

HATU / HAMI AREA

MINING PROSPECTS

Submitted to:
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1 SUMMARY

Norwest Corporation (Norwest) was retained by Dynasty Gold Inc. (DGI) to provide an independent assessment of the Hatu and Hami Mining Areas in Xinjiang Province in northwest China. This assessment is based on information supplied by Xinjiang Non ferrous Metal Industrial (Group) Co. Ltd. (XNF) and discussions with various company representatives.

DGI has an option to evaluate an “Area of Interest” defined by an agreement negotiated between Terrawest Minerals Inc. and Xinjiang NonFerrous Metal Industrial (Group) Co. Ltd. The total Area of Interest within Xinjiang consists of:

- Hatu Mining Area 1600 km²
- Baogutu 600 km²
- Hami 300 km²

These are outlined in the License Agreements in Appendix A.

The existing operations currently run by XNF are listed in Table 1-1. These are excluded from the Area of Interest at this time. Norwest is uncertain of the extent of these operations and their affect on the license agreements with respect to ore at depth, or defined limits of the mining operations.

TABLE 1-1
ACTIVE MINING AREAS OF XNF

Area Name	Sub-Area Name	Commodity	Latitude/ Longitude	Output Production Type	Exploration DHS/Trenching
Hatu	Qi - 1	Au	E84°17'53" to E84°20'11" N45°53'30" to N45°54'53"	Shaft Combined Production (Q1 & Q2) Q2: 320 to 480 kg/year (gold output) shaft	Drilling: 70,000 m Trenching: 2,000 m ³ Pitting: 60 km
	Qi- 2	Au	E84°23'35" / N45°55'00"		Drilling: 20,000 m Trenching: 1,800 m ³ Pitting: 20 km
Saertuohai	No. 22 Group No. 24 Group	Cr ₂ O ₃	E84°58'30" / N45°58'30"	Underground (shaft) 15,000 to 25,000/year	Drilling: 6,000 m Pitting: 6,000 m
Hami	Xinwozi Gold	Au	E95°09'18" / N41°30'00"	100 t/d shaft	Drilling: 1,400 m Pitting: 355 m
	No. 210 Gold Mine	Au	E95°14'46" / N41°40'00"	100 t/d shaft Total Production: 480 kg	Pitting: 374 m
	Gold Vein No. 9	Au	E95°49'48" / N41°55'51"	30 t/d shaft	Pitting: 152.5 m
	Alatiege Iron Deposit	Fe	E92°45'41" / N41°30'21"	100,000 t/year shaft	Pitting: 255 m

This evaluation is based on information supplied by XNF and information gained during site visits May 29 to June 3, 2003. The area in the vicinity of the existing operations has been reasonably explored. Information on the surrounding area is limited.

The geological model of structurally controlled gold rich quartz veins is the main target at the operations and for future exploration. The area is structurally complex and the potential for finding economic deposits is good. The potential also exists for lower grade/higher tonnage targets which have not been a priority for the Chinese in the past.

The Area of Interest falls within one of the richest gold belts in the world, hosting several world class deposits (See Figure 14-1)

There are no resource or reserve estimates for the “Area of Interest”, but there are such estimates for the adjacent mining areas (listed in table F-1), where mining has been, and continues to be in practice today. Estimates of ore tonnage and grade for these adjacent areas were provided by the mining companies and Chinese government agencies, however these are not consistent with the guidelines described in NI 43-101 of the Canadian Securities Administration, and are not reported in this document. The information does indicate that the mines have ore grades sufficient for them to continue commercial operation.

Further study of existing data, prior to exploration, is recommended. Considering the location, tectonic setting and historical production of the areas, Norwest believes the probability for success in delineating economic gold ore bodies is high.

2 INTRODUCTION AND TERMS OF REFERENCE

Norwest Corporation (Norwest) was retained by Dynasty Gold Inc. (DGI) to provide an independent assessment of the Hatu and Hami gold mining areas in Xinjiang province in northwest China. This assessment is based on information supplied by Xinjiang Nonferrous Metal Industrial Company Limited (XNF) and discussions with various company representatives.

A site inspection and data review of the Hatu and Hami mining areas was conducted between May 29 and June 3, 2003 by Brian McEwen, Manager of Mineral Projects, Norwest Corporation. The purpose of the visits was an appraisal of the mineralization and geological characteristics, a review of existing operations and interpretations and an estimate of the reliability of the information provided by Xinjiang.

The evaluation of the Hatu and Hami mining areas relies on information supplied by XNF. This includes historical data from the existing operations as well as data from drill information and sampling for prospective targets. Independent grab samples were collected during the site visit to confirm the presence or absence of gold from different geological units. Any references to resources or reserves are the opinions of the Chinese and are not consistent with guidelines described in National Instrument 43-101 of the Canadian Securities Administrators (CSA).

3 DISCLAIMER

Norwest has relied exclusively on information supplied by XNF regarding geological interpretations, historical production and data. Norwest has relied exclusively on DGI regarding land tenure and licensing agreements with the Chinese. Norwest has not verified any of this information.

4 PROPERTY DESCRIPTION AND LOCATION

Dynasty Gold Inc., through a Share Purchase Agreement, dated Oct. 9th, 2003 between Dynasty and Terrawest Minerals Inc., and Terrawest Resource Holdings Limited, have acquired the right to earn up to a 70% interest in a Sino-foreign JV company formed by an agreement dated June 26th, 2003 between Terrawest Minerals Inc, and Xinjiang Non-ferrous Metals Industry (Group) Company Limited, of the Peoples Republic of China.

Under the terms of the June 26th agreement, Terrawest Minerals Inc. entered into a Sino-foreign co-operative joint venture contract with Xinjiang Nonferrous Metals Industry (Group) Co. Ltd. of the People's Republic of China to earn up to a 70% interest in a limited liability Sino-Foreign Cooperative Joint Venture Company set up to carry out exploration, development, and if warranted mining, in specified areas surrounding producing mines, in the vicinity of the Hatu gold deposit, Baogutu gold deposit, and Hami City Jinwozi gold deposit. The total area of the 3 properties addressed in this agreement, is approximately 2,500 square kilometres. The agreement also provides a first right of refusal to any and all additional exploration rights and/or permits held by Xinjiang Nonferrous. Chapter 8(3) of the JV agreement, obliges the Chinese participant to "obtain such additional exploration and mining rights and such other approvals, licenses and rights, as the JV Company may require from time to time to undertake the exploration and mining activities within it's scope of business." Norwest has witnessed the original final version of this agreement signed and dated June 25th, 2003. A draft English translation is included as Appendix A.

The October 9th, agreement between Terrawest and Dynasty, effectively transfers Terrawest's rights in the Sino-Foreign JV company to Dynasty. Norwest has witnessed the final agreement dated and signed October 9th, 2003

4.1 HATU AREA

Dynasty Gold Inc. have acquired the exploration rights to two Areas of Interest, totalling 2200 square kilometers in the Hatu region of Tuoli County, Xinjiang Uygur Autonomous Region, NW China. The first of these, located approximately 80 Km from Karamay City, occupies approximately 1600 square kilometres in the vicinity the Hatu mine. The property is roughly centered on North 45 degrees, 55 minutes, East 84 degrees, 35 minutes, as shown on Figure 4-1, and with additional detail on Figure 7-1

XNF have gold operations Qi-1, Qi-2 and a chromite mine at Saertuohi. There are several small independent mining operations along the belt, as well as several known gold occurrences. All areas of current mining are excluded from the agreement.

The other Area of Interest in the Hatu region is Baogutu. The area occupies approximately 600 square kilometres, roughly centered on North 45 degrees, 29 minutes, East 84 degrees 30 minutes, and is located south of Hami, approximately 40 Km southwest of Kelamaji. There is a small independent gold operation at Baogutu, which is excluded from the Area of Interest. This Property is also shown on Figure 4-1, with additional detail on Figure 7-1.

