Dynasty Gold Corporation

Mineral Resource Estimation, Qi-2 Gold Deposit, Xinjiang Uygur Autonomous Region P. R. of China

Report Prepared for

Dynasty Gold Corporation

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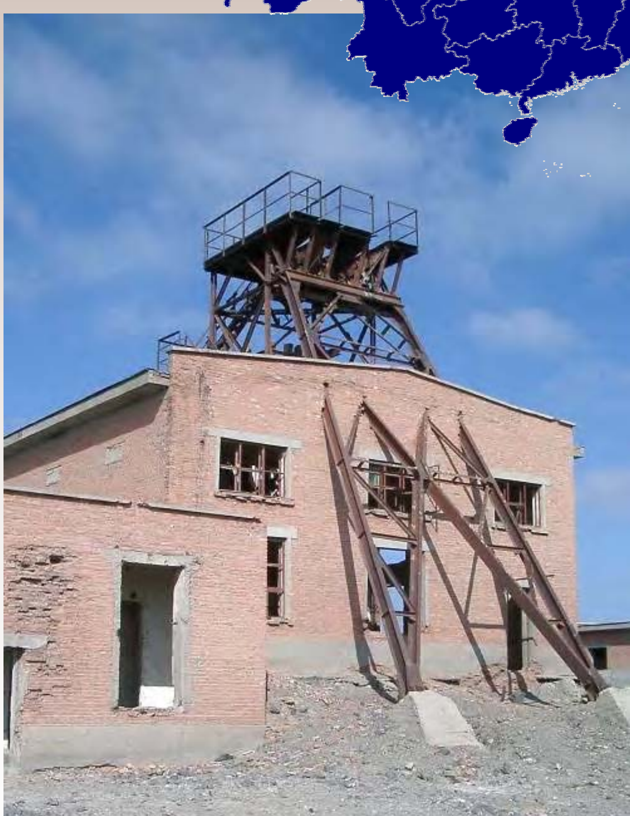
Vancouver, BC, V6E 4A6



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Cover: upper right. View of the West Junggar Mountains from the Qi-2 mine site. Lower right. Qi-2 head frame.

Executive Summary

Dynasty Gold Corporation ("Dynasty"), through its wholly owned subsidiary Terrawest Minerals Inc. ("Terrawest"), holds an option to acquire a seventy (70) percent interest in Xinjiang Terraxin Mineral Exploration Company Ltd. ("Terraxin"), a sino foreign joint venture equity company. The assets of Terraxin include the Hatu gold project comprising a group of 13 contiguous tenements covering approximately 1,035 square kilometres and located in the northwest portion of the Xinjiang Uygur Autonomous Region of the P. R. of China. The joint venture agreement also grants Terrawest the right to explore within tenements registered to the minority partner Xinjiang Yunlong Mining Industry Co., Ltd. ("Yunlong") and excluded from the joint venture with the understanding that the tenements could be transferred into Terraxin after the completion of exploration.

One such tenement contains the Qiqiu 2 ("Qi-2") gold deposit which was discovered by the Geological Brigade No.7 of the Xinjiang Bureau of the Geological Survey during the early 1980s. Extensive exploration work was conducted during the 1980s including extensive trenching, surface diamond drilling and limited underground development and resulted in the delineation of significant gold mineralization associated with extensive quartz veining.

In 2004, Dynasty resumed exploration work at Qi-2 with the objective to evaluate this gold occurrence for its potential for low-grade bulk tonnage gold mineralization. The work program comprised compilation of available historical work, trenching and diamond drilling designed to verify, validate and infill sampling data obtained by Chinese exploration teams at the Qi-2 gold deposit.

SRK Consulting (Canada) Inc. ("SRK") has been retained by Dynasty to prepare an independent technical report for the Qi-2 gold deposit in compliance with Canadian Securities Administrators National Instrument 43-101 Standards of Disclosure for Mineral Properties. The work program involved a review of exploration work conducted on the project and independent mineral resource estimation for the gold mineralization outlined on the project.

The Hatu gold project is located along the southern margin of the oroclinally folded Hercynian Altaid or Central Asian Orogenic Belt, an orogenic belt consisting of complex accretion of Phanerozoic oceanic arcs, turbidite sequences, and fragments of Proterozoic micro continent blocks against the south side of the Siberian and the Eastern Europe cratons in a Cordillan-type orogeny.

The Hatu gold district is contained within deformed Paleozoic metasedimentary and metavolcanic rocks intruded by Devonian to Carboniferous calc-alkalic granitoids and Permian alkalic granitoids. The structural pattern in this area is characterized by a network of regional northeast-trending first order faults (Delabute, Hatu, Anqi) and associated subsidiary structures interpreted as a sinistral duplex. In the Hatu area, the nature and character of the gold mineralization are similar to a class of hydrothermal gold deposits referred to as "orogenic" gold deposits.

The Qi-2 gold deposit consists of a quartz stockwork forming a large vein field developed in the footwall of the Anqi fault. Although the controls of this vein field have been poorly documented, limited geological information suggest that, in addition to the primary controls exerted by the Anqi fault system, the geometry of the vein field may also be controlled by the architecture of the folded sedimentary sequence in a manner similar to the large auriferous stockworks developed in deformed turbidite sequences such as in the Victoria gold province of Australia.

Dynasty used the same sampling and assaying procedures used by Chinese exploration teams during the 1980s. All gold assays were conducted on half-core samples varying in length based on geology and assayed by straight acid digestion followed by atomic absorption spectrometry. A collection of pulp samples from the 2004 program was submitted to the SGS Laboratory for verification using a fire assay procedure. Comparison of fire assay results with straight acid digestion assays indicates reasonable agreement between both assaying procedures.

Dynasty was diligent in its attempts to validate historical exploration data. Considering the difficulties encountered in locating historical borehole collars for twinning and the limited extent of the quality control measures implemented for obtaining primary acid digestion assays, SRK is of the opinion that additional verification should be carried out to improve the confidence and trustworthiness of historical sampling data.

SRK reviewed exploration data for the Qi-2 project compiled from historical records and collected by Dynasty with the objective of creating an initial mineral resource model for this quartz stockwork gold deposit. Despite limitations in the verification of historical assay results, SRK considers that the borehole and trench assay database is sufficiently reliable for the purpose of estimating mineral resources.

In absence of reliable geological data, SRK used an indicator kriging probabilistic approach to interpolate gold grades in a tri-dimensional block model. Probability grade shells were evaluated at a 0.2 gpt gold cut-off to determine boundaries of the gold mineralization. SRK completed a statistical and geostatistical analysis of assay and composite data to determine capping levels and interpolation parameters.

Gold grades were interpolated by ordinary kriging within the probabilistic grade shells. Because of the inherent uncertainty about the lateral continuity of gold grades and the lack of geological constraints, mineral resources were tabulated for two probabilistic shells (35 and 50 percent) for modelled blocks located within fifty (50) metres from the nearest composite. Also, a spherical search radius restriction of five (5) metres was applied to composites higher than 10.5 gpt gold to restrict the influence of high grade outliers. For comparison, SRK also interpolated gold grades with nearest neighbour and inverse distance cubed functions.

In classifying the mineral resources for the Qi-2 gold deposit, SRK considered the lack of geological information used in the modelling which reduces the confidence in the lateral continuity of the gold grades, the acid digestion atomic absorption assay database which is generally considered less reliable than the more industry standard fire assay methodology and the limitations in the validation of historical assay data.

Based on these considerations, SRK is of the opinion that all mineral resources estimated for the Qi-2 gold deposit are appropriately classified as Inferred Mineral Resource according to the *"CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines"* (August, 2000).

Considering the lack of geological input incorporated in the modelling and the distribution of grades to depths exceeding 350 metres, SRK considers that a 1.0 gpt gold cut-off is appropriate for reporting the mineral resources for the Qi-2 gold deposit. At cut-off of 1.0 gpt gold and using a 35 percent probability shell, the mineral resources for the Qi-2 gold deposit are stated by SRK at 16.9 million tonnes grading an average of 1.68 gpt gold (Table i). Mineral resources are not mineral reserves and therefore do not have demonstrated economic viability.

Table i. Inferred Mineral Resources*, Qi-2 Gold Deposit, Hatu Gold Project, Xinjiang Auto. Region, P.R. China, SRK Consulting, May 25, 2005

Probability Grade Shell	Tonnage (tonne)	Grade (gpt)**	Gold (troy oz)
35% envelope	16,855,400	1.68	912,600
50% envelope	11,508,500	1.72	636,400

*Reported at a 1.0 gpt gold cut-off. ** gold grades capped at 30 gpt.

The mineral resources estimated for the Qi-2 deposit carry a significant risk in terms of total tonnage as demonstrated by the tonnage differences between the 35 percent and 50 percent probability grade shells (Table i). The two estimation runs with different probability envelope show a relatively stable gold grade in the 0.5 to 1.5 gpt gold cut-off range demonstrating on average a lower grade risk.

The estimate is based on a limited geological understanding of the project with gold assays that require additional validation. These risks must be carefully considered with regard to the mining potential of this deposit. The project can be advanced by an extensive program to delineate mineralization to a higher degree of confidence and a careful testing program to confirm the reliability of the atomic absorption gold assays. In the opinion of SRK there is no guaranty that additional exploration drilling will improve the confidence in the lateral continuity of the gold mineralization and therefore improve the classification of the mineral resources of the project. Nonetheless SRK is of the opinion that the Qi-2 gold deposit has merit and warrants additional exploration investments.

The first exploration work program implemented by Dynasty in 2004 was successful confirming the nature and extent of gold mineralization previously reported by Chinese geological teams.

Based on the results from this program, SRK is of the opinion that the character of the Qi-2 gold deposit and the surrounding Hatu gold project are of sufficient merit to recommend two-component work program designed to continue the evaluation of the Qi-2 gold deposit and initiate a systematic exploration of the surrounding tenements included within the Hatu gold project.

At Qi-2 the recommended work program is designed to improve the confidence in the mineral resource model created by SRK. The main limitations noted in the project database concern the lack of geological information incorporated in the resource model, the insufficient validation of historical drilling database and the acid digestion assay methodology.

The Hatu gold project covers an area of approximately 1,035 hectares protecting approximately 300 gold occurrences associated with the Anqi fault and associated structures. Limited exploration work was carried out on those tenements by previous project operators. In 2004 Dynasty conducted limited reconnaissance work over this area.

Several other gold occurrences, including Qi-1, Qi-3 and Qi-4, exist along the Anqi fault zone. At Qi-1, Dynasty's minority partner is recovering gold from an underground mine targeting a quartz vein network nested within the Anqi fault zone. At Qi-3 and Qi-4 small scale underground mining are targeting larger quartz veins also associated with the Anqi fault zone. These occurrences indicate that the Anqi fault zone is a major fertile structure with excellent potential to host large gold deposits.

Considering that auriferous quartz vein networks are usually organized, the understanding of the local controls on auriferous quartz vein distribution along the Anqi fault zone will provide powerful tools for targeting exploration within the Hatu gold project tenements. SRK strongly recommends that the structural setting of the Anqi fault and associated structures be investigated to understand the architecture of this fault system and develop a conceptual model for the distribution of gold mineralization within the Hatu gold project.

The proposed work program includes detailed structural mapping at all available gold occurrences in order to document the primary controls on the geometry of the gold mineralization. The work program includes provisions for rock and soil sampling, ground geophysical surveying and diamond drilling to test several targets along the Anqi fault zone.

The estimated costs for the recommended work program are presented in Table ii.

Table ii. Estimated Cost Breakdown for the Recommended Work Program for the Hatu Project.

Category	Unit 2005-06	Unit cost		Total Costs RMB	Total Costs US$*
Hatu Project Work Program					
Geology					
Field team (4 persons)	6	21,200	$/month		$127,200
Travel	6	2,100	$/month		$12,600
Labour	6	25,000	RMB/month	￥150,000	$18,100
Vehicle (2.5)	6	1,250	$/month		$7,500
Consumables/supplies	6	5,000	RMB/month	￥30,000	$3,600
Accommodation	6	3,000	$/month		$18,000
Drilling/Trenching					
Trenching	10,000	49	RMB/cubic m	￥490,000	$59,300
Core Drilling	2,000	1,160	RMB/m	￥2,320,000	$280,500
Sampling					
Core	2,000	110	RMB/unit	￥220,000	$26,600
Rock	3,500	120	RMB/unit	￥420,000	$50,800
Soil	2,000	132	RMB/unit	￥264,000	$31,900
Soil gas					$30,000
Surveying					
Topographic				￥16,540	$2,000
Collar/trench surveying				￥41,350	$5,000
Geophysics					
Ground Magnetic	300	827	RMB/km	￥248,100	$30,000
Induced Polarization	30	8,270	RMB/km	￥248,100	$30,000
Others					
Satellite imagery					$30,000
Sub-total					$763,100
Contingencies	10%				$76,300
Total Hatu Gold Project					**$839,400**

* Exchange rate 8.27 RMB = 1 US dollar

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1 Introduction and Terms of Reference

SRK Consulting (Canada) Inc. ("SRK") has been retained by Dynasty Gold Corporation ("Dynasty") to prepare an independent technical report in compliance with Canadian Securities Administrators National Instrument 43-101 Standards of Disclosure for Mineral Properties ("Ni 43-101") for the Qiqiu 2 ("Qi-2") gold deposit located near the town of Karamay in the Xinjiang Uygur Autonomous Region of the P. R. of China.

An engagement letter describing the scope of work and containing an estimate of professional fees and disbursements to prepare the report was submitted in to Dynasty February 2005 and revised in early March 2005 and duly accepted.

1.1 Qualification of SRK

The SRK Group comprises over 500 professionals, offering expertise in a wide range of resource engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits SRK to provide its clients with conflict-free and objective recommendations on crucial judgment issues. SRK has a demonstrated track record in undertaking independent assessments of Mineral Resources and Mineral Reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs.

This technical report was compiled by Dr. Jean-François Couture, P.Geo. (APGO #0197), Dr. Jean-Philippe Desrochers and Mr. Denis Boivin, P.Geo (OGQ#816). Dr Couture is a Principal Geologist with SRK and has been employed by SRK since 2001. He has been engaged in mineral exploration and mineral deposit studies since 1982. Since joining SRK, Dr. Couture has prepared independent technical reports on several exploration and mining projects in Canada, United States, China, Kazakhstan and West Africa. Dr. Couture has visited the Hatu project discussed herein during a trip to China conducted between March 20 and March 22, 2005. Dr Desrochers is a Principal Geologist with SRK and has been employed by SRK since 2005. He has been engaged in mineral exploration and mineral deposit studies since 1988 in Canada, Chile, and Peru. Mr. Boivin is an Associated Resource Geologist with SRK since February 2005. He has been engaged in mineral resource estimation and exploration activities since 1988. Dr. Desrochers and Mr. Boivin have not visited the site.

The report benefited from the senior review of Mr. G. David Keller, P. Geo., Principal Resource Geologist. Mr. Keller has not visited the site.

1.2 Scope of work

The scope of work, as defined in the letter of engagement, includes the preparation of an independent Technical Report for the Qi-2 gold deposit of the Hatu gold projects located in the Xinjiang Uygur Autonomous Region of the P. R. of China. This work involved an assessment of the following aspects of each project:

- Regional and local geology;
- History of exploration work in the area;
- Geology and mineralization;
- Mineral Resources Modelling;
- Exploration potential and recommendations for additional work.

This Technical Report was prepared following the guidelines of Canadian Securities Administrators National Instrument 43-101 and Form 43-101F1 and in conformity with generally accepted CIM “Exploration Best Practices” and “Estimation of Mineral Resources and Mineral Reserves Best Practices” Guidelines.

1.3 Basis of the Technical Report

This technical report is based on the following sources of information:

- Discussions with Dynasty senior management and technical personnel;
- Personal inspection of drill core, trenches and surface outcrop exposures in the vicinity of the Qi-2 gold deposit;
- An examination of Dynasty project files made available to SRK;
- Digital exploration database prepared by Dynasty;
- A review of the results of the historical work;
- Additional information obtained from public domain sources.

1.4 Site visit

In compliance with NI43-101 guidelines, SRK visited Hatu gold project during one trip to China carried out between March 20 and March 22, 2005 by Dr. Couture accompanied by senior professional staff of Dynasty.

During the site visit, SRK was given access to all relevant file archives, examined archived drill core and selected outcrop exposures around the Qi-2 gold deposits and surrounding areas of the Hatu gold project. SRK also conducted interviews of key Dynasty technical personnel regarding such aspects as previous exploration, field procedures and results of exploration work carried out by Dynasty in 2004.

1.5 Limitations & Reliance on Information

SRK's opinion contained herein and effective May 25, 2005, is based on information provided to SRK by Dynasty throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently actual results may be significantly more or less favourable.

This report includes technical information, which requires subsequent calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or an affiliate of Dynasty, and neither SRK nor any affiliate has acted as advisor to Dynasty or its affiliates in connection with this project. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

SRK has been informed by Dynasty that there are no current litigations that may be material to the Hatu gold project.

SRK reviewed a limited amount of correspondence, pertinent maps and agreements to assess the validity and ownership of the mineral properties. However, SRK did not conduct an in-depth review of mineral title and ownership; consequently, no opinion will be expressed by SRK on this subject.

1.6 Acknowledgements

SKR would like to sincerely acknowledge the support provided by Dynasty during the site visit and throughout the course our SRK's investigations.

In particular SRK wishes to extend its gratitude to Mr. Leonard J. Karr for his patient diligence in making relevant data promptly available; and to Mr. Kim San Mak for his assistance during the site visit.

2 Information about Dynasty Gold Corporation

Dynasty Gold Corp. ("Dynasty", "the Company") (formerly "C Squared Developments Inc." and "Lucero Resource Corp.") was incorporated on December 12, 1985, under the Company Act of the Province of British Columbia. On March 31, 1999, the Company's authorized capital of 20,000,000 common shares without par value was increased to 100,000,000 common shares without par value. The Company became a reporting issuer under the Securities Act (British Columbia) in March of 1987.

By a shareholder special resolution dated February 13, 2001, the Company consolidated its authorized share capital on a ten (10) old share for one (1) new share basis, from 100,000,000 common shares without par value, of which 22,465,574 common shares were issued and outstanding, into 10,000,000 common shares without par value, of which 2,246,557 were issued and outstanding. Following the consolidation, the Company increased its authorized share capital from 10,000,000 common shares without par value to 100,000,000 common shares without par value. The Company's name was changed from "Lucero Resource Corp." to "C Squared Developments Inc.", which name change became effective July 19, 2001.

On April 22, 2003, the Company received shareholder approval of its change of name from "C Squared Developments Inc." to "Dynasty Gold Corporation" The effective date of the name change was May 14, 2003.

Dynasty is a Canadian based junior resource company focused on acquiring, exploring and developing gold prospects in China. It shares are authorized for listing on TSX Ventures Exchange under the symbol DYG.V. Dynasty is a reported issuer in the Provinces of British Columbia and Alberta.

2.1 Xinjiang Terraxin Mineral Exploration Co. Ltd.

Dynasty's exploration activities in the Xinjiang Uygur Autonomous Region of the P. R. of China are carried out through the sino joint venture company Xinjiang Terraxin Mineral Exploration Company Ltd. ("Terraxin"). The ownership structure of Terraxin is laid out in Figure 1.

On October 14, 2003, Dynasty announced a Share Purchase Agreement for 100 percent of issued and outstanding shares of Terrawest Minerals Inc. ("Terrawest") a privately held British Columbia based corporation. Terrawest entered into a sino-foreign joint venture agreement with Xinjiang Yunlong Mining Industry Co., Ltd. ("Yunlong"), a wholly owned subsidiary of Xinjiang Non-Ferrous Metals Industry (Group) Company of the P. R. of China. Terrawest has a seventy (70) percent interest in Terraxin, with Yunlong holding the remaining thirty (30) percent. Terrawest can earn an additional ten

(10) percent if Yunlong fails to contribute funds after the initial capital contribution.

The sino foreign joint venture company was established with a scope of business to explore for gold ore and other minerals in accordance with the relevant state laws and regulations. The contract allows Terraxin to explore, develop and mine an area encompassing approximately 2,500 square kilometres, as well as the right of first refusal to any and all additional exploration rights and permits held by Yunlong (see Appendix B for an English translation of the agreement written in Chinese).

The Business License for Terraxin was issued in March 2004 with a term of five (5) years, and is extendable. The Business License allows for the transfer of existing permits held by Yunlong to Terraxin, and grants Terraxin the right to acquire additional permits within the co-operation area. The registered capital for the Joint Venture Company is US$12,000,000, to be contributed over the life of the project.

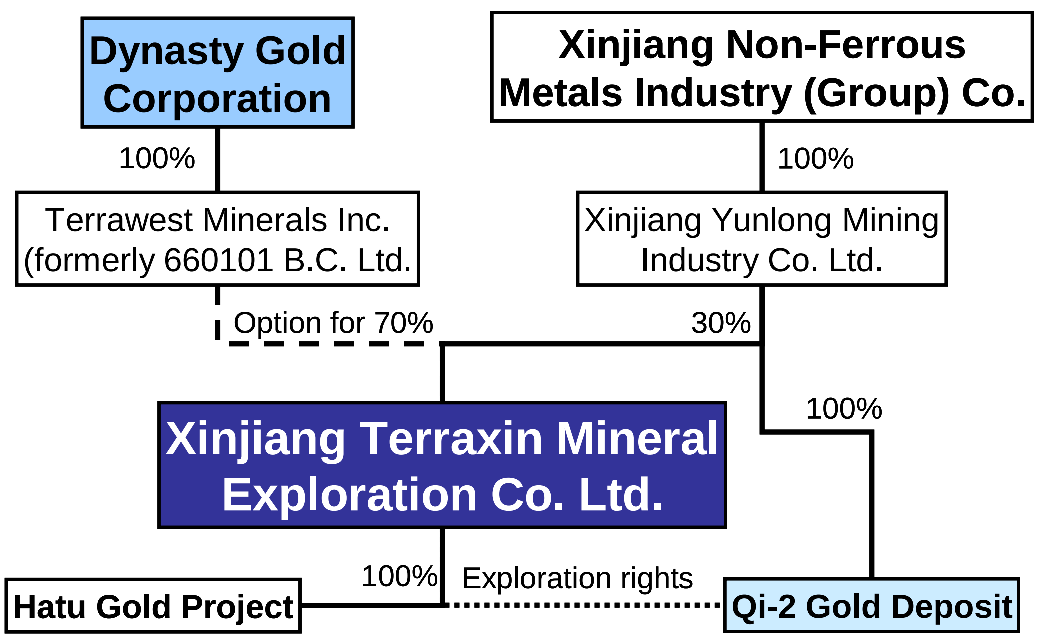


Figure 1. Ownership Structure of Dynasty Chinese Mineral Projects.

3 Property Description and Location

3.1 Introduction

The Qi-2 gold project is located approximately eighty (80) kilometres north-northwest of the town of Karamay (Figure 2). The gold deposit is situated within the Hatu gold project comprising a patchwork of 13 contiguous exploration licences covering an aggregated area of approximately 1,035 square kilometres.

The project is located in the Tuoli County of the Xinjiang Uygur Autonomous Region, of the P. R. of China.

Figure 2. Location of the Hatu Gold Project.

3.2 Tenement Description

The Qi-2 property is located in the western portion of the large Hatu project area and encompasses one irregular exploration licence covering an area of approximately 6,248 hectares (Table 1). It excludes two small mining licences covering approximately 202 and 148 hectares, respectively (Table 1). The Qi-2 gold deposit occurs in one of the two mining license as indicated on Figure 3.

The following information with respect to the property and its legal status was provided by Dynasty and has not been independently verified.

The Hatu gold project exploration license tenements are registered in the name of Xinjiang Terraxin Mineral Exploration Company, a sino-foreign equity joint venture company between Terrawest and Yunlong. Dynasty, through its wholly owned subsidiary Terrawest, holds an option to acquire seventy (70) percent of the sino-foreign equity joint venture. A table describing the Hatu gold project tenements is presented in Appendix A.

The mining licenses are registered in the name of Xinjiang Yunlong Mining Industry Company Ltd, the joint venture partner of Terrawest. According to the agreement between Dynasty and Yunlong, Dynasty has the right to explore within mining licences excluded from agreement with the understanding that the mining licences could be transferred into the Terraxin after the completion of exploration.

The perimeter of the exploration and mining licences is defined by geographic coordinates as shown in Table 2. Dynasty has advised SRK that the tenements are n good standing, free of any lien and royalties and that the property boundaries have not been surveyed. A copy of the certificate of mining rights as issued by the Bureau of Land and Resources of Xinjinag Uyghur Autonomous Region is presented in Appendix B.

Table 1: Tenements of the Qi-2 Gold Project, Xinjiang-Uygur Autonomous Region.

Tenement Name	Holder	Tenement type	Certificate number	Date issued	Expiry date	Longitude*	Latitude*	Area (sq. km)	Area (hectares)
Qi-2	Xinjiang Terraxin Mineral Exploration Co., Ltd.	Exploration License	100000410080	10-Oct-2004	9-Oct-2006	84.3990	45.9333	62.630	6247.7
Qi-2 mine	Xinjiang Non-ferrous Industrial Group Jinge Mining Co., Ltd.	Mine License	6500000431275	25-Jun-2004	24-Jun-2006	84.3850	45.9181	0.316	202.4
Qi-3	Q3 Gold Mine, Tuoli County	Mine License	6500000231480	20-Dec-2002	19-Dec-2004	84.4094	45.9257	0.095	147.5

* Datum: WGS 84. Dynasty has been informed that the Qi-3 tenement is being renewed.

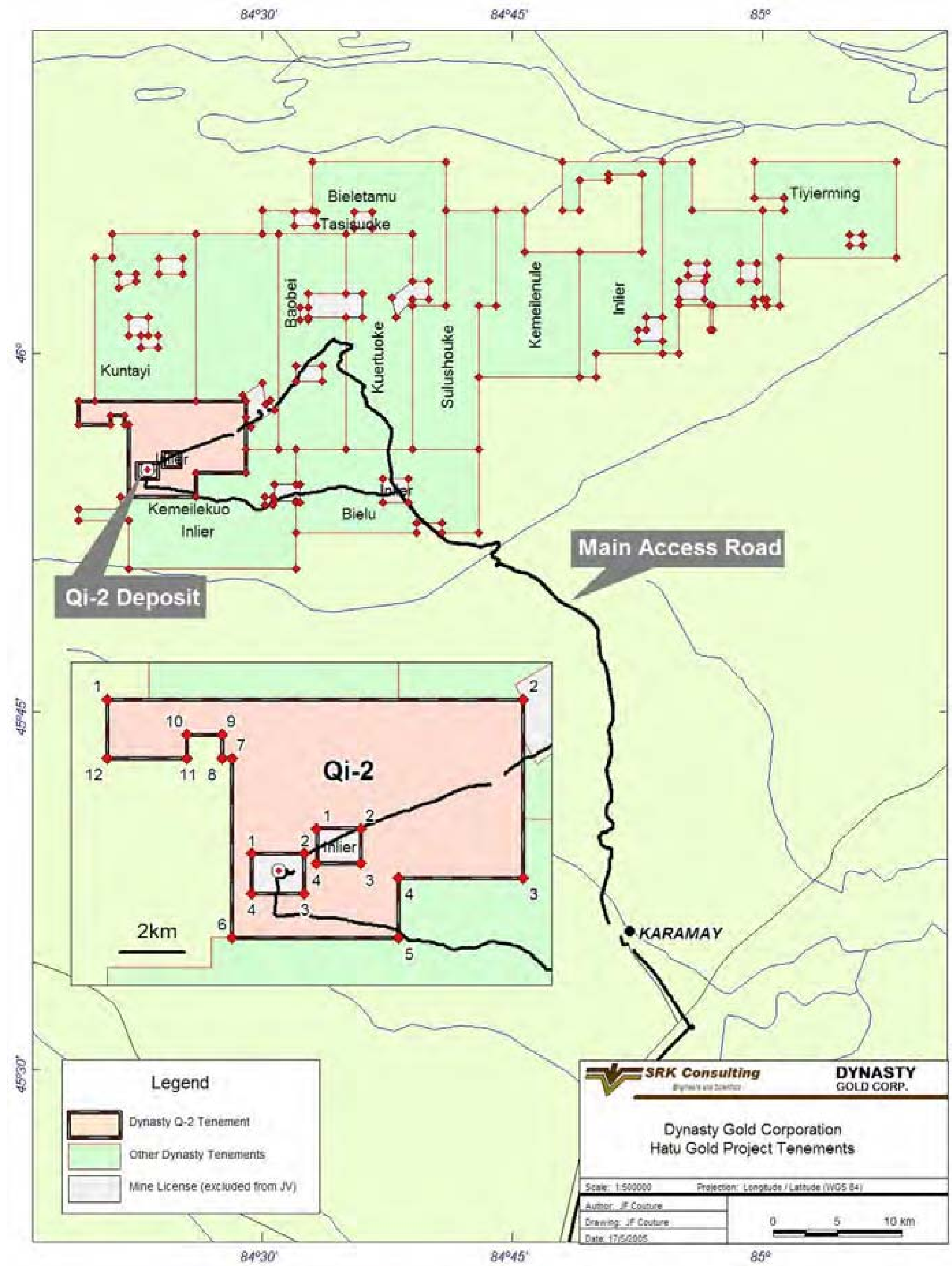


Figure 3. Location of the Qi-2 Tenement within the Hatu Gold Project.

According to the terms of the joint venture agreement Dynasty must incur exploration expenditures totalling US$12.1 million over the life of the joint venture to earn its seventy percent interest in Terraxin. In addition to the Hatu gold project, Terraxin owns the rights on other properties covering approximately 600 square kilometres in the Baogutu Mineral Belt and 300 square kilometres in the Hami Gold Belt.

Table 2: Definition of the Perimeter of the Qi-2 Tenement and Excluded Inliers, Xinjiang-Uygur Autonomous Region.

