235,000 shares pursuant to the private placement. The proceeds from the private placement will be added to the Company's working capital to be used towards the completion of a qualifying transaction in accordance with the rules of the Exchange.

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011 and 2010
(Expressed in Canadian dollars)

2. BASIS OF PREPARATION

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements are prepared on a going concern basis, under the historical cost convention. All financial information is presented in Canadian dollars, except as otherwise noted.

The significant accounting policies described in note 3 set out below are consistently applied to all the periods presented.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Changeover from Canadian generally accepted accounting principles

These financial statements represent the Company's initial presentation of its results of operations and financial position under IFRS. They were prepared in accordance with IFRS 1, "First-time Adoption of IFRS", and those IFRS standards and interpretations issued by the IFRS Interpretations Committee and effective as at the time of preparing these financial statements.
The Company's annual financial statements were previously prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as set out in Part V of the Canadian Institute of Chartered Accountant Handbook. Canadian GAAP differs from IFRS in some areas. The Company's date of transition to IFRS was January 1, 2010 ("Transition Date"). The basis of accounting under IFRS has no material difference, in all respects, from the financial statements prepared by the Company in accordance Canadian GAAP as at and for the year ended December 31, 2010 and as at January 1, 2010 (the "Comparative Financial Statements"). The comparative figures of these financial statements have been extracted from the Comparative Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Interest income:

Interest income is recognized using the effective interest method.

(b) Impairment of financial assets:

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Financial assets include other receivables and deferred transaction costs. A financial asset or a group of financial assets is impaired if there is objective evidence that the estimated future cash flows of the financial asset or the group of financial assets have been negatively impacted. Evidence of impairment may include indications that debtors are experiencing financial difficulty, default or delinquency in interest or principal payments, or other observable data which indicates that there is a measurable decrease in the estimated future cash flows.

Impairment of other receivables and deferred transaction costs

If an impairment loss has occurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognized in financing expense. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If an impairment is later recovered, the recovery is credited to financing income.

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011
(Expressed in Canadian dollars)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(c) Income taxes:

The income tax expense or benefit for the reporting period consists of two components: current and deferred taxes.

The current income tax payable or recoverable is calculated using the tax rates and legislation that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recoverable in respect of prior periods.

Current tax assets and liabilities are offset when they relate to the same jurisdiction, the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are determined using the statement of financial position liability method based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. In calculating the deferred tax assets and liabilities, the tax rates used are those that have been enacted or substantively enacted by each reporting date in each of the jurisdictions and that are expected to apply when the assets are recovered or the liabilities are settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred tax liabilities are recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits, with the exception of the following items:

- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and
- Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized.

The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(c) Income taxes: - continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority on the same taxable entity and where the Company has the legal right to offset them.

Current and deferred taxes that relate to items recognized directly in equity are also recognized in equity. All other taxes are recognized in income tax expense in the statements of comprehensive income (loss).

(d) Share-based compensation:

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

(e) Financial instruments:

Management determines the classification of financial assets and financial liabilities at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and/or management's intent. Transaction costs with respect to instruments not classified as held for trading are recognized as an adjustment to the cost of the underlying instruments and amortized using the effective interest method.

The Company's financial instruments were classified in the following categories:

Financial assets

Loans and receivables, measured at amortized cost:
Cash on hand and balances at bank and other receivables

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011
(Expressed in Canadian dollars)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(e) Financial instruments: - continued

Financial liabilities

Other financial liabilities, measured at amortized cost:
Accounts payables and accrued liabilities

Derecognition of financial assets and liabilities

A financial asset is derecognized when its contractual rights to the cash flows that compose the financial asset expire or substantially all the risks and rewards of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized within finance income and finance expense respectively.

Financial instrument measurement hierarchy

All financial instruments are required to be measured at fair value on initial recognition. For those financial assets or liabilities measured at fair value at each reporting date, financial instruments and liquidity risk disclosures require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. These levels are defined below:

Level 1: determined by reference to quoted prices in active markets for identical assets and liabilities;
Level 2: valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly; and
Level 3: valuations using inputs that are not based on observable market data.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of the assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods.

(Expressed in Canadian dollars)

5. RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not early applied the following new or revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date and Transition Disclosures[3]
IFRS 9	Financial Instruments[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to IAS 12	Deferred Tax - Recovery of Underlying Assets[4]
IAS 19 (as revised in 2011)	Employee Benefits[2]
IAS 27 (as revised in 2011)	Separate Financial Statements[2]
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after July 1, 2011
[2] Effective for annual periods beginning on or after January 1, 2013
[3] Effective for annual periods beginning on or after January 1, 2015
[4] Effective for annual periods beginning on or after January 1, 2012
[5] Effective for annual periods beginning on or after July 1, 2012
[6] Effective for annual periods beginning on or after January 1, 2014

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Company's financial statements.

IFRS 7 - Financial instruments: disclosures

IFRS 7, "Financial instruments: disclosures" ("IFRS 7") was amended by the IASB in December 2011. The amendment contains new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position or subject to master netting arrangements or similar agreements. These new disclosure requirements will enable users of the financial statements to better compare financial statements prepared in accordance with IFRS and US GAAP. IFRS 7 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of this standard on its financial statements.

5. RECENT ACCOUNTING PRONOUNCEMENTS - continued

IFRS 9 - Financial instruments

IFRS 9, "Financial instruments" ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

In December 2011, the IASB issued amendments to IFRS 9 that defer the mandatory effective date to annual periods beginning on or after January 1, 2015. The amendments also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9 which was originally limited to companies that chose to apply IFRS 9 prior to 2012. Alternatively, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments. The Company is currently evaluating the impact of this standard on its financial statements.

IFRS 13 - Fair value measurement

IFRS 13, "Fair value measurement" ("IFRS 13") was issued by the IASB in May 2011. This standard clarifies the definition of fair value, requires disclosures for fair value measurement, and sets out a single framework for measuring fair value. IFRS 13 provides guidance on fair value in a single standard, replacing the existing guidance on measuring and disclosing fair value which is dispersed among several standards. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the impact of this standard on its financial statements.

IAS 1 - Presentation of financial statements

An amendment to IAS 1, "Presentation of financial statements" ("IAS 1") was issued by the IASB in June 2011. The amendment requires separate presentation for items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met, from those that would never be reclassified to profit or loss. The effective date is July 1, 2012 and earlier adoption is permitted. The Company is currently evaluating the impact of this standard on its financial statements.

(Expressed in Canadian dollars)

5. RECENT ACCOUNTING PRONOUNCEMENTS - continued

IAS 32 - Financial instruments: presentation

IAS 32, "Financial instruments: presentation" ("IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact of this standard on its financial statements.

6. CAPITAL MANAGEMENT

The primary objective of managing the Company's capital is to ensure there is sufficient available capital to support the Company's ongoing operation and ensure the Company remains in a sound financial position.

The Company considers its capital structure to consist of share capital and deficit.

	December 31, 2011 $	December 31, 2010 $	December 31, 2009 $
Share capital	1,750,741	261,527	85,000
Shares to be issued	-	-	19,000
Deficit	(377,659)	(137,984)	(17,193)
Total capital	1,373,082	123,543	86,807

The directors of the Company review the capital structure from time to time. As part of this review, the directors considered the cost of capital and the risks associate with the capital structure. The Company will balance its overall capital structure through the payment of dividends, raising new capital or debt. The Company is not subject to any externally imposed capital requirements.