4.2 HAMI AREA

The Hami Area of Interest is located approximately 200 kilometres southeast of Hami City, also in Xinjiang Uygur Autonomous Region, at an elevation of approximately 1,000 metres a.s.l. The property is centered roughly at North 41°37' and East 95°15', and covers approximately 300 square kilometers. There are two small mining operations at “Xinwozi” and at “210”, which have been excluded from the property.

These are outlined in Figure 4-3, and in Figure H-9 in Appendix D. Figure H-9 is a poor quality reproduction, but is an original Chinese map showing property boundaries with respect to numerical values of latitude and longitude. The boundary is outside the map limits in Figure 4-3. Area of Interest boundary is available in the License Agreement (Appendix A).

The subject properties have not, to our knowledge been legally surveyed.

Norwest is not aware of any environmental liabilities to which these properties are exposed.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 HATU AREA

The Hatu and Baogutu mining areas are both accessible by regional highways that connect them to Karamay City and Tuoli County. Provincial and national highways connect the mine area with the cities of Urumqi, Kuitun, and Tacheng.

Hatu is in a mountainous area, of low relief where the climate conditions are severe. The region is dry with very little precipitation with variable temperatures. The annual average air temperature is 6.1°C. The temperature ranges from -39°C in the winter to 40°C in the summer. The area can be very windy from August to May. The topography is characterized by low hills, with the elevation ranging from 1300m to 1350m. The water supply is from the Angeti River, being located 4.5 km southwest of the gold mine.

5.2 HAMI AREA

The Hami gold area is accessed by national highway #312, which crosses through this area. Hami city is the main source of supplies to the area. Topographically, the mining area is flat. The climate is typical desert climate, hot and dry, and at times very windy. The water supply is from the Malian well, which is located approximately 4 km from the mining area. The power supply is from the local power station and owned by XNF.

6 HISTORY

6.1 HATU AREA

Gold mining, adjacent to the Area of Interest, in the Hatu area started over 200 years ago. However, systematic geological work in the area was not started until 1958.

Regional mapping at 1:200,000 and 1:50,000 scale was carried out from 1959 to 1960 by Brigades #3, #5 and #7 of the Xinjiang Bureau of China Geological Survey.

The Xinjiang Bureau of Chinese Geological Survey carried out geophysical and geochemical exploration from 1981 to 1986 in the area between Hatu Mountain and the Dalabute River.

From 1976 to 1990, Brigade #7 of the Xinjiang Bureau of China Geological Survey carried out a detail geological survey on the Qi-1 zone. Their work included drilling 62.5 kilometres, trenching a total volume of 17.5 thousand cubic meters, and aditting a total length of 1142m, as well as surface mapping.

It is estimated that the Qi-1 mine, adjacent to the Area of Interest, recovers approximately 10,000 to 15,000 ounces per year and that about 260,000 ounces have been mined since start of operations.

From 1988 to 1989, the Geological and Mining Research Institute and the Brigade #7 of the Xinjiang Bureau of China Geological Survey began detailed exploration at a scale of 1:10,000, in the Qi-2 area. In addition, other research institutions, colleges and universities also started investigations with respect to 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”.

Today, production from Qi-2 is minimal with ore being trucked to the concentrator at Qi-1.

The adjacent Hatu Mine area, has continued to be explored with 65 kilometres of adits and 26 kilometres of underground drilling. This work has added substantially to the resources of the mine and potential of the area. Several other gold occurrences have been identified through trenching, mapping and sporadic exploration drilling.

6.2 HAMI AREA

As with gold mining at Hatu, gold has been mined sporadically in the Hami area dating back to the Ching Dynasty (200 years). It was not until the 1980s that the interest in gold was sufficient enough to initiate regional studies and the definition of the potential of the Hami area. This led to the discovery and development of the mining operations at Hami.

Xinjiang Nonferrous Metal Industrial (Group) Co. Ltd. in collaboration with the Hami Municipal Government manages the operations at the Hami gold mine, adjacent to the area of interest. The company was initiated in 1987, and was put into operation and production in October of 1992. Initially the mining capacity was 100 tonnes/day. The processing capacity was also 100 tonnes/day. The annual gold production was approximately 10,000 ounces. This has been improved over the past decade with mining and processing increasing to approximately 480 tonnes/day and annual gold production is approximately 32,000 ounces.

7 GEOLOGICAL SETTING

Xinjiang is situated within the south-central part of the Eurasian Plate, immediately north of the Himalayan collisional zone and the Tibetan plateau. This area forms a large mineralized belt which runs from Kazakhstan through Northern Xinjiang into Mongolia. (See Figure 14.1)

The belt hosts several significant gold deposits including:

- Kumtor 14 Million ounces Au
- Axis 2 Million Ounces Au
- Tallus 8 Million Ounces Au
- Kalmykar 25 Million Ounces Au
- Muruntau 140 Million Ounces Au
- Daugyatau 9 Million Ounces Au

The physiography of Xinjiang is dominated by three rugged east-west to north-west trending mountain ranges separating large intra-continental foreland basins of the present day India – Asia convergence. From North to South these features include the Altay Shan, Junggar/Turpan Basins, Tian Shan, Tarim basin and the Kunlun Shan. (Rui et al.2002).

Hatu and Baogutu are located in the western Junggar Basin. The Hami area is located in the Turpan Basin.

7.1 HATU REGIONAL GEOLOGY

The western Junggar area is characterised by mainly Devonian to Early Carboniferous Meta sedimentary rocks, basalts and other emplaced ophiolitic sequences. Several large batholiths intrude the rocks in the Hatu area. These are cut by a series North-east trending fault zones. The known gold deposits are clustered along these belts and are controlled by the geological structure and strata.

The Hatu mining area can be divided into four structural belts from the North to the South: See Figure 7-1.

1. The Hatu Gold Belt
2. The Anqi Gold Belt
3. The Dalabute Gold Belt
4. The Baogutu Gold Belt.

The Dalabute fault system is thought to be a major ore controlling factor with most of the gold occurring north of the fault. Ultramafic rocks also occur along this fault giving rise to the chromite mine at Saertuohai as well as an asbestos mine. This area is defined as the Area Of Mutual Interest in the Hatu gold mining area.

The Baogutu district occurs south of the Dalabute fault. The dominant lithologies here are tuffaceous sandstones and conglomerates intruded by a series of granodiorite stocks. The dominant structures trend more north-south than at Hatu.

7.1.1 Hatu Local Geology

The well defined ore bodies within the Hatu district are located along the Anqi belt or shear zone. The Anqi gold belt contains Qi-1 and Qi-2 deposits, which are currently being mined as well as several other deposits being mined or defined.

At the adjacent Qi-1 deposit gold resources are hosted within 27 veins and altered metabasalt host rocks. The deposit is structurally controlled with the major structure being the Anqi fault, however secondary faults and fractures are also closely related to the genesis of the Gold. Faults and fractures have been mapped in orientations of NE, NW, EW as well as NNE and NS.

The veins range from approximately 50 to 100 m in length with a maximum defined as greater than 700 m. The thicknesses vary between 0.2 and 0.8 m with some being greater than 1.0 m and reported up to 5.0 m.

The grade at Qi-1 is reported to range between 3 and 10 g/t. Au., although local pockets of much higher grade are common, typically with visible gold. Since the start up of the mine, it is estimated that approximately 260,000 ounces have been mined at a rate of approximately 10,000 to 15,000 ounces per year.