Property	Vertice	X*	Y*	Longitude*	Latitude*	Longitude*	Latitude*
Qi-2 Explo. License	1	292,101	5,093,845	84.31670	45.96670	84°19′00″	45°58′00″
Qi-2 Explo. License	1	305,014	5,093,424	84.48330	45.96670	84°29′00″	45°58′00″
Qi-2 Explo. License	3	304,838	5,087,869	84.48330	45.91670	84°29′00″	45°55′00″
Qi-2 Explo. License	4	300,961	5,087,992	84.48330	45.91670	84°26′00″	45°55′00″
Qi-2 Explo. License	5	300,901	5,086,140	84.48330	45.90000	84°26′00″	45°54′00″
Qi-2 Explo. License	6	295,730	5,086,309	84.36670	45.90000	84°22′00″	45°54′00″
Qi-2 Explo. License	7	295,914	5,091,864	84.36670	45.95000	84°22′00″	45°57′00″
Qi-2 Explo. License	8	295,591	5,091,875	84.47500	45.95000	84°21′45″	45°57′00″
Qi-2 Explo. License	9	295,615	5,092,616	84.47500	46.01670	84°21′45″	45°57′24″
Qi-2 Explo. License	10	294,539	5,092,651	84.48610	46.01670	84°20′55″	45°57′24″
Qi-2 Explo. License	11	294,514	5,091,911	84.48610	45.95000	84°20′55″	45°57′00″
Qi-2 Explo. License	12	292,039	5,091,993	84.31670	45.95000	84°19′00″	45°57′00″
Mine License inliers vertices							
Qi-2 mine	1	296,420	5,088,912	84.37444	45.92361	84°22′28″	45°55′25″
Qi-2 mine	2	298,057	5,088,859	84.39556	45.92361	84°23′44″	45°55′25″
Qi-2 mine	3	298,016	5,087,624	84.39556	45.91250	84°23′44″	45°54′45″
Qi-2 mine	4	296,379	5,087,678	84.37444	45.91250	84°22′28″	45°54′45″
Qi-3 mine	1	298,470	5,089,618	84.40056	45.93056	84°24′02″	45°55′50″
Qi-3 mine	2	299,826	5,089,573	84.41806	45.93056	84°25′05″	45°55′50″
Qi-3 mine	3	299,791	5,088,493	84.41806	45.92083	84°25′05″	45°55′15″
Qi-3 mine	4	298,434	5,088,537	84.40056	45.92083	84°24′02″	45°55′15″

* X and Y coordinate in UTM WGS84 Zone 45, Longitude and latitude data in WGS84 datum.

3.3 Environmental Considerations

The Qi-2 property is located in arid desert area with relatively flat topography and minimal vegetation. At Q-2 previous project operators have established surface buildings and sunk a vertical shaft in preparation for an underground mining operation. The surface buildings have deteriorated and mostly their outside shell remain. Very little underground development has been completed. On surface, the main disturbances consist of shallow open pit excavations, several sampling trenches and small waste rock dumps.

SRK reviewed the extent of the surface disturbances at Qi-2 during the site visit. The surface disturbance covers an area of approximately 0.5 square kilometre. In the opinion of SRK, potential environmental risks associated with those disturbances are considered low.

Nonetheless, SRK considers that mine-related disturbances may represent potential environmental liabilities to Dynasty. In order to discriminate between past and future liabilities, SRK strongly recommends that Dynasty conducts an independent environmental assessment of the Hatu project tenements in order to characterize the nature and extent of current mine-related disturbances and potential environmental damage. The purpose of this assessment is to discriminate between past and future liabilities and responsibilities.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Hatu gold district is located in a low mountain area characterized by rounded hills varying between 1,300 metres and 1,350 metres in elevation (Figure 4). This area lies between the Altay Shan mountain range to the north (elevation between 2,000-3,000 metres) and the Tien Shan mountain range to the south (elevation between 3,000-5,000 metres). The area has a desert climate with temperatures ranging from forty (40) degrees Celsius during summer to minus forty (40) degrees Celsius during winter, for an annual average of 6.1 degrees Celsius. Although winters can be harsh, they are not viewed as an impediment to year round mining operations. High winds are common between May and September and precipitation is concentrated in the spring and early summer. Water courses are normally dry except during periods of flash flooding. Vegetation consists of sparse low grasses.

This sector has in the past experienced seismic activity reaching six (6) to seven (7) on the Richter scale; therefore planning for new mines and infrastructures should consider seismicity in their design.

The Qi-2 gold project is located approximately thirty-five (35) kilometres northwest of the modern city of Karamay (1.5 million habitants); itself located approximately 350 kilometres to the northwest of Urumqi, the capital city of Xinjiang Uygur Autonomous Region (Figure 2). Karamay is a modern city built for servicing the local petroleum industry. Mining equipment on other services are readily available in Karamay. The district is crossed by a well maintained sealed highway and the individual mines within the gold district are accessible by good to fair dirt roads.

A mining camp is established at the adjacent Qi-1 mine, located five (5) kilometres to the west of the Qi-2 gold project. The water supply is from the Angeti River, located approximately 4.5 kilometres southwest of the Qi-1 gold mine. The mine area has low relief and presents no obstacles to leach pad construction.

The Qi-2 project was connected to the power grid, but at present the distribution line was removed and electrical power is derived from mobile generators.

Figure 4. Typical Landscape in the Vicinity of the Qi-2 Gold Project. A and B. Qi-2 Surface Infrastructure. C and D. View Looking Southeast in the Vicinity of the Qi-2 Deposit with the West Junggar Mountains in the Background. E. View Looking Southeast from the Qi-3 Occurrence with the Main Gravel Access Road in the Foreground.

5 History

Gold extraction by artisan miners started over 200 years ago in the Hatu area. However, systematic geological work started only in 1959 when the Geological Brigades No.3, No.5, and No.7 of the Xinjiang Bureau of China Geological Survey carried regional mapping at 1:200,000 and 1:50,000 scales during 1959 and 1960.

During the period of 1981 to 1986, the Geophysical Brigade of the Xinjiang Geological Bureau carried out geophysical and geochemical exploration programs in the area between the Hatu Mountain and the Dalabute River. The results of their work are not known.

The Geological Brigade No.7 of the Xinjiang Bureau of the Geological Survey of China (“GBC”) completed a detailed geological study of the Qi-1 gold zone between 1976 and 1990. The work involved the detailed surface mapping of the zone and trenching totalling approximately 17.5 thousand cubic metres. They also completed a total of 62.5 kilometres of boreholes, and excavated an adit of 1,142 metres to access the Qi-1 gold mineralization.

The GBC conducted detailed exploration work around the Qi-2 gold project between 1980 and 1984. During this period they excavated a total of eighty (80) trenches for a total of 4,398 metres. The GBC also drilled eighty-three (83) HQ-size boreholes, for a total of 15,378 metres, to test for the vertical extension of the gold mineralization.

During the period 1988-1989, the Geological and Mining Research Institute and the GBC conducted detailed exploration surrounding the Qi-2 gold zone. In addition, other research institutions, colleges and universities investigated the genesis of the gold deposits in this area. Notably, the Regional Scientific Exploration Team from the Geological Research Institute of the Chinese Academy of Sciences completed a research project entitled: “The comprehensive research of geological, geophysical and geochemical features of the regional gold deposit and selection of the target mining zones”. This report was published in Chinese.

Minor gold production of unknown tonnage and grade has been extracted from the Qi-2 area and the gold mineralization was hauled to the nearby Qi-1 mill. It is estimated that the production at the Qi-1 mine is between ten (10) thousand and fifteen (15) thousand ounces of gold per year and that some 260,000 ounces of gold have been extracted since the beginning of operation (unverifiable personal communication from Mine personnel).

6 Geological Setting

The Hatu gold district is located in the central part of the Eurasian plate, approximately 1,500 kilometres to the north of the Himalayan collisional zone with the Tibetan plateau. The geology of the area is partly described by Rui et al. (2002) and Mao et al. (2003).

6.1 Regional Geology

The Hatu gold district is located along the southern margin of the oroclinally folded Hercynian Altaid or Central Asian Orogenic Belt (Qin et al., 2003; Figure 5). This orogenic belt is the result of episodic and complex accretion of Phanerozoic terranes including oceanic arcs, turbidite sequences, and fragments of Proterozoic micro continent blocks (Yakubchuk et al. 2003, Qin et al., 2003). These terranes accreted to the north on the south side of the Siberian craton and the Eastern Europe craton in a Cordillan-type orogeny. The accretion took place between the Ordovician and the late Carboniferous but intense magmatic activity continued until the Permian. This intense magmatic activity includes early Permian alkalic granite and mafic to ultramafic complexes, calc-alcalic enriched granitoids, and volcanic rocks.

The Hatu gold district is contained within the Western Junggar Terrane that consists of minor Silurian and Devonian to Carboniferous metasedimentary and metavolcanic rocks (Figure 6). The volcano-sedimentary package is intruded by Devonian to Carboniferous calc-alkalic granitoids and Permian alkalic granitoids.

The gold mineralization of the Hatu district occurs along the northern margin of the Tien Shan metallogenic belt which hosts some of the major gold deposits in the world (ex. Muruntau, Kumtor). This belt represents a major suture that traverses Central Asia, from Uzbekistan in the west through Tajikistan and the Kyrgyz Republic into northwestern China, a distance of more than 3,500 kilometres.

Several crustal-scale structures developed during accretion and had a long history of post-accretion movements, some of those being related to the Alpine-Himalayan deformation event that began just after the start of the Tertiary. Some of the important structures include the Irtysh fault zone to the north (Goldfarb et al., 2003) and the Kanggur-Huangshan Fracture (Qin et al., 2003) that borders the Kangguertag collisional belt to the south. These faults host also important gold deposits (Figure 5).

Nearly all the known gold deposits in the Hatu region occur on the north side of the northeast-trending Dalabutue fault. This fault represents probably an important first order structure that acted as a major channel way to auriferous fluids.

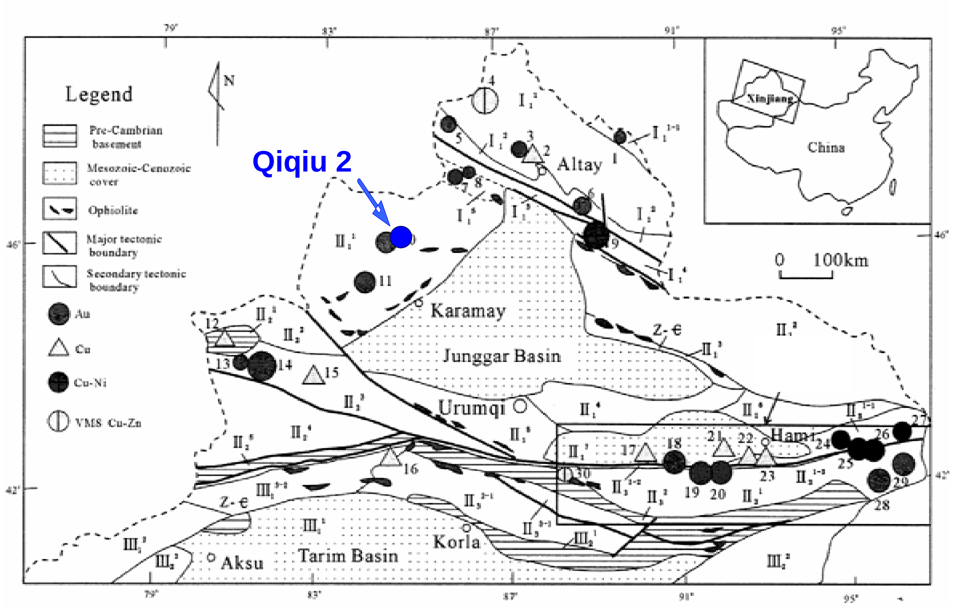


Figure 5. Geological Map Showing the Major Tectonic Units and the Location of Mineral Deposits in North Xinjiang, NW China (Modified from Qin et al., 2003).

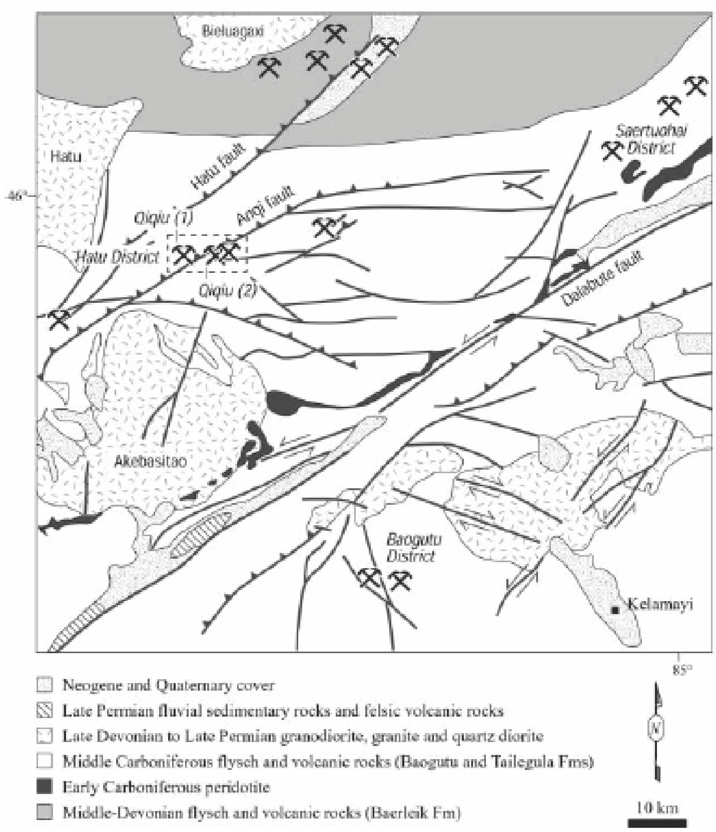


Figure 6. Detailed Geology of the Hatu Saertuohai Gold Belt in Western Junggar (From Rui et al., 2002).

6.2 Property Geology

The Hatu property is underlain by a sequence of Lower Carboniferous sedimentary units of the Baogutu and Tailegula formations (Figure 7). These include turbidites, tuffaceous sandstone, argillite, with minor pelagic chert interlayered with minor carbonate units.

A series of small intermediate stocks intrude the sedimentary sequence. The stocks are generally fresh and barren although some gold is present in hornfels zones adjacent to some of these stocks. No intrusions are present in the immediate area surrounding the Qi-2 gold mineralization. A sequence of Triassic to Jurassic continental red beds unconformably overly the sedimentary and the intrusive rocks.

A lower greenschist metamorphism affects the rocks of the Hatu district. The sectors near the auriferous veins are characterized by muscovite and carbonate alteration grading outward into zones of propyllitic alteration that can be confused with the regional greenschist metamorphic assemblages.

The Hatu area is located between two important east-northeast faults, namely the Dalabute fault to the south and the Hatu fault to the north. The Dalabute fault is a sinistral fault zone that was active during gold mineralization. The area between the two faults is characterized by sigmoid east-trending faults suggesting a strike-slip duplex geometry (Figures 6 and 7).

The sedimentary rocks at Hatu are folded but it is not clear, with the current level of information, what are the shape, amplitude, and wavelength of the fold patterns.

A well developed cleavage affects the sedimentary rocks in the Hatu area. This cleavage is oriented east-west and is sub-vertical. A well-developed intersection lineation, probably between bedding and the cleavage plunges at thirty (30) degrees to the west and probably represents the plunge of the folds developed in the area.

The gold mineralization at Qi-1 and Qi-2 is spatially associated to the Anqi fault. This fault strikes to the northeast in the area of the projects and dips to the north. Approximately 300 gold occurrences are also present within the entire Hatu gold project area. According to historical files made available to SRK only cursory exploration work was conducted over these occurrences.

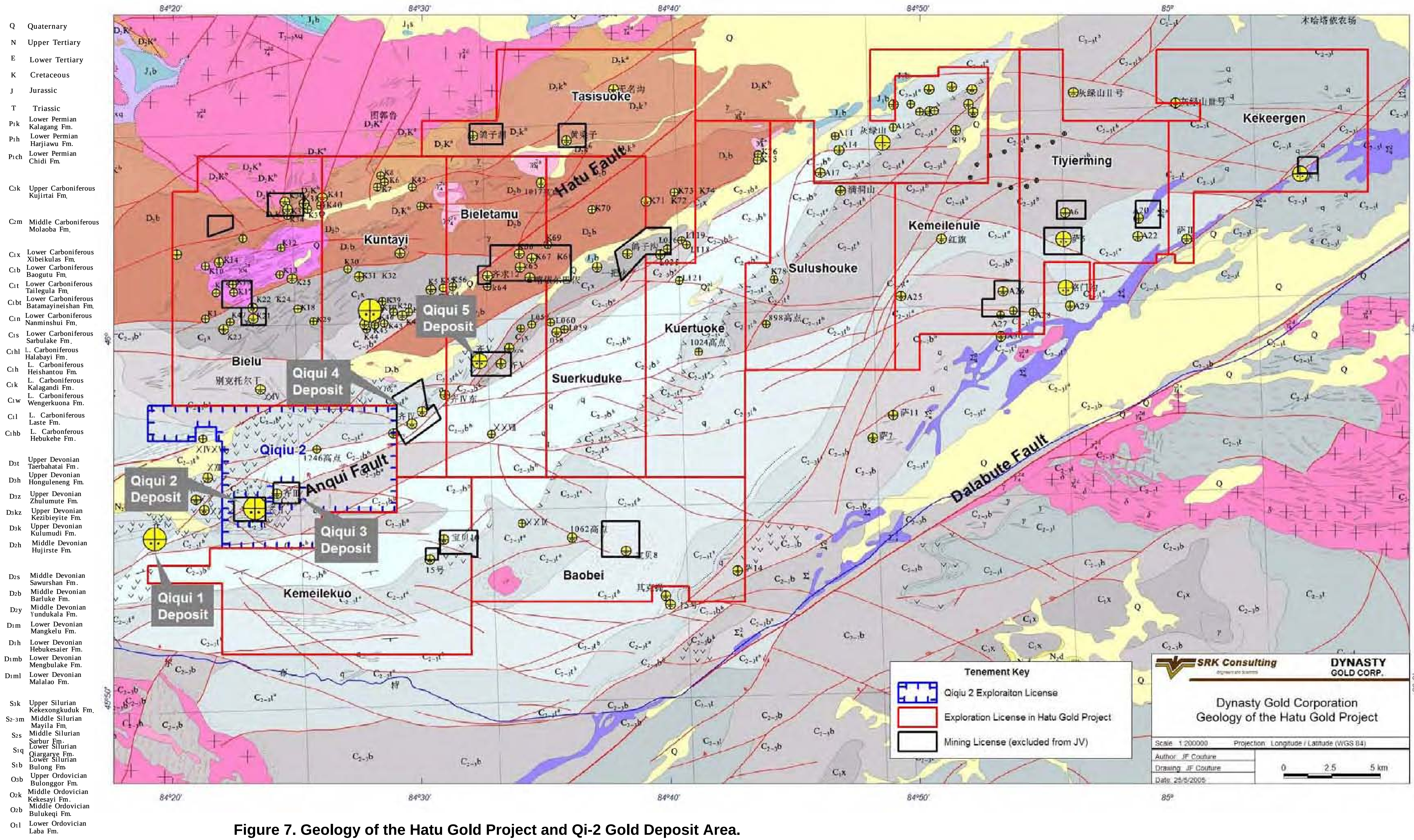


Figure 7. Geology of the Hatu Gold Project and Qi-2 Gold Deposit Area.

6.3 Deposit Types

The gold mineralization in the Hatu district is related to a network of regional faults developed during the Late Carboniferous in a compresional orogeny which resulted in the accretion of Proterozoic continental blocks and Phanerozoic oceanic arcs and sedimentary sequences against the Eurasia plate to the north.

The characteristics of the gold mineralization in the Hatu district are similar to a class of hydrothermal gold deposits referred to as "orogenic" gold deposits, which typically exhibit a strong relationship with regional arrays of major shear zones.

Such deposits are formed by circulation of gold-bearing hydrothermal fluids in structurally-enhanced permeable zones developed in supracrustal rocks during regional metamorphism which typically follows orogenic processes. Gold deposition typically occurs as a result of changes in fluid solubility triggered by wallrock alteration and perturbations in the local stress field. These deposits exhibit strong lithological and structural controls, are hosted in a wide range of lithologies and occur across a wide range of crustal depths.

Although the mineralization is associated with major shear zones, local variations in the style of the mineralization are common and typically exert strong local controls the geometry of individual deposits. These include, but are not restricted to, shear parallel veining, oblique and perpendicular tension veins, and layer parallel veins and saddle reefs.

6.4 Mineralization

The Hatu gold district is located along the northern margin of the Tien Shan metallogenic belt. This belt represents a major suture that traverses Central Asia, from Uzbekistan in the west through Tajikistan and the Kyrgyz Republic into northwestern China, a distance of more than 3,500 kilometres. A number of important large to giant orogenic gold deposits occur along this belt, including Muruntau, Zarmitan and Kumtor.

The Hatu gold district is located at a major bend of the Tien Shan belt where it changes strike from dominantly east-trending to southeast-trending. A series of east- to east-northeast-trending faults probably represent faults of the Tien Shan belt extending in the Hatu gold district.

At the regional-scale, all the gold mineralization is hosted in the hanging wall of the major Dalabute fault, a first order structure that probably acted as a major fluid conduit. In the Hatu gold project area, the gold mineralization is associated with the Anqi fault and with a set of east-trending subsidiary structures forming a large strike-slip duplex in between the Dalabute and the Hatu faults (Figure 7). Several gold occurrences, including Qi-2 gold deposit, are also hosted in the footwall of the Anqi fault, whereas other occurrences occur in the hanging wall of the same fault, as in the case of the Qi-1 gold mine.

The present understanding of the geological and structural settings of the gold mineralization at Qi-2 is poorly constrained.

The gold mineralization is hosted in a complex quartz vein stockwork hosted in folded fine to medium-grained detrital sedimentary rocks (Figure 8). The geometry and controls of this large vein field are poorly constrained. The veins are variably oriented and their dips vary from vertical to horizontal. Veins textures ranges from shear-parallel laminated veins to vein breccia and extensional fractures. Crosscutting relationships are abundant with older deformed veins commonly crosscut by younger planar veins, attesting to the repeated history of fracturation, deformation and vein filling.

At Qi-2, the more continuous individual veins vary between ten (10) centimetres to fifty (50) centimetres in thickness and they range from fifty (50) to 200 metres in strike length. The veins are commonly surrounded by centimetric argillic alteration halos grading outward into large diffused propyllitic assemblages. The gold mineralization is associated with minor sulphides, generally less than one (1) percent including pyrite, arsenopyrite, pyrrhotite, and locally stibnite

The best-developed stockwork zones define two sub-parallel mineralized envelopes plunging approximately thirty (30) degrees to the west (Figure 9), parallel to an intersection lineation observed on sub-vertical cleavage planes.

This limited structural information suggests that, in addition to the primary controls exerted by the Anqi fault system, the geometry of the vein field at Qi-2 may also be controlled by the architecture of the folded sedimentary sequence in a manner similar to the large auriferous stockworks developed in deformed turbidite sequences such as in the Victoria gold province of Australia.

Rubidium-strontium dating of two quartz vein samples from the Hatu district yielded ages of 290-299 Ma, coeval the interpreted age of the regional alkalic magmatism (Rui et al. 2002).

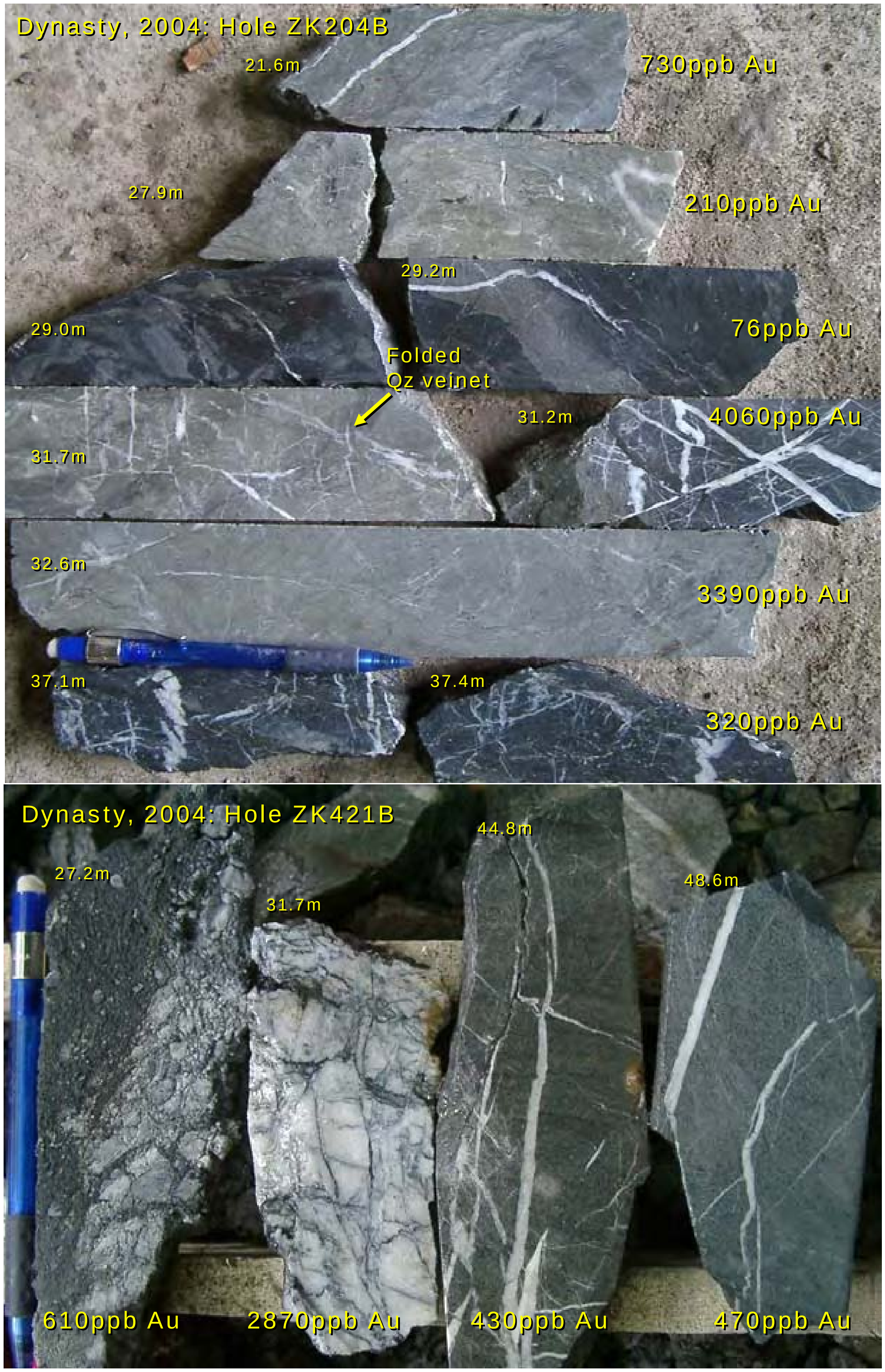


Figure 8. Gold Mineralization Styles at Qi-2. Average Gold Grade as Indicated. Top. Borehole ZK204B. Variably Altered Fine-Grained Sedimentary Rock with Quartz Veining. Bottom. Borehole ZK421B. Quartz Veining Style Hosted in Altered Fine-Grained Sedimentary Rock.