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011
(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS

Fair value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for other receivables deferred transaction costs and accounts payables on the statement of financial position approximate fair value because of the short-term nature of these instruments. Cash and cash equivalents are measured at fair value.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages all liquidity risk through maintaining sufficient working capital through daily monitoring of controls, cash balances and operating results. The financial liabilities consisting of accounts payables are expected to be settled within three months. The Company had cash of $1,452,384 (December 31, 2010: $176,841 and January 1, 2010: $103,982) to settle current liabilities of $81,318 (December 31, 2010: $53,298 and January 1, 2010: $38,175).

(c) Interest Rate Risk

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011
(Expressed in Canadian dollars)

8. SHARE CAPITAL

Capital stock

The Company's common shares have no par value and the authorized share capital is composed of an unlimited number of common shares. The changes in the Company's outstanding common shares were as follows:

Issued and outstanding:

	Number of common shares	Amount $
Balance as at January 1, 2010	1,700,000	85,000
Issuance of common shares on January 6, 2010	480,000	24,000
Issuance of common shares on August 6, 2010	2,000,000	200,000
Share issuance costs on August 6, 2010	-	(47,473)
Balance as of December 31, 2010	4,180,000	261,527
Issuance of common shares on October 24, 2011	10,000,000	1,500,948
Share issuance costs on October 24, 2011	-	(11,734)
	14,180,000	1,750,741

On January 6, 2010, the Company issued 480,000 common shares to five shareholders at a price of $0.05 per share. $19,000 of the total proceeds was received in December 2009 and was recorded as shares to be issued as at December 31, 2009.

On August 6, 2010, the Company issued 2,000,000 common shares at $0.10 per share. The gross and net proceeds received from the issuance of common shares are $200,000 and $173,527, respectively. At December 31, 2009, $21,000 was incurred directly with this public issue of 2,000,000 common shares and has been charged against the share capital upon the completion of the public share issuance offering in 2010.

On October 24, 2011, the Company completed a non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,948 and net proceeds of $1,489,214.

8. SHARE CAPITAL - continued

Escrow shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture Exchange, all of the shares issued on and prior to January 6, 2010 will be held in escrow. Under the terms of the Escrow Agreement (assuming at least 75% of the securities issued pursuant to the Qualifying Transaction are "value securities"), these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

Stock options

The Company has adopted an incentive stock option plan which provides that the directors of the Company may from time to time, in their discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issue will not exceed 10% of the number of the outstanding common shares.

Such options will be exercisable for a period of up to five years after the date of grant thereof. The number of common shares reserved for issue to any individual director or officer will not exceed five percent of the number of then outstanding common shares and the number of common shares reserved for issue to all technical consultants will not exceed two per cent of the number of then outstanding common shares. Options may be exercised the greater of 12 months after completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

(Expressed in Canadian dollars)

8. SHARE CAPITAL - continued

(a) Directors' and officers' options

200,000 common shares pursuant to the exercise of the directors' and officers' options, exercisable at $0.10 per share, were granted at the closing of the Offering on August 6, 2010 and outstanding as of December 31, 2011 and 2010. These options will expire on August 6, 2015, 5 years from the date of grant.

Stock option transactions and the number of stock options outstanding as at December 31, 2011 and 2010 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Opening balance, January 1, 2010	-	-
Granted on August 6, 2010	200,000	$0.10
Exercisable, December 31, 2010 and 2011	200,000	$0.10

The management considers that the fair value of stock options granted was insignificant at the date of granting and therefore, no stock-based compensation expense is recognized during the years ended December 31, 2011 and 2010. Stock-based compensation calculations have no effect on the Company's cash position.

(b) Underwriters' options

In addition, the Company granted to the underwriters of the offering options to purchase up to 80,000 common shares at a price of $0.10 per common share and which may be exercised for a period of 24 months after the day of listing on August 12, 2010, hence expiring on August 12, 2012.

Stock option transactions and the number of stock options outstanding as at December 31, 2011 and 2010 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Opening balance, January 1, 2010	-	-
Granted on August 12, 2010	80,000	$0.10
Exercisable, December 31, 2010 and 2011	80,000	$0.10

The management considers that the fair value of stock options granted was insignificant at the date of granting and therefore, no stock-based compensation expense is recognized during the years ended December 31, 2011 and 2010.

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011
(Expressed in Canadian dollars)

9. LOSS PER SHARE

The following table presents the calculation of basis and diluted loss per common share:

	Year ended December 31, 2011 $	Year ended December 31, 2010 $
Net loss and comprehensive loss for the year	239,675	120,791
Weighted average number of common shares outstanding, basic and diluted	6,043,014	2,984,384
Basic and diluted loss per common share	0.04	0.04

Due to a net loss for the year ended December 31, 2011 and 2010, the calculation of diluted loss per common share would not be taken into all stock options as its effect would be antil-dilutive.

10. SEGMENT INFORMATION

The Company has no operations and all assets are located in Canada.

11. INCOME TAX

(a) Provision for Income Tax

A reconciliation of income tax to the amount computed by applying the current tax rate to loss for the year in the statement of comprehensive loss is as follows:

	Year ended December 31, 2011 $	Year ended December 31, 2010 $
Canadian Federal and Provincial statutory rate	26.5%	29%
Net loss for the year	(239,675)	(120,791)
Income tax recovery based on the combined Canadian Federal and Provincial statutory rate	(63,514)	(35,029)
Unrecognized benefit of non-capital loss	63,514	35,029
Income tax recovery	-	-

Kaiyue International Inc.

Notes to Financial Statements
For the year ended December 31, 2011
(Expressed in Canadian dollars)

11. INCOME TAX - continued

(b) Deferred Income Taxes

The tax effects of temporary difference that give rise to significant components of future income tax assets are as follows:

	December 31, 2011 $	December 31, 2010 $
Operating losses available for future years	103,631	40,117
Share issue cost	3,110	5,989
Valuation allowance	(106,741)	(46,106)
Net future income tax asset	-	-

At December 31, 2011, the Company had a non-capital loss for income tax purposes of $377,659 (2010: $137,984) which can be carried forward to be applied against future taxable income. The losses to the extent unutilized against future taxable income, can be carried forward indefinitely. The potential benefit of this loss has not been recognized in these financial statements as its realization is not more than likely to occur.

12. TRANSITION TO IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences may exist in certain matters of recognition, measurement and disclosure.

The accounting policies described in note 3 have been applied in preparing these financial statements for the year ended December 31, 2011 as well as the comparative information presented in the financial statement for the year ended December 31, 2010 and the opening IFRS statement of financial position at January 1, 2010.

The adoption of IFRS has had no material impact on the financial position of the Company as at December 31, 2011, December 31, 2010 and January 1, 2010.

* * * * * * *

Schedule “B”

Management’s Discussion and Analysis for the Issuer for the Years Ended December 31, 2011 and 2010

[see next page]

Kaiyue International Inc.
Management's Discussion and Analysis
For the Year Ended December 31, 2011

April 27, 2012

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Kaiyue International Inc. ("Kaiyue" or "Company) for the years ended December 31, 2011, December 31, 2010 and January 1, 2010, respectively, and the notes thereto. As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") and the following disclosure, and associated financial statements, are presented in accordance with IFRS. The comparative figures for 2010 have been restated in accordance with IFRS. All amounts are in Canadian dollars unless otherwise indicated.

Forward-looking Statements

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Such statements made by the Company are based on current expectations, factors and assumptions and reflect our expectations as at the date of this MD&A. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. The Company assumes no obligations to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason.