The adjacent Qi-2 deposit is hosted within carbonaceous, volcanoclastic meta-sedimentary rocks within the footwall of the Anqi fault. Previous work has defined 44 gold bearing quartz veins ranging in thickness from 0.1 to approximately 0.5 m, ranging in length from 50 to 200 m long with some much longer.

At Qi-1 the gold is located within the quartz veins with only a small halo contained within the altered basalts. At Qi-2 the gold grade tends to be lower, 3 to 5 g/t, however it contains a much larger gold halo with gold occurring more within the meta sediments. This type of deposit may represent an attractive larger bulk tonnage mining scenario.

Throughout the Hatu mining area several intrusive stocks and batholiths exist. These are likely associated with deformation mineralization.

At Baogutu the main lithologies are tuffaceous sandstones and conglomerates. These have been intruded by a series of granodiorite stocks showing porphyritic textures. Many veins cut hornfels zones surrounding the stocks where relatively competent rocks were preferentially fractured during fluid flow events. These veins are characterized by pyrite, arsenopyrite and stibnite.

Several other mineral deposits exist throughout the Hatu mining area. The ultramafic rocks along the Dalabute fault are being mined for Chromite and asbestos as shown in Photos HT17 to HT20.

Private gold operations exist at Baobei, Luomengou (see Photos HT21 to HT23) as well as several other locations in the Hatu and Baogutu areas.

Quaternary cover and overburden limiting the outcrop exposure cover much of the Hatu and Baogutu areas.

7.2 HAMI REGIONAL GEOLOGY

The mining areas situated within the Xingxingxia-Mingshui composite metal deposit belt. The structural zone that controls the gold deposit #210 is approximately 10 km in length and 1 km in width. In this area the faults and fractures trend NNE. This conforms to the distributions of the regional strata and magmatic rock bodies. This is evident in Figure 7-2. The major faults in this area are the Yushishan fault and the Hongliuhe fault.

A series of porphyry deposits, some gold bearing, have recently been discovered and are presently being studied. These occur approximately 80 km southwest of the town of Hami.

The dominant rock types are sediments, metasediments and conglomerates including sandstone and tuffaceous sandstones. These have been intruded by a series of quartz diorite and granodiorite stocks.

7.2.1 Hami Local Geology

The Hami Area of Interest is a 300 square kilometre area in which three main mining zones have been identified. These trend NNE and are sub parallel. From South to North these are:

- 210 Mining area
- Xinwozi Mining Area
- The North Zone.

These are identified on Figure 7.2.

The Xinwozi Mining area runs along the Hongliuhe fault zone. It is interpreted as the main structural control for the area. The Xinwozi area also contains intrusives running sub parallel to major structures. At Xinwozi gold is contained mostly within quartz veins in fracture filling. The mine reports 156 veins have been identified. At present only veins #49 and #3 are being mined. See Photos HM-3 to HM-6 and Photos HM-9 to HM-13. Gold grades average 5 to 10 g/t, however, higher grades are encountered locally.

The 210 Zone mines both veins and altered wall rock or meta-sediments. Gold in Quartz veins are distributed in the upper part of the fracture zone controlling the gold deposit. The quartz veins are controlled by fractures striking south to north. They tend to be thin but of higher grade. The lower part of the deposit is dominated with gold ore bodies in alteration rock. These tend to be of lower grade than the upper zones. The total zone thickness averages approximately 3.0 metres, however, in some areas can be greater than 30 metres. Photos taken from the 210 Mining Zone are HM-18 to HM-21.

The North Zone is structurally complex with structures trending NNE and secondary structures NS. Several gold occurrences have been identified at 250, 260, 334 and 201. See Figure 7-2. The area is considered an exploration target. See Photos HM-14 to HM-17.

Xinwozi and 210 have been reasonably explored in the vicinity of the mining areas. The North area, the extensions of Xinwozi and the remaining area have very little to no drilling.

8 DEPOSIT TYPES

The main identified types of deposit within the Hatu, Baogutu and Hami mining areas of interest are:

- Structural or vein type
- Sedimentary hosted/altered host rock (disseminated gold)
- Porphyry deposits
- Ultramafics

All areas of interest are dominated by NNE structures that play the major role in gold mineralization. Fractures and vein infilling occur both parallel and normal to this trend. They are mostly epithermal.

The sedimentary hosted deposits are associated with the structural controls and veins. They are of lower grade, however, may represent an opportunity for lower grade bulk tonnage mining.

Porphyry deposits, such as the Tuwu have been identified near Hami, and also at Baogutu.

The ultramafic rocks at Hatu are currently being mined for asbestos and chromite. There has also been mention of nickel in the area, although Norwest can not confirm this.

9 MINERALIZATION

At Qi-1 gold mineralization has been interpreted as being closely tied to thermal activities in the area. XNF have completed analyses of the minerals and compounds in the various veins. It has been interpreted that thermal fluids responsible for gold deposition were low to medium temperatures and post magmatic intrusions. Gold occurring within the surrounding rock and in areas of intense alteration usually are associated with pyrite and or arsenopyrite. The role of the magmatic intrusions in gold mineralization is uncertain to Norwest, and may have played a larger role at other deposits within the area.

The vein minerals are mainly quartz with clays and micas associated with faulting. The gold grade varies from 3 to 10 g/t, but locally can be much higher. Visible gold is common within the vein deposits.

At Hami the metallic minerals are mainly native gold, scheelite, pyrite and arsenopyrite. The non-metallic minerals are mainly quartz, oxides and limonite.

10 EXPLORATION

Exploration has mostly been targeted in the vicinity of producing mines with the target almost entirely being the quartz veins.

The documentation refers to geochemical and geophysical studies being carried out throughout the areas of interest, however, none of this information was made available.

Similarly the areas have been extensively, systematically trenched and sampled, and drilled sporadically. Representative maps and drill holes were supplied to Norwest and are available in Appendix D.

It is Norwest's opinion that information reviewed appears reasonable, however, was not validated.

Discussions were held with XNF by Norwest, regarding areas of interest and priorities for exploration. These were presented by Norwest and XNF concurred.

From the information gathered, Norwest suggested the following as having exploration potential. (It is important to note that this is based on limited information and other targets exist and may present greater potential.)

1. Hatu – Area around Qi-2 and further along the fault. This could have potential for bulk tonnage operations at lower grade.
2. Hatu – Extensions of known fault zones as well as areas where secondary faulting is abundant, or fault zones intersect.
3. Hatu – Eastern extension of “Area of Interest”. Several small operations exist in this area. Several Quartz veins are exposed, which are reported as barren. This along with the ultramafic rocks along the fault makes the area geologically interesting. Opportunity may exist to combine smaller mines and expand operations.
4. Baogutu – Exploration information is limited in this area. The intrusives contain gold as well as meta-sediments currently being mined. The potential exists in identifying porphyry targets.
5. Hami – Extensions of existing operations and the areas between the existing mines.

11 DRILLING

There has been varying amounts of drilling throughout the area. This activity has been concentrated around existing operations.

Exploration drilling completed at Hatu and Hami as reported by XNF:

Hatu	Drilling	90 km
	Trenching	3,800 km ³
	Pitting	80 km
Hami	Drilling	14 km
	Pitting	875 m

XNF supplied representative maps with drill hole and trenching information, which Norwest have examined. None of this information exists electronically.

12 SAMPLING METHOD AND APPROACH

Information supplied to Norwest regarding sample preparation analyses and security was only verbal.

Analyses for Gold are conducted at-site. Check samples are sent on a regular basis to the Central Laboratory Institute of Geophysical and Geochemical Exploration in Lang Fang, Peoples Republic of China (Lang Fang).

Norwest did not review sample preparation, analysis or security.

Norwest's experience with other projects in China is that Chinese are very consistent and thorough in their methodology.