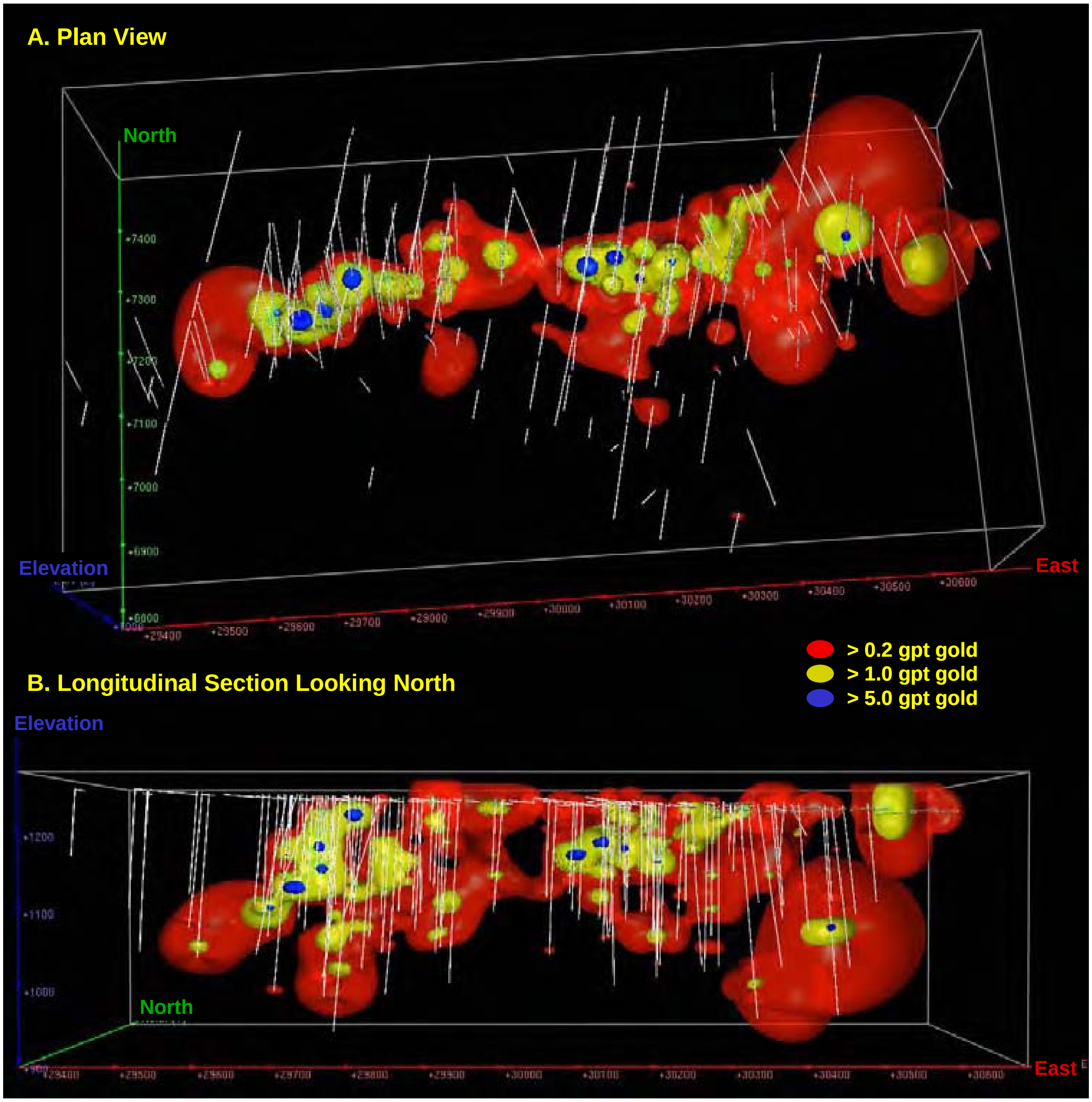


Figure 9. Interpolated Concentric Gold Grade Shells Produced with LeapFrog™ from 1-Metre Composited Assay Data. A. Plan View; B. Longitudinal Section Looking North

7 Exploration

Most of the exploration work on the Qi-Hatu gold project was carried out by the Xinjiang Geologic Bureau Center (“GBC”). Following the acquisition of the property by Dynasty in 2003 available and relevant historical Chinese data were compiled and digitized by Dynasty. These data consist of drilling and trenching assay results, and sets of surface geological and metallogenic maps. As a result of this compilation, Dynasty identified the Qi-2 area as a priority target for large low-grade, bulk tonnage gold mineralization. Exploration work was initiated on this target. The remaining portions of the large Hatu gold project contains approximately 300 identified gold occurrences that were not targeted during the initial work completed by Dynasty in 2004. In the context of the gold mineralization present at Qi-1 and Qi-2 areas, these occurrences present other attractive targets for similar gold mineralization styles and warranting additional exploration.

In May 2004, Dynasty initiated a field work program including trenching and diamond drilling designed to verify and validate historical exploration results. The following sections present the most salient aspects of the exploration work conducted by the GBC as well as the details of the work program carried out by Dynasty during 2004 and early 2005.

7.1 Trenching

A series of trenches were excavated over the central part of the gold mineralized area at the Qi-2 project. The GBC excavated a total of eighty (80) trenches, some of which are aligned along the same section. The trenches were excavated every forty (40) metres across the interpreted strike of the gold mineralization. In the western parts of the deposit trenches are oriented to the north-northeast whereas they trend to the north-northwest in its eastern half. GBC collected a total of 1,315 samples varying between one (1) and 1.5 metre in length for a cumulative length of approximately 4,400 metres.

During 2004, Dynasty excavated twenty-five (25) trenches. These trenches are generally oriented north-northeast and were variably spaced as to duplicate and infill in between historical trenches. A total of 1,672 samples was collected over lengths varying between one (1) and 1.5 metre for a cumulative length of 2,170 metres.

7.2 Diamond Drilling

The borehole database for the Qi-2 gold deposit comprises a total of 104 boreholes totalling 18,314 metres in length. Eighty-three (83) holes, for a total of 15,378 metres, were drilled by GBC and twenty-one (21) holes, for a total of 2,936 metres, were drilled by Dynasty. All boreholes are ninety-six (96) millimetres in diameter (HQ calibre) but occasionally borehole size was reduced to seventy-six millimetres (NQ calibre) in bad ground conditions or when crossing old underground excavations.

When Dynasty took over as operator of the project, Dynasty inherited Chinese drilling equipment including a fifty (50) year old Russian-design drill rig which could only drill boreholes inclined from vertical to -80 degrees. However, for the last five (5) boreholes of the 2004 drill program, Dynasty used a Longyear 38 and a Longyear 44 rigs to drill boreholes plunging at 45 degrees and 60 degrees.

The collar of all boreholes was surveyed for easting, northing and elevation using the Beijing 54 3-degree coordinates system, a local mine grid system and subsequently converted by Dynasty to UTM WGS84 coordinates.

Several of the holes drilled by Dynasty in 2004 aimed at replicating historical boreholes. However, due to the use of an erroneous coordinate system to position each hole prior to drilling, this objective was only partly fulfilled. As a result, only four (4) holes drilled by Dynasty are within reasonable distance from a previous hole to qualify as a twin hole. These twin holes were drilled with a one (1) degree difference in azimuth at the same inclination with respect to the previous XNF boreholes. The twinned holes did not fully duplicate the entire length of the historical boreholes.

7.2.1 Downhole Surveying

All boreholes longer than fifty (50) metres have been surveyed for downhole deviation using magnetic reading device. A Chinese version of a Pajari instrument was used for the GBC holes and an Eastman single-shot was used by Dynasty in 2004. Survey data are collected every fifty (50) metres and also at the bottom of each hole. In two (2) of the holes drilled by Dynasty (holes DH440 and DH460), the first deviation reading was taken at around 170 metres down the hole and then at fifty (50) metres intervals to the bottom of the hole.

7.2.2 Drilling Pattern and Density

An area measuring approximately 700 metres by 1,200 metres was tested by drilling and trenching. All boreholes were drilled from the surface on sections spaced every forty (40) metres in the western part of the auriferous zone and more randomly in its eastern portion. In the core of the auriferous zone, boreholes are typically spaced on twenty-five (25) metres section and on fifty (50) metres sections along its margins and outside the zone.

The majority of the holes were drilled with steep inclination (-80 degrees) and are sub-parallel to the interpreted envelope of the gold mineralization. Dynasty realized this problem and drilled the last five (5) boreholes of the 2004 drill program at inclinations of -45 degrees and -60 degrees to intersect steeply dipping structures at a better angle.

7.3 Sampling Approach and Methodology

Standard sampling procedures were used by GBC and Dynasty in collecting core and trenches samples for assaying. The sampling procedures are described in the following paragraphs.

7.3.1 Trenching

Channel samples collected by GBC and Dynasty were typically collected on the floor of the trenches using a chisels and a rock hammer. Samples collected by GBC vary between 0.2 and 2.4 metres in length. Approximately sixty-five (65) percent of the samples are one (1) metre in length, thirty (30) percent are less than one (1) metre, and the remaining five (5) percent are over one (1) metre.

Dynasty collected samples varying between 0.2 and 2.4 metres in length. Approximately thirty (30) percent of the samples are one (1) metre in length, fourteen (14) percent of the samples are between one (1) and 1.4 metre in length, and forty-eight (48) percent of the samples are between 1.4 and 1.6 metre in length.

7.3.2 Drilling

Drill core samples were collected by sawing the core in half for all of the holes drilled so far on the project. GBC selected assay samples estimated to contain gold mineralization by visual examination. A total of 4,332 samples were collected varying in between 0.1 and 3.1 metres in length. Sixty-seven (67) percent of the samples are between 0.8 and 1.2 metre in length. All the remaining unsampled core and the half core not sent for assaying was discarded after logging.

Dynasty sampled the entire length of each drill hole and collected a total of 2,569 samples varying between 0.2 and 2.85 metres in length. Seventy-eight (78) percent of the samples are between 0.8 and 1.2 metre in length. Each box of core was photographed with a digital camera. The core is stored on racks inside a locked and guarded brick building that is also used as a core logging facility (Figure 11).

In 2004, core assay sample were collected by Dynasty from half sawed core with a diamond saw along the length of the core as marked by an appropriately qualified geologist. One half-core was placed in a cloth bag along with a sample number recorded on the drill log. The remaining half was carefully replaced in the core box for archiving. The sample intervals are separated in the box by inserting a piece of carton and flag tape at the limit of each sample. The samples are identified with a sample tag recording the sample number and the depth along the hole where the sample was collected (Figure 11).

Inspection of core boxes suggest that the remaining halves of sampled core were appropriated replaced in the core boxes.

Figure 10. Top. Typical Archived Drill Core Box, Borehole ZK204B. Bottom. Core Logging and Core Storage Area on the Qi-2 Site.

7.4 Sample Preparation, Analyses and Security

All trenches and boreholes samples collected by GBC at Qi-2 were prepared for analysis by the GBC laboratory. Dynasty sent the sample collected during the 2004 exploration program either to the XNF laboratory or to the GBC laboratory.

7.4.1 Trenching

No detail concerning the sample preparation procedures used at the GBC laboratory was made available to SRK. Only limited information is available about the assaying procedures used for assaying historical trench samples collected by GBC. Gold was assayed by Aqua Regia digestion followed by atomic absorption spectrometry. In addition to gold, samples were also assayed for arsenic, copper, lead, zinc, silver, and chromium.

Samples collected in trenches by Dynasty were placed in sample bags with a unique number. The samples were then subitted to the GBC or to the XNF laboratory for analysis. Gold was analysed by Aqua Regia digestion followed by atomic absorption spectrometry. In addition to gold, the samples were also assayed for arsenic, antimony, mercury, copper, lead, zinc, and tungsten.

7.4.2 Drilling

Core samples collected since 2004 were prepared for assaying using a standard sample preparation procedure at both the GBC and the XNF laboratories (both certified ISO 2000) and illustrated on Figure 12.

Preparation procedures involve sample weighing, drying and coarse crushing to a maximum particle size of four (4) millimetres on a jaw crusher and subsequently pulverized to one (1) millimetre in a jaw crusher. The pulverized sample is then mixed and split in half. One half (approximately 400 grams) is pulverized in a ball mill to -200 mesh. The second half of the sub-sample (approximately 500 grams) is stored as a coarse sample reject. The resulting pulverized sub-sample is then mixed and split again for assaying. Approximately 100 grams of the pulverized sample are consumed during assaying and approximately 300 grams are kept as a duplicate.

The original gold assays were performed by acid digestion on thirty (30) grams charges with an atomic absorption spectrometry finish. For this review, SRK did not visit the GBC or the XNF laboratories.

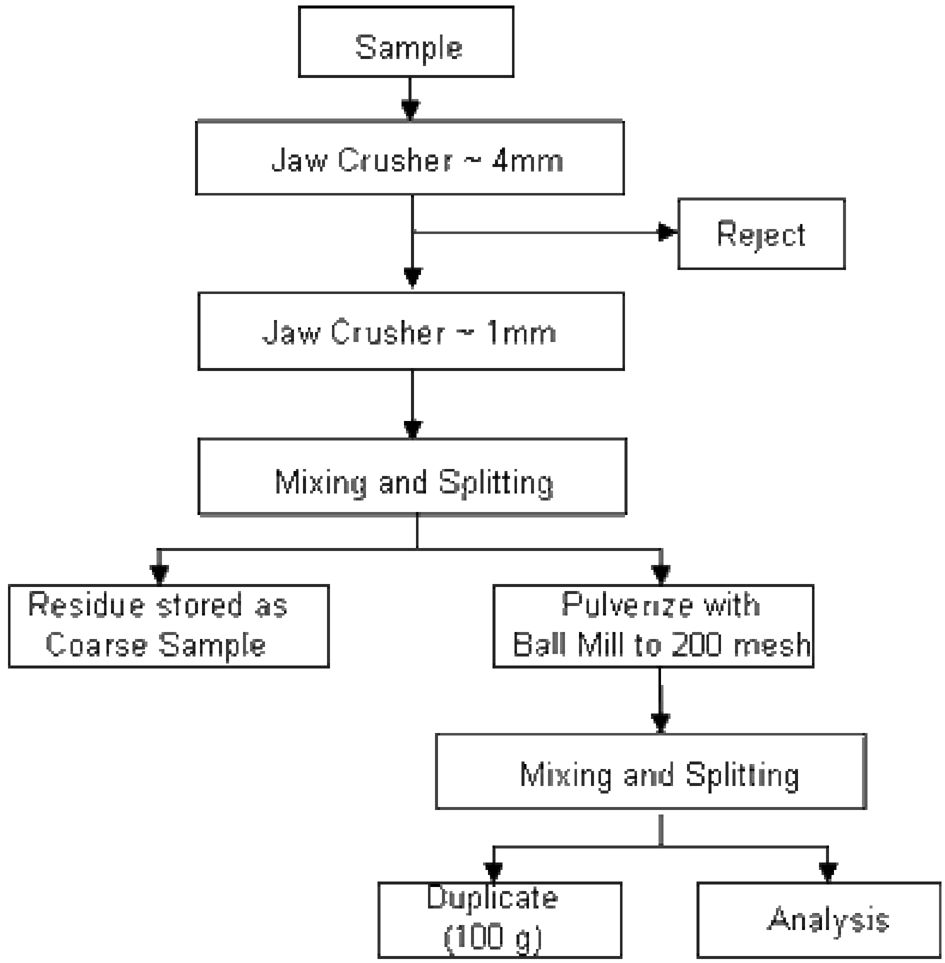


Figure 11. Sample Preparation Procedures used by the GBC Laboratory.

7.5 Quality Assurance and Quality Control Programs

Quality control measures are typically set in place to ensure the reliability and trustworthiness of exploration data. This includes written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, security, data management and database integrity. Appropriate documentation of quality control measures and analysis is important as a safeguard of project data.

7.5.1 XNF and GBC Quality Control Program

Limited information is available about the quality control measures adopted by the GBC prior to 2004 and was only reported verbally to SRK. However, the work perform by Chinese Geological Survey Teams is typically very procedural and involves extensive documentation and validation. In the experience of SRK, such exploration data can be considered reliable.

7.5.2 Dynasty Quality Control Program

In 2004, Dynasty implemented limited quality control measures for their initial drilling program at Qi-2. These measures include the independent surveying of each borehole collar and downhole deviation monitoring using a single-shot instrument.

No control samples were inserted with samples submitted to the primary laboratory for assaying. Dynasty relied on laboratory internal quality control measures taken by the ISO 2000 certified Xinjiang Geological Bureau Laboratory Center and the XNF laboratory.

The location of each borehole to be drilled was first positioned in the field by a surveyor from the Qi-1 mine using a theodolite. The final position of each hole was subsequently surveyed by the Geological Brigade 701 Survey Team surveyors at the end of the drilling program using a theodolite and known topographic control points. The results of the Brigade 701 surveyors are used as the final coordinates for the borehole collars.

The down hole deviation was measured with a single-shot as described in section 8.2.1. This instrument provides precise and accurate azimuth and inclination readings but its sensitivity to magnetic units is problematic on some projects. Fortunately at the Qi-2 project, the rocks and the gold mineralization have low magnetic susceptibilities and the readings provided by single-shot are valid. Therefore SRK considers the downhole trace of the holes to be reliable.

Gold was assayed by acid digestion followed with atomic absorption spectrometry. A total of 924 replicate assays were performed at the primary laboratory on the sample pulp (Figure 13).

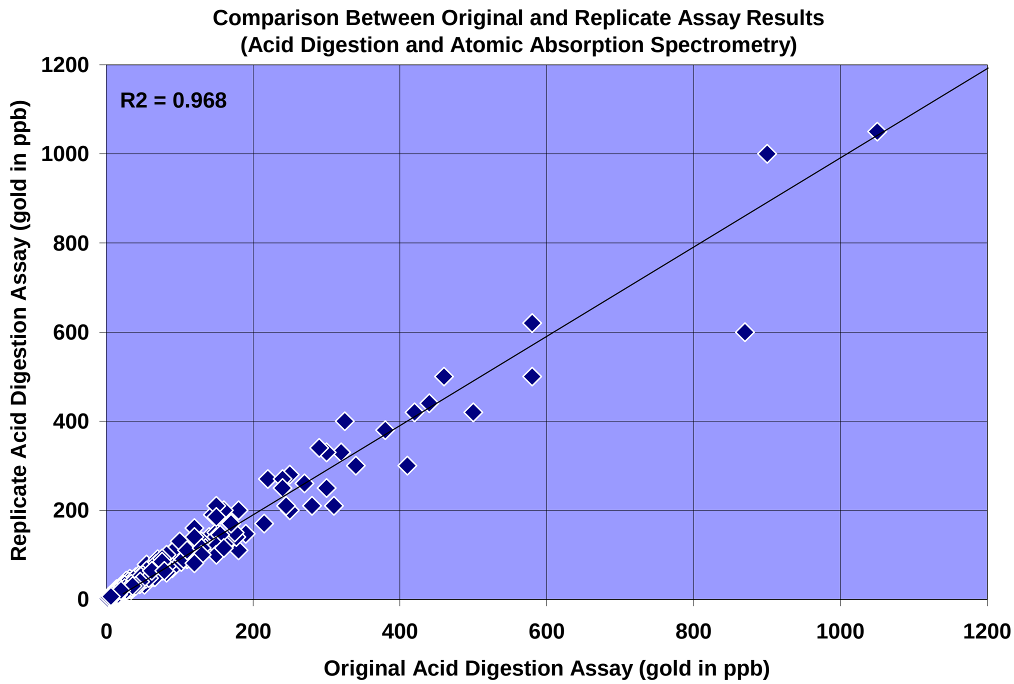
In general, replicate assays compare very well with the original assay, indicating that acid digestion gold assays can be reproduced reasonably well by the primary laboratory from the same pulp.

7.6 Specific Gravity Data

Limited specific gravity data are available from the Qi-2 project. During the second quarter of 2005, specific gravity data was acquired for seven (7) vein and wall rock core samples submitted by Dynasty to SGS China Laboratory. The specific gravity was determined using a volumetric method (water displacement). Core samples were weighted in air and immersed in water. The results are listed in Table 3. The number of specific gravity determination is statistically insufficient to adequately assess the density of the gold mineralization and the host rocks.

Table 3. Specific Gravity Data Collected by Dynasty on Core Samples from the Qi-2 Gold Deposit.

Sequence	Sample No.	Average (Specific Gravity)
1	DHS214	2.79
2	DHS333	2.54
3	DHS260	2.78
4	DHS230	2.73
5	DHS267	2.52
6	DHS7053	2.70
7	DHS7062	2.62
	DHS7062-Rep	2.68
	Average	2.65



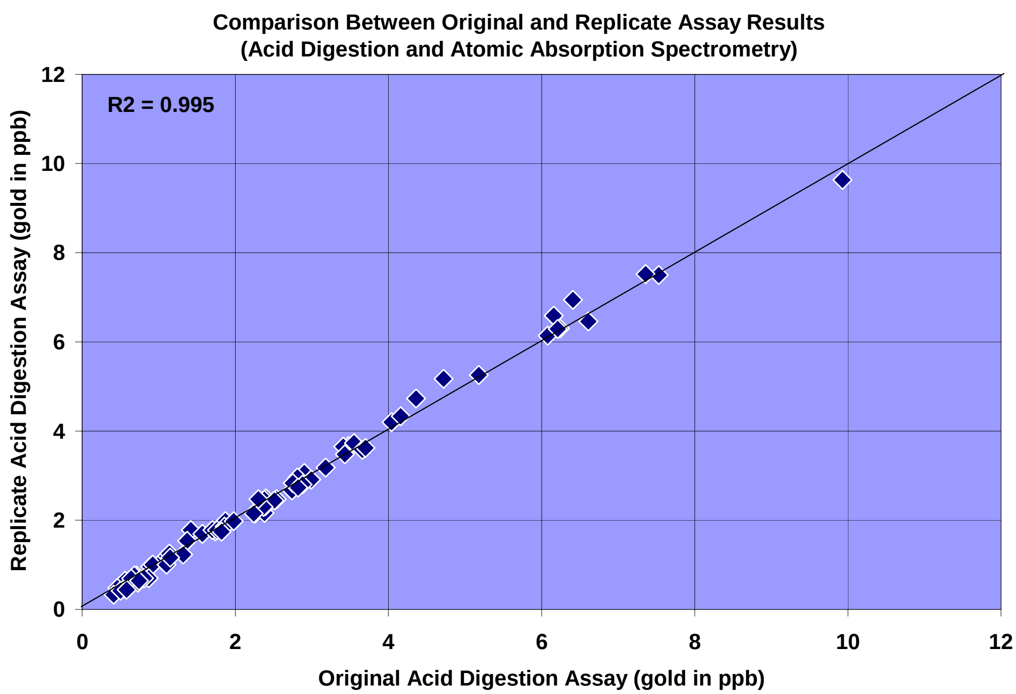


Figure 12. Bias Chart Comparing Original and Replicate GBC Assays on the same pulp, Acid Digestion Followed by Atomic Absorption Spectrometry.

7.7 Data Verification

Data verification is an important aspect of any review of exploration data collected on a mineral project, especially when relying on historical data collected by others.

When Dynasty became involved in the Qi-2 project, a series of verification and validation procedures were implemented to validate and the trustworthiness and reliability of historical information obtained from GBC. Several boreholes collars and trenches location were resurveyed. Dynasty also drilled twin holes with the objective of verifying mineralized intervals obtained by GBC.

As part of the present investigations SRK conducted independent verifications of project data. SRK visited the project and examined drill core and surface rock exposures to ascertain the geological setting of the gold mineralization and witness the exploration work carried out by Dynasty. SRK conducted routine database verifications to ensure the reliability of the exploration data for the purpose of estimating mineral resources.

7.7.1 Verification by Dynasty

Verification Drilling

Dynasty initiated a twin-holes drill program aiming at verifying the results of some of the historical boreholes. A total of twenty-one (21) boreholes were drilled by Dynasty during 2004. Unfortunately the holes were incorrectly positioned in the field prior to drilling by the Qi-1 survey team.

Dynasty suspected errors in the collar position of the 2004 boreholes. In February 2005, Dynasty contracted two (2) independent surveyors, the Geological Brigade 701 Survey Team ("Brigade 701") from Changji and Mr. Jerry Liu of Dynasty Gold Corporation, to verify the location of the 2004 Dynasty boreholes collars and trenches, and some of the historical boreholes collars.

The Brigade 701 executed the survey with a TOPCON (GTS 336) instrument and anchored the entire survey to known control points previously used by the XNF surveyors. The entire survey was performed in the Beijing 54 3-degree coordinates system. Mr. Liu used a differential GPS and provided point readings in the UTM WSG84 coordinate system as well as in geographic coordinates. The results of both surveys are very similar for the easting and the northing coordinates. However Mr. Liu obtained differences in elevations up to fifteen (15) metres with previous XNF borehole collars whereas the Brigade 701 was within 0.5 metre.

The Brigade 701 used the same topographic control points as the one used by XNF to locate all the pre-2004 boreholes and trenches. Comparison with some XNF collars indicates that all boreholes on the Qi-2 property were surveyed under a single grid with the same coordinate system.

The new readings of some pre-2004 borehole collars compare very well with the surveying data provided by GBC. As a result Dynasty decided to use the Brigade 701 data for all of Dynasty's 2004 borehole collars and trenches. The coordinates collected by XNF surveyors for all the pre 2004 boreholes and trenches are used for all the pre 2004 exploration work.

Based on the surveying data obtained in February 2005, only four (4) of the 2004 Dynasty holes would qualify as twin holes since they are within eight (8) metres from an historical XNF borehole (Table 4). Moreover, many planned twin-holes are considerable shorter in length than the historical hole, thus failing to fully duplicate the original drilling intercept (Figure 14).

Table 4: Hatu Twin Core Boreholes Drilled by Dynasty in 2004.

HOLE-ID	LENGTH (metre)	EASTING * (metre)	NORTHING* (metre)	ELEVATION* (metre)	Azimuth	Inclination
ZK384	99.47	28529809.34	5087180.69	1256.112	193	-80
ZK382B	212.04	28529804.66	5087185.92	1256.601	192	-80
ZK423	120.2	28529724.13	5087166.48	1257.387	193	-80
ZK426B	52.8	28529720.73	5087160.15	1257.276	192	-80
ZK426	159.07	28529729.42	5087188.82	1257.735	193	-80
ZK421B	88.29	28529725.89	5087181.71	1257.23	192	-80
ZK427	242.97	28529739.26	5087232.48	1258.386	193	-80
ZK422B	303.33	28529736.74	5087226.69	1258.132	192	-80

* Mine Grid (Beijing 54) coordinate system.

Twin drilling assay results are typically difficult to interpret in confidence, especially in gold mineralization because of the inherent variability of this style of mineralization. In addition, Dynasty twin holes are shorter and have been sampled over the entire length of the borehole, whereas historical boreholes were typically discontinuously sampled, based on visual indications of mineralization.

One pair of holes (ZK426 and ZK421B) is particularly appropriate for comparison purpose because they both were sampled continuously over an auriferous interval of interest (Figure 14). Using a 0.2 gpt gold lower cut-off to determine the auriferous mineralization, a 65 metres section in hole ZK426 returned an average of 1.78 gpt gold. A corresponding 65 metres interval starting with the first sample grading above 0.2 gpt gold in hole ZK421B yielded an average of 4.59 gpt gold. The difference in assay results is large, but possibly related to the inherent variability of gold distribution.

Twin holes drilled by Dynasty do suggest that un-sampled intervals in historical holes are locally auriferous (Figure 15) demonstrating that the whole-length sampling approach used by Dynasty is more appropriate than the selective sampling used in historical drilling. For this reason, it is inappropriate to assume that unsampled intervals in historical boreholes have zero grade.

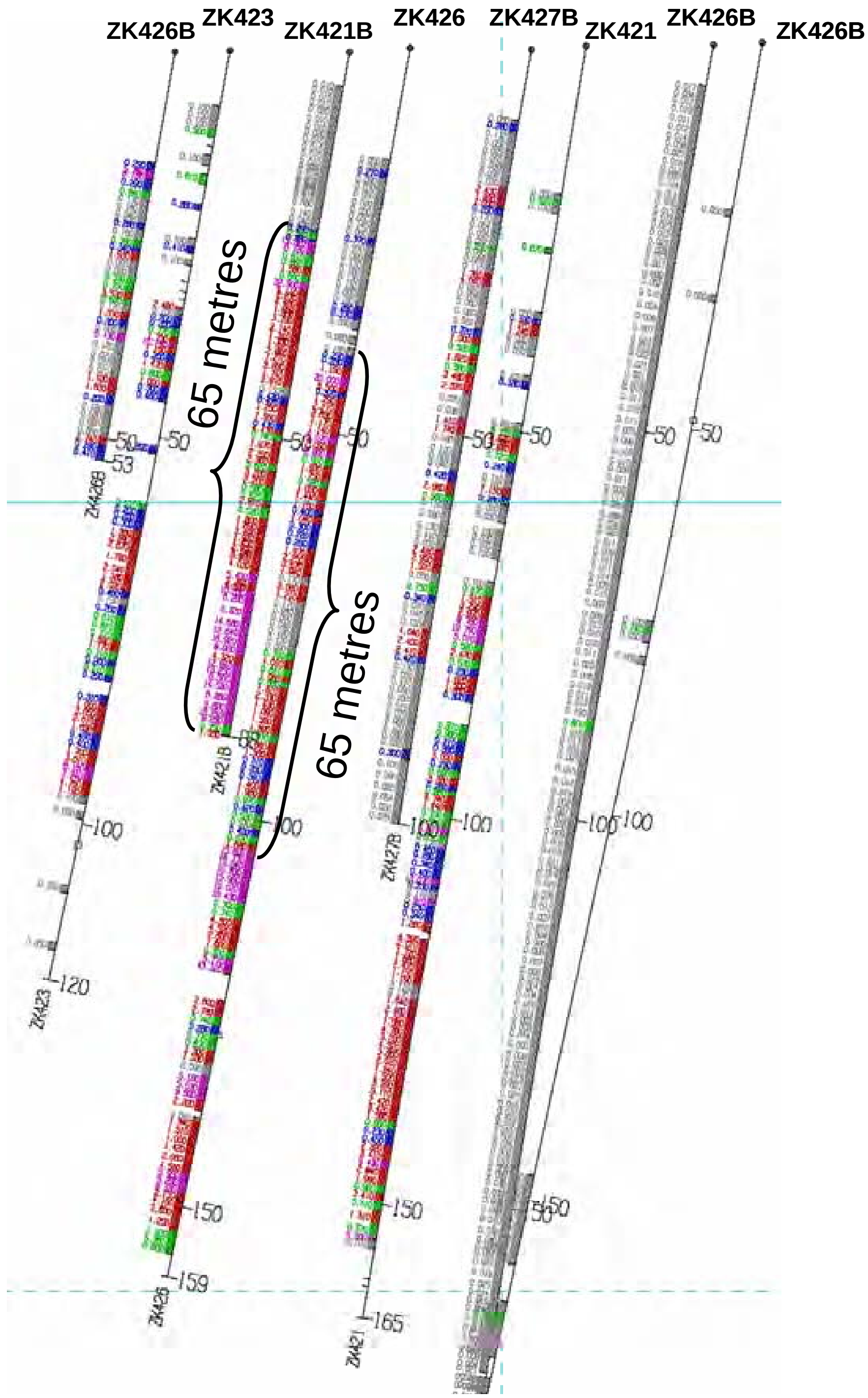


Figure 13. Vertical Section Looking East Comparing Historical Borehole ZK426 with Twin holes ZK421B drilled by Dynasty. Also of Note, Twin Boreholes are Shorter than Historical Boreholes.