For a discussion of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

Overview of the Company

Kaiyue was incorporated on November 23, 2009 under the Business Corporation Act of Alberta and carries on business as a Capital Pool Company ("CPC") in accordance with Policy 2.4 of the TSX Venture Exchange. The Company completed its initial public offering of 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000 on August 6, 2010. Subsequently, its shares commenced trading on the Toronto Stock Exchange Venture ("Exchange") on August 12, 2010 under the symbol "KYU.P".

As a CPC, the principal business of the Company is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction under Exchange rules and policies. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. The Company is actively engaged in the search for a suitable Qualifying Transaction.

On December 3, 2010, the Company entered into an agreement ("Agreement") with China Easy-Pay Technology Inc. ("China Easy-Pay") and its sole shareholder, Soar High Group Limited ("Soar High"), to purchase all of the issued and outstanding shares of China Easy-Pay (the "Acquisition"). The Acquisition, if completed, will constitute the Company's Qualifying Transaction under Policy 2.4-Capital Pool Company of the Exchange. China Easy-Pay and Soar High are at arm's length to the Company, as such, the Company anticipates that the Acquisition will not be subject to approval of the Company's shareholders.

China Easy-Pay owns 100% of Dragon Smart Technology Limited ("Dragon Smart"), a corporation incorporated under the laws of Hong Kong on January 5, 2010. Dragon Smart in turn owns 100% of Guangzhou Huahong Network Technology Company Limited ("Huahong"), a corporation incorporated under the laws of the People's Republic of China on July 25, 2005, and which is the operating subsidiary for China Easy-Pay.

Huahong is a close strategic partner of China Mobile Guangdong (a subsidiary of China Mobile Limited, the largest mobile communications operator in China), and has an established, profitable and growing business, processing payments for prepaid (or pay-as-you-go) mobile phone accounts for China Mobile customers in Guangdong Province. Currently, Huahong offers Top-up Voucher Services to its clients in Guangdong, China.

Under the terms of the Agreement, the Company will issue 14,758,000 common shares ("Acquisition Securities") to acquire 100% of the issued and outstanding shares of China Easy-Pay, which shall represent 51% of the total issued and outstanding shares of the resulting issuer immediately following the closing of the Acquisition. In the event that the Private Placement (as defined below) or any unforeseeable event shall result in 14,758,000 common shares of the Company constituting more or less than 51% of the total issued and outstanding shares of the resulting issuer immediately following the closing of the Acquisition, then the number of common shares of the Company issuable shall be adjusted so that the Acquisition Securities issuable to Soar High shall constitute 51% of the total issued and outstanding shares of the resulting issuer immediately following closing of the Acquisition.

Upon the completion of the Acquisition, China Easy-Pay will become a wholly-owned subsidiary of the Company, the Company will carry on its business through China Easy-Pay and Huahong, and the Company will be renamed "China Easy-Pay Inc.".

Subsequent to the initial announcement, the Company filed its initial submission with the Exchange in February 2011 and received the Exchange's initial comments. The Company filed its udpated submission with the Exchange in February 2012 and received further comments from the Exchange. The Company is working with its legal counsel and sponsors to adress Exchange's comments. The Company is also working with China Easy-Pay and its auditors to complete the updated financial statements required for inclusion in the filing statement, and expects to file its revised submission with the Exchange shortly following the completion of the financial statements.

On October 24, 2011, the Company announced that it has completed its previously announced non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,948 and net proceeds of $1,489,214. The shares are subject to a hold period and unless permitted under securities legislation the shares may not be traded before February 22, 2012. The Company paid a finder's fee to an agent in the amount of $11,734 or 3.5% in connection with the sale of 2,235,000 shares pursuant to the private placement. The proceeds from the private placement will be added to the Company's working capital to be used towards the completion of a qualifying transaction in accordance with the rules of the Exchange.

Selected Annual Information

The following chart summarizes selected financial information:

	Year ended December 31, 2011	Year ended December 31, 2010
Total assets	$ 1,454,400	$ 176,841
Total long-term liabilities	$ -	$ -
Net loss	$239,675	$120,791
Basic and diluted loss per share	$0.04	$ 0.04

The Company is a CPC and has no business operations. The Company has no sales revenue. Until such time as the Company completes the Qualifying Transaction as required by the Exchange, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to complete due diligence on the target company or to identify and evaluate other potential business opportunities.

Results of Operations

For the year ended December 31, 2011, the Company incurred a loss of $239,675 compared with a loss of $120,791 for 2010. The higher losses were mainly due to the expenses incurred in relation to the proposed qualifying transaction. The basic and diluted loss per share was $0.04 for 2011 compared with $0.04 for 2010.

Summary of Quarterly Results

The below table summarizes the results of the Company by quarter.

	Quarter Ended 31-Dec-11	Quarter Ended 30-Sep-11	Quarter Ended 30-Jun-11	Quarter Ended 31-Mar-11	Quarter Ended 31-Dec-10	Quarter Ended 30-Sep-10	Quarter Ended 30-Jun-10

Loss for the period ($)	72,286	102,489	13,108	51,793	96,794	587	8,533
Loss per Share - Basic & Diluted ($)	0.01	0.04	0.00	0.01	0.02	0.00	0.00
Weighted average number of common shares outstanding - Basic & Diluted	11,571,304	4,180,000	4,180,000	4,180,000	4,180,000	3,397,391	2,180,000

Liquidity and Capital Resources

As at December 31, 2011, the Company has a cash balance of $1,452,384. Management believes that the cash balance is sufficient to meet its working capital and contractual obligations for the year ending December 31, 2012.

The Company has no operating income. The proceeds raised are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction. However, if the Company identifies a target business, asset or property as its Qualifying Transaction, it is anticipated and highly probable that the Company will have to seek additional financing.

There is no assurance that the Company will be able to identify a suitable Qualifying Transaction. Furthermore, even if a Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction.

Capital Stock

As at December 31, 2011, the Company had 14,180,000 common shares issued and outstanding. As at April 27, 2012, the Company had 14,180,000 common shares issued and outstanding. The increase is primarily due to the private placement closed on October 24, 2011, which strengthened the Company's capital structure.

On August 6, 2010, Company granted 200,000 stock options to certain directors and officers pursuant to the Company's option plan to purchase up to 200,000 common shares at a price of $0.10 per common share. These options were outstanding as of December 31, 2011, and will expire on August 6, 2015.

On August 12, 2010, Company granted 80,000 offering options to underwriters to purchase up to 80,000 common shares at a price of $0.10 per common share. These options were outstanding as of December 31, 2011, and will expire on August 12, 2012.

Off-Balance Sheet Arrangements

As at December 31, 2011, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

As at December 31, 2011, there was no transaction during the period and there is no balance due to or from related parties.

Financial Instruments

The Company's approach in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. The Company is not exposed to significant credit, liquidity or market risk. The carrying value of cash and accounts payable and accrued liabilities reflected in the condensed statement of financial position approximate fair value due to the limited term of these instruments.

Risks and Uncertainties

The Company has no active business. The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the Qualifying Transaction. It is possible the Company may never generate earnings or be in a position to pay dividends. The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.

The Company has only limited funds available to identify and evaluate potential Qualifying Transactions and thereby cannot provide assurance the Company will be able to identify or complete a suitable Qualifying Transaction. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses for the purpose of completing the Qualifying Transaction.

Critical Accounting Estimates

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses reported each period. Each of these estimates varies with respect to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the financial statements of future periods.

International Financial Reporting Standards

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain matters of recognition, measurement and disclosure.