13 DATA VERIFICATION

Data verification is limited to information gathered during the site visits. This includes the Hatu Mining Area, Baogutu and Hami Mining areas. See Photos HT-1 to HT-23, B-1 to B-3 and H-1 to HM-21, in Appendix C.

Surface grab samples were taken randomly throughout the site visits to test various lithological units. The sample results are listed below:

SAMPLE	PHOTO (Appendix 3)	COORDINATES	DESCRIPTION
AP-49	HT-13	N45° 57' 000" E84° 19' 099"	Altered Basalts with veins
BP-1	B-2	N45° 28' 666" E84° 32' 716"	Weathered Intrusive
BS-3	B-1	N45° 23' 906" E84° 26' 499"	Tuffaceous Sandstone
Q-1	HT-4	N45° 56' 500" E84° 15' 000"	Quartz vein
H-1	HM-3	N41° 37' 547" E95° 15' 557"	Quartz vein #3
H-2	HM-9	N41° 37' 945" E95° 15' 910"	Sst next to Quartz Vein
H-3	HM-12	N41° 37' 547" E95° 15' 557"	Quartz Vein #49. VGL
H-4	HM-13	N41° 37' 547" E95° 15' 557"	Quartz from Stock Pile
H-5	HM-19	N41° 37' 547" E95° 15' 557"	210 Stock Pile
H-6	HM-20	N41° 37' 547" E95° 15' 557"	Conglomerate from Stockpile

Results

	Au PPM	Ag PPM	As PPM	Ba PPM	Cu PPM	Sb PPM	Hg PPM
AP-49	1.98	0.4	57	10	28	4	0.06
BP-1	4.56	7.5	>10,000	20	748	315	0.04
BS-3	2.63	3.5	2530	20	29	68	0.04
Q-1	3.01	54.6	3180	90	8	5	3.16
H-1	26.9	97.7	657	10	2220	<2	0.07
H-2	<.005	0.2	11	50	6	<2	<0.01
H-3	7.94	69	1315	20	175	<2	0.02
H-4	25.3	32.7	825	10	2230	<2	0.11
H-5	0.483	0.9	131	20	5	<2	0.01
H-6	4.07	1.6	106	10	8	<2	<0.01

These samples were prepared and assayed at ALS Chemex Labs in North Vancouver. Complete sample results are in Appendix B.

14 ADJACENT PROPERTIES

The mineralized belt running through Xinjiang Province hosts several known world-class deposits. See Figure 14-1. These are not adjacent to the Hatu or Hami mining areas but do demonstrate the potential of the area.

Information regarding adjacent properties within the Area of Interest at Hatu was supplied by XNF. These are described in Appendix E.

Information regarding adjacent properties near the Hami Mining Area are described by XNF in Appendix E.

15 MINERAL PROCESSING AND METALLURGICAL TESTING

Information regarding mineral processing and recovery was supplied by XNF as a process flow sheet. (Figure 15-1). This is based on Qi-1 and Qi-2. XNF states this is similar to recoveries for ore processed at Hami, and typical for gold processing in China.

16 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATE

There are no resource or reserve estimates for the Area of Interest. Estimates pertaining to the reserves on the active mining areas, which have been windowed out of the Area of Interest, are not calculated in accordance with the NI 43-101 guidelines and are not reported here.

17 INTERPRETATIONS AND CONCLUSIONS

The Area of Interest is part of a mineral belt hosting significant gold deposits. There are several mining operations currently mining and recovering gold, presumably economically. Surface grab samples of different lithological units gathered by Norwest confirm the presence of gold and even of high grade gold. Information presented by XNF supports the geological models proposed for the areas.

Based on this and other information collected by Norwest, Norwest concludes that:

- Gold resources as reported by XNF are reasonable;
- Mineralization is open at depth, along strike and laterally to the existing resources;
- Structure controls the ore deposits, better delineation of structure will help target exploration;
- Geophysical anomalies may provide significant exploration targets;
- Opportunities exist to define larger mining operations based on lower cut off grades and bulk mining;
- The Area of Interest is worthy of further exploration for medium to large gold deposits; and
- The Area of Interest could host deposits of economic interest other than gold

18 PROPOSED EXPLORATION PROGRAM

The proposed exploration program is divided into separate phases. Each phase is to be completed and the following phase should be adjusted based upon the results of the previous phase.

Phase 1 of Exploration involves collecting, reviewing and validating existing information. This will allow prioritizing of targets.

Phase 2 will focus on completing additional surface mapping and sampling and geophysics.

Phase 3 will include 10,000m of core drilling. The drilling program will test different targets identified at Hatu, Baogutu and Hami.

The estimated costs for the program are summarized below:

TABLE 18-1
COST ESTIMATE FOR EXPLORATION

	CDN\$
Phase 1	
• Compile/validate existing information	60,000
Phase 2	
• Geologic mapping	70,000
• Geophysics	50,000
• Geochemistry	20,000
• Metallurgical testwork	10,000
• Administrative	30,000
Phase 1 & 2 Total	240,000
Phase 3	
• Diamond drilling	1,000,000
• Sampling and assaying	100,000
• Geology	100,000
• Metallurgical testwork	15,000
• Administrative	30,000
Phase 3 Total	1,245,000
TOTAL	1,485,000

19 REFERENCES

Hami Gold Mine Co. “Brief Introduction of Geological Resources in the Mine Areas of Hami Gold Mine in Xinjiang of China”, August 20, 2002.

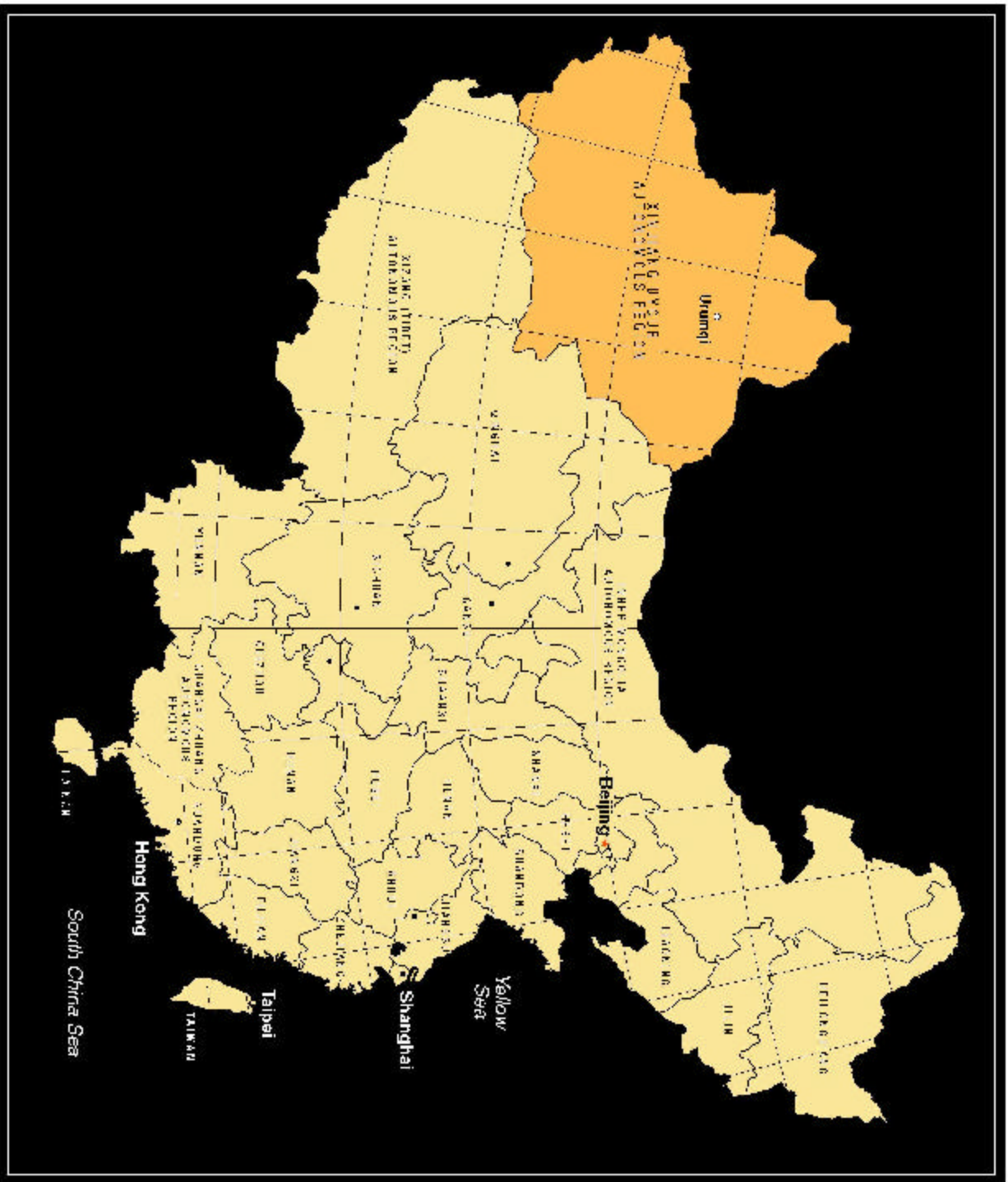
Rui Z., Goldfarb R.J., Qiu Y., Zhou T., Chen R., Pirajno F., Yun G., “Paleozoic – early Mesozoic gold deposits of the Xinjiang Autonomous Region, north western China”, January 15, 2002.