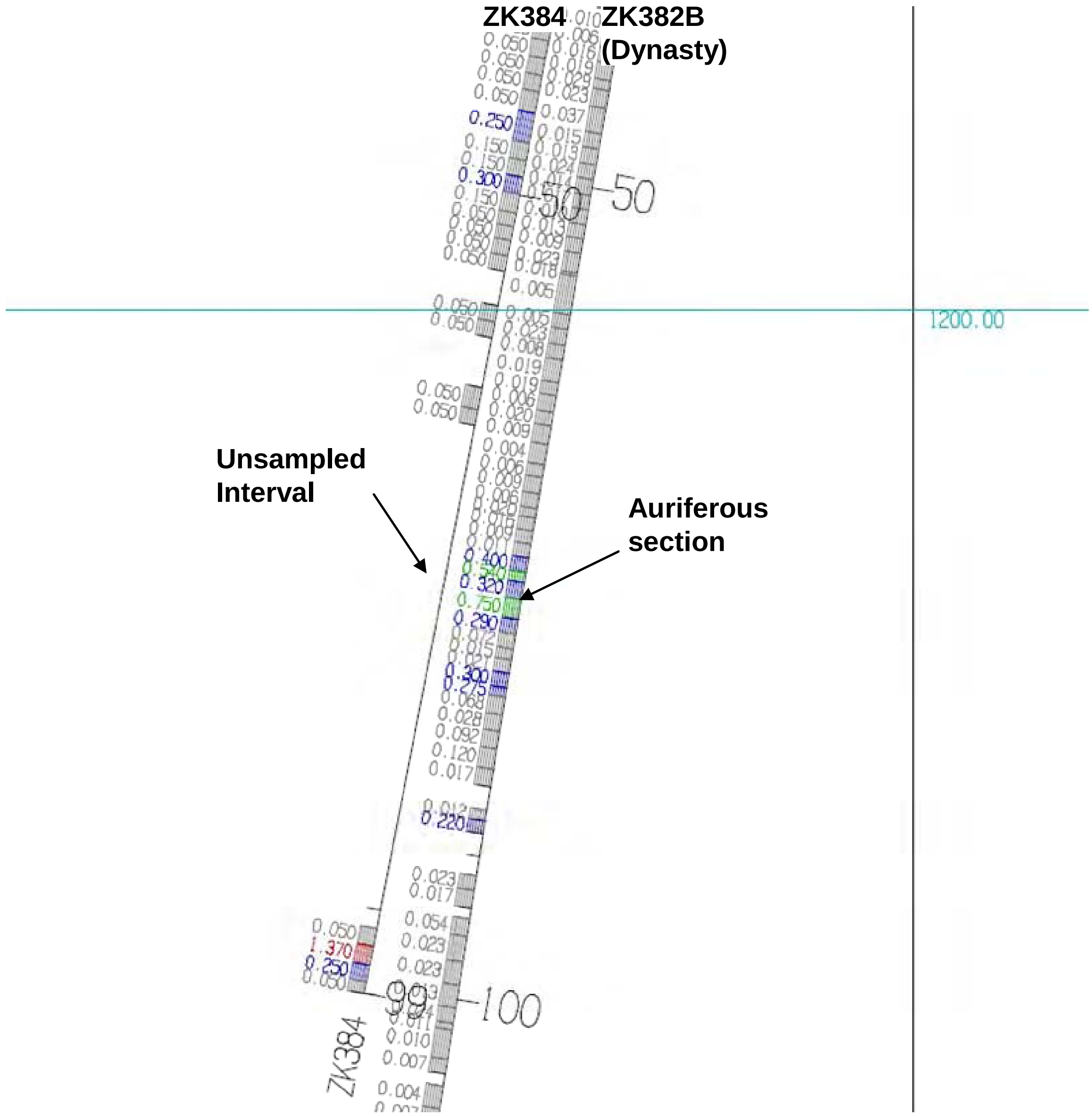


Figure 14. Vertical Section Looking East Comparing Hole ZK384 with Twin Borehole ZK382B Illustrating that Unsampled Interval are Auriferous.

7.7.2 Verification by SRK

Site Visit

As part of the present investigations, SRK conducted a number of routine verifications of project data. SRK examined drill core and surface exposures to ascertain the geological and structural setting of the gold mineralization at Qi-2.

During the site visit, SRK verified the position of several borehole collars and trenches as part of the verification of the existence of such work.

A thorough verification of the database provided by Dynasty was conducted by SRK prior to modelling the mineral resources. Only two minor errors in azimuth and one error in trench length were noted and corrected.

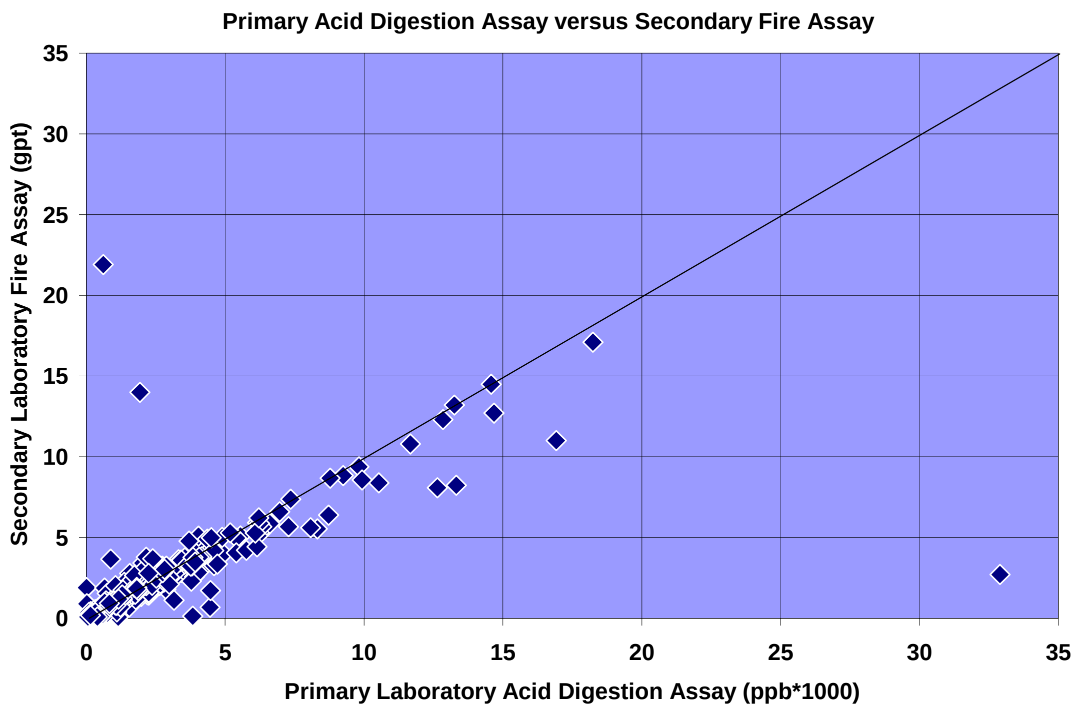
In general, SRK believes that the database compiled by Dynasty is reliable for the purpose of mineral resource estimation.

Acid Digestion Assay Verifications

SRK suggested to Dynasty to validate the acid digestion gold assay data against more industry standard fire assaying procedures. The fire assaying technique is usually believed to produce more accurate assay results for gold than the straight acid digestion assaying technique.

At the request of SRK, Dynasty submitted a series of sample pulps from the 2004 drilling program to SGS laboratory in Beijing for assaying. A total of 734 pulps were selected over a wide range of gold grade classes representing the distribution of gold grade obtained from the 2004 program.

Comparison of fire assay and acid digestion assay data is presented in Figure 16. The correlation between the two assay populations is quite good. For samples assaying less than 3.5 gpt gold the correlation is excellent (Figure 16). A slight inflection in the data occurs at approximately 3.5 gpt gold where fire assay appears to report lower grades than acid digestion. This trend becomes quite clear above approximately 6 gpt gold.



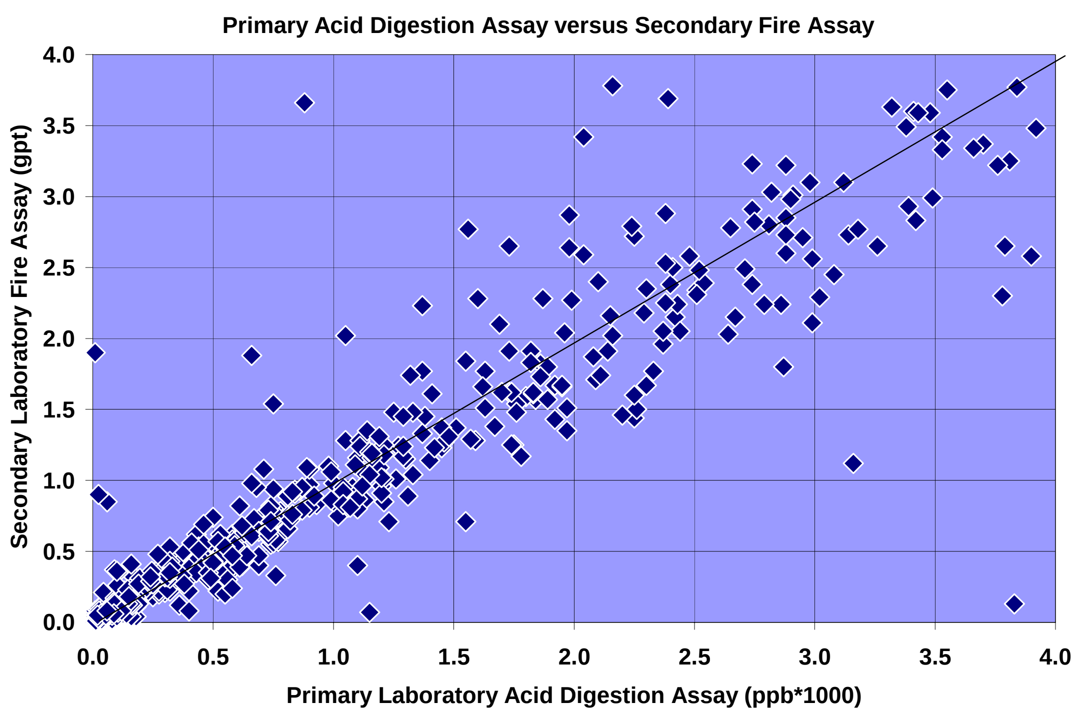


Figure 15. Comparison of Fire Assay Check Assays Against Original Acid Digestion Assays from the 2004 Drilling Program.

A few samples returned significantly different fire assay results compared to the original acid digestion assay. Fire assay results are either significantly lower or higher than the original assay (Figure 16). This may indicate the presence of coarse gold and poor assay reproducibility from the same pulp. This issue should be investigated further to improve the validation of historical assay results.

With the pulp samples submitted to SGS Laboratory for check assaying by fire assay, Dynasty inserted one of three (3) certified reference material purchased from RockLabs (Auckland, New Zealand) at a rate of approximately eight (8) percent. Two certified samples, SJ-10 and SJ-22, have very close certified assay result at 2.604 and 2.643 gpt gold, respectively. The certified grade for the third sample, SE-19, is 0.583 gpt gold.

The assay results for the control samples inserted by Dynasty are presented in Figure 17. For the low-grade control samples, assay results are close to the acceptable tolerance interval. For samples SJ-10 and SJ-22, assay results are consistently below the tolerance interval. Replicate assays performed at the SGS Laboratory (Figure 18) are in very good agreement indicating that the SGS laboratory can reproduce their assay results from the same pulp.

Assay results for the control samples suggest that in general the SGS Laboratory consistently reports lower gold grades and that therefore fire assay results from SGS may have a tendency to underestimate gold grades. This might explain, in parts, the slight discrepancy noted between fire assay results compared to the original acid digestion assay obtained from the primary GBC laboratory used by Dynasty.

In general, comparison of fire assay and acid digestion assay results are in reasonable agreement and SRK is therefore of the opinion that the acid digestion assay database is generally reliable for the purpose of resource estimation.

SRK strongly recommends that Dynasty continue to investigate the reliability of acid digestion assay results by conducting additional verification drilling, twin drilling and re-assaying of available sample pulps. In this process, control samples should be inserted with all samples submitted to the umpire laboratory for re-assaying.

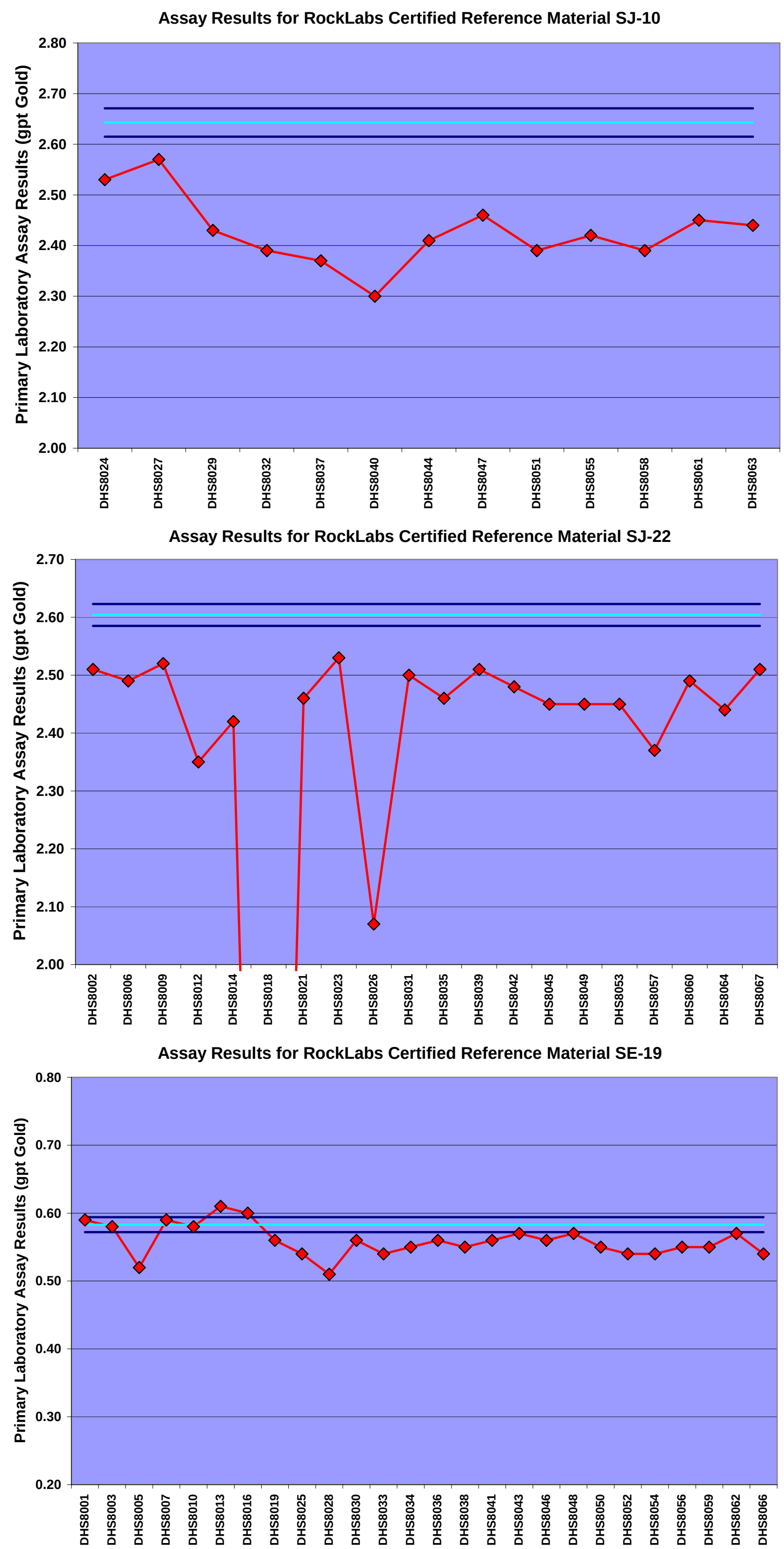


Figure 16. Assay Results for Control Samples Inserted by Dynasty with Assay samples submitted to the SGS Laboratory for Assaying in 2004.

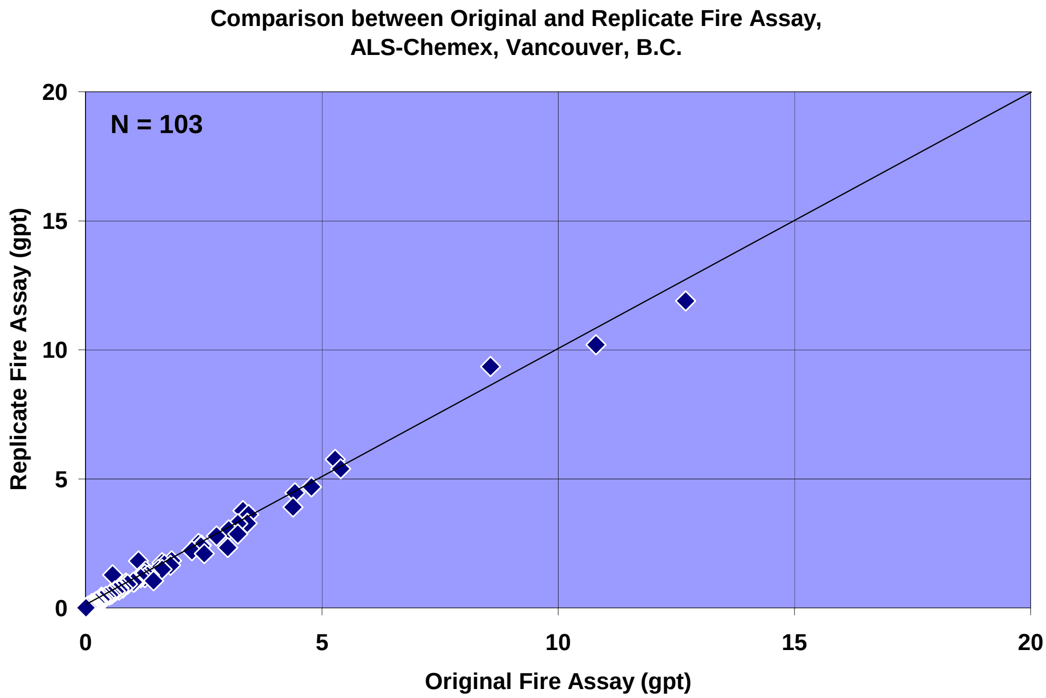


Figure 17. Comparison of Replicate and Origina Fire Assay Results for Check Samples Submitted to the SGS LAboratory.

7.8 Adjacent Properties

The Qi-2 gold project is located within a large group of contiguous tenements enclosed within the joint venture agreement whereby Dynasty can earn a seventy percent interest. A total of approximately 300 gold mineral occurrences are reported on these tenements from previous exploration work conducted by XNF. The review of exploration work carried out over these tenements is outside the scope of the present investigations.

The Qi-1 gold mine is located approximately 5.5 kilometres to the west of the Qi-2 gold project (Figure 7). The Qi-1 mine consists of a series of gold-bearing quartz veins injected in an altered tholeiitic metabasalt unit and nested in the hanging wall of the Anqi fault. The gold mineralization is restricted to the quartz veins and adjacent altered host rock is virtually barren.

The Qi-3 deposit is located two (2) kilometres to the east of the Qi-2 gold project. The gold mineralization is hosted in a 0.5 to two (2) metres wide single quartz vein that has been exploited over a distance of 150 metres and to an unknown vertical extent. The vein strikes N245 degrees and dips at 55 degrees to the southeast and is located along a major anticline axis. It is hosted in a folded Lower Carboniferous turbidite sequence comprising tuffaceous sandstone, siltstone, and mudstone.

The present investigations concern specifically the estimation of mineral resources for the Qi-2 gold deposit. In this context, the adjacent properties are not considered relevant for this purpose. Nonetheless, the existence of gold mineralization on adjoining grounds along the Amqi fault system attest to the fertile nature of this fault system and thus highlight the good exploration potential of the Hatu project.

8 Mineral Processing and Metallurgy

Dynasty has not performed any metallurgical tests on the mineralization present at the Qi-2 gold project.

9 Mineral Resource Estimation

9.1 Introduction

The estimation of mineral resources for the Qi-2 gold deposit presents challenges arising from the nature of the gold mineralization, its poorly constrained geological and geometrical controls and the sampling information obtained from two widely distinct sources.

The gold mineralization is hosted in a quartz-vein stockwork, the geometry of which is poorly constrained with available geological data derived primarily from diamond drilling and surface trenching. The gold mineralization is associated with quartz veins and veinlets forming a broad vein field that cannot be delineated with great confidence from the limited geological data available from the historical drilling data.

Assay data was obtained from core and trench samples assayed by aqua regia extraction followed with atomic absorption spectrometry.

The initial exploration program conducted by Dynasty in 2004 was designed to primarily validate historical sampling data. The verification program included re-assaying of historical core samples and trenches and limited verification and infill drillings in portions of the deposit. Analysis of the results of the verification program suggest that gold assay data can be reproduced within reason suggesting that historical atomic absorption assay data are generally reliable for a resource estimation with a lower level of confidence. As an additional reliability test of the atomic absorption gold assay data, a suite of core samples collected by Dynasty was also re-assayed for gold by fire assay at the SGS Laboratory in Beijing. Generally, fire assay data are in agreement with atomic absorption data adding further confidence in the historical assay data although there are some concerns about over estimation of grade above 3.5 gpt gold.

Despite the caveats of poor geological constraints on the geometry of the gold mineralization and atomic absorption assaying protocols used at Qi-2, SRK is of the opinion that the exploration database may be suitable for resource estimation purpose.

The reliability or confidence level of a resource estimate depends on the level of geological knowledge of the deposit. Gold at Qi-2 is believed to be associated with stockwork and vein mineralization. However the extent, orientations and lithological factors affecting mineralization are currently not well defined. Further geological description of the mineralization has not been integrated with assay data. Given this uncertainty in geological information any resource estimate based on this data must be considered at a low level of confidence.

In the absence of geological description for the much of the historical drilling data, a probabilistic approach was used to constrain grade distribution in the Qi-2 deposit. Given the stockwork nature of the gold mineralization and the level of information available, this approach is considered reasonable for this type of deposit.

The resource modelling work was carried out between April and May 2005 in Toronto.

9.2 Database

The database (Table 5) considered in the construction of the mineral resource model for the Qi-2 deposit comprises one hundred and four (104) surface core boreholes, one hundred and five (105) trenches and three (3) short vertical pits, totalling approximately 24,900 metres in length.

Table 5. Qi-2 Gold Deposit, Exploration Sampling Database.

Description	Number	Total Length [m]
Drillholes 2004	21	2,936.25
Trenches 2004	25	2,168.23
Trenches pre-2004	80	4,397.60
Drillholes pre-2004	83	15,377.61
Pits pre-2004	3	28.65
Total	**212**	**24,908.34**

Seventy-six (76) boreholes and thirty-one (31) trenches contain assay data above 0.2 gpt gold over lengths exceeding three (3) metres. One borehole (ZK503) is located outside the modelled area.

Electronic borehole and trench data were compiled by Dynasty into Excel and text files and imported into a Gemcom database by SRK. The database contains borehole and trench collar locations, down hole surveys and gold assay data. The database does not contain lithological information. Coordinates are reported according to a local mine grid system. All modelling work was conducted according to this coordinate system.

Assay data in the database is comprised of 9,921 samples assayed by straight atomic absorption spectrometry. These samples include 7,942 XNF assays and 1,979 assay results from samples collected by Dynasty. XNF data was reported in gpt gold whereas assay results for Dynasty samples were reported in parts per billion. Therefore Dynasty assays were converted from parts per billion to gpt before combination into one grade variable used in for resource estimation. Intervals not assayed were assigned a null value in the database. Five intervals in drill hole ZK382B which had sample numbers but no assays were excluded from the database.

The composite table contains all 1-metre length composites calculated down the hole from the collar. It contains a total of 25,015 composites including zero values. A total of 11,217 composites has gold values greater than zero.

9.3 Statistical Analysis

Gold assays for the Qi-2 deposit display a highly skewed distribution with a long tail of high gold values at low frequencies as shown in Figure 19.

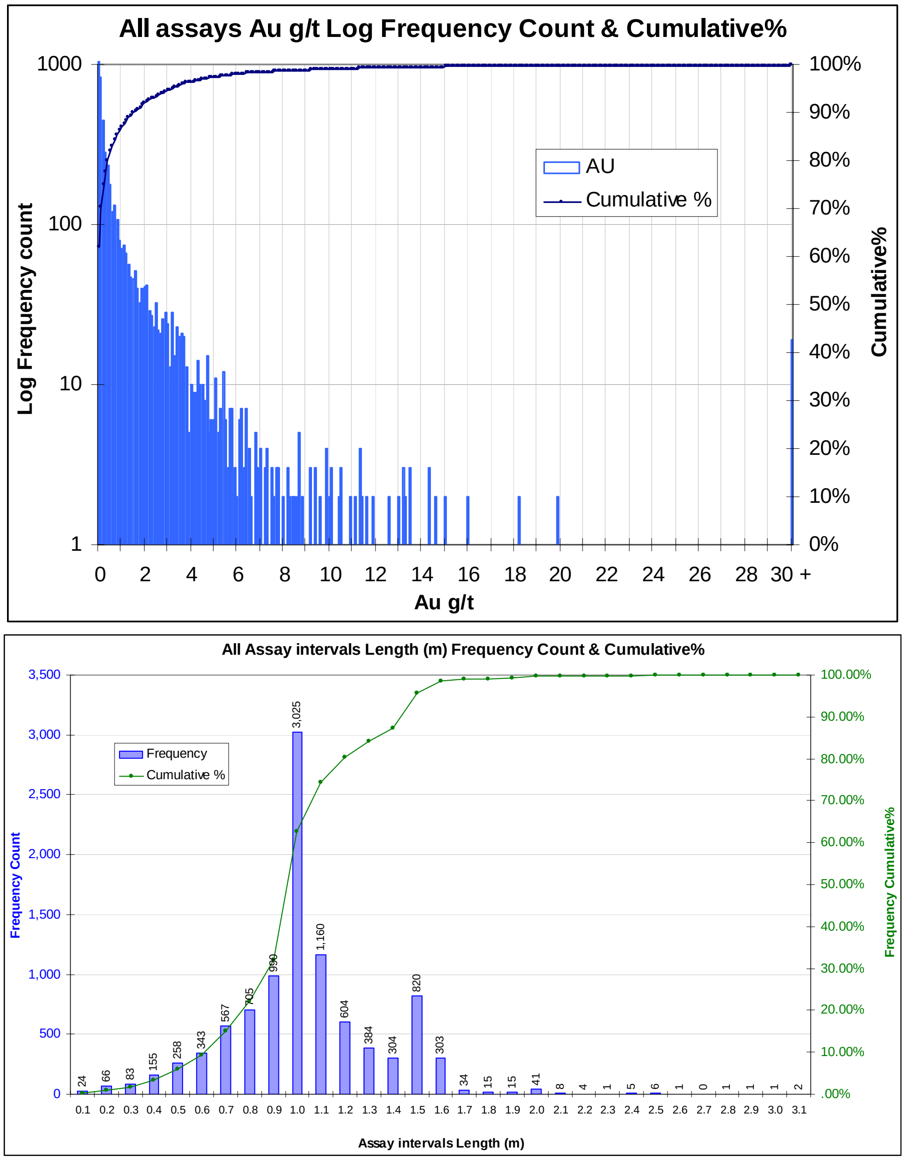


Figure 18. Top. Assay Histogram and Cumulative Frequency Plot. Bottom. Assay Sample Length Histogram and Cumulative Frequency Plot.

A statistical summary of drill hole, trench and pit assays are presented in Tables 6.1 to 6.3. As no information about width and amount of rock taken for drill hole, trench and pit samples is available SRK assumes that the sample support is similar and therefore can be combined into one data set. On the basis of the Q-Q plot of XNF and Dynasty assays SRK assumes that both populations are similar and therefore can be combined in to one database. Summary statistics for the combined assays are tabulated in Table 6.4.

Table 6.1. Summary Statistics for Drillhole Gold Assays.

Drillholes pre-2004 (XNF)	Au A.A. (gpt)	Au A.A. (ppb)	Combined (gpt)
Mean	1.214		1.214
Standard Error	0.069		0.069
Median	0.15		0.15
Mode	0.05		0.05
Standard Deviation	4.523		4.523
Sample Variance	20.46		20.46
Kurtosis	374.082		374.082
Skewness	15.362		15.362
Range	151.9		151.9
Minimum	0		0
Maximum	151.9		151.9
Sum	5257.09		5257.09
Count	4331		4331
Confidence Level (95.0%)	0.1347		0.1347
Drillholes 2004 (Dynasty)	**Au A.A. (gpt)**	**Au A.A. (ppb)**	**Combined (gpt)**
Mean	1.615	39.241	0.399
Standard Error	0.114	2.286	0.029
Median	0.71	8.5	0.012
Mode	0.01	13	0.01
Standard Deviation	2.748	101.701	1.472
Sample Variance	7.55	10343.071	2.166
Kurtosis	35.49	105.479	128.868
Skewness	4.636	7.869	8.946
Range	32.89	2079.5	32.9
Minimum	0.01	0.5	0.001
Maximum	32.9	2080	32.9
Sum	944.64	77657.1	1022.297
Count	585	1979	2564
Confidence Level (95.0%)	0.2231	4.4835	0.057

Table 6.2. Summary Statistics for Trench Gold Assays.

Trench pre-2004 (XNF)	Au A.A. (gpt)	Au A.A. (ppb)	Combined (gpt)
Mean	0.448		0.448
Standard Error	0.029		0.029
Median	0.1		0.1
Mode	0.05		0.05
Standard Deviation	1.055		1.055
Sample Variance	1.114		1.114
Kurtosis	85.066		85.066
Skewness	7.149		7.149
Range	18.55		18.55
Minimum	0		0
Maximum	18.55		18.55
Sum	590.16		590.16
Count	1317		1317
Confidence Level (95.0%)	0.057		0.057
Trench 2004 (Dynasty)	**Au A.A. (gpt)**	**Au A.A. (ppb)**	**Combined (gpt)**
Mean	0.043		0.043
Standard Error	0.005		0.005
Median	0.01		0.01
Mode	0.01		0.01
Standard Deviation	0.211		0.211
Sample Variance	0.044		0.044
Kurtosis	305.947		305.947
Skewness	15.468		15.468
Range	4.77		4.77
Minimum	0		0
Maximum	4.77		4.77
Sum	72.22		72.22
Count	1672		1672
Confidence Level (95.0%)	0.0101		0.0101

Table 6.3. Summary Statistics for Pit Gold Assays.