The accounting policies described in the Company's financial statements have been applied in preparing these financial statements for the year ended December 31, 2011 as well as the comparative information presented in the financial statement for the year ended December 31, 2010 and the opening IFRS statement of financial position at January 1, 2010.

The adoption of IFRS has had no material impact on the financial position of the Company as at December 31, 2011, December 31, 2010 and January 1, 2010.

Change in Accounting Policies

There are no changes in accounting policies adopted by the Company during the year ended December 31, 2011

New Accounting Pronouncements

The Company has not early applied the following new and revised standards, amendments that have been issued by the IASB but are not yet effective.

Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to IFRS 1	Government Loans[2]
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012

[6] Effective for annual periods beginning on or after 1 January 2014

The Company is currently assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

Schedule "C"

Interim Financial Statements of the Issuer for the Periods Ended June 30, 2012 and 2011

[see next page]

KAIYUE INTERNATIONAL INC.

Condensed Interim Financial Statements
Six Months Ended June 30, 2012
(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Kaiyue International Inc. (A Capital Pool Company)

Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	June 30 2012 $	December 31, 2011 $
ASSETS		
Current assets:		
Cash and cash equivalents	1,305,647	1,452,384
Other receivables	2,142	2,016
Total assets	1,307,789	1,454,400
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payables and accrued liabilities	34,902	81,318
Total current liabilities	34,902	81,318
Shareholders' equity:		
Share capital (Note 8)	1,750,741	1,750,741
Deficits	(477,854)	(377,659)
Total shareholders' equity	1,272,887	1,373,082
Total liabilities and shareholders' equity	1,307,789	1,454,400

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors on August 29, 2012.

[Joseph Chan]	[Hilda Sung]
Director	Director

Kaiyue International Inc. (A Capital Pool Company)

Unaudited Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
	$	$	$	$
General and Administrative Expenses				
Bank charges	(225)	(204)	(418)	(495)
Filing fees	(7,173)	(4,644)	(26,066)	(20,944)
Professional fees	(12,298)	(8,147)	(73,416)	(43,349)
Telephone fees	(295)	(113)	(295)	(113)
	(19,991)	(13,108)	(100,195)	(64,901)
Net loss and comprehensive loss for the period	(19,991)	(13,108)	(100,195)	(64,901)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.02)
Weighted average number of common shares outstanding				
Basic & Diluted	14,180,000	4,180,000	14,180,000	4,180,000

The accompanying notes are an integral part of these financial statements.

Kaiyue International Inc. (A Capital Pool Company)

Unaudited Condensed Interim Statements of Changes in Equity
(Expressed in Canadian dollars)

	Number of common shares	Share capital $	Deficits $	Total shareholders' equity $
Balance at January 1, 2011	4,180,000	261,527	(137,984)	123,543
Net loss for the period	-	-	(64,901)	(64,901)
Balance at June 30, 2011	4,180,000	261,527	(202,885)	58,642
Balance at January 1, 2012	14,180,000	1,750,741	(377,659)	1,373,082
Net loss for the period	-	-	(100,195)	(100,195)
Balance at June 30, 2012	14,180,000	1,750,741	(477,854)	1,272,887

The accompanying notes are an integral part of these financial statements.

Kaiyue International Inc. (A Capital Pool Company)

Unaudited Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars)

	Six months ended June 30, 2012 $	Six months ended June 30, 2011 $
Operating activities:		
Net loss	(100,195)	(64,901)
Operating cash flows before movements in working capital	(100,195)	(64,901)
Increase in other receivables	(125)	-
Decrease in accounts payables and accrued liabilities	(46,417)	(26,482)
	(146,737)	(91,383)
Financing activity:		
Proceeds received for shares to be issued	-	530,035
Net change in cash and cash equivalents	(146,737)	438,652
Cash and cash equivalents, beginning of period	1,452,384	176,841
Cash and cash and cash equivalents, end of period	1,305,647	615,493
Cash and cash equivalents are comprised of the following:		
Cash	1,305,647	615,493
Cash equivalents	-	-
Supplemental cash flow information		
Interest received	-	-
Income tax paid	-	-

The accompanying notes are an integral part of these financial statements.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the six months ended June 30, 2012
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Kaiyue International Inc. ("Kaiyue" or the "Company") was incorporated under the Business Corporation Act of Alberta on November 23, 2009. The Company trades under the symbol KYU.P on the TSX Venture (the "Exchange"). The principal address and registered and records office of the Company is located at 3500, 855 - 2 Street SW, Calgary, Alberta, Canada.

The Company is a Capital Pool Company ("CPC") as defined in the Policy 2.4 "Capital Pool Companies" of the Exchange. The Company's principal purpose is to identify and evaluate assets, properties or businesses with an aim to completing a "Qualifying Transaction" as defined in CPC policy. As at June 30, 2012, the Company has no business operations, where a Qualifying Transaction is warranted, additional funding will be required. The ability of the Company to fund its potential future operations and commitments is dependent upon additional financing, of which the certainty cannot be determined at this time. Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company's shares from trading should it not meet these requirements.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that up to lesser of 30% of the gross proceeds or $210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

On December 3, 2010, the Company entered into an agreement ("Agreement") with China Easy-Pay Technology Inc. ("China Easy-Pay") and its sole shareholder Soar High Group Limited ("Soar High"), to purchase all of the issued and outstanding shares of China Easy-Pay (the "Acquisition"). The Acquisition, as contemplated would have constituted the Company's Qualifying Transaction under Policy 2.4 - Capital Pool Companies of the Exchange.

On October 24, 2011, the Company announced that it had completed its previously announced non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,948 and net proceeds of $1,489,214. The shares were subject to a hold period and unless permitted under securities legislation the shares could not be traded before February 22, 2012. The Company paid a finder's fee to an agent in the amount of $11,734 or 3.5% in connection with the sale of 2,235,000 shares pursuant to the private placement. The proceeds from the private placement have been added to the Company's working capital to be used towards the completion of a Qualifying Transaction in accordance with the rules of the Exchange.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS - continued

On June 22, 2012, the Company announced that it would not proceed with the proposed acquisition of China Easy-Pay from Soar High. The Agreement was terminated persuant to its terms.

The Company has since been actively identifying and evaluating potential assets, properties or businesses with an aim to completing a "Qialifying Transaction" as defined in CPC policy as soon as practicable.

On August 10, 2012, the Company announced that it has entered into a letter agreement with BCGold Corp. ("BCGold") pursuant to which BCGold has agreed to grant the Company an option to acquire up to 70% of its 100% interest in and to 76 mineral claims known as the Toe Property located in Yukon. The Transaction is intended to be the Company's "Qualifying Transaction" as that term is defined in Policy 2.4 of the TSX Venture Exchange. See Note 10 "Subsequent Event" for details of this transaction.

The Company is a CPC and has no business operations. The Company has no sales revenue. Until such time as the Company completes the Qualifying Transaction as required by the Exchange, corporate expenditure will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to complete due diligence on the target company or to identify and evaluate other potential business opportunities.

2. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC") adopted by the International Accounting Standards Board ("IASB").

The financial statements are prepared on a going concern basis, under the historical cost convention. All financial information is presented in Canadian dollars, except as otherwise noted.

The significant accounting policies described in note 3 set out below are consistently applied to all the periods presented.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At year-end, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized in profit and loss.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Income taxes:

The income tax expense or benefit for the reporting period consists of two components: current and deferred taxes.

The current income tax payable or recoverable is calculated using the tax rates and legislation that have been enacted or substantively enacted at each reporting date in each of the jurisdictions and includes any adjustments for taxes payable or recoverable in respect of prior periods.