Xinjiang Nonferrous Metal Industrial (Group) Co. Ltd., “Geological Report of Hatu Gold Mine in Xinjiang of China”, February 26, 2003.

Xinjiang Nonferrous Metal Industrial (Group) Co. Ltd. – Personal Communications.

Hatu Gold Mining Co. – Personal Communications.

Hami Gold Mining Co. – Personal Communications.

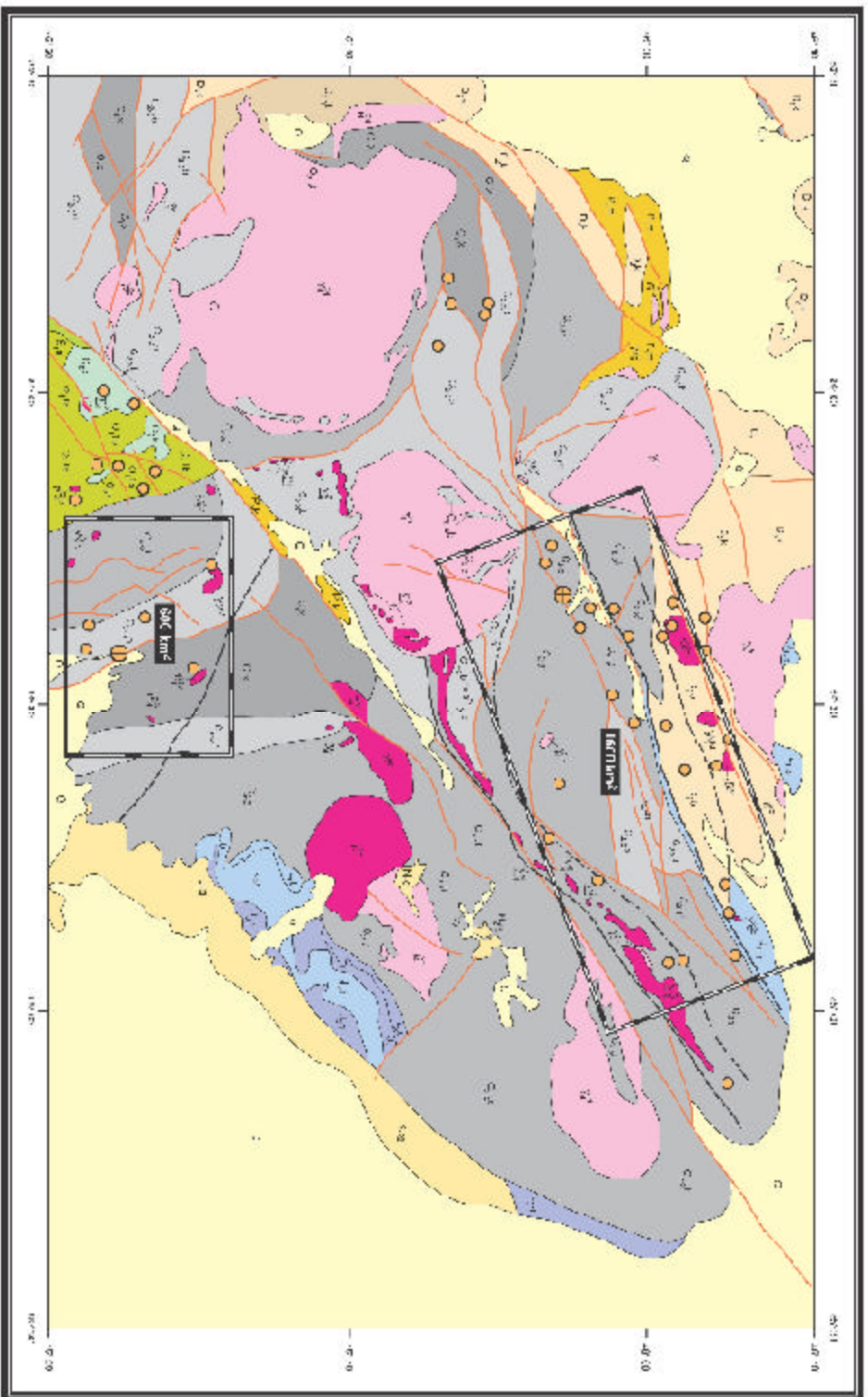


DYNASTY
WORLD CHINA

CHINA

GENERAL LOCATION MAP

Figure 4-1



Latitude: 45° 20' N ~ 46° 10' N
 Longitude: 89° 30' E ~ 90° 30' E



LEGEND

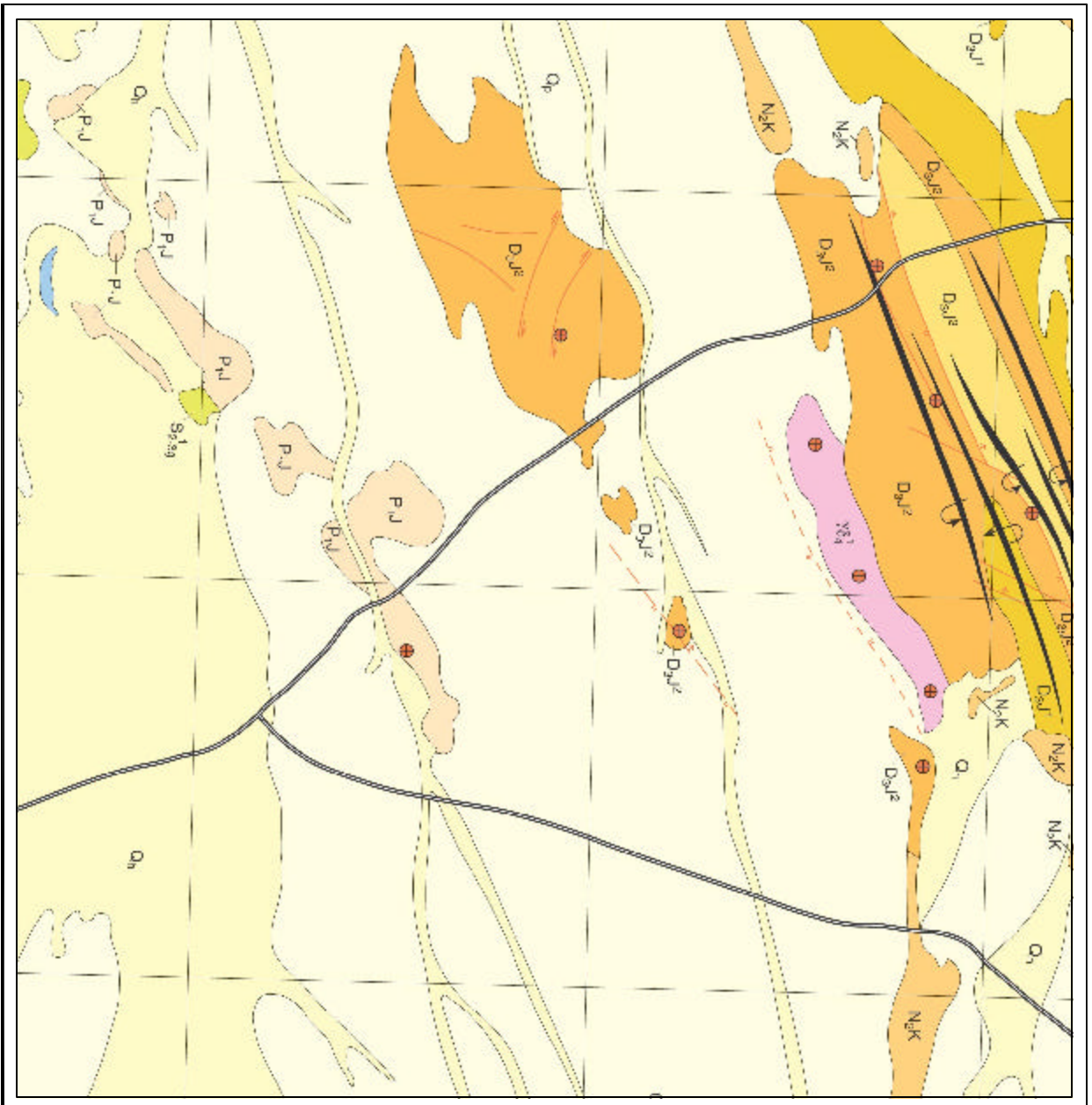
- 1. Quaternary alluvium