Pits pre-2004 (XNF)	Au A.A. (gpt)	Au A.A. (ppb)	Combined (gpt)
Mean	1.663		1.663
Standard Error	0.43		0.43
Median	0.25		0.25
Mode	0.05		0.05
Standard Deviation	2.615		2.615
Sample Variance	6.838		6.838
Kurtosis	3.992		3.992
Skewness	2.058		2.058
Range	10.48		10.48
Minimum	0.04		0.04
Maximum	10.52		10.52
Sum	61.53		61.53
Count	37		37
Confidence Level (95.0%)	0.8719		0.8719

Table 6.4. Summary Statistics for Combined (Drillhole, Trench and Pit) Gold Assays.

XNF and Dynasty	Au A.A. (gpt)	Au A.A. (ppb)	Combined (gpt)
Mean	0.872	39.241	0.706
Standard Error	0.039	2.286	0.032
Median	0.1	8.5	0.05
Mode	0.05	13	0.05
Standard Deviation	3.495	101.701	3.145
Sample Variance	12.218	10343.071	9.893
Kurtosis	581.707	105.479	715.098
Skewness	18.641	7.869	20.633
Range	151.9	2079.5	151.9
Minimum	0	0.5	0
Maximum	151.9	2080	151.9
Sum	6925.64	77657.1	7003.297
Count	7942	1979	9921
Confidence Level (95.0%)	0.0769	4.4835	0.0619

Dynasty reports that XNF drill holes and trenches had been sampled only on visible indication of gold mineralization. Results from Dynasty's 2004 drilling campaign indicate that significant gold mineralization may have been missed by the selective sampling carried out by XNF (Figure15). Only approximately 26 percent of hole lengths was sampled in historical boreholes (Table 7). A significant amount of gold mineralization may not be identified in the XNF database. This may lead to an underestimation of gold grade based on this data alone.

Table 7. Qi-2 Gold Project, Sampling Percentage Relative to Borehole and Trench Lengths.

Sampling Program	Percent of Total Length Assayed
Dynasty Drill holes XNF Drill holes	25.9
Drillholes 2004	93.7
XNF Trenches	26.2
Dynasty Trenches	99.6
XNF Pits	100.0

9.4 Drillhole Compositing

The distribution of sample lengths for the combined database of drillholes, trenches and pits is presented as histogram in Figure 19. A compositing interval of 1metre was chosen on the basis that:

- A majority of sample lengths are equal to or less than 1.2 meters;
- Approximately eight (8) percent of samples have lengths between 1.4 and 1.6 metres.

All assays for the combined database were composited at 1 meter. Drill holes trenches and pit samples were composited from the start of sampling to the end of sampled intervals. Absent or null values were not included in the compositing procedure. Composite statistics are presented in Table 8 for all, inside and outside the probabilistic grade shells.

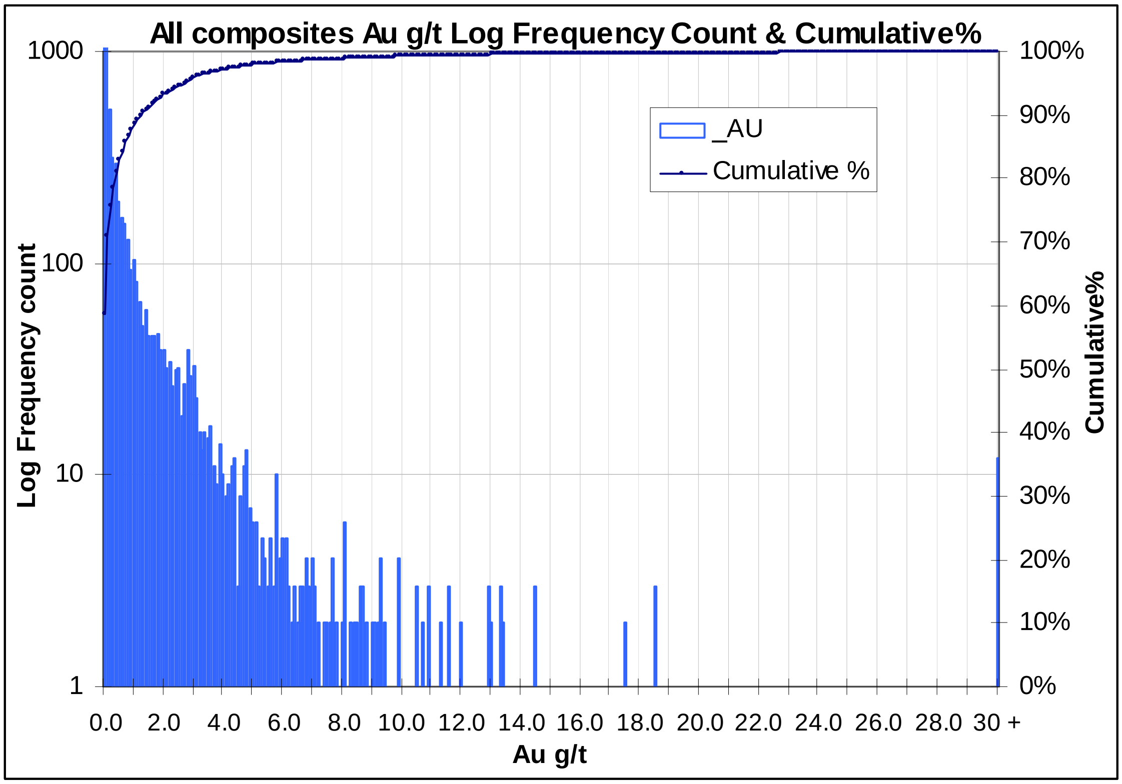
Table 8. Qi-2 Gold Project, Composite Basic Statistics.

All Composites	**Au [gpt]**	**_Capped Au [gpt]**
Mean	0.575	0.561
Standard Error	0.021	0.018
Median	0.050	0.050
Mode	0.050	0.050
Standard Deviation	2.177	1.877
Sample Variance	4.739	3.523
Kurtosis	316.195	99.620
Skewness	13.779	8.513
Range	80.789	30.000
Minimum	0.000	0.000
Maximum	80.789	30.000
Sum	6452.942	6295.897
Count	11217	11217
Confidence Level (95.0%)	0.04	0.035

Inside Grade shell (35%)	**Au [gpt]**	**_Capped Au [gpt]**
Mean	1.869	1.821
Standard Error	0.065	0.055
Median	0.778	0.778
Mode	0.500	0.500
Standard Deviation	3.731	3.140
Sample Variance	13.918	9.860
Kurtosis	112.030	33.051
Skewness	8.337	4.992
Range	80.589	29.800
Minimum	0.200	0.200
Maximum	80.789	30.000
Sum	6103.051	5946.007
Count	3265	3265
Confidence Level (95.0%)	0.128	0.108

Outside Grade shell (35%)	**Au [gpt]**	**_Capped Au [gpt]**
Mean	0.044	0.044
Standard Error	0.001	0.001
Median	0.021	0.021
Mode	0.050	0.050
Standard Deviation	0.047	0.047
Sample Variance	0.002	0.002
Kurtosis	0.834	0.834
Skewness	1.267	1.267
Range	0.200	0.200
Minimum	0.000	0.000
Maximum	0.200	0.200
Sum	349.891	349.891
Count	7952	7952
Confidence Level (95.0%)	0.001	0.001

The histogram distribution of composite length is presented in Figure 20.



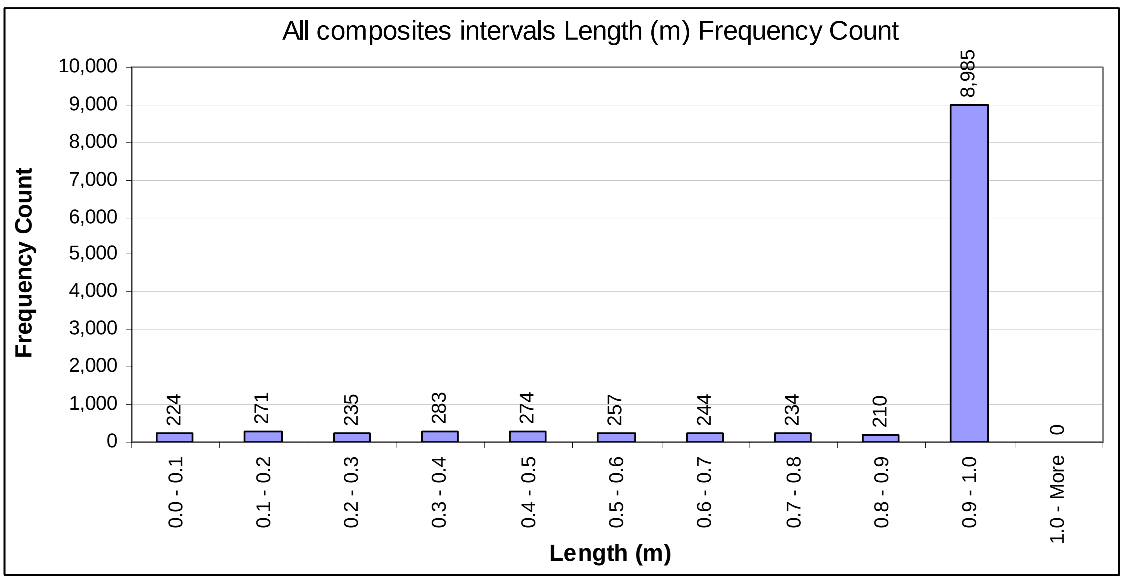


Figure 19. Top. Composite Assays Frequency Plot. Bottom. Histogram of Composited Intervals .

9.5 Grade Capping

Grade capping is used to reduce the influence high grade outliers that may lead to overestimation of resources. A grade capping factor of 30 gpt gold was chosen by Dynasty. Cumulative frequency plots for the composite data are presented in Figure 21. This capping value is approximately at the 99 percentile and the mean of capped grades varies less than five (5) percent compared to the uncapped mean. Only nineteen (19) samples in the assay database were capped. SRK considers that this is an appropriate capping level and accordingly composite assay data were capped to thirty (30) gpt gold.

In order to limit further the influence of local high grade samples, a search radius restriction was also applied on all composites grading greater than 10.5 gpt gold. A spherical search radius of fifteen (15) metres was first applied, but the final search radius was reduced to five (5) metres to limit grade smearing around one isolated borehole in the northeast portion of the deposit.

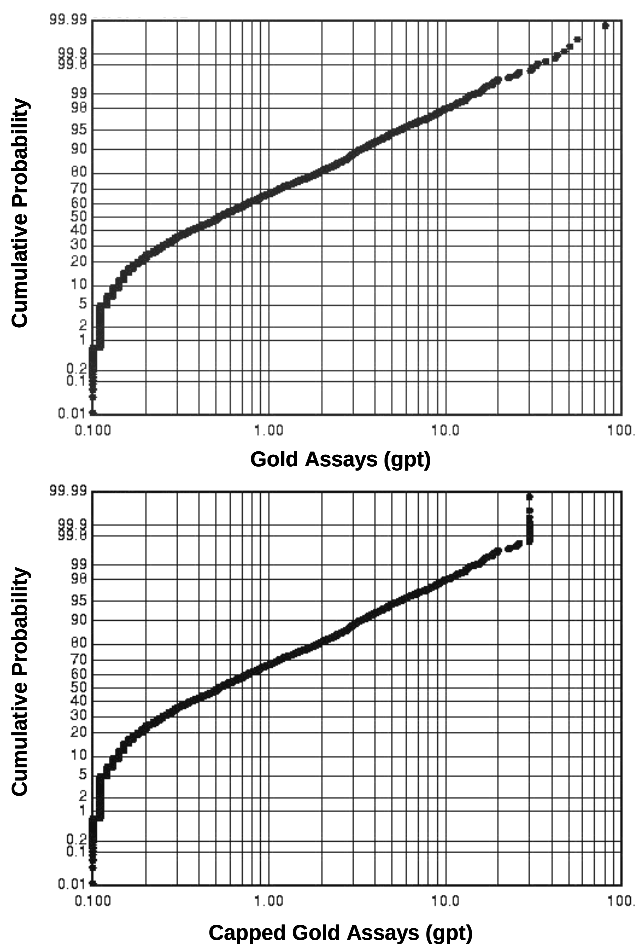


Figure 20. Cumulative Frequency Plot for Gold Assays. Top Uncapped. Bottom Capped at 30 gpt Gold.

9.6 Block Model

A three dimensional block model was created using Gemcom software. The model represents the entire Qi-2 deposit area and includes the surface topography, all auriferous zones and their interpolated grade data.

The block model is rotated thirteen (13) degrees clockwise from the UTM grid so that the blocks are orthogonal to the drill sections and local mine grid coordinate system.

All coordinates in the block model are local coordinates. The block model properties are summarized in Table 9. SRK used the same block size as used by Dynasty in order to make resource estimates comparable. A block size of three (3) metres in the north, east and depth directions was used for a total of 5,262,046 blocks.

Table 9: Attributes of the Qi-2 Block Model.

Axis Direction	Geographic Orientation	Axis	Axis Name	Origin	Block Size	No. of Blocks
Easting	077º	X	Column	29547.87	3	367
Northing	347º	Y	Row	7119.44	3	134
Elevation	Vertical	Z	Level	1271.00	3	107

9.7 Grade Shell Generation

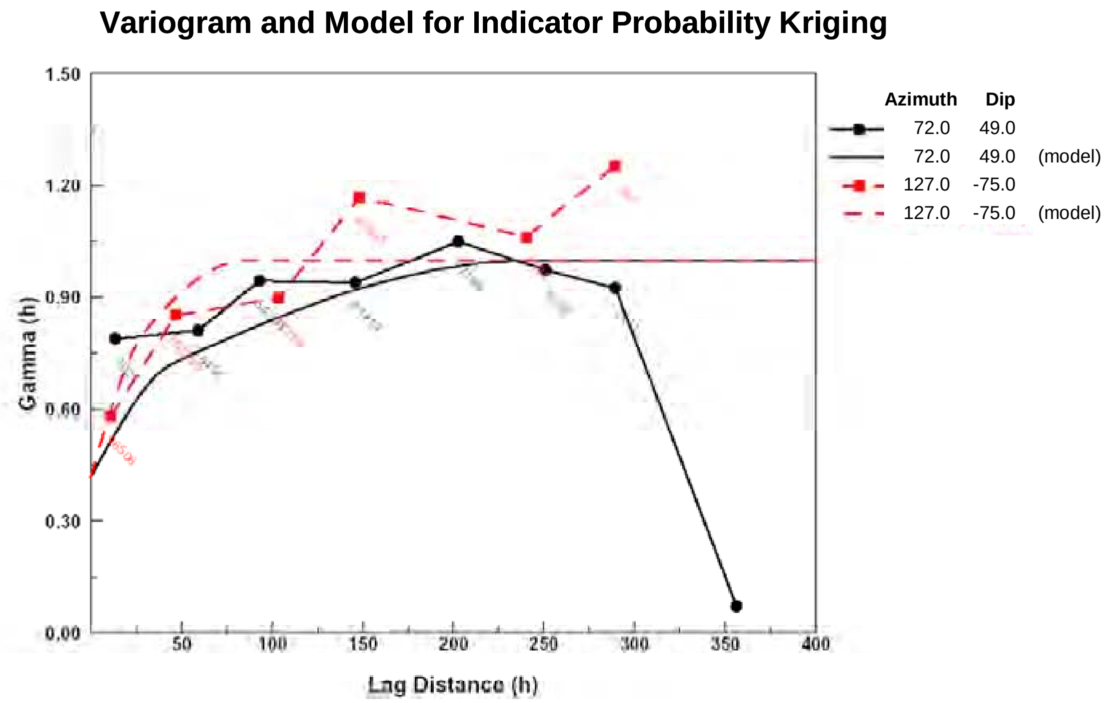
There are no lithological data available for the historical boreholes. The 2004 drilling program focussed on only a portion of the deposit. The boreholes have penetrated through a sequence of deformed and variably altered bedded sedimentary rocks injected by a quartz vein stockwork carrying all gold mineralization. Without geological data for the historical boreholes, it is very difficult to extrapolate a hard boundary outline for the gold mineralization.

In absence of such information, the limits of the auriferous mineralization were as modeled using a probabilistic envelope based on an indicator value of 0.2 gpt gold. Analysis of gold grade data suggests that this indicator, on average, discriminates reasonably well areas with auriferous quartz stockwork from barren areas outside the main vein field.

The gold mineralization envelope was developed using a 0.2gpt gold indicator variogram based on a lag distance of 50 meters. Kriging parametres were developed by modeling the variogram using a nested spherical model as summarized in Table 10 and Figure 22. Kriging parameters were modified by using a limited search radius of 100 metres. This has the effect of limiting variogram ranges to 100 metres not the full variogram range of 245 metres for structure 1 and 351 metres for structure 2. Using these parameters each block in the block model is assigned a probability to be above a certain cut-off (in this case 0.2 gpt) by kriging composite assay data. Subsequently, the grade shell is created by flagging (binary value of 1) each block above a certain probability. The selection of the probability level is subjective and impacts considerably on the volume (and thus tonnage) of the gold mineralization. The sensitivity of the grade shell volume to the probability level is illustrated in Figure 23.

Table 10. Modelling Parameters, Grade Shell Indicator Kriging Probability.

Probability Shell		**Models**	Nuggets	Spherical 1	Spherical 2	**Search**	**High value**
		Sill	0.491	0.381	0.2		
	a	**Princ. Az**	0	72	127	0	
ANGLES	**b**	**Princ. Dip**	0	49	-75	0	
	c	**Inter. Az**	0	348	150	0	
	a	**X**	0	245.1	29.5	100	
RANGES	**b**	**Y**	0	30.3	73	100	
	c	**Z**	0	69.5	351.3	100	
					Type	Ellipsoidal	
Method :		**OK**			**per Hole**	3	
					Min	2	
				SAMPLES	**Max**	10	
					Capped		



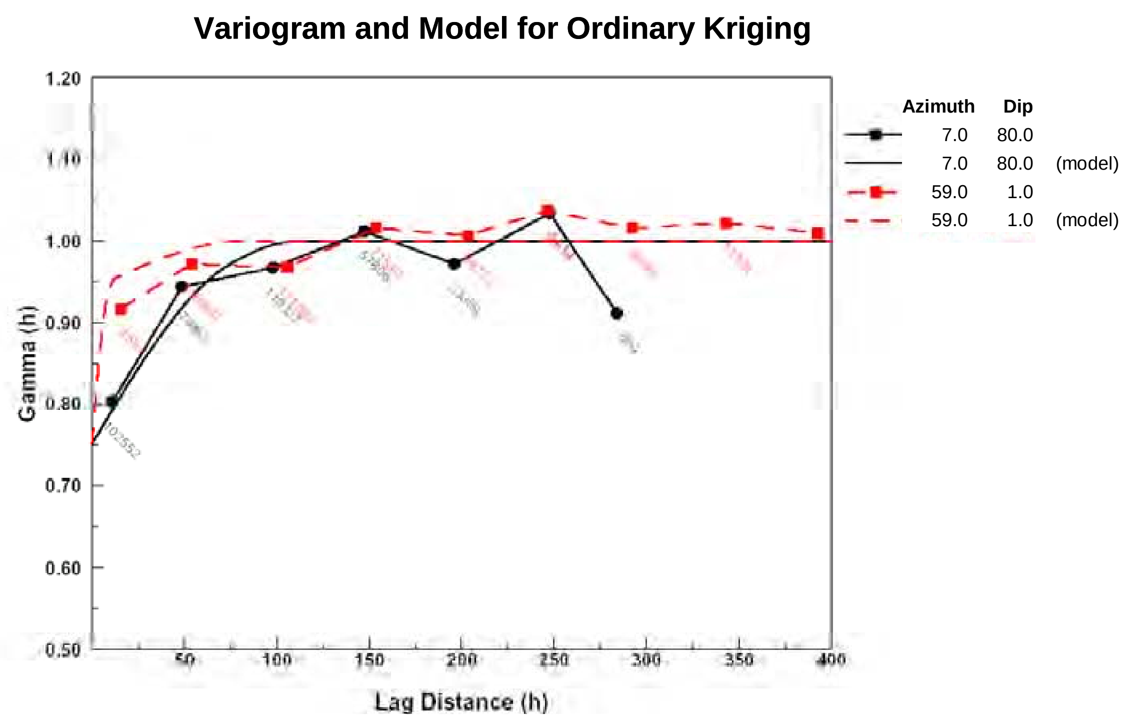


Figure 21. Variogram models. Top. Indicator Probability Kriging. Bottom. Grade Interpolation by Indicator Kriging.

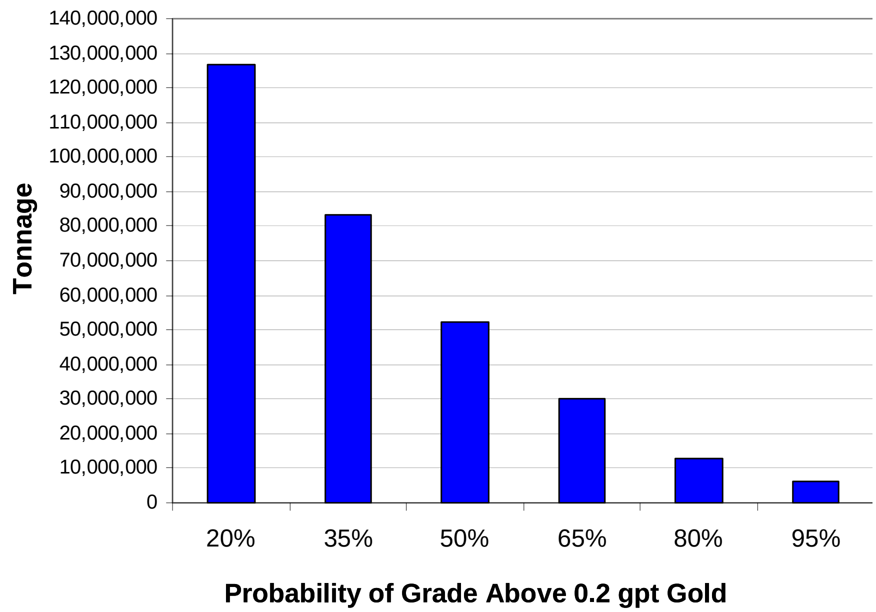


Figure 22. Tonnage Contained in Probabilistic Grade Shells.

Gold grades are then subsequently interpolated into all flagged blocks within the selected grade shell.

9.8 Grade Interpolation Semi-Variogram Analysis

Directional pair wise relative semi-variograms were developed for gold composites falling within the 35% and 50% grade shells using the Sage 2001 program. A nested spherical variogram with two structures was modeled for composited gold grades. Variogram model parameters are tabulated in Table 11 and Figure 22.

Table 11. Modelling Parameters for Grade Interpolation by Ordinary Kriging.

Grade Interpolation		Models	Nugget	Spherical 1	Spherical 2	Search	High value
		Sill	0.752	0.189	0.059		10.5
ANGLES	**a**	**Princ. Az**	0	7	59	0	
	b	**Princ. Dip**	0	80	1	0	
	c	**Inter. Az**	0	19	310	0	
RANGES	**a**	**X**	0	112.8	82.6	100	5
	b	**Y**	0	15.1	70.6	100	5
	c	**Z**	0	8.1	479.8	100	5
					Type	Ellipsoidal	
Method :		**OK**			**per Hole**	3	
				SAMPLES	**Min**	2	
					Max	10	
					Capped	30	

Gold grades were interpolated within coded probability envelopes using uncapped and capped gold composites by ordinary kriging using variogram model parameters (Table 11). Similar to the previous interpolation search ranges were restricted to 100 metres radius. To limit the effect of high grade outliers a search radius of 5 metres was applied composites with grades higher than 10.5 gpt gold. In addition, for comparison purposes, gold grades were also interpolated into the same coded block model using a nearest neighbour and an inverse distance cubed ("ID3") function. The nearest neighbour and ID3 interpolation were constructed using a spherical search envelope of 100 metres. Interpolation distance was restricted to 5 metres where composite grades were above 10.5 gpt gold in the ID3 interpolation.

For the volumetric analysis, the percent volume of a block was used to calculate accurate block volumes where blocks intersected the topography. A density factor of 2.65 was used to estimate tonnages from block volumes. This value represents the mean of seven (7) specific gravity determinations obtained by Dynasty (Table 3). Block model attributes are described in Table 12.

Table 12: Qi-2 Gold Project Block Model Attributes

Model attribute	Description
Level:	Level indice number
Row:	Row indice number
Col:	Column indice number
X:	Block center Easting (local grid coordinates)
Y:	Block center Northing (local grid coordinates)
Z:	Block center Elevation (local grid coordinates)
TOPO:	Percent volume of a block that is below the earth's surface
DCP-0:	Actual Distance between block center and closest composite
PROB-0:	Probability between 0 and 1 of a block having a grade >= 0.2 gpt
AU-OK-0:	Gold value in gpt interpolated by Ordinary Kriging
AU-NN-0:	Gold value in gpt interpolated by Nearest Neighbor
AU-ID3-0:	Gold value in gpt interpolated by Inverse Distance Power 3.

9.9 Validation

The block model was validated by comparing ordinary kriging gold estimates with nearest neighbour and ID3 estimates. A comparison of the three estimators along the X, Y and Z axis planes of the model are presented in Appendix D. These plots indicate a generally close correspondence of ordinary kriging and ID3 estimates. The ID3 estimates attenuate higher grade areas and therefore show higher average grades than the averaged kriged grades indicating that ordinary kriging gives a better estimate. Averages of nearest neighbour estimates show very significant departures from kriged and ID3 estimates for high and low grade areas. The nearest neighbour estimates are highly biased by adjacent low or high grades and therefore indicate that the ordinary kriging a better estimator for this deposit.

A comparison of estimators for the block model is also presented in Figure 24. The grade and tonnage plot indicates that ordinary kriging provides the least biased estimator compared to ID3 and nearest neighbour estimators. A plot of capped and uncapped ordinary kriging estimates shows that the estimate has some sensitivity to capped grades indicating that the resources estimate shows some sensitivity to high grade outlier in the assay distribution.

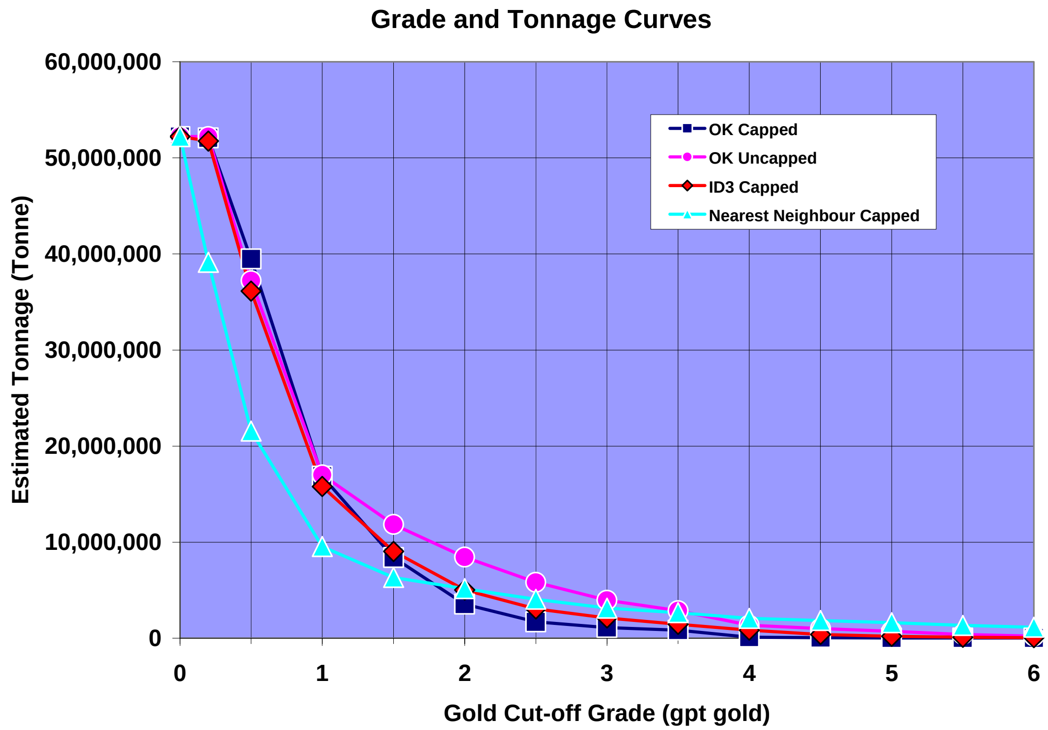


Figure 23. Tonnage and Grade Curves for the 35 percent Probability Grade Shell.

9.10 Mineral Resource Classification

The Mineral Resources estimated by SRK for Qi-2 gold deposit are classified in the Inferred Mineral Resource category according to the *"CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines"* (August, 2000).

The resource estimate is based on data with a low level of confidence. This includes incompletely validated drill hole information including:

- Drillhole collars;
- Down hole surveys;
- Gold assays.

The estimate is also based on a poor understanding of the geology and geometry of the gold mineralization. This gap is compounded by a lack of lithological information for drillhole, trench and pit data. Although limited checks of gold assays are positive, the atomic absorption technique introduces uncertainty into gold grade estimates because it is not an analytical technique generally accepted as adequate for gold analysis. These factors give the resource estimate a low level of confidence.