Current tax assets and liabilities are offset when they relate to the same jurisdiction, the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are determined using the asset and liability method based on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. In calculating the deferred tax assets and liabilities, the tax rates used are those that have been enacted or substantively enacted by each reporting date in each of the jurisdictions and that are expected to apply when the assets are recovered or the liabilities are settled. Deferred income tax assets and liabilities are presented as non-current.

Deferred tax liabilities are recognized on all taxable temporary differences, and deferred tax assets are recognized on all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits, with the exception of the following items:

- Initial recognition of goodwill;
- Temporary differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and has no impact on either accounting profit or taxable profit; and
- Differences relating to investments in subsidiaries or associates, to the extent that they probably will not reverse in the foreseeable future and their timing of the reversal can be controlled

Deferred tax assets are only recognized to the extent that it is probable that sufficient taxable profits exist in future periods against which the deductible temporary differences can be utilized.

The probability that sufficient taxable profits exist in future periods against which the deferred tax assets can be utilized is reassessed at each reporting date. The amount of deferred tax assets recognized is adjusted accordingly.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(a) Income taxes: (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority on the same taxable entity and where the Company has the legal right to offset them.

Current and deferred taxes that relate to items recognized directly in equity are also recognized in equity. All other taxes are recognized in income tax expense in the statements of comprehensive income (loss).

(b) Share-based payment transactions:

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

(c) Financial instruments:

i. Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(c) Financial instruments: (continued)

- Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents is classified as FVTPL.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment. There was no loans and receivables financial asset as of June 30, 2012 and December 31, 2011.

- Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in equities of other entities. Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss. There was no available-for-sale financial asset as of June 30, 2012 and December 31, 2011.

ii. Financial liabilities

The Company classifies its financial liabilities in the following categories: FVTPL and other financial liabilities.

- Financial liabilities at FVTPL

Financial liabilities at FVTPL comprise derivative or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. There was no financial liability at FVTPL as of June 30, 2012 and December 31, 2011.

- Other financial liabilities

Other financial liabilities are financial liabilities not designated as FVTPL and recognized at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(c) Financial instruments: (continued)

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of each reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

v. Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

vi. Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

(c) Financial instruments: (continued)

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income (loss).

(d) Earnings (loss) per share

Basic earnings (loss) per share is based on the income attributable to equity holders of the parent for the period divided by the weighted average number of common shares outstanding during the period. The diluted net income per share is based on the weighted average number of common shares outstanding during the period plus the effects of dilutive share equivalents. Diluted earnings (loss) per share is determined by adjusting the income or loss attributable to equity holders of the parent by the weighted average number of common shares outstanding plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

- Recovery of deferred tax assets: judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impaired.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

- IFRS 9 'Financial Instruments: Classification and Measurement' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
- IFRS 11 'Joint Arrangements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.
- IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 'Fair Value Measurement' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.
- IAS 27 'Separate Financial Statements'– as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- IAS 28 'Investments in Associates and Joint Ventures' – as a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.
- IAS 1 'Presentation of Financial Statements' – the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.
- IAS 19 'Employee Benefits' – a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

6. CAPITAL MANAGEMENT

The primary objective of managing the Company's capital is to ensure there is sufficient available capital to support the Company's ongoing operation and ensure the Company remains in a sound financial position.

The Company considers its capital structure to consist of share capital, net of deficits.

	June 30, 2012 $	December 31, 2011 $
Share capital	1,750,741	1,750,741
Shares to be issued	-	-
Deficits	(477,854)	(377,659)
Total capital	1,272,887	1,373,082

The directors of the Company review the capital structure from time to time. As part of this review, the directors considered the cost of capital and the risks associate with the capital structure. The Company is not subject to any externally imposed capital requirements.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS

Fair value

All financial instruments are required to be measured at fair value on initial recognition. For those financial assets or liabilities measured at fair value at each reporting date, financial instruments and liquidity risk disclosures require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. These levels are defined below:

Level 1: determined by reference to quoted prices in active markets for identical assets and liabilities;
Level 2: valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly; and
Level 3: valuations using inputs that are not based on observable market data.

The Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	June 30, 2012
Cash and cash equivalents	$ 1,305,647	$ -	$ -	$ 1,305,647

	Level 1	Level 2	Level 3	December 31, 2011
Cash and cash equivalents	$ 1,452,384	$ -	$ -	$ 1,452,384

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accounts payables and accrued liabilities on the statement of financial position approximate fair value because of the short-term nature of these instruments.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS (continued)

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash held with banks as well as credit exposure on outstanding amount receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The credit risk on cash and cash equivalents is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages all liquidity risk through maintaining sufficient working capital through daily monitoring of controls, cash balances and operating results. The financial liabilities consisting of accounts payables and accrued liabilities are expected to be settled within three months.

(c) Interest Rate Risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The Company has no interest-bearing investment and is not exposed to any significant interest rate risk.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

8. SHARE CAPITAL

Capital stock

The Company's common shares have no par value and the authorized share capital is composed of an unlimited number of common shares.

On October 24, 2011, the Company completed a non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,948 and net proceeds of $1,489,214.

There was no common share issued in the six months ended June 30, 2012.

Escrow shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture Exchange, all of the shares issued on and prior to January 6, 2010 will be held in escrow. Under the terms of the Escrow Agreement (assuming at least 75% of the securities issued pursuant to the Qualifying Transaction are "value securities"), these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

Stock options

The Company has adopted an incentive stock option plan which provides that the directors of the Company may from time to time, in their discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issue will not exceed 10% of the number of the outstanding common shares.

(Expressed in Canadian dollars)

8. SHARE CAPITAL - continued

Such options will be exercisable for a period of up to five years after the date of grant thereof. The number of common shares reserved for issue to any individual director or officer will not exceed five percent of the number of then outstanding common shares and the number of common shares reserved for issue to all technical consultants will not exceed two per cent of the number of then outstanding common shares. Options may be exercised the greater of 12 months after completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

(a) Directors' and officers' options

There was no option granted during the six months ended June 30, 2012 and 2011:

Stock option transactions and the number of stock options outstanding as at December 31, 2011 and June 30, 2012 are summarized as follows:

A summary of the stock options issued to directors and officers outstanding an exercisable is as follows as at June 30, 2012:

	June 30, 2012	December 31, 2011
Number of options outstanding	200,000	200,000
Weighted average exercise price	$0.10	$0.10
Weighted average remaining life	3.10	3.10
Number of options exercisable	200,000	200,000
Weighted average price of exercisable options	$0.10	$0.10

(b) Underwriters' options

There was no option granted during the six months ended June 30, 2012 and 2011:

A summary of the underwriters' options issued to underwriters outstanding and exercisable is as follows as at June 30, 2012:

	June 30, 2012	December 31, 2011
Number of options outstanding	80,000	80,000
Weighted average exercise price	$0.10	$0.10
Weighted average remaining life	0.12	0.12
Number of options exercisable	80,000	80,000
Weighted average price of exercisable options	$0.10	$0.10

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

9. SEGMENT INFORMATION

The Company has no operations and all assets are located in Canada.