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**THE GEOLOGICAL & MINERAL
 DEPOSIT MAP OF WESTERN
 ZHUNGEER AREA IN XINJIANG**

Figure 4-2





比例尺 1:50,000
 1:50,000
 1:50,000



LEGEND

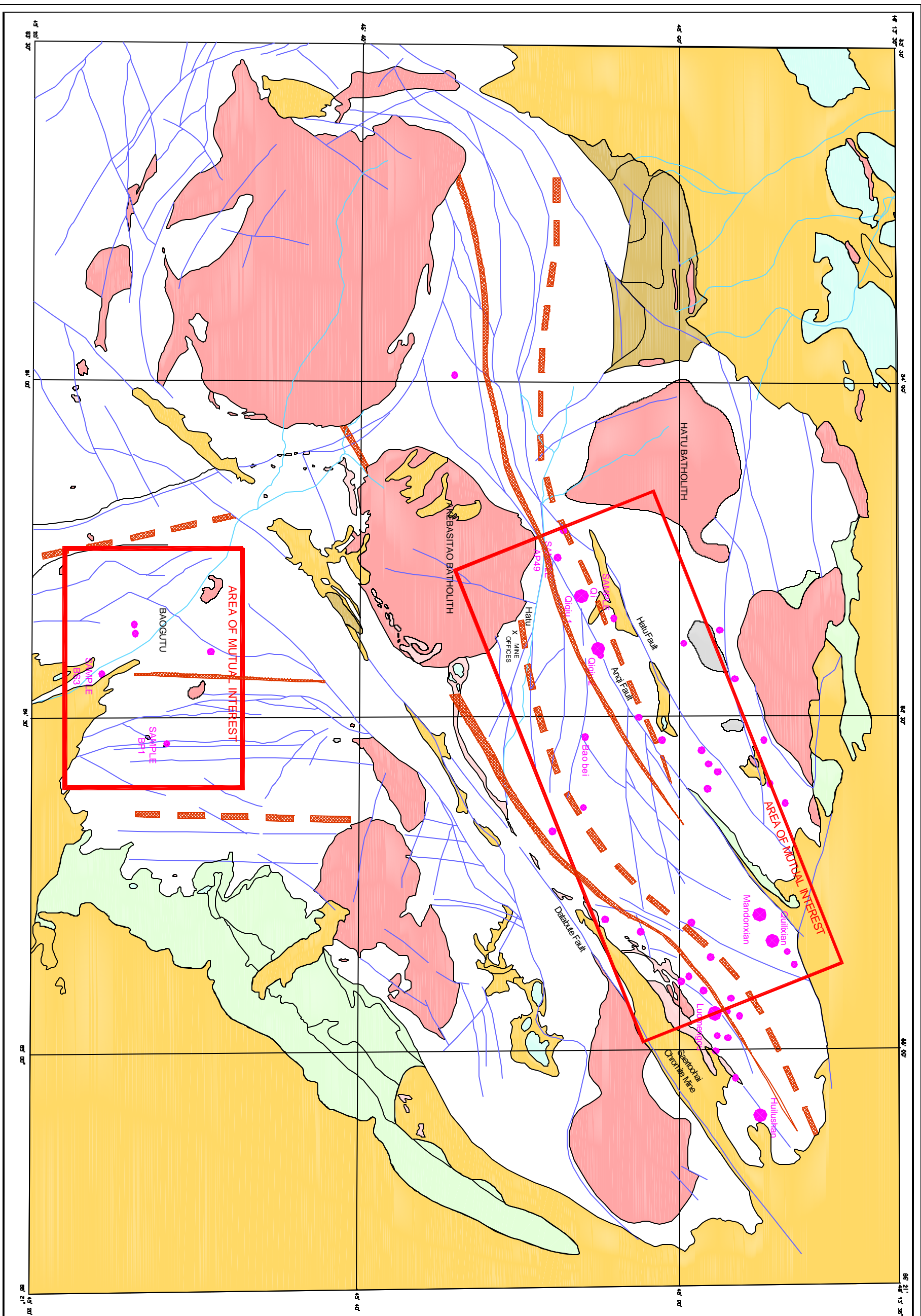
- 地形**
 - Qp 第四纪全新统冲积层
 - Qn 第四纪中更新统冲积层
- 地质构造**
 - N2K 第三纪新近纪
 - D2J1-D2J10 第三纪渐新统
 - P1-P10 二叠系
 - X2 震旦系
- 线性构造**
 - 实线 断层
 - 虚线 褶皱
- 水系**
 - 实线 河流
 - 虚线 季节性河流
 - 点线 灌溉渠
 - 短划点线 坎儿井
- 居民点**
 - 黑点 城市
 - 白点 村庄
- 其他**
 - 虚线 铁路
 - 点线 公路
 - 短划点线 输电线路
 - 长划点线 电话线路
 - 短划点线 有线电视
 - 短划点线 光缆
 - 短划点线 微波
 - 短划点线 卫星
 - 短划点线 其他