Considering that the mineral resources have been estimated from a database containing historical sampling data that remain to be completely validated and also considering that the estimate was derived solely on the basis of atomic absorption assay data, without geological constraint, SRK is of the opinion that the mineral resources for the Qi-2 gold deposit is appropriately classified as Inferred Mineral Resources.

The confidence level in the resource model could be increased significantly by incorporating geological and structural information into the interpretation of hard mineralization outlines. Also, given the preponderance of historical assay data and the largely atomic absorption spectrometry data, SRK considers that more pre-2004 borehole intervals should be re-assayed to increase the confidence in the assay database.

Finally additional validation, infill and delineation drilling should be contemplated to improve the confidence in the interpretation of the boundary of the auriferous vein field. This program would provide an opportunity to infill gaps in the sampling database derived from the discontinuous sampling approach adopted by historical project operators and also acquire more systematic specific gravity data for various rock types and mineralization styles.

9.11 Mineral Resources

SRK has developed an estimates based on 35 and 50 percent probability grade shells as tabulated in Tables 13 and 14. These two results can be considered as an upper and lower limit to the confidence in the boundary of the gold mineralization envelope. The parameters for the different grade shells may be based on experience with deposits similar to the Qi-2 style of mineralization but they remain largely subjective. Factors that support a more the more optimistic 35 percent probability shell are:

- Sampling of Chinese drill holes has been limited to about 26 percent of the core;
- The range of influence of gold composites above 10.5 gpt gold were limited to 5 metres.

Dynasty's exploration program in 2004 has indicated that a significant portion of core was not sampled by the Chinese may be mineralized and could lead to the underestimation of resources. Restrictions on the influence of high grade areas may mask continuous high grade areas that have not been identified. As mineralization extends to depths below 350 metres a cut-off grade of 1.0 gpt gold was chosen to reflect higher grades that may be required for some portion of the mine. SRK considers a cut-off grade of 0.5gpt gold too optimistic.

On this basis the inferred mineral resources for the Qi-2 deposit are estimated by SRK at 16.9 million tonnes grading an average of 1.68 gpt gold. SRK considers this estimate as an upper limit to the currently defined potential of the deposit. The inferred mineral resources are not mineral reserves and therefore do not have demonstrated economic viability.

Table 13. Gold Mineralization* at Various Cut-off Grades and Interpolation Functions inside the Thirty-Five (35) Percent Probability Shell, Qi-2 Gold Deposit, Xijiang-Uighur Autonomous Region, P. R. China, SRK Consulting, May 2005.

	SRK_OK_capped_50m			SRK_OK_unapped_50m			SRK_ID3_capped_50m			SRK_NN_capped_50m		
cutoff	Tonnes	Grade (gpt)**	Gold (troy oz)	Tonnes	Grade (gpt)**	Gold (troy oz)	Tonnes	Grade (gpt)**	Gold (troy oz)	Tonnes	Grade (gpt)**	Gold (troy oz)
0.0	52,222,100	0.94	1,583,900	52,222,100	1.12	1,882,400	52,222,100	0.97	1,630,900	52,222,100	0.84	1,408,900
0.2	52,072,600	0.95	1,583,000	52,222,100	1.12	1,882,400	51,738,200	0.98	1,628,300	39,129,800	1.08	1,364,100
0.5	39,465,000	1.13	1,432,000	37,222,100	1.43	1,713,500	36,141,100	1.24	1,444,200	21,561,500	1.71	1,185,900
1.0	16,855,400	1.68	912,600	16,993,100	2.32	1,267,000	15,791,200	1.94	985,100	9,550,600	3.04	932,500
1.5	8,399,100	2.16	582,800	11,832,800	2.80	1,063,900	9,024,900	2.48	719,800	6,338,100	3.98	811,400
2.0	3,545,100	2.76	314,100	8,438,800	3.22	873,900	5,028,900	3.07	497,000	5,152,000	4.50	745,500
2.5	1,707,500	3.36	184,500	5,817,200	3.69	690,500	3,060,300	3.63	357,200	4,052,000	5.11	665,300
3.0	1,100,400	3.72	131,500	3,962,900	4.15	528,800	2,101,600	4.04	273,200	3,133,400	5.81	584,900
3.5	838,300	3.87	104,300	2,864,800	4.47	411,300	1,458,900	4.40	206,200	2,661,700	6.27	536,400
4.0	107,500	5.01	17,300	1,350,400	5.29	229,700	837,800	4.89	131,600	2,072,500	7.01	466,900
4.5	64,000	5.49	11,300	995,000	5.67	181,400	397,900	5.61	71,800	1,850,700	7.34	436,500
5.0	25,000	6.72	5,400	720,600	6.03	139,700	203,200	6.48	42,300	1,622,900	7.69	401,400
5.5	16,800	7.59	4,100	388,900	6.76	84,500	108,300	7.58	26,400	1,336,200	8.23	353,700
6.0	14,200	7.89	3,600	233,900	7.42	55,800	65,800	8.75	18,500	1,140,000	8.65	317,100

* within 50 metres of a valid coded composite inside the 35 percent probability shell.
** Gold grades capped at 30 gpt gold

Table 14. Gold Mineralization* at Various Cut-off Grades and Interpolation Functions inside the Fifty (50) Percent Probability Shell, Qi-2 Gold Deposit, Xijiang-Uighur Autonomous Region, P. R. China, SRK Consulting, May 2005.

	SRK_OK_capped_50m			SRK_OK_unapped_50m			SRK_ID3_capped_50m			SRK_NN_capped_50m		
cutoff	Tonnes	Grade (gpt)**	Gold (troy oz)	Tonnes	Grade (gpt)**	Gold (troy oz)	Tonnes	Grade (gpt)**	Gold (troy oz)	Tonnes	Grade (gpt)**	Gold (troy oz)
0.0	32,756,200	0.99	1,040,800	32,756,200	1.14	1,198,600	32,756,200	1.02	1,075,600	32,756,200	0.93	980,000
0.2	32,690,500	0.99	1,040,400	32,756,200	1.14	1,198,600	32,584,100	1.03	1,074,600	26,408,100	1.13	957,300
0.5	25,368,100	1.17	951,800	23,531,400	1.45	1,094,800	23,135,900	1.29	961,800	15,176,800	1.73	843,300
1.0	11,508,500	1.72	636,400	10,393,100	2.41	806,500	10,255,000	2.04	671,600	6,748,200	3.09	670,500
1.5	6,164,700	2.16	427,300	7,395,200	2.90	688,500	6,108,000	2.59	509,000	4,463,100	4.08	584,800
2.0	2,550,000	2.77	227,300	5,363,200	3.33	574,800	3,663,300	3.16	372,000	3,660,800	4.59	540,000
2.5	1,244,200	3.37	135,000	3,790,600	3.81	464,800	2,363,400	3.68	279,500	3,038,600	5.07	495,200
3.0	796,600	3.74	95,800	2,785,500	4.21	376,800	1,626,100	4.11	214,800	2,384,900	5.72	438,200
3.5	592,000	3.92	74,600	2,044,600	4.53	297,500	1,152,600	4.47	165,500	2,041,400	6.14	402,900
4.0	99,000	5.00	15,900	989,400	5.37	170,700	691,600	4.96	110,200	1,564,800	6.89	346,700
4.5	58,200	5.50	10,300	728,700	5.77	135,100	346,400	5.68	63,300	1,389,200	7.22	322,500
5.0	20,900	6.85	4,600	533,500	6.15	105,500	184,400	6.53	38,700	1,231,100	7.53	298,200
5.5	13,900	7.83	3,500	288,800	6.97	64,700	99,400	7.67	24,500	970,500	8.17	254,900
6.0	11,300	8.26	3,000	186,600	7.63	45,800	59,800	8.95	17,200	811,600	8.63	225,100

* within 50 metres of a valid coded composite inside the 50 percent probability shell.
** Gold grades capped at 30 gpt gold

With the present database for the Qi-2 gold deposit there are significant uncertainties about the following factors:

- Geological and structural setting of the gold mineralization;
- Distribution of the gold mineralization with respect to veining and stockwork zones;
- Extent and distribution of the gold mineralization on a 50 to 100 metres scale;
- Reliability of straight atomic absorption spectrometry for gold assaying;
- Location and position of historical drill holes;
- Biases caused by Chinese vertical and sub-vertical drilling pattern instead of approximately perpendicular to the interpreted structure.

These uncertainties may justify a more conservative approach in estimating the mineral resources for the Qi-gold deposit. For example, using a more conservative 50 percent probability envelope, mineral resources at the 1.0gpt cut-off could be reduced to 11.5 million tonnes grading an average of 1.72 gpt gold.

At a 1.0 gpt gold cut-off the inferred mineral resources for the two probabilistic envelopes are presented in Table 15. Given the discontinuous sampling approach used in historical sampling SRK is of the opinion that the inferred mineral resources for the Qi-2 deposit are appropriately stated using the 35 percent probability envelope. Therefore the inferred mineral resources for the Qi-2 deposits are stated by SRK at 16.9 million tonnes grading an average of 1.68 gpt gold.

Table 15. Inferred Mineral Resources*, Qi-2 Gold Deposit, Hatu Gold Project, Xinjiang Auto. Region, P.R. China, SRK Consulting, May 25, 2005

Probability Grade Shell	Tonnage (tonne)	Grade (gpt)**	Gold (troy oz)
35% envelope	16,855,400	1.68	912,600
50% envelope	11,508,500	1.72	636,400

*Reported at a 1.0 gpt gold cut-off. ** gold grades cut at 30 gpt.

10 Other Relevant Data

SRK is not aware of any other relevant information pertaining to the Qi-2 Project

10.1 Interpretation and Conclusions

Dynasty, through its wholly owned subsidiary Terrawest, holds an option to acquire a seventy (70) percent interest in Terraxin, a sino foreign joint venture equity company. The assets of Terraxin include the Hatu gold project comprising a group of 13 tenements covering approximately 1,035 square kilometres and located in the northwest portion of the Xinjiang Uygur Autonomous Region of the P. R. of China.

The joint venture agreement also provides Terraxin the right to acquire additional permits within the co-operation area and the right to explore within mining licences registered to the minority partner Yunlong with the understanding that the mining licences could be transferred into Terraxin after the completion of exploration.

The Qi-2 gold deposit is located in such a mining licence excluded from the joint venture agreement. It was discovered by the GBC during the early 1980s. Extensive exploration work was conducted during the 1980s by the GBC and subsequently by the Brigade No.7. This work comprised extensive trenching surface diamond drilling and limited underground development and resulted in the delineation of significant gold mineralization associated with quartz veining. Following the discovery of gold in the Qi-1 area to the west of Qi-2, exploration and development work shifted to Qi-1 and little additional exploration work was carried out at Qi-2.

The Hatu gold project is located along the southern margin of the oroclinally folded Hercynian Altaid or Central Asian Orogenic Belt, an orogenic belt consisting of complex accretion of Phanerozoic oceanic arcs, turbidite sequences, and fragments of Proterozoic micro continent blocks against the south side of the Siberian and the Eastern Europe cratons in a Cordillan-type orogeny.

The Hatu gold district is contained within deformed Paleozoic metasedimentary and metavolcanic rocks intruded by Devonian to Carboniferous calc-alkalic granitoids and Permian alkalic granitoids. The structural pattern in this area is characterized by a network of regional northeast-trending first order faults (Delabute, Hatu, Anqi) and associated subsidiary structures interpreted as a sinistral duplex. In the Hatu area, the nature and character of the gold mineralization are similar to a class of hydrothermal gold deposits referred to as “orogenic” gold deposits.

The Qi-2 gold deposit consists of a quartz stockwork forming a large vein field developed in the footwall of the Anqi fault. Although the controls of this vein field have been poorly documented, limited geological information suggest that, in addition to the primary controls exerted by the Anqi fault system, the geometry of the vein field may also be controlled by the architecture of the folded sedimentary sequence in a manner similar to the large auriferous stockworks developed in deformed turbidite sequences such as in the Victoria gold province of Australia.

In 2004, Dynasty resumed exploration work at Qi-2 with the objective to evaluate this gold occurrence for its potential for low-grade bulk tonnage gold mineralization. The work program comprised compilation of available historical work, trenching and diamond drilling designed to verify, validate and infill sampling data obtained by Chinese exploration teams at the Qi-2 gold deposit.

The Dynasty verification program confirmed the existence of wide areas of gold mineralization associated with a deformed quartz-vein field as previously reported by Chinese exploration teams.

Because of surveying errors, the planned verification drilling program duplicated only four boreholes out of a total of twenty one attempted. Analysis of the limited assay data from the twin hole drilling program is difficult but confirms the presence of gold mineralization over significant hole lengths, even if the average grade could not be reproduced with accuracy given the erratic nature of the gold mineralization. The verification drilling program also suggests that historical unsampled intervals are locally auriferous indicating that it is inappropriate to assume that unsampled intervals in historical boreholes have zero grade.

Dynasty used the same sampling and assaying procedures used by Chinese exploration teams during the 1980s. All gold assays were conducted on half-core samples varying in length based on geology and assayed by straight acid digestion followed by atomic absorption spectrometry. A collection of pulp samples from the 2004 program was submitted to the SGS Laboratory for verification using a fire assay procedure. Analysis of check assay results suggests that SGS may underestimate gold grades as evidenced from assay results for a suite of three control samples inserted within the pulps assayed. Comparison of fire assay results with straight acid digestion assays indicates reasonable agreement between both assaying procedures. SRK is of the opinion that the assay database is generally reliable for the purpose of estimating mineral resources.

Dynasty was diligent in its attempts to validate historical exploration data. Considering the difficulties encountered in locating historical borehole collars for twinning and the limited extent of the quality control measures implemented for obtaining primary acid digestion assays, SRK is of the opinion that additional verification should be carried out to improve the confidence and trustworthiness of historical sampling data.

SRK reviewed exploration data for the Qi-2 project compiled from historical records and collected by Dynasty with the objective of creating an initial mineral resource model for this quartz stockwork gold deposit. Despite limitations in the verification of historical assay results, SRK considers that the borehole and trench assay database is sufficiently reliable for the purpose of estimating mineral resources.

In absence of reliable geological data, SRK used an indicator kriging probabilistic approach to interpolate gold grades in a tri-dimensional block model. Probability grade shells were evaluated at a 0.2 gpt gold cut-off. SRK completed a statistical and geostatistical analysis of assay and composite data to determine capping levels and interpolation parameters.

Gold grades were interpolated by ordinary kriging within the probabilistic grade shells. Because of the inherent uncertainty about the lateral continuity of gold grades and the lack of geological constraints, mineral resources were tabulated for two probabilistic shells (35 and 50 percent) for modelled blocks located within fifty (50) metres from the nearest composite. Also, a spherical search radius restriction of five (5) metres was applied to composites higher than 10.5 gpt gold to restrict the influence of high grade outliers. For comparison, SRK also interpolated gold grades with nearest neighbour and inverse distance cubed functions.

In classifying the mineral resources for the Qi-2 gold deposit, SRK considered the following aspects:

- Lack of geological information used in the modelling which reduces the confidence in the lateral continuity of the gold grades;
- The acid digestion atomic absorption assay database which is generally considered less reliable than the more industry standard fire assay methodology;
- Limitations in the validation of historical assay data.

Based on these considerations, SRK is of the opinion that all mineral resources estimated for the Qi-2 gold deposit are appropriately classified as Inferred Mineral Resource according to the *"CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines"* (August, 2000).

Considering the lack of geological input incorporated in the modelling and the distribution of grades to depths exceeding 350 metres, SRK considers that a 1.0 gpt gold cut-off is appropriate for reporting the mineral resources for the Qi-2 gold deposit. At cut-off of 1.0 gpt gold and using a 35 percent probability shell, the mineral resources for the Qi-2 gold deposit are stated by SRK at 16.9 million tonnes grading an average of 1.68 gpt gold.

The mineral resources estimated for the Qi-2 deposit carry a significant risk in terms of total tonnage as demonstrated by the tonnage differences between the 35 percent and 50 percent probability grade shells. The two estimation runs with different probability envelope show a relatively stable gold grade in the 0.5 to 1.5 gpt gold cut-off range demonstrating on average a lower grade risk.

The estimate is based on a limited geological understanding of the project with gold assays that require additional validation. These risks must be carefully considered with regard to the mining potential of this deposit. The project can be advanced by an extensive program to delineate mineralization to a higher degree of confidence and a careful testing program to confirm the reliability of the atomic absorption gold assays. In the opinion of SRK there is no guaranty that additional exploration drilling will improve the confidence in the lateral continuity of the gold mineralization and therefore improve the classification of the mineral resources of the project. Nonetheless SRK is of the opinion that the Qi-2 gold deposit has merit and warrants additional exploration investments.

11 Recommendations

The geological setting and character of the gold mineralization present at Qi-2 present striking similarities with a group of gold deposits classified as "orogenic" gold deposits. The first exploration work program implemented by Dynasty in 2004 was successful confirming the nature and extent of gold mineralization previously reported by Chinese geological teams.

Based on the results from this program, SRK is of the opinion that the character of the Qi-2 gold deposit and the surrounding Hatu gold project are of sufficient merit to recommend the following work program.

The proposed work program is sub-divided into two components designed to continue the evaluation of the Qi-2 gold deposit and initiate a systematic exploration of the surrounding tenements included within the Hatu gold project.

11.1 Recommended Work Program for the Qi-2 Gold Deposit

At Qi-2 the recommended work program is designed to improve the confidence in the mineral resource model created by SRK. The main limitations noted in the project database concern the lack of geological information incorporated in the resource model, the insufficient validation of historical drilling database and the acid digestion assay methodology.

11.1.1 Geological and Structural mapping

The Qi-2 gold deposit is a structurally controlled gold deposit. The gold mineralization is associated with an organized network of quartz veins forming a large vein field associated with the Anqi fault zone and transecting folded metasedimentary units. Understanding the geological and structural controls of the gold mineralization will undoubtedly improve the confidence in the resource model and will also help in targeting exploration for depth and lateral extensions of known gold mineralization. Very limited data suggest that the main moderate plunge of the gold zones towards the west is sub-parallel to the plunge of an undocumented fold train, indicating that, in addition to the primary controls exerted by the Anqi fault, the architecture of the sedimentary rock package provide additional important controlling features.

In this context, SRK is of the opinion that the geological and structural setting of the Qi-2 gold deposit must be documented from available trench, outcrop exposures and archived drill core.

11.1.2 Verification Drilling

SRK recommends that Dynasty continue the verification drilling program to demonstrate the trustworthiness of historical drilling data. With the new surveying data available, additional core boreholes should be drilled to duplicate historical intercepts in various portions of the deposits. In this process, care should be taken to duplicate the entire borehole lengths. The amount of verification drilling required is largely dependent of results from the verification drilling program.

11.1.3 Acid Digestion Assaying

In 2004 Dynasty did not insert control samples with core and trench samples submitted for assaying by acid digestion at the GBC laboratory. SRK cannot therefore comment on the reliability of acid digestion assay results obtained from the 2004 drilling program.

Comparison of acid digestion assays against fire assay repeat assay conducted at SGS indicate that acid digestion assays compare generally well with fire assays, indicating that the acid digestion procedure for assaying gold at Qi-2 is probably reliable. However, because of the limitations of the control measures implemented by Dynasty, SRK considers that the reliability and the trustworthiness of acid digestion assays should be tested further and properly documented as an additional safeguard.

11.2 Recommended Work Program for the Hatu Gold Project

The Hatu gold project covers an area of approximately 1,035 hectares protecting approximately 300 gold occurrences associated with the Anqi fault and associated structures. Limited exploration work was carried out on those tenements by previous project operators. In 2004 Dynasty conducted limited reconnaissance work over this area.

Several other gold occurrences, including Qi-1, Qi-3 and Qi-4, exist along the Anqi fault zone. At Qi-1, Dynasty’s minority partner is recovering gold from an underground mine targeting a quartz vein network nested within the Anqi fault zone. At Qi-3 and Qi-4 small scale underground mining are targeting larger quartz veins also associated with the Anqi fault zone. These occurrences indicate that the Anqi fault zone is a major fertile structure with excellent potential to host large gold deposits.

Considering that auriferous quartz vein networks are usually organized, the understanding of the local controls on auriferous quartz vein distribution along the Anqi fault zone will provide powerful tools for targeting exploration within the Hatu gold project tenements. SRK strongly recommends that the structural setting of the Anqi fault and associated structures be investigated to understand the architecture of this fault system and develop a conceptual model for the distribution of gold mineralization within the Hatu gold project.

The proposed work program includes detailed structural mapping at all available gold occurrences in order to document the primary controls on the geometry of the gold mineralization. The structural mapping program should also be extended to available outcrops and underground exposures at Qi-1. Other important gold occurrences within the Hatu tenements should also be investigated to determine primary controlling features. The work program includes provisions for rock and soil sampling, ground geophysical surveying and diamond drilling to test several targets along the Anqi fault zone

11.3 Cost Estimate for the Recommended Work Program

The estimated costs for the recommended work program are presented in Table 16. This cost estimate was prepared using costing information provided by Dynasty based on actual costs incurred during the 2004 work program.

Table 16. Estimated Cost Breakdown for the Recommended Work Program for the Hatu Project.

Category	Unit 2005-06	Unit cost		Total Costs RMB	US$*
Hatu Project Work Program					
Geology					
Field team (4 persons)	6	21,200	$/month		$127,200
Travel	6	2,100	$/month		$12,600
Labour	6	25,000	RMB/month	￥150,000	$18,100
Vehicle (2.5)	6	1,250	$/month		$7,500
Consumables/supplies	6	5,000	RMB/month	￥30,000	$3,600
Accommodation	6	3,000	$/month		$18,000
Drilling/Trenching					
Trenching	10,000	49	RMB/cubic m	￥490,000	$59,300
Core Drilling	2,000	1,160	RMB/m	￥2,320,000	$280,500
Sampling					
Core	2,000	110	RMB/unit	￥220,000	$26,600
Rock	3,500	120	RMB/unit	￥420,000	$50,800
Soil	2,000	132	RMB/unit	￥264,000	$31,900
Soil gas					$30,000
Surveying					
Topographic				￥16,540	$2,000
Collar/trench surveying				￥41,350	$5,000
Geophysics					
Ground Magnetic	300	827	RMB/km	￥248,100	$30,000
Induced Polarization	30	8,270	RMB/km	￥248,100	$30,000
Others					
Satellite imagery					$30,000
Sub-total					$763,100
Contingencies	10%				$76,300
Total Hatu Gold Project					**$839,400**

* Exchange rate 8.27 RMB = 1 US dollar

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APPENDIX A

Hatu Gold Project Tenements Description and Location of Perimeter Vertices.

Hatu Gold project tenements description

Tenement	Tenement Type	Certificate Holder	Certificate number	Date Issued	Longitude*	Latitude*	AREA (hectare)
Qi-2	Exploration	Dynasty			84.39896	45.93330	6,247.7
Suerkuduke	Exploration	Dynasty			84.61665	46.00830	8,119.4
Kuertuoke	Exploration	Dynasty			84.69165	46.01665	8,582.9
Sulushouke	Exploration	Dynasty			84.76665	46.04165	7,712.5
Kemeilenule	Exploration	Dynasty			84.85000	46.05830	7,142.0
Kekeergen	Exploration	Dynasty			85.06245	46.08330	8,023.3
Tiyierming	Exploration	Dynasty			84.95000	46.06665	6,432.9
Tasisuoke	Exploration	Dynasty			84.59165	46.08402	7,323.5
Bieletamu	Exploration	Dynasty			84.55000	46.00830	7,730.7
Baobei	Exploration	Dynasty			84.68120	45.90415	8,640.8
Bielu	Exploration	Dynasty			84.40970	46.02495	9,129.6
Kuntayi	Exploration	Dynasty			84.47500	46.00830	8,857.2
Kemeilekuo	Exploration	Dynasty			84.42710	45.89165	9,503.9
total							**103,446.3**
Inliers Excluded from the Joint Venture Agreement							
Inlier	Mining	Yunlong			84.38500	45.91805	202.4
Inlier	Mining	Yunlong			84.40935	45.92570	147.5
Inlier	Mining	Others			84.40900	46.06080	214.6
Inlier	Mining	Others			84.38750	46.00835	118.3
Inlier	Mining	Others			84.37635	46.01875	209.3
Inlier	Mining	Others			84.36525	46.05065	108.9
Inlier	Mining	Others			84.49625	45.96390	454.7
Inlier	Mining	Others			84.63330	45.90415	359.2
Inlier	Mining	Others			84.50690	45.89720	40.5
Inlier	Mining	Others			84.52500	45.90205	243.8
Inlier	Mining	Others			84.56875	46.03265	836.1
Inlier	Mining	Others			84.54300	46.09375	184.6
Inlier	Mining	Others			84.60065	46.09305	172.3
Inlier	Mining	Others			84.64897	46.03750	411.3
Inlier	Mining	Others			84.54650	45.98605	251.8
Inlier	Mining	Others			84.88750	46.01665	299.3
Inlier	Mining	Others			84.92915	46.04375	269.3
Inlier	Mining	Others			84.93470	46.05830	139.8
Inlier	Mining	Others			84.98605	46.05625	179.1
Inlier	Mining	Others			85.09741	46.07925	84.3

* WGS84 Datum

Definition of the Perimeter of the Hatu Gold Project Tenements, Xinjiang-Uighur Autonomous Region.

Tenement	Vertice	UTM_E*	UTM_N*	Longitude*	Latitude*	Longitude*	Latitude*
Qi-2	1	292,103	5,093,838	84.3167	45.9666	84°19'00"	45°58'00"
Qi-2	2	305,011	5,093,416	84.4833	45.9666	84°29'00"	45°58'00"
Qi-2	3	304,836	5,087,872	84.4833	45.9167	84°29'00"	45°55'00"
Qi-2	4	300,958	5,087,996	84.4333	45.9167	84°26'00"	45°55'00"
Qi-2	5	300,899	5,086,141	84.4333	45.9000	84°26'00"	45°54'00"
Qi-2	6	295,725	5,086,309	84.3666	45.9000	84°22'00"	45°54'00"
Qi-2	7	295,908	5,091,864	84.3666	45.9500	84°22'00"	45°57'00"
Qi-2	8	295,591	5,091,875	84.3625	45.9500	84°21'45"	45°57'00"
Qi-2	9	295,615	5,092,619	84.3625	45.9567	84°21'45"	45°57'24"
Qi-2	10	294,538	5,092,655	84.3486	45.9567	84°20'55"	45°57'24"
Qi-2	11	294,513	5,091,911	84.3486	45.9500	84°20'55"	45°57'00"
Qi-2	12	292,041	5,091,993	84.3167	45.9500	84°19'00"	45°57'00"
Bielu	1	293,762	5,104,916	84.3333	46.0667	84°20'00"	46°04'00"
Bielu	2	293,389	5,093,794	84.3333	45.9666	84°20'00"	45°58'00"
Bielu	3	301,137	5,093,540	84.4333	45.9666	84°26'00"	45°58'00"
Bielu	4	301,555	5,106,506	84.4333	46.0833	84°26'00"	46°05'00"
Bielu	5	295,115	5,106,717	84.3500	46.0833	84°21'00"	46°05'00"
Bielu	6	295,054	5,104,873	84.3500	46.0667	84°21'00"	46°04'00"
Kemeilekuo	1	307,071	5,086,868	84.5125	45.9083	84°30'45"	45°54'30"
Kemeilekuo	2	308,684	5,086,818	84.5333	45.9083	84°32'00"	45°54'30"
Kemeilekuo	3	308,770	5,089,595	84.5333	45.9333	84°32'00"	45°56'00"
Kemeilekuo	4	304,894	5,089,717	84.4833	45.9333	84°29'00"	45°56'00"
Kemeilekuo	5	304,836	5,087,872	84.4833	45.9167	84°29'00"	45°55'00"
Kemeilekuo	6	300,958	5,087,996	84.4333	45.9167	84°26'00"	45°55'00"
Kemeilekuo	7	300,899	5,086,141	84.4333	45.9000	84°26'00"	45°54'00"
Kemeilekuo	8	295,081	5,086,331	84.3583	45.9000	84°21'30"	45°54'00"
Kemeilekuo	9	295,051	5,085,408	84.3583	45.8917	84°21'30"	45°53'30"
Kemeilekuo	10	291,823	5,085,516	84.3167	45.8917	84°19'00"	45°53'30"
Kemeilekuo	11	291,792	5,084,583	84.3167	45.8833	84°19'00"	45°53'00"
Kemeilekuo	12	295,664	5,084,454	84.3666	45.8833	84°22'00"	45°53'00"
Kemeilekuo	13	295,541	5,080,754	84.3666	45.8500	84°22'00"	45°51'00"
Kemeilekuo	14	308,484	5,080,341	84.5333	45.8500	84°32'00"	45°51'00"
Kemeilekuo	15	308,646	5,085,585	84.5333	45.8972	84°32'00"	45°53'50"
Kemeilekuo	16	307,033	5,085,635	84.5125	45.8972	84°30'45"	45°53'50"
Kuntayi	1	301,555	5,106,506	84.4333	46.0833	84°26'00"	46°05'00"
Kuntayi	2	308,003	5,106,301	84.5167	46.0833	84°31'00"	46°05'00"
Kuntayi	3	307,483	5,089,635	84.5167	45.9333	84°31'00"	45°56'00"
Kuntayi	4	304,894	5,089,717	84.4833	45.9333	84°29'00"	45°56'00"
Kuntayi	5	305,011	5,093,416	84.4833	45.9666	84°29'00"	45°58'00"
Kuntayi	6	301,137	5,093,540	84.4333	45.9666	84°26'00"	45°58'00"
Bieletamu	1	308,003	5,106,301	84.5167	46.0833	84°31'00"	46°05'00"
Bieletamu	2	313,152	5,106,142	84.5833	46.0833	84°35'00"	46°05'00"
Bieletamu	3	313,012	5,101,520	84.5833	46.0417	84°35'00"	46°02'30"
Bieletamu	4	310,110	5,101,609	84.5458	46.0417	84°32'45"	46°02'30"
Bieletamu	5	310,077	5,100,520	84.5458	46.0319	84°32'45"	46°01'55"
Bieletamu	6	309,435	5,100,540	84.5375	46.0319	84°32'15"	46°01'55"
Bieletamu	7	309,406	5,099,618	84.5375	46.0236	84°32'15"	46°01'25"
Bieletamu	8	310,048	5,099,598	84.5458	46.0236	84°32'45"	46°01'25"
Bieletamu	9	310,053	5,099,754	84.5458	46.0250	84°32'45"	46°01'30"
Bieletamu	10	312,956	5,099,665	84.5833	46.0250	84°35'00"	46°01'30"
Bieletamu	11	312,646	5,089,477	84.5833	45.9333	84°35'00"	45°56'00"
Bieletamu	12	307,483	5,089,635	84.5167	45.9333	84°31'00"	45°56'00
Tasisuoke	1	306,771	5,108,197	84.5000	46.1000	84°30'00"	46°06'00"
Tasisuoke	2	310,635	5,108,076	84.5500	46.1000	84°33'00"	46°06'00"
Tasisuoke	3	310,749	5,111,776	84.5500	46.1333	84°33'00"	46°08'00"
Tasisuoke	4	321,046	5,111,467	84.6833	46.1333	84°41'00"	46°08'00"
Tasisuoke	5	320,722	5,100,357	84.6833	46.0333	84°41'00"	46°02'00"