10. SUBSEQUENT EVENTS

On August 10, 2012, the Company announced that it has entered into a letter agreement (the "Letter Agreement") with BCGold pursuant to which BCGold has agreed to grant the Company an option to acquire up to 70% of its 100% interest in and to 76 mineral claims known as the Toe Property located in Yukon (the "Transaction"). The Transaction is intended to be the Company's "Qualifying Transaction" as that term is defined in Policy 2.4 of the TSX Venture Exchange. The Transaction will be carried out by parties dealing at arm's length to one another and no non-arm's length parties of the Company have any direct or indirect interest in the Toe Property. In order to acquire a 60% interest in the Toe Property, the Company will be required to:

(a) pay to BCGold an aggregate of $255,000 as follows:
   - (i) $25,000, upon signing of the Letter Agreement;
   - (ii) $25,000 on or before the date which is one year from receipt of final approval (the "Final Approval") from the TSX-V for the Transaction;
   - (iii) $55,000 on or before the date which is two years from receipt of the Final Approval,
   - (iv) $50,000 on or before the date which is three years from receipt of the Final Approval, and
   - (v) $100,000 on or before the date which is four years from receipt of the Final Approval;

(b) incur exploration expenditures of at least $1,900,000 on the Toe Property on or before the fourth anniversary of receipt of the Final Approval, as follows:
   - (i) $200,000 before the date which is one year from receipt of the Final Approval,
   - (ii) $400,000 before the date which is two years from receipt of the Final Approval,
   - (iii) $650,000 before the date which is three years from receipt of the Final Approval, and
   - (iv) $650,000 before the date which is four years from receipt of the Final Approval; and

(c) allot and issue to BCGold, as fully paid and non-assessable, an aggregate of 400,000 common shares of the Company (each, a "Share"), as follows:
   - (i) 100,000 Shares upon receipt of the Final Approval,
   - (ii) 100,000 Shares on or before the date which is one year from receipt of the Final Approval, and
   - (iii) 200,000 Shares on or before the date which is two years from receipt of the Final Approval.

The Company intends to use its working capital to make the cash payments required under the Letter Agreement. The Company can earn an additional 10% interest in the Toe Property by completing a feasibility study on or before the date which is four years from the receipt of the Final Approval.

Kaiyue International Inc. (A Capital Pool Company)

Notes to Unaudited Interim Condensed Financial Statements
For the quarter ended June 30, 2012
(Expressed in Canadian dollars)

10. SUBSEQUENT EVENTS (continued)

At the closing of the Transaction, the Company will enter into a royalty agreement with BCGold whereby the Company will grant BCGold an aggregate 2.5% net smelter returns royalty with respect to production of all precious metals from the Toe Property.

Schedule "D"

Management's Discussion and Analysis for the Issuer for the Periods Ended June 30, 2012 and June 30, 2011

[see next page]

Kaiyue International Inc.
Management's Discussion and Analysis
For the Six Months Ended June 30, 2012

August 29, 2012

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim condensed financial statements of Kaiyue International Inc. ("Kaiyue" or the "Company) for the period ended June 30, 2012, and the audited financial statements of Kaiyue for the year ended December 31, 2011 and the notes thereto. All amounts are in Canadian dollars unless otherwise indicated.

Forward-looking Statements

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Such statements made by the Company are based on current expectations, factors and assumptions and reflect our expectations as at the date of this MD&A. Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize. The Company assumes no obligations to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason.

For a discussion of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

Overview of the Company

Kaiyue was incorporated on November 23, 2009 under the Business Corporation Act of Alberta and carries on business as a Capital Pool Company ("CPC") in accordance with Policy 2.4 of the TSX Venture Exchange. The Company completed its initial public offering of 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000 on August 6, 2010. Subsequently, its shares commenced trading on the Toronto Stock Exchange Venture ("Exchange") on August 12, 2010 under the symbol "KYU.P".

As a CPC, the principal business of the Company is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction under Exchange rules and policies. Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. The Company is actively engaged in the search for a suitable Qualifying Transaction.

On December 3, 2010, the Company entered into an agreement ("Agreement") with China Easy-Pay Technology Inc. ("China Easy-Pay") and its sole shareholder, Soar High Group Limited ("Soar High"), to purchase all of the issued and outstanding shares of China Easy-Pay (the "Acquisition"). The Acquisition, as contemplated, would have constituted the Company's Qualifying Transaction under Policy 2.4-Capital Pool Company of the Exchange.

On October 24, 2011, the Company announced that it had completed its previously announced non-brokered private placement with certain accredited investors, pursuant to which such investors purchased an aggregate of 10,000,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $1,500,948 and net proceeds of $1,489,214. The shares were subject to a hold period and unless permitted under securities legislation the shares could not be traded before February 22, 2012. The Company paid a finder's fee to an agent in the amount of $11,734 or 3.5% in connection with the sale of 2,235,000 shares pursuant to the private placement. The proceeds from the private placement have been added to the Company's working capital to be used towards the completion of a Qualifying Transaction in accordance with the rules of the Exchange.

On June 22, 2012, the Company after a lengthy review announced that it would not proceed with the proposed acquisition of China Easy-Pay from Soar High. The Agreement was terminated pursuant to its terms.

The Company has since been actively identifying and evaluating potential assets, properties or businesses with an aim to completing a Qualifying Transaction as soon as practicable.

On August 10, 2012, the Company announced that it has entered into a letter agreement (the "Letter Agreement") with BCGold pursuant to which BCGold has agreed to grant the Company an option to acquire up to 70% of its 100% interest in and to 76 mineral claims known as the Toe Property located at Yukon (the "Transaction"). The Transaction is intended to be the Company's "Qualifying Transaction" as that term is defined in Policy 2.4 of the TSX Venture Exchange. The Transaction will be carried out by parties dealing at arm's length to one another and no non-arm's length parties of the Company have any direct or indirect interest in the Toe Property. In order to acquire a 60% interest in the Toe Property, the Company will be required to:

(a) pay to BCGold an aggreate of $255,000 as follows:
    (i) $25,000 upon signing of the Letter Agreement;
    (ii) $25,000 on or before the date which is one year from receipt of final approval (the "Final Approval") from the TSX-V for the Transaction;
    (iii) $55,000 on or before the date which is two years from receipt of the Final Approval;
    (iv) $50,000 on or before the date which is three years from receipt of the Final Approval; and
    (v) $100,000 on or before the date which is four years from receipt of the Final Approval;
(b) incur exploration expenditure of at least $1,900,000 on the toe Property on or before the fourth anniversary of receipt of the Final Approval, as follows:
    (i) $200,000 before the date which is one year from receipt of the Final Approval;;

   - (ii) \$400,000 on or before the date which is two year from receipt of the Final Approval;
   - (iii) \$650,000 on or before the date which is three years from receipt of the Final Approval;
   - (iv) \$650,000 on or before the date which is four years from receipt of the Final Approval, and

(c) allot and issue to BCGold as fully paid and non-assessable an aggregate of 400,000 common shares of the Company(each, a "Share") as follows:
   - (i) 100,000 Shares upon receipt of the Final Approval;
   - (ii) 100,000 Shares on or before the date which is one year from receipt of the Final Approval;
   - (iii) 200,000 Shares on or before the date which is two years from the date of receipt of the Fianl Approval.

The Company intends to use its working capital to make the cash payments required under the Letter Agreement. The Company can earn an additional 10% interest in the Toe Property by completing a feasibility study on or before the date which is four years from the receipts of the Final Approval.

At the closing of the Transaction, the Company will enter into a rolyaty agreement with BCGold whereby the Company will grant BCGold an aggregate of 2.5%net smelter returns royalty with respect to production of all precious metals from the Toe Property.

The Company is a CPC and has no business operations. The Company has no sales revenue. Until such time as the Company completes the Qualifying Transaction as required by the Exchange, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to complete due diligence on the target company or to identify and evaluate other potential business opportunities.