NOTE: MAP AREA IS ENTIRELY CONTAINED WITHIN THE AREA OF INTEREST



THE GEOLOGICAL & MINERAL DEPOSIT MAP OF XINWOZI GOLD MINE AREA IN HAMI CITY OF XINJIANG, CHINA

Figure 4.5



LEGEND

- QUATERNARY OVERBURDEN
- TUFFACEOUS SANDSTONE
- SEDIMENTS / META SEDIMENTS
- MUDSTONE
- VOLCANICS
- GRANITIC INTRUSIVE
- ULTRAMATTIC ROCKS
- GOLD OCCURRENCE (NAME IF KNOWN)
- MAJOR FAULT
- ASSUME FAULT
- SECONDARY STRUCTURES

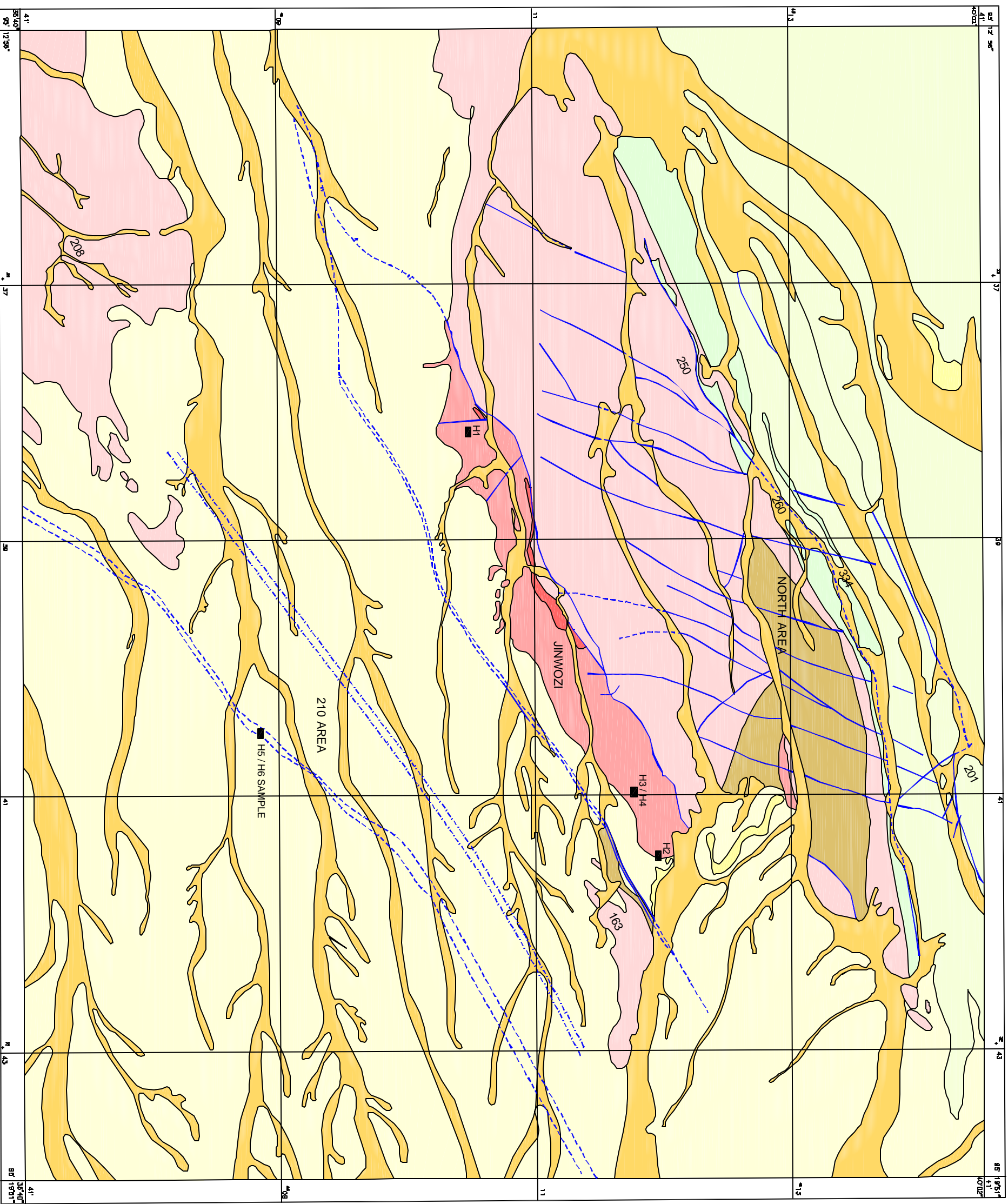


REGIONAL GEOLOGY OF HATU AREA

Figure 7-1

DRAWN BY: ABS
 CHECK BY: BMJ
 FILE: Figure 7-1.dwg
 03-2356.Ged/gjw/venues/Drilling
 DATE: 03/06/20

NORWEST



LEGEND

- Quaternary Overburden
- Quaternary Overburden
- Sandstone with Limestone Interbeds
- Conglomerate, Sandstone, Carbonaceous Siltstone
- Conglomerate with Limestone
- Siltstone to Coarse Grain Sandstone
- Granodiorite
- Quartz Diorite
- Mudstone - Siltstone
- Faults
- Assumed Faults
- H1 Sample Areas