Tenement	Vertice	UTM_E*	UTM_N*	Longitude*	Latitude*	Longitude*	Latitude*
Tasisuoke	6	318,145	5,100,432	84.6500	46.0333	84°39'00"	46°02'00"
Tasisuoke	7	318,159	5,100,899	84.6500	46.0375	84°39'00"	46°02'15"
Tasisuoke	8	319,443	5,100,861	84.6666	46.0375	84°40'00"	46°02'15"
Tasisuoke	9	319,484	5,102,250	84.6666	46.0500	84°40'00"	46°03'00"
Tasisuoke	10	318,200	5,102,288	84.6500	46.0500	84°39'00"	46°03'00"
Tasisuoke	11	318,309	5,105,988	84.6500	46.0833	84°39'00"	46°05'00"
Tasisuoke	12	306,712	5,106,341	84.5000	46.0833	84°30'00"	46°05'00"
Suerkuduke	1	313,152	5,106,142	84.5833	46.0833	84°35'00"	46°05'00"
Suerkuduke	2	318,309	5,105,988	84.6500	46.0833	84°39'00"	46°05'00"
Suerkuduke	3	318,200	5,102,288	84.6500	46.0500	84°39'00"	46°03'00"
Suerkuduke	4	316,554	5,101,102	84.6292	46.0389	84°37'45"	46°02'20"
Suerkuduke	5	316,825	5,099,548	84.6333	46.0250	84°38'00"	46°01'30"
Suerkuduke	6	318,159	5,100,899	84.6500	46.0375	84°39'00"	46°02'15"
Suerkuduke	7	317,817	5,089,322	84.6500	45.9333	84°39'00"	45°56'00"
Suerkuduke	8	312,646	5,089,477	84.5833	45.9333	84°35'00"	45°56'00"
Suerkuduke	9	312,956	5,099,665	84.5833	46.0250	84°35'00"	46°01'30"
Suerkuduke	10	314,248	5,099,626	84.6000	46.0250	84°36'00"	46°01'30"
Suerkuduke	11	314,304	5,101,481	84.6000	46.0417	84°36'00"	46°02'30"
Suerkuduke	12	313,012	5,101,520	84.5833	46.0417	84°35'00"	46°02'30"
Baobei	1	309,010	5,086,808	84.5375	45.9083	84°32'15"	45°54'30"
Baobei	2	308,684	5,086,818	84.5333	45.9083	84°32'00"	45°54'30"
Baobei	3	308,770	5,089,595	84.5333	45.9333	84°32'00"	45°56'00"
Baobei	4	322,980	5,089,172	84.7166	45.9333	84°43'00"	45°56'00"
Baobei	5	322,795	5,082,695	84.7166	45.8750	84°43'00"	45°52'30"
Baobei	6	319,885	5,082,779	84.6791	45.8750	84°40'45"	45°52'30"
Baobei	7	319,907	5,083,545	84.6791	45.8819	84°40'45"	45°52'55"
Baobei	8	317,967	5,083,602	84.6541	45.8819	84°39'15"	45°52'55"
Baobei	9	317,944	5,082,835	84.6541	45.8750	84°39'15"	45°52'30"
Baobei	10	308,570	5,083,118	84.5333	45.8750	84°32'00"	45°52'30"
Baobei	11	308,641	5,085,429	84.5333	45.8958	84°32'00"	45°53'45"
Baobei	12	308,967	5,085,419	84.5375	45.8958	84°32'15"	45°53'45"
Kuertuoke	1	318,145	5,100,432	84.6500	46.0333	84°39'00"	46°02'00"
Kuertuoke	2	320,722	5,100,357	84.6833	46.0333	84°41'00"	46°02'00"
Kuertuoke	3	320,938	5,107,767	84.6833	46.1000	84°41'00"	46°06'00"
Kuertuoke	4	324,802	5,107,656	84.7333	46.1000	84°44'00"	46°06'00"
Kuertuoke	5	324,591	5,100,245	84.7333	46.0333	84°44'00"	46°02'00"
Kuertuoke	6	323,299	5,100,282	84.7166	46.0333	84°43'00"	46°02'00"
Kuertuoke	7	322,980	5,089,172	84.7166	45.9333	84°43'00"	45°56'00"
Kuertuoke	8	317,817	5,089,322	84.6500	45.9333	84°39'00"	45°56'00"
Sulushouke	1	324,802	5,107,656	84.7333	46.1000	84°44'00"	46°06'00"
Sulushouke	2	327,059	5,107,592	84.7625	46.1000	84°45'45"	46°06'00"
Sulushouke	3	326,968	5,104,348	84.7625	46.0708	84°45'45"	46°04'15"
Sulushouke	4	331,159	5,104,231	84.8167	46.0708	84°49'00"	46°04'15"
Sulushouke	5	330,893	5,094,510	84.8167	45.9833	84°49'00"	45°59'00"
Sulushouke	6	323,139	5,094,727	84.7166	45.9833	84°43'00"	45°59'00"
Sulushouke	7	323,299	5,100,282	84.7166	46.0333	84°43'00"	46°02'00"
Sulushouke	8	324,591	5,100,245	84.7333	46.0333	84°44'00"	46°02'00"
Kemeilenule	1	337,467	5,098,969	84.9000	46.0250	84°54'00"	46°01'30"
Kemeilenule	2	337,784	5,111,002	84.9000	46.1333	84°54'00"	46°08'00"
Kemeilenule	3	330,060	5,111,211	84.8000	46.1333	84°48'00"	46°08'00"
Kemeilenule	4	329,958	5,107,511	84.8000	46.1000	84°48'00"	46°06'00"
Kemeilenule	5	331,248	5,107,476	84.8167	46.1000	84°49'00"	46°06'00"
Kemeilenule	6	331,312	5,109,787	84.8167	46.1208	84°49'00"	46°07'15"
Kemeilenule	7	333,560	5,109,725	84.8458	46.1208	84°50'45"	46°07'15"
Kemeilenule	8	333,573	5,110,192	84.8458	46.1250	84°50'45"	46°07'30"
Kemeilenule	9	336,153	5,110,122	84.8792	46.1250	84°52'45"	46°07'30"
Kemeilenule	10	335,992	5,104,100	84.8792	46.0708	84°52'45"	46°04'15"
Kemeilenule	11	331,159	5,104,231	84.8167	46.0708	84°49'00"	46°04'15"
Kemeilenule	12	330,893	5,094,510	84.8167	45.9833	84°49'00"	45°59'00"
Kemeilenule	13	332,178	5,094,474	84.8333	45.9833	84°50'00"	45°59'00"
Kemeilenule	14	332,229	5,096,330	84.8333	46.0000	84°50'00"	46°00'00"
Kemeilenule	15	337,393	5,096,192	84.9000	46.0000	84°54'00"	46°00'00"

Tenement	Vertice	UTM_E*	UTM_N*	Longitude*	Latitude*	Longitude*	Latitude*
Kemeilenule	16	337,418	5,097,114	84.9000	46.0083	84°54'00"	46°00'30"
Kemeilenule	17	335,482	5,097,165	84.8750	46.0083	84°52'30"	46°00'30"
Kemeilenule	18	335,507	5,098,098	84.8750	46.0167	84°52'30"	46°01'00"
Kemeilenule	19	336,150	5,098,081	84.8833	46.0167	84°53'00"	46°01'00"
Kemeilenule	20	336,174	5,099,003	84.8833	46.0250	84°53'00"	46°01'30"
Tiyierming	1	337,784	5,111,002	84.9000	46.1333	84°54'00"	46°08'00"
Tiyierming	2	340,032	5,110,943	84.9291	46.1333	84°55'45"	46°08'00"
Tiyierming	3	339,936	5,107,243	84.9291	46.1000	84°55'45"	46°06'00"
Tiyierming	4	345,416	5,107,103	85.0000	46.1000	85°00'00"	46°06'00"
Tiyierming	5	345,241	5,100,159	85.0000	46.0375	85°00'00"	46°02'15"
Tiyierming	6	344,591	5,100,175	84.9916	46.0375	84°59'30"	46°02'15"
Tiyierming	7	344,579	5,099,708	84.9916	46.0333	84°59'30"	46°02'00"
Tiyierming	8	341,360	5,099,790	84.9500	46.0333	84°57'00"	46°02'00"
Tiyierming	9	341,313	5,097,946	84.9500	46.0167	84°57'00"	46°01'00"
Tiyierming	10	341,096	5,097,952	84.9472	46.0167	84°56'50"	46°01'00"
Tiyierming	11	341,145	5,099,863	84.9472	46.0339	84°56'50"	46°02'02"
Tiyierming	12	338,777	5,099,924	84.9166	46.0339	84°55'00"	46°02'02"
Tiyierming	13	338,679	5,096,158	84.9166	46.0000	84°55'00"	46°00'00"
Tiyierming	14	337,393	5,096,192	84.9000	46.0000	84°54'00"	46°00'00"
Kekeergen	1	344,860	5,110,819	84.9916	46.1333	84°59'30"	46°08'00"
Kekeergen	2	355,806	5,110,552	85.1333	46.1333	85°08'00"	46°08'00"
Kekeergen	3	355,632	5,103,152	85.1333	46.0667	85°08'00"	46°04'00"
Kekeergen	4	346,614	5,103,371	85.0167	46.0667	85°01'00"	46°04'00"
Kekeergen	5	346,522	5,099,660	85.0167	46.0333	85°01'00"	46°02'00"
Kekeergen	6	345,554	5,099,684	85.0042	46.0333	85°00'15"	46°02'00"
Kekeergen	7	345,566	5,100,150	85.0042	46.0375	85°00'15"	46°02'15"
Kekeergen	8	345,241	5,100,159	85.0000	46.0375	85°00'00"	46°02'15"
Kekeergen	9	345,416	5,107,103	85.0000	46.1000	85°00'00"	46°06'00"
Kekeergen	10	347,023	5,107,062	85.0208	46.1000	85°01'15"	46°06'00"
Kekeergen	11	347,046	5,107,985	85.0208	46.1083	85°01'15"	46°06'30"
Kekeergen	12	344,790	5,108,041	84.9916	46.1083	84°59'30"	46°06'30"
Inlier Q2	1	296,416	5,088,911	84.3744	45.9236	84°22'28"	45°55'25"
Inlier Q2	2	298,060	5,088,857	84.3956	45.9236	84°23'44"	45°55'25"
Inlier Q2	3	298,020	5,087,624	84.3956	45.9125	84°23'44"	45°54'45"
Inlier Q2	4	296,376	5,087,678	84.3744	45.9125	84°22'28"	45°54'45"
Inlier Q2	1	298,473	5,089,622	84.4006	45.9306	84°24'02"	45°55'50"
Inlier Q2	2	299,830	5,089,578	84.4181	45.9306	84°25'05"	45°55'50"
Inlier Q2	3	299,795	5,088,490	84.4181	45.9208	84°25'05"	45°55'15"
Inlier Q2	4	298,438	5,088,534	84.4006	45.9208	84°24'02"	45°55'15"
Excluded Inlier	1	296,184	5,100,197	84.3666	46.0250	84°22'00"	46°01'30"
Excluded Inlier	2	297,693	5,100,147	84.3861	46.0250	84°23'10"	46°01'30"
Excluded Inlier	3	297,648	5,098,758	84.3861	46.0125	84°23'10"	46°00'45"
Excluded Inlier	4	296,138	5,098,808	84.3666	46.0125	84°22'00"	46°00'45"
Excluded Inlier	1	298,399	5,098,734	84.3958	46.0125	84°23'45"	46°00'45"
Excluded Inlier	2	298,368	5,097,812	84.3958	46.0042	84°23'45"	46°00'15"
Excluded Inlier	3	297,083	5,097,854	84.3792	46.0042	84°22'45	46°00'15"
Excluded Inlier	4	297,114	5,098,776	84.3792	46.0125	84°22'45	46°00'45"
Excluded Inlier	1	298,663	5,103,508	84.3972	46.0555	84°23'50"	46°03'20"
Excluded Inlier	2	298,702	5,104,685	84.3972	46.0661	84°23'50"	46°03'58"
Excluded Inlier	3	300,527	5,104,626	84.4208	46.0661	84°25'15"	46°03'58"
Excluded Inlier	4	300,489	5,103,448	84.4208	46.0555	84°25'15"	46°03'20"
Excluded Inlier	1	295,510	5,102,533	84.3569	46.0458	84°21'25"	46°02'45"
Excluded Inlier	2	295,546	5,103,611	84.3569	46.0555	84°21'25"	46°03'20"
Excluded Inlier	3	296,838	5,103,568	84.3736	46.0555	84°22'25"	46°03'20"
Excluded Inlier	4	296,818	5,102,957	84.3736	46.0500	84°22'25"	46°03'00"
Excluded Inlier	1	306,282	5,085,970	84.5027	45.9000	84°30'10"	45°54'00"
Excluded Inlier	2	306,934	5,085,949	84.5111	45.9000	84°30'40"	45°54'00"
Excluded Inlier	3	306,914	5,085,327	84.5111	45.8944	84°30'40"	45°53'40"
Excluded Inlier	4	306,263	5,085,347	84.5027	45.8944	84°30'10"	45°53'40"
Excluded Inlier	1	308,971	5,096,073	84.5333	45.9916	84°32'00"	45°59'30"
Excluded Inlier	2	311,015	5,096,010	84.5597	45.9916	84°33'35"	45°59'30"
Excluded Inlier	3	310,977	5,094,776	84.5597	45.9805	84°33'35"	45°58'50"

Tenement	Vertice	UTM_E*	UTM_N*	Longitude*	Latitude*	Longitude*	Latitude*
Excluded Inlier	4	308,933	5,094,839	84.5333	45.9805	84°32'00"	45°58'50"
Excluded Inlier	1	304,769	5,093,869	84.4800	45.9706	84°28'48"	45°58'14"
Excluded Inlier	2	306,349	5,094,775	84.5000	45.9792	84°30'00"	45°58'45"
Excluded Inlier	3	306,577	5,093,156	84.5036	45.9647	84°30'13"	45°57'53"
Excluded Inlier	4	306,927	5,093,423	84.5080	45.9672	84°30'29"	45°58'02"
Excluded Inlier	5	307,252	5,092,667	84.5125	45.9605	84°30'45"	45°57'38"
Excluded Inlier	6	305,374	5,091,403	84.4888	45.9486	84°29'20"	45°56'55"
Excluded Inlier	7	304,972	5,092,183	84.4833	45.9555	84°29'00"	45°57'20"
Excluded Inlier	8	305,011	5,093,416	84.4833	45.9666	84°29'00"	45°58'00"
Excluded Inlier	1	309,231	5,107,964	84.5319	46.0986	84°31'55"	46°05'55"
Excluded Inlier	2	309,198	5,106,886	84.5319	46.0889	84°31'55"	46°05'20"
Excluded Inlier	3	310,914	5,106,833	84.5541	46.0889	84°33'15"	46°05'20"
Excluded Inlier	4	310,947	5,107,911	84.5541	46.0986	84°33'15"	46°05'55"
Excluded Inlier	1	313,846	5,107,823	84.5916	46.0986	84°35'30"	46°05'55"
Excluded Inlier	2	313,808	5,106,589	84.5916	46.0875	84°35'30"	46°05'15"
Excluded Inlier	3	315,207	5,106,547	84.6097	46.0875	84°36'35"	46°05'15"
Excluded Inlier	4	315,245	5,107,780	84.6097	46.0986	84°36'35"	46°05'55"
Excluded Inlier	1	315,484	5,087,078	84.6208	45.9125	84°37'15"	45°54'45"
Excluded Inlier	2	317,423	5,087,021	84.6458	45.9125	84°38'45"	45°54'45"
Excluded Inlier	3	317,369	5,085,165	84.6458	45.8958	84°38'45"	45°53'45"
Excluded Inlier	4	315,429	5,085,223	84.6208	45.8958	84°37'15"	45°53'45"
Excluded Inlier	1	343,586	5,102,980	84.9777	46.0625	84°58'40"	46°03'45"
Excluded Inlier	2	344,878	5,102,947	84.9944	46.0625	84°59'40"	46°03'45"
Excluded Inlier	3	344,843	5,101,558	84.9944	46.0500	84°59'40"	46°03'00"
Excluded Inlier	4	343,551	5,101,591	84.9777	46.0500	84°58'40"	46°03'00"
Excluded Inlier	1	339,510	5,103,085	84.9250	46.0625	84°55'30"	46°03'45"
Excluded Inlier	2	341,011	5,103,046	84.9444	46.0625	84°56'40"	46°03'45"
Excluded Inlier	3	340,987	5,102,113	84.9444	46.0541	84°56'40"	46°03'15"
Excluded Inlier	4	339,486	5,102,152	84.9250	46.0541	84°55'30"	46°03'15"
Excluded Inlier	1	338,824	5,101,713	84.9166	46.0500	84°55'00"	46°03'00"
Excluded Inlier	2	340,766	5,101,662	84.9417	46.0500	84°56'30"	46°03'00"
Excluded Inlier	3	340,730	5,100,274	84.9417	46.0375	84°56'30"	46°02'15"
Excluded Inlier	4	338,788	5,100,324	84.9166	46.0375	84°55'00"	46°02'15"
Excluded Inlier	1	353,077	5,105,025	85.0997	46.0830	85°05'59"	46°04'59"
Excluded Inlier	2	352,064	5,105,049	85.0866	46.0830	85°05'12"	46°04'59"
Excluded Inlier	3	352,044	5,104,216	85.0866	46.0755	85°05'12"	46°04'32"
Excluded Inlier	4	353,057	5,104,192	85.0997	46.0755	85°05'59"	46°04'32"

* UTM WGS84, Zone 45, longitude and latitude data in WGS84 datum.

APPENDIX B

Copy of Exploration Agreement Granting Dynasty Gold Corporation the Rights to Conduct Exploration in Mining Licences Held by Xinjiang Yunlong Mining Industry Company Ltd Surrounding the Hatu Gold Project, Including the Tenement in which is Located the Qi-2 Gold Deposit.

Undertaking Letter

Xinjiang Non-ferrous Metals Industry Group Co., Ltd. ("Group Co.") and Xinjiang Terraxin Mineral Exploration Co., Ltd. ("JV Company") signed an Exploration Agreement on August 11, 2004. Pursuant to this Exploration Agreement, Group Co. agrees that the JV Company may undertake exploration in the Q2 area of the Hatu Gold Mine covered by an exploration license owned by Group Co., and that the JV Company shall have the preemptive right to acquire the exploration license when the exploration license covering such area expires. In doing so, the JV Company will give appropriate compensation to Group Co. or its subsidiary which has certain right and interest in such area. Xinjiang Yunlong Mining Industry Co., Ltd. ("Yunlong"), as a shareholder of the JV Company and a subsidiary of Group Co., hereby undertakes and covenants that, if the JV Company elects to develop a gold mine when the exploration license covering such area expires, Yunlong shall be responsible for negotiating with Group Co. and its subsidiary and providing appropriate compensation to Group Co. and its subsidiary.

Xinjiang Yunlong Mining Industry Co., Ltd.

Yang You Ming
Chairman
May 16, 2004

EXPLORATION AGREEMENT

This Exploration Agreement ("Agreement") is signed by Xinjiang Non-ferrous Metals Industry Group Co., Ltd. ("Group Co.") and Xinjiang Terraxin Mineral Exploration Co., Ltd. ("JV Company") on August 11, 2004. Group Co. is a Chinese company; the JV Company is a Sino-foreign joint venture company established pursuant to a joint venture contract ("JV Contract") between Xinjiang Yunlong Mining Industry Co., Ltd. ("Yunlong"), a subsidiary of Group Co., and Terrawest Minerals Inc. ("Terrawest"). Group Co. and the JV Company are hereinafter referred to jointly as "Parties", and singly as "Party".

Preliminary Statements

Whereas, Jinge Mining Co., Ltd. ("Jinge"), another subsidiary of Group Co., owns a mining license covering 0.316 square kilometers in the Q2 area of the Hatu Gold Mine (License No. 6500000431275) (Appendix 1);

Whereas, Yunlong and Terrawest have signed the JV Contract and established the JV Company to undertake exploration in China;

Whereas, when the JV Company is being established Group Co. agreed and suggested that the JV Company conduct exploration within the area covered by the aforesaid mining license ("Q2"); the JV Company adopted such suggestion and have since invested significant resources in exploring gold in Q2;

Now, Therefore, the Parties hereby agree as follows:

1. Agreement and Covenant with respect to Exploration Work and Mining License

(1) Group Co. hereby agrees that the JV Company have the right to undertake exploration in Q2 in the duration of the JV Company;

(2) Group Co. hereby covenants that the JV Company have the preemptive right to acquire the mining license, if it elects to develop a mine at Q2, when the Mining License owned by Jinge expires, in which case Jinge shall in good faith provide cooperation and assistance to the JV Company; if the JV Company elects not to develop the mine, the mining right shall still be vested with Jinge;

(3) The aforesaid agreement and covenant are irrevocable.

2. Agreement and Covenant with respect to Exploration Data

(1) The JV Company hereby agrees and covenants that all newly generated exploration work products be owned by Jinge should the JV Company elect not to develop a mine in Q2 after it finishes the exploration undertaking in Q2;

(2) The aforesaid agreement and covenant are irrevocable.

3. Statements and Covenants with respect to Effectiveness of this Agreement

This Agreement creates legally binding contractual obligations upon both Parties and may be enforced upon both Parties. If any government authorities require both or either of the Parties follow certain administrative procedures with the purpose of this Agreement, both Parties or such Party shall duly follow such administrative procedures pursuant to such requirements. The costs and expenses necessary to follow such procedures shall be borne by the JV Company.

4. Duration of the Agreement

This Agreement shall become effective upon signing by both Parties and remain effective in the duration of the JV Company.

5. Governing Law and Dispute Resolution

The effectiveness, interpretation, execution and dispute resolution of this Agreement shall be governed by the law of the People's Republic of China.

Any dispute arising from this Agreement between the JV Company and Group Co. shall first be resolved through friendly consultation. If the dispute is not resolved in this manner within sixty (60) days after the commencement of consultation, then either Party may submit the dispute to China International Economic and Trade Arbitration Commission for arbitration in Beijing in accordance with the rules thereof for the time being in force. The arbitration tribunal shall have three (3) arbitrators, all of whom shall be fluent in English. Group Co. shall select one (1) arbitrator and the JV Company shall select one (1) arbitrator. The third arbitrator shall be appointed by the aforesaid arbitration commission and shall serve as chairman of the tribunal. The arbitration award shall be final and binding on the Parties. The costs of arbitration shall be borne by the losing Party unless otherwise determined by the arbitration award. Any dispute between the JV Company and Jinge shall also be resolved in the same fashion as stipulated above.

6. Notice

Any notice or communication provided for in this Agreement from one Party to the other Party shall be made in writing. Notice or communications hereunder shall be deemed to have been delivered if the same is sent through courier, facsimile, overnight post service or prepaid registered mail service to the appropriate address set forth below:

To Group Co. / Jinge:

Floor 14, Tianyi Building, No. 12 Youhao North Road, Urumqi Municipality, Xinjiang Uygur Autonomous Region, People's Republic of China

Facsimile No: 0991-4847498
Attention: Mr. Yang You Ming

To the JV Company:

Floor 9, Xinjiang Nonferrous Building, Youhao North Road, Urumqi Municipality, Xinjiang Uygur Autonomous Region, People's Republic of China

Facsimile No: 0991- 4821738 / 4821739
Attention: Andrew Zeng

7. Signing of the Agreement

This Agreement may be signed by facsimile.

This Agreement has been duly signed by the duly authorized representatives of both Parties on August 11, 2004.

Xinjiang Non-ferrous Metals Industry Group Co., Ltd.

Name: Yuan Ze
Position: Chairman

Xinjiang Terrawest Mineral Exploration Co., Ltd.

Name: You Yeung
Position: Chairman

APPENDIX C

Summary of Exploration Data Collected at the Qi-2 Gold Deposit. Dynasty Gold Corporation

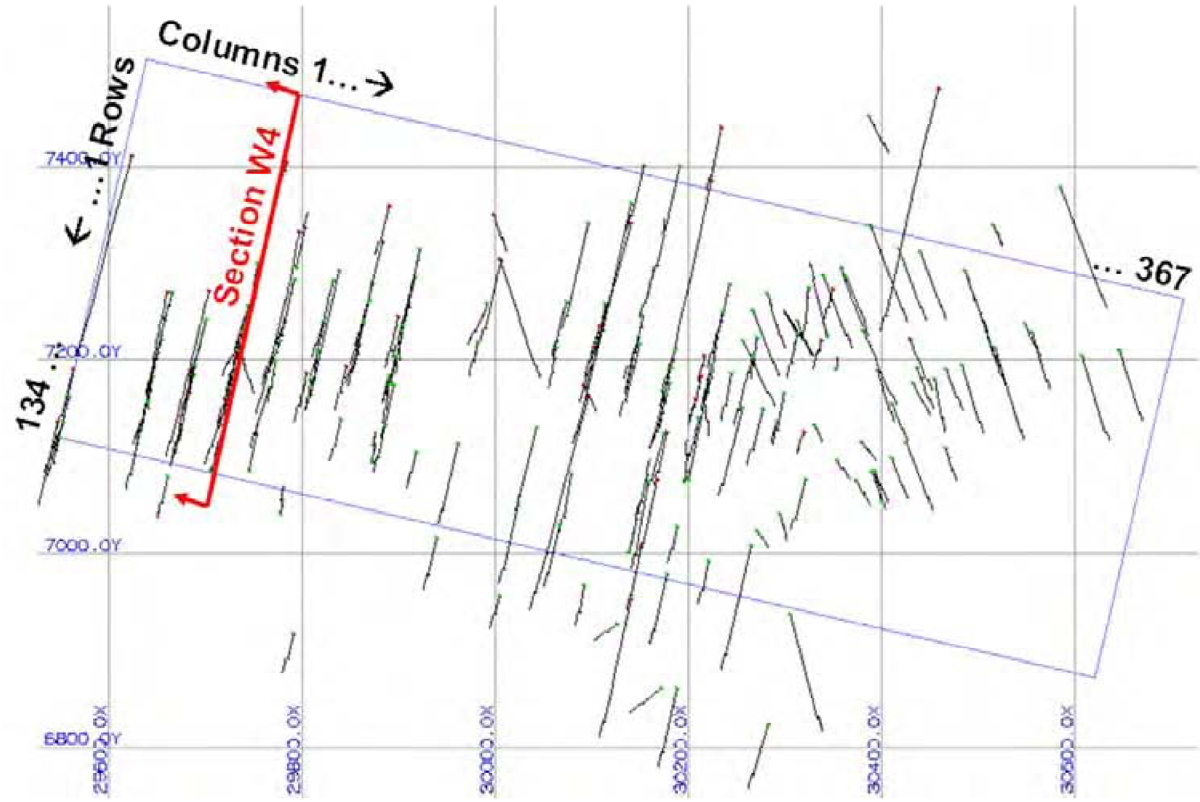
Summary of Exploration data available for the Qi-2 gold deposit.