Results of Operations

For the three months ended June 30, 2012, the Company incurred a loss of \$19,991 compared with a loss of \$13,108 for the comparative period of last year. The higher losses were mainly due to the professional fees of \$12,298 (2011 \$8,147) and filing fees of \$7,173 (2011 \$4,644). The basic and diluted loss per share was \$0.00 for the three months ended June 30, 2012 compared with \$0.00 for the comparative period of 2011.

For the six months ended June 30, 2012, the Company incurred a loss of \$100,195 compared with a loss of \$64,901 for the comparative period of last year. The higher losses were mainly due to the professional fees of \$73,416 (2011 \$43,349), filing fees of \$26,066 (2011 \$20,944). The basic and diluted loss per share was \$0.01 for the six months ended June 30, 2012 compared with \$0.02 for the comparative period of 2011.

Summary of Quarterly Results

The below table summarizes the results of the Company by quarter.

	Quarter Ended 30-Jun-12	Quarter Ended 31-Mar-12	Quarter Ended 31-Dec-11	Quarter Ended 30-Sep-11	Quarter Ended 30-Jun-11	Quarter Ended 31-Mar-11	Quarter Ended 31-Ded-10	Quarter Ended 30-Sep-10
Loss for the period ($)	19,991	80,204	72,285	102,489	13,108	51,793	96,794	587
Loss per Share - Basic & Diluted ($)	0.00	0.01	0.01	0.04	0.00	0.01	0.02	0.00
Weighted average number of common shares outstanding - Basic & Diluted	14,180,000	14,180,000	11,571,304	4,180,000	4,180,000	4,180,000	4,180,000	3,397,391

Cash flows

The following table sets forth a condensed summary of our statements of cash flows for the six months ended June 30, 2012 and 2011:

	2012	2011
Net cash flows used in operating activities	$ (146,737)	$ (91,383)
Net cash flows from financing activities	-	530,035
Net decrease in cash and cash equivalents	$ (146,737)	$ 438,652

Liquidity and Capital Resources

As at June 30, 2012, the Company has cash and cash equivalents balance of $1,305,647. Management believes that the cash and cash equivalents balance is sufficient to meet its working capital and contractual obligations for the year ending December 31, 2012.

The Company has no operating income. The proceeds raised are expected to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to complete a Qualifying Transaction. However, if the Company identifies a target business, asset or property as its Qualifying Transaction, it is anticipated and highly probable that the Company will have to seek additional financing.

There is no assurance that the Company will be able to identify a suitable Qualifying Transaction. Furthermore, even if a Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction.

Capital Stock

As at June 30, 2012, the Company had 14,180,000 common shares issued and outstanding. As at August 29, 2012, the Company had 14,180,000 common shares issued and outstanding.

On August 6, 2010, Company granted 200,000 stock options to certain directors and officers pursuant to the Company's option plan to purchase up to 200,000 common shares at a price of $0.10 per common share. These options were outstanding as of June 30, 2012 and August 16, 2012, and will expire on August 6, 2015.

On August 12, 2010, Company granted 80,000 offering options to underwriters to purchase up to 80,000 common shares at a price of $0.10 per common share. These options were outstanding as of June 30, 2012 and expired on August 16, 2012.

Off-Balance Sheet Arrangements

As at June 30, 2012, the Company had no off-balance sheet arrangements.

Transactions with Related Parties

There was no transaction during the period and there is no balance due to or from related parties as at June 30, 2012.

Financial Instruments

The Company's approach in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. The Company is not exposed to significant credit, liquidity or market risk. The carrying value of cash and cash equivalents and accounts payable and accrued liabilities reflected in the condensed interim statement of financial position approximate fair value due to the short term nature of these instruments.

Risks and Uncertainties

The Company has no active business. The Company does not have a history of earnings, nor has it paid any dividends, and will not be in a position to generate earnings or pay dividends until at least after completion of the Qualifying Transaction. It is possible the Company may never generate earnings or be in a position to pay dividends. The directors and officers of the Company will only devote part of their time and efforts to the affairs of the Company.

The Company has only limited funds available to identify and evaluate potential Qualifying Transactions and thereby cannot provide assurance the Company will be able to identify or complete a suitable Qualifying Transaction. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets or businesses for the purpose of completing the Qualifying Transaction.

Critical Accounting Estimates

The preparation of the financial statements in conformity with IFRS, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed below:

- Recovery of deferred tax assets: judgement is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impaired.

Change in Accounting Policies

There are no changes in accounting policies adopted by the Company during the period ended June 30, 2012

New Accounting Pronouncements

The Company has not early applied the following new and revised standards, amendments that have been issued by the IASB but are not yet effective.

Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to IFRS 1	Government Loans[2]
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]

Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

The Company is currently assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

Schedule "E"

Audited Annual Financial Statements of the Issuer for the period from inception (November 23, 2009) to December 31, 2009

[see next page]

AUDITORS' CONSENT

We have read the filing statement of Kaiyue International Inc. (the "Company") dated October 30, 2012 relating to the proposed qualifying transaction of the Company. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the use in the above-mentioned filing statement of our report to the directors of the Company on the balance sheet of the Company as at December 31, 2009, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from incorporation on November 23, 2009 to December 31, 2009. Our report is dated January 6, 2010, except as to note **7** which is dated January 11, 2010.

Signed: ***"MSCM LLP"***

Toronto, Canada
October 30, 2012

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

AUDITORS' REPORT

To the Directors of
Kaiyue International Inc.
(A Capital Pool Company)

We have audited the balance sheet of Kaiyue International Inc. (A Capital Pool Company) as at December 31, 2009 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from November 23, 2009 (date of incorporation) to December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the period from November 23, 2009 (date of incorporation) to December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Signed:

"MSCM LLP"
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
January 6, 2010
(except for note 7, which is dated January 11, 2010)

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Balance Sheet
(Expressed in Canadian Dollars)
December 31, 2009

Assets		
Current		
Cash	$	**103,982**
Deferred transaction costs		**21,000**
	$	**124,982**
Liabilities		
Current		
Accounts payable and accrued liabilities	$	**38,175**
Shareholders' equity		
Share capital (note 3)		**85,000**
Shares to be issued (note 3)		**19,000**
Deficit		**(17,193)**
		86,807
	$	**124,982**

Nature of operations (note 1)

Approved by the board of directors:

"Joseph Chan"
Director

"Paul Zhang"
Director

The accompanying notes are an integral part of the financial statements.

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
period from November 23 to December 31, 2009

Expenses		
Incorporation costs and filing fees	**$**	**10,113**
Professional fees		**7,062**
Bank charges		**18**
Net loss and comprehensive loss for the period	**$**	**17,193**
Loss per share – basic and diluted	**$**	**0.20**
Weighted average shares outstanding		**87,179**

The accompanying notes are an integral part of the financial statements.

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Statement of Changes in Shareholders' Equity
period from November 23 to December 31, 2009

Share capital		
Balance, beginning of period	$	-
Proceeds from issuance of shares		85,000
Balance, end of period	$	85,000
Shares to be issued		
Balance, beginning of period	$	-
Proceeds received for the shares to be issued		19,000
Balance, end of period	$	19,000
Deficit		
Balance, beginning of period	$	-
Net loss		(17,193)
Balance, end of period	$	(17,193)
Total	$	86,807

The accompanying notes are an integral part of the financial statements.