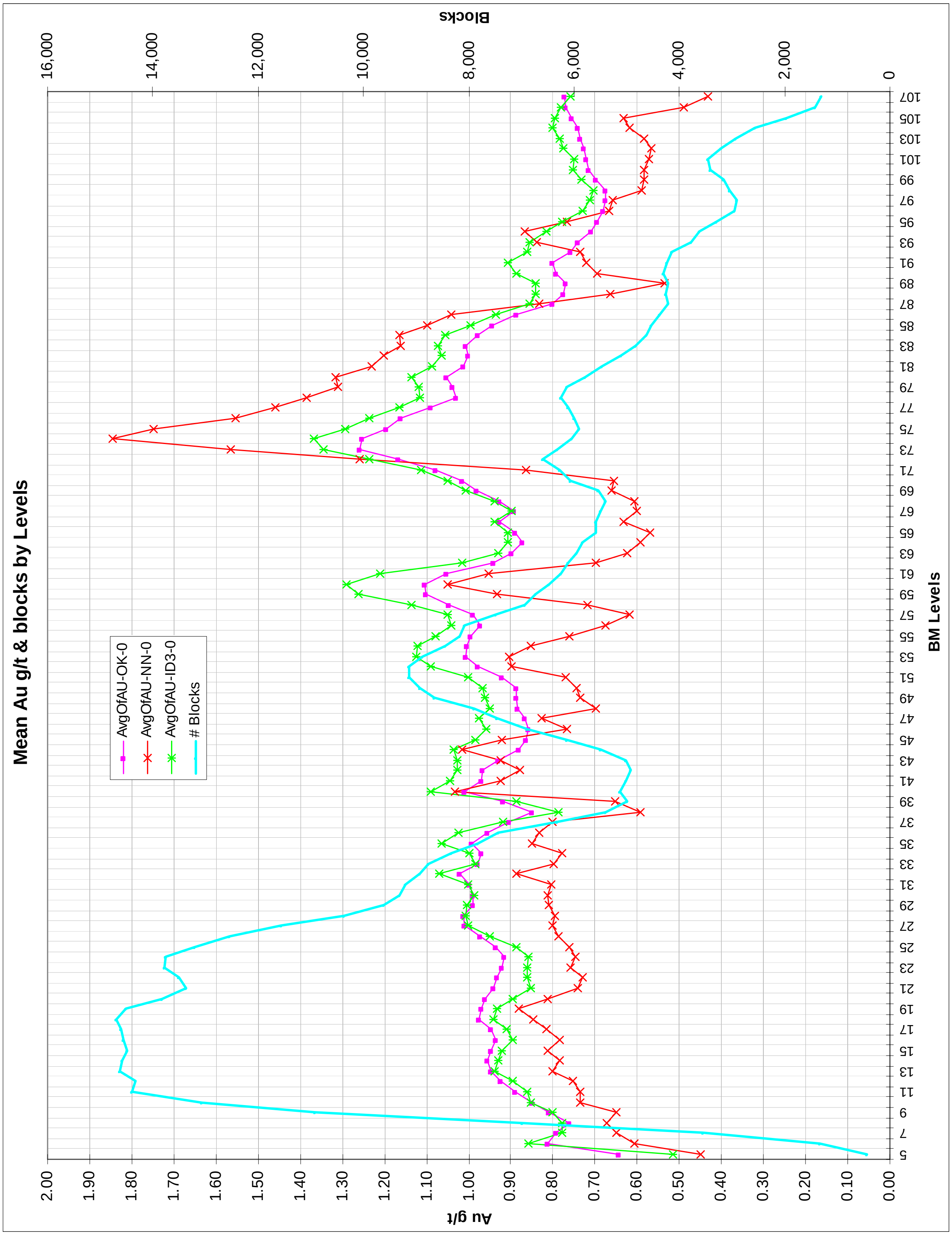
Year	1980-1984	1980-1984	2004	2004	Total
Operator	GBC	GBC	Dynasty	Dynasty	
Drilling characteristics					
Borehole #	83	80	21	25	**209**
Borehole type	DDH	Trench	DDH	Trench	
Collar position	Surface	Surface	Surface	Surface	
Borehole numbers	ZKxxx series	TCxxx series	'DH' and 'ZKxxxB' series	TRxxx	
Meterage (metres)	15,377.61	4,397.60	2,936.25	2168.23	**24,880**
Drilling contractor		n/a	Sino and EDCO	Dynasty	
Core size	HQ - NQ	n/a	HQ	n/a	
Core archive	n/a	n/a	yes	n/a	
Photographs		n/a	yes	n/a	
Borehole surveying					
Collar survey	Yes	Yes	Yes	Yes	
Collar Azimuth/plunge	Theodolite Compass	Theodolite Compass	Compass	Compass	
Surveyor	GBC Survey Team		XNF	XNF	
Downhole Surveying	Tropari	n/a	Single-shot	n/a	
Casing	pulled	n/a	yes	n/a	
Core orientation	no	n/a	no	n/a	
Other borehole data	no				
Sampling procedure					
Sampling procedure	½ core, sawed	Channel	½ core, sawed	Channel	
Sample Length	0.1 - 3.1 metre	0.2 - 2.4 metre	0.2 - 2.85 metre	0.2 - 2.4 metre	
Number of samples	4,332	1,315	2,569	1,672	**9,888**
Assaying					
Standard inserted	yes	yes	yes	yes	
Blanks inserted	yes	yes	yes	yes	
Primary Laboratory	GBC lab	GBC lab	GBC Lab	GBC Lab	
Assay method	AA	AA	AA	AA	
Primary Au	991	489	2,564	1,681	**5,725**
Replicate Au					
Primary Silver assay					
Other assaying	As, Cu, Pb, Cr, Zn, Ag	As, Cu, Pb, Zn, Ag, Cr	As, Sb, Hg, Cu, Pb, Zn, W	As, Sb, Hg, Cu, Pb, Zn, W	
Original Certificates	none	none	yes	yes	
Secondary Laboratory	none	none	SGS Lab, Beijing		
# samples	none	none	734		**734**

APPENDIX D

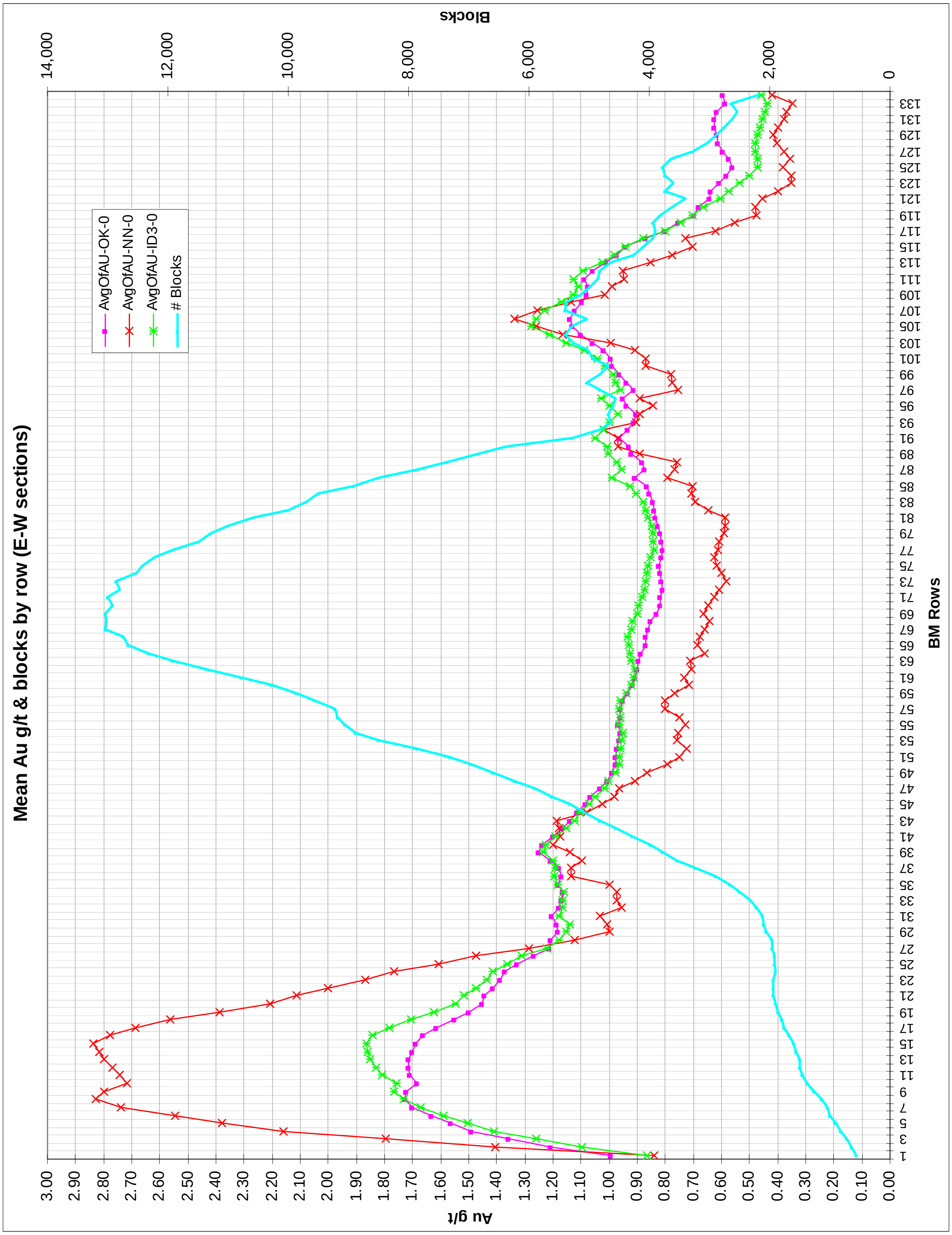
Slices through the Qi-2 Block Model Comparing Ordinary Kriging, Nearest Neighbour and Inverse Distance Estimations.

Description of the Qi-2 block model.

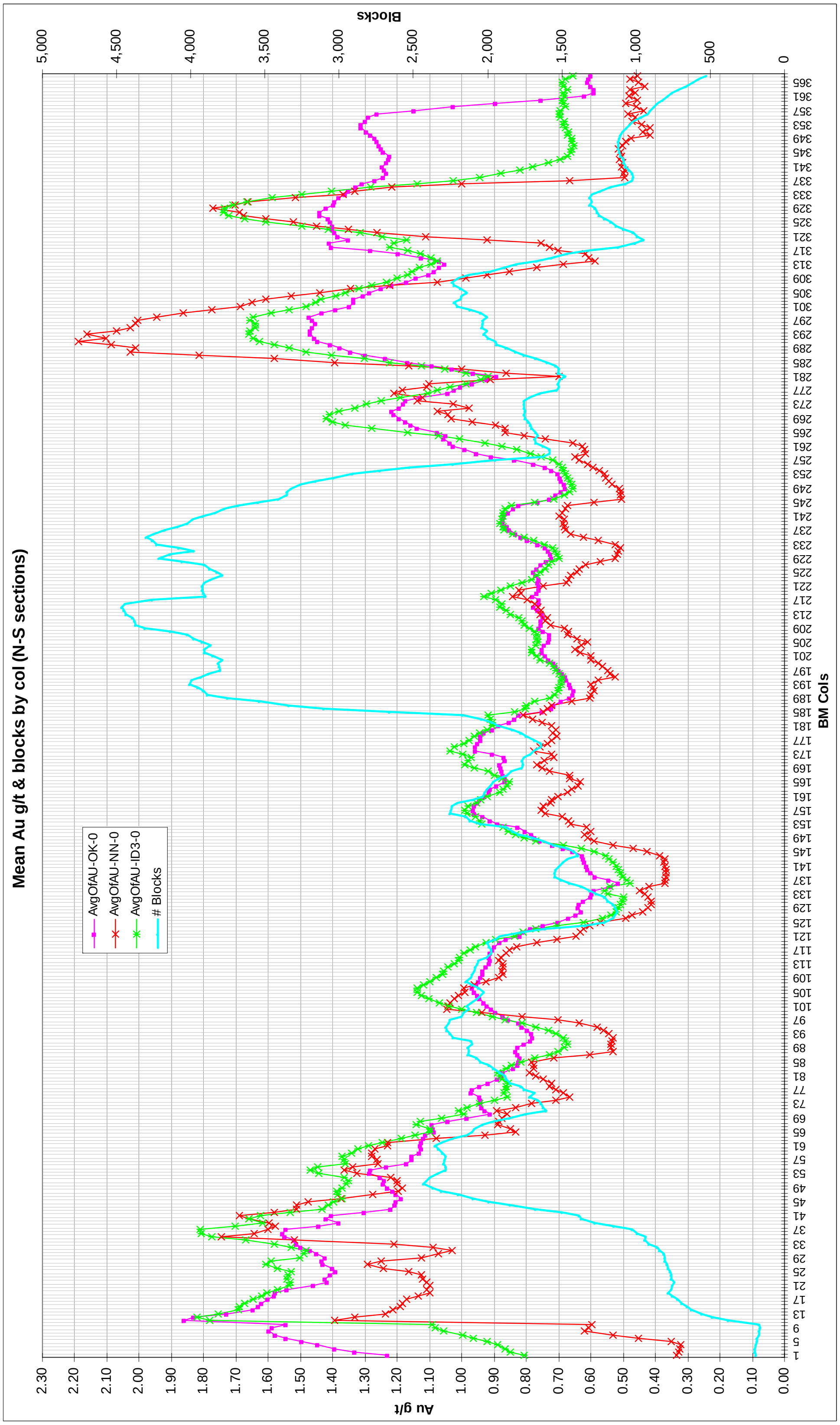




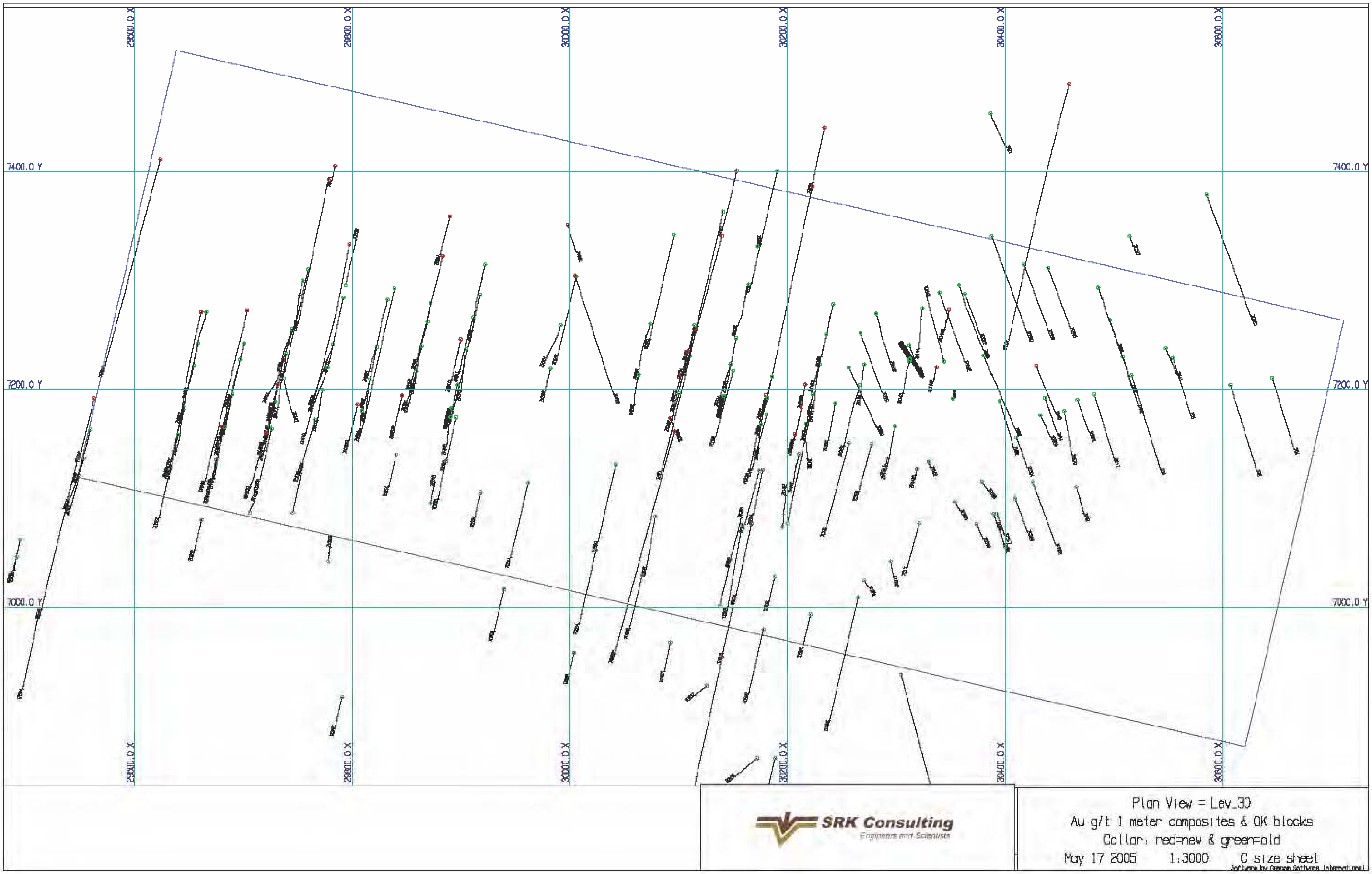
Average capped gold grades and tonnage for horizontal slices thought the block model (plan view).



Average capped gold grades and tonnage for vertical east-west sections thought the block model.



Average capped gold grades and tonnage for vertical longitudinal (north-south) slices thought the block model.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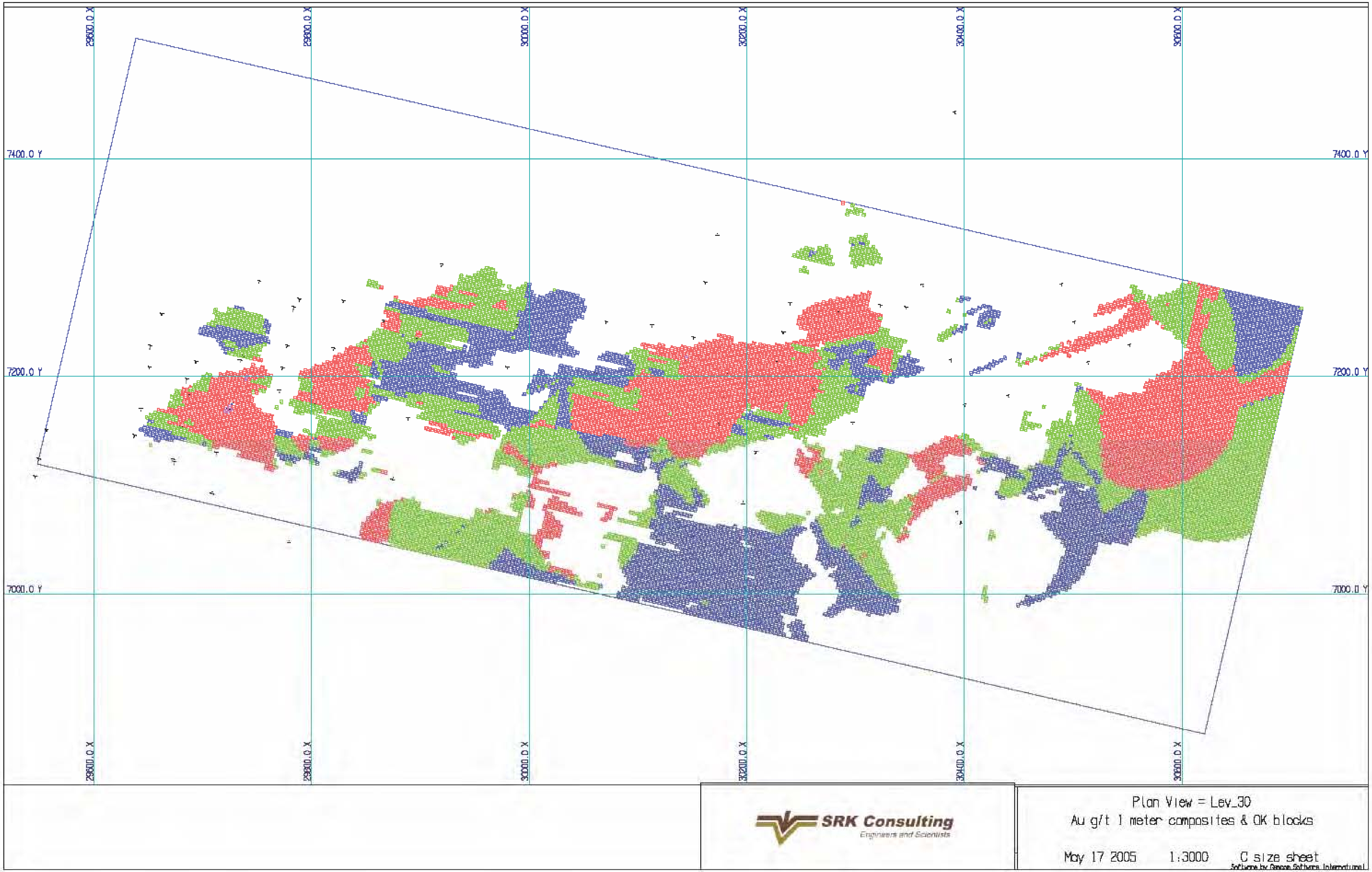
29800.0 X
30000.0 X
30200.0 X
30400.0 X
30600.0 X
7400.0 Y
7200.0 Y
7000.0 Y
SRK Consulting
Engineers and Scientists
Plan View = Lev_30
Au g/t 1 meter composites & OK blocks
Collar: red=new & green=old
May 17 2005 1:3000 C size sheet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29800.0 X
30000.0 X
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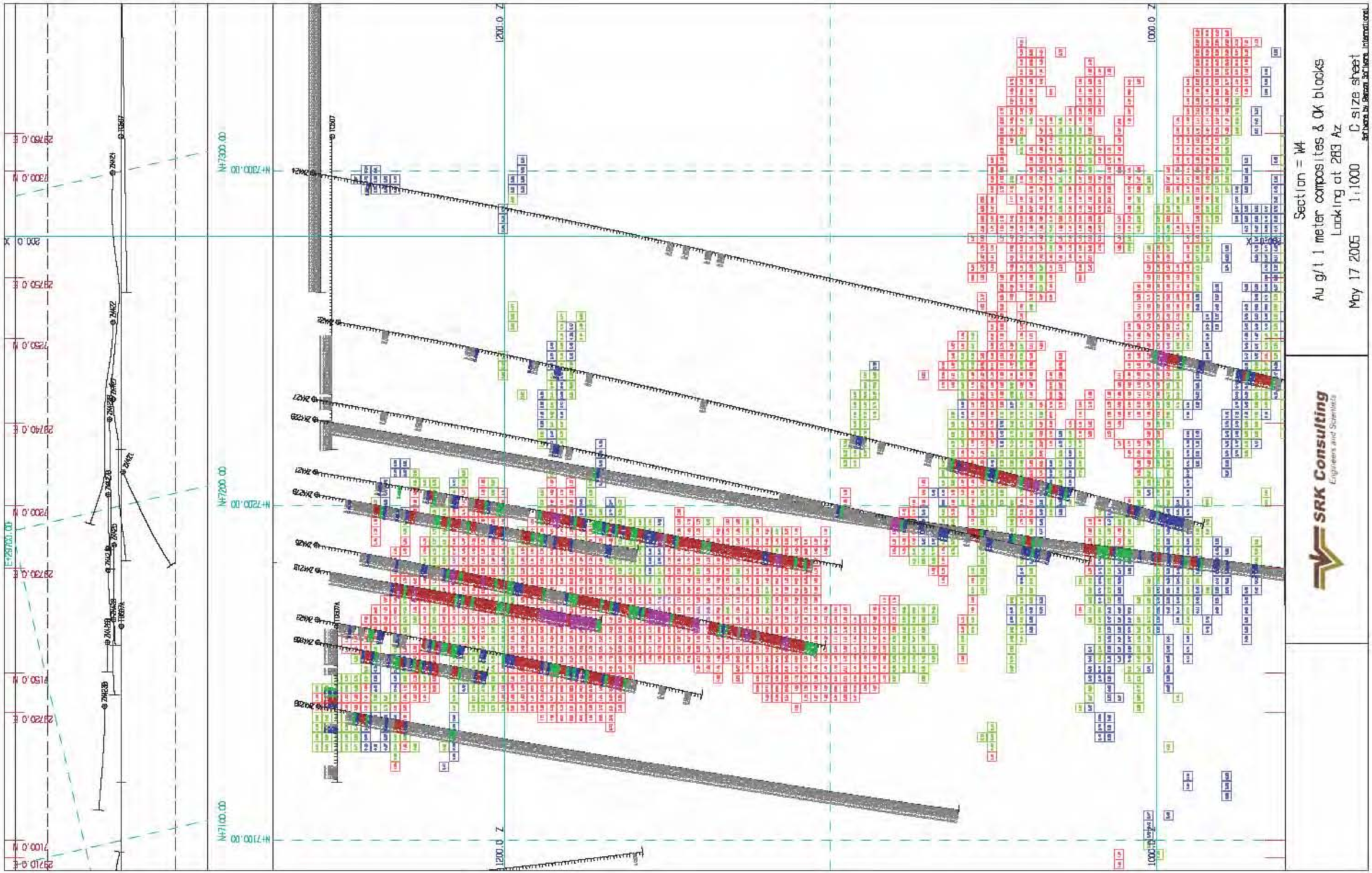
30600.0 X
7400.0 Y
7200.0 Y
7000.0 Y
SRK Consulting
Engineers and Scientists
Plan View = Lev_30
Au g/t 1 meter composites & OK blocks
May 17 2005
1:3000
C size sheet


Section = W4
Au g/t 1 meter composites & OK blocks
Looking at 283 Az
May 17 2005 1:1000
C size sheet
SRK Consulting
Engineers and Scientists

APPENDIX E

Certificates and Consent

CERTIFICATE AND CONSENT
To Accompany the report Mineral Resource Estimation Qi-2 Gold Deposit, Hatu Project, Xinjiang Uygur Autonomous Region P. R. of China.

I, Jean-François Couture, residing at 59 Tiverton Avenue in Toronto, Ontario do hereby certify that:

1) I am a Principal Geologist with the firm of SRK Consulting (Canada) Inc. (“SRK”) with an office at Suite 1000, 25 Adelaide Street East, Toronto, Ontario, Canada;

2) I am a graduate of the Université Laval in Quebec City with a BSc. in Geology in 1982, I obtained a MSc.A. in Earth Sciences and a Ph.D. in Mineral Resources from Université du Québec à Chicoutimi in 1986 and 1994, respectively. I have practiced my profession continuously since 1982;

3) I am a Professional Geoscientist registered with the Association of Professional Geoscientists of the province of Ontario (APGO#0197);

4) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Subject Exploration Project or securities of Dynasty Gold Corporation;

5) I am not aware of any material fact or material change with respect to the subject matter of the technical report, which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;

6) I have read National Instrument 43-101 and Form 43-101F1 and the technical report has been prepared in compliance with this Instrument and Form 43-101F1;

7) I, as the qualified person, am independent of the issuer as defined in Section 1.5 of National Instrument 43-101;

8) I have co-authored and supervised the reparation of all the sections of this report;

9) I have personally inspected the Qi-2 and Hatu projects and surrounding areas during a site visit in China conducted between March 20 and March 22, 2005;

10) SRK Consulting (Canada) Inc. was retained by Dynasty Gold Corporation to prepare an Independent Technical Report on the Qi-2 Gold Deposit of the Hatu Project, Xinjiang Uygur Autonomous Region P. R. of China in accordance with National Instrument 43-101 guidelines. The preceding report is based on our review of project files and discussions with Dynasty Gold Corporation personnel;

11) I hereby consent to use of this report for submission to any Provincial regulatory authority.

Toronto, Canada
June 01, 2005

Jean-François Couture, Ph.D, P.Geo.
Principal Geologist

CERTIFICATE AND CONSENT
To Accompany the report Mineral Resource Estimation Qi-2 Gold Deposit, Hatu Project, Xinjiang Uygur Autonomous Region P. R. of China.

I, Jean-Philippe Desrochers, residing at 311 Orange Crescent in Oshawa, Ontario do hereby certify that:

1) I am a Principal Geologist with the firm of SRK Consulting (Canada) Inc. ("SRK") with an office at Suite 1000, 25 Adelaide Street East, Toronto, Ontario, Canada;

2) I am a graduate of the Université de Montréal in Montréal City with a BSc. in Geology in 1988, I obtained a Ph.D. in Structural Geology from Université de Montréal in 1998. I have practiced my profession continuously since 1988;

3) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Subject Exploration Project or securities of Dynasty Gold Corporation;

4) I am not aware of any material fact or material change with respect to the subject matter of the technical report, which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;

5) I have read National Instrument 43-101 and Form 43-101F1 and the technical report has been prepared in compliance with this Instrument and Form 43-101F1;

6) I have co-authored sections 1 to 10 of this report;

7) I have not visited the subject properties;

8) SRK Consulting (Canada) Inc. was retained by Dynasty Gold Corporation to prepare an Independent Technical Report on the Qi-2 Gold Deposit of the Hatu Project, Xinjiang Uygur Autonomous Region P. R. of China in accordance with National Instrument 43-101 guidelines. The preceding report is based on our review of project files and discussions with Dynasty Gold Corporation personnel;

9) I hereby consent to use of this report for submission to any Provincial regulatory authority.

Toronto, Canada
June 01, 2005

Jean-Philippe Desrochers, Ph.D.
Principal Geologist

CERTIFICATE AND CONSENT
To Accompany the report Mineral Resource Estimation Qi-2 Gold Deposit, Hatu Project, Xinjiang Uygur Autonomous Region P. R. of China.

I, Denis Boivin, residing at 538 Quinol, La Serena, Chile do hereby certify that:

1) I am an Associate resource Geologist with the firm of SRK Consulting (Canada) Inc. ("SRK") with an office at Suite 1000, 25 Adelaide Street East, Toronto, Ontario, Canada;

2) I graduated from the Université du Québec à Chicoutimi in 1988 with a BSc. in Geology. I have practiced my profession continuously since 1988;

3) I am a Professional Geoscientist registered with the Order des Géologues du Québec (OGQ#816);

4) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Subject Exploration Project or securities of Dynasty Gold Corporation;

5) I am not aware of any material fact or material change with respect to the subject matter of the technical report, which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;

6) I have read National Instrument 43-101 and Form 43-101F1 and the technical report has been prepared in compliance with this Instrument and Form 43-101F1;

7) I am a qualified person, independent of the issuer as defined in Section 1.5 of National Instrument 43-101;

8) I have co-authored section 9 or this report;

9) I have not visited the subject properties;

10) SRK Consulting (Canada) Inc. was retained by Dynasty Gold Corporation to prepare an Independent Technical Report on the Qi-2 Gold Deposit of the Hatu Project, Xinjiang Uygur Autonomous Region P. R. of China in accordance with National Instrument 43-101 guidelines. The preceding report is based on our review of project files and discussions with Dynasty Gold Corporation personnel;

11) I hereby consent to use of this report for submission to any Provincial regulatory authority.

La Serena, Chile
June 01, 2005

Denis Boivin.
Associate Resource Geologist