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Statement of Cash Flows
(Expressed in Canadian Dollars)
period from November 23 to December 31, 2009

Cash flow from Operating activities		
Net loss	$	(17,193)
Net change in non-cash working capital		
Accounts payable and accrued liabilities		38,175
		20,982
Cash flow from financing activities		
Proceeds from issuance of shares		85,000
Proceeds received for the shares to be issued		19,000
Deferred financing costs		(21,000)
		83,000
Net change in cash		103,982
Cash, beginning of period		-
Cash, end of period	$	103,982

The accompanying notes are an integral part of the financial statements.

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
period from November 23 to December 31, 2009

1. NATURE OF OPERATIONS

Kaiyue International Inc. (a Capital Pool Company) (the "Company") was incorporated under the *Business Corporation Act* of Alberta on November 23, 2009. The Company intends to carry on business as a Capital Pool Company ("CPC") as defined in the Policy 2.4 – *"Capital Pool Companies"* of the TSX Venture Exchange (the "Exchange"). The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. As at December 31, 2009, the Company has no business operations and did not enter into any agreements to acquire an interest in businesses or assets.

Where an acquisition or participation (the "Qualifying Transaction") is warranted, additional funding will be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company's shares from trading should it not meet these requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared by the management in accordance with the Canadian generally accepted accounting principles, and are expressed in Canadian dollars. The significant accounting policies are summarized as follows:

Deferred Transaction Costs

Costs directly incurred in connection with the Company's proposed public share offering are recorded as deferred transaction costs until the offering is completed, if the completion is considered likely; otherwise they are expensed as incurred. Deferred transaction costs will be charged against share capital upon completion of the public share offering, or against operations if the offering is not completed.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the temporary differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values, using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Future income taxes are provided for using the liability method, under which the future income taxes are recognized for all significant temporary differences between the tax and financial statement bases of assets, liabilities and certain carryforward items.

Future income tax assets are recognized, only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized.

The Company makes full provision for income taxes deferred as a result of claiming depreciation and other costs for income tax purposes which differ from the related amounts charged to earnings.

Measurement Uncertainty

The preparation of financial statements in conformity with the Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Loss Per Share

Basic loss per share is computed by dividing the income (loss) available to common shareholders for the period by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method to calculate the diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

In accordance with CICA Handbook Section 3855 "Financial Instruments - Recognition and Measurement", and Section 3862, "Financial Instruments - Disclosures", all financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the balance sheet and are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held-for-trading financial instruments are subsequently measured at fair value and all gains and losses are included in net income in the period which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as held-for-trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities which are measured at amortized cost. The Company did not have loans and receivables, available-for-sale, or held-to-maturity instruments during the period ended December 31, 2009.

Comprehensive Income and Equity

CICA Handbook Section 1530, "Comprehensive Income", and Section 3251, "Equity" establish standards for reporting comprehensive income, equity and changes in equity during the reporting period. The Company had no "other comprehensive income" transactions during the period ended December 31, 2009 and no opening or closing balances for accumulated other comprehensive income, and as such, comprehensive loss is equal to net loss.

New Accounting Pronouncements

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the potential impact that the adoption of these new standards may have on the Company's financial position, result of operations, and cash flow.

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

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
period from November 23 to December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

International Financial Reporting Standards

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for profit - oriented publicly accountable companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's changeover date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the expected financial reporting impact of the transition to IFRS cannot be reasonably determined until the Company completes its qualified transaction.

3. SHARE CAPITAL

Authorized
An unlimited number of common shares

Issued and outstanding	Number of common shares		Amount
Issued for cash during the period and balance as of December 31, 2009	**1,700,000**	**$**	**85,000**

On November 23, 2009 (date of incorporation), the Company issued 1 common share to one shareholder at a price of $0.05 per share.

On December 30, 2009, the Company issued 1,699,999 common shares to the same shareholder as above at a price of $0.05 per share.

To be issued	Number of common shares		Amount
To be issued for cash, December 31, 2009	**380,000**	**$**	**19,000**

In December, 2009, the Company received proceeds of $19,000 from four individuals to subscribe for 380,000 common shares at a price of $0.05 per share. These shares were not issued until January 2010.

Escrow shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture Exchange, all of the above shares issued and to be issued will be held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be deposited in escrow until the Final Exchange Bulletin is issued. There were no stock options granted or outstanding as at December 31, 2009.

KAIYUE INTERNATIONAL INC.
(A Capital Pool Company)
Notes to Financial Statements
(Expressed in Canadian Dollars)
period from November 23 to December 31, 2009

3. SHARE CAPITAL - continued

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

4. INCOME TAXES

The Company's effective income tax rate differs from the amount that would be computed by applying the Federal and Provincial statutory rate of 29% to the net loss for the period. The reason for the difference is as follows:

		Period from November 23 to December 31, 2009
Net loss for the period	**$**	**(17,193)**
Income tax recovery at the combined Canadian Federal and Provincial statutory rate of 29%		**(4,986)**
Temporary difference related to share issue costs		**(102)**
Unrecognized benefit of non-capital loss		**5,088**
Income tax recovery	**$**	**-**

The tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

		December 31 2009
Operating losses available for future years	**$**	**5,088**
Share issue costs		**5,989**
Valuation allowance		**(11,077)**
Net future income tax asset	**$**	**-**

At December 31, 2009, the Company had a non-capital loss for income tax purposes of $17,543 which can be carried forward to be applied against future taxable income. The losses expire, to the extent unutilized against future taxable income, in 2029. The potential benefit of this loss has not been recognized in these financial statements as its realization is not more likely than not.

5. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to allow the Company to complete a qualifying transaction. Management defines capital as the Company's cash balance. The Company is not subject to externally imposed capital requirements.

6. FINANCIAL INSTRUMENTS

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2009, the Company had cash of $103,982 to settle current liabilities of $38,175. The Company is not exposed to significant credit, liquidity or market risk.

The carrying value of cash and accounts payable and accrued liabilities reflected in the balance sheet approximate fair value because of the limited term of these instruments.

7. SUBSEQUENT EVENTS AND COMMITMENTS

Engagement letter

Pursuant to an engagement letter dated December 14, 2009 (the "Engagement"), the Company has agreed to file a prospectus for the issuance of 2,000,000 common shares at $0.10 per share for gross proceeds of $200,000. The estimated expenses relating to the offering, excluding commission payable to the agent, are $90,000.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to lesser of 30% of the gross proceeds or $210,000, may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

Under the Engagement, the Company engaged M Partners (the "Agent") as its agent to complete an initial public offering to raise minimum proceeds of $200,000 pursuant to the terms set out in the provisions of the CPC Policy (the "Offering"). In consideration for services to be performed by the Agent in connection with the Offering, the Company has agreed to pay the Agent a cash commission equal to 4% of the gross proceeds raised pursuant to the Offering and a corporate finance fee of $5,000 plus GST. In addition, at the closing of the Offering, the Agent will receive an option (the "Agent's Option") exercisable at any time up to 24 months following the respective date of closing on purchase up to that number of treasury shares equal to 4% of the number of common shares sold pursuant to the Offering. The terms of the Agent's Options shall be in compliance with the CPC Policy.

Stock Options

The Company intends to grant incentive stock options to directors and officers of the Company to purchase up to 200,000 common shares in the event the offering of 2,000,000 common shares at a price of $0.10 per share is completed. The options will be granted at a price of $0.10 per common share, exercisable for five years from the date of grant, subject to regulatory approval, upon the listing of the Company's common shares on the Exchange.

Share Capital

On January 6, 2010, a new Director was appointed and paid $5,000 to subscribe for 100,000 common shares at a price of $0.05 per share.