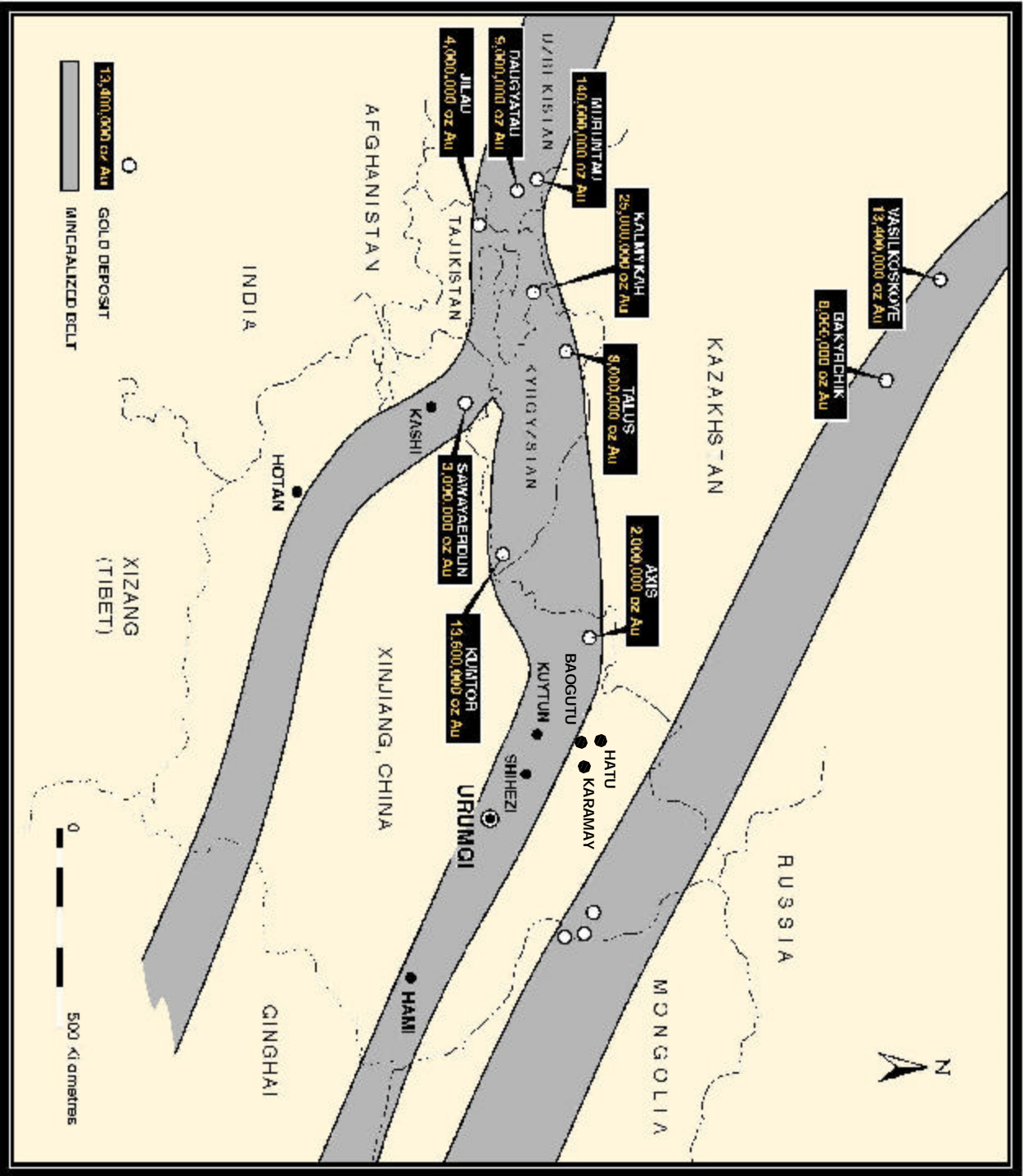


REGIONAL GEOLOGY OF THE HAMI AREA

Figure 7.2

DRAWN BY: TBE
 CHECKED BY: BM
 FILE: Figure 7.2.dwg
 03_2358(Geog)atmunes/Drafting
 DATE: 03/06/20





○ GOLD DEPOSIT
 ■ MINERALIZED BELT

0 500 Kilometres



Figure 1-41

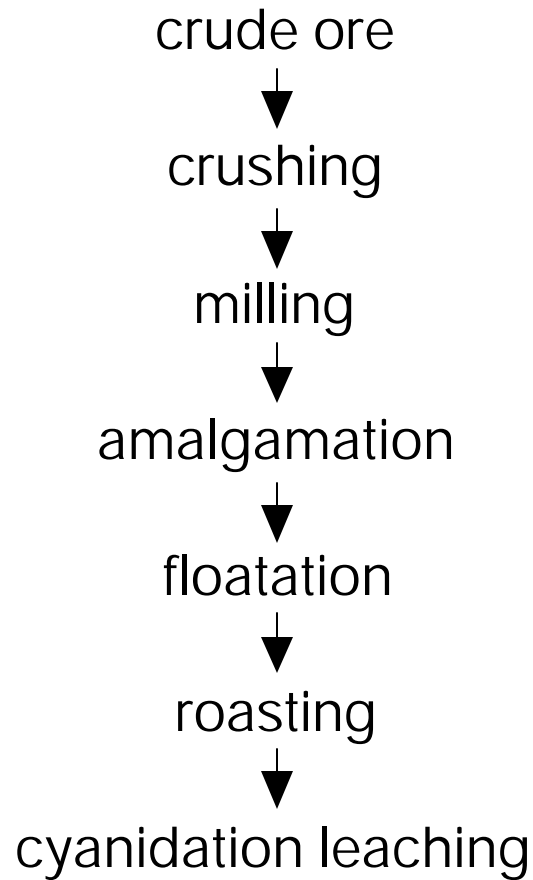
Significant Gold Deposits and Mineralized Belt in Northern China & Neighboring Countries

DYNASTY

Figure 1-41

NORTHWEST

PROCESSING AND METALLURGY



(Q1 + Q2) combined

total recovery: 87 %



DYNASTY
SINCE 1988

PROCESSING and METALLURGY

Figure 15-1

DRAWN BY: FILE: Figure15-1.dwg
CHECK BY: BM 03-2358 GeorgeVentura
DATE 03 08 18 \Drafting

NOVEMBER

Appendix A

**Joint Venture Agreement and
License Agreement for Areas of Mutual Interest
including Area Maps**

Draft: June 5, 2003

JOINT VENTURE CONTRACT

between



XINJIANG NONFERROUS METALS INDUSTRY (GROUP) CO., LTD.

and

TERRAWEST MINERALS INC.

For the Establishment of

XINJIANG TERRAXIN MINERAL EXPLORATION CO., LTD.

Date: June 26, 2003

Draft: June 5, 2003

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6. Responsibilities of the Parties.....	
7. Mutual Representations and Warranties	
8. Exploration Rights, Mineral Data and other Party A Assets	
9. Sale of Minerals	
10. Board of Directors	
11. Management Organization.....	
12. Mining Activities	
13. Purchase and Supply of Materials, Equipment and Services.....	
14. Labor Management	
15. Financial Affairs and Accounting.....	
16. Distribution of Profit.....	
17. Taxation and Insurance	
18. Confidentiality	
19. Contract Term	
20. Termination, Buyout and Liquidation	
21. Breach of Contract	

Draft: June 5, 2003

22. Force Majeure

23. Settlement of Disputes

24. Applicable Law

25. Miscellaneous Provisions

Signatures.....

Appendix 1 Timetable for Party B Capital Contributions

Appendix 2 Area of Mutual Interest and Cooperation Area

Appendix 3 List of Party A Assets

Appendix 4 Copies of Exploration Permits

Appendix 5 Party A Representations and Warranties

Draft: November 19, 2002

JOINT VENTURE CONTRACT

THIS CONTRACT is entered into on June 26, 2003, between THE XINJIANG NONFERROUS METALS INDUSTRY (GROUP) CO., LTD. (hereinafter referred to as "Party A") and TERRAWEST MINERALS INC. (hereinafter referred to as "Party B").

Preliminary Statement

After friendly consultations conducted in accordance with the principles of equality and mutual benefit, the Parties have agreed to establish a Sino-foreign co-operative joint venture enterprise in the Xinjiang Uygur Autonomous Region, People's Republic of China, in accordance with the Law of the People's Republic of China on Sino-Foreign Co-operative Joint Ventures, the implementing regulations issued thereunder, other relevant laws and regulations of the People's Republic of China and the provisions of this Contract.

Chapter 1: Parties to this Contract

Party A: Xinjiang Nonferrous Metals Industry (Group) Co. Ltd. of Xinjiang Uygur Autonomous Region, a legal Chinese institute with its legal address at 10 N. Youhao Road, Xinjiang Uygur Autonomous Region, People's Republic of China.

Legal Representative of Party A:

Name: Youming YANG
Position: Director
Citizenship: Chinese

Party B: Terrawest Minerals Inc., a company organized under the laws of British Columbia, Canada with its principal place of business at 1040-1055 West Hastings Street, Vancouver, B.C. V6E 2E9

Authorized Representative of Party B:

Name: Tou YEUNG
Position: President
Citizenship: Canadian

Chapter 2: Definitions

Unless otherwise provided herein, the following words and terms used in this Contract shall have the meanings set forth below:

"Affiliate" means, in relation to a Party, any company which, directly or indirectly, is controlled by, under common control with, or in control of, such Party; the term "control"

Draft: June 5, 2003

meaning ownership of fifty percent (50%) or more of the voting stock or registered capital, or the power to appoint or elect a majority of the directors, of a company.

“Area of Mutual Interest” means the area described in Part I of Appendix 2.

“Articles of Association” means the Articles of Association of the Joint Venture Company signed by the Parties and approved by the Examination and Approval Authority simultaneously with this Contract.

“Board of Directors” means the board of directors of the Joint Venture Company.

“Business License” means the business license of the Joint Venture Company issued by the State Administration for Industry and Commerce or its authorized local administration for industry and commerce.

“Contract Term” means the term of this Contract as set forth in Chapter 19.

“Cooperation Area” means the area described in Part II of Appendix 2.

“Development” means all preparation for the removal and recovery of Minerals, including the installation and construction of a mill or any other improvements to be used for the mining, handling, milling, processing or other beneficiation of Minerals.

“Effective Date” means the effective date of this Contract, which shall be the date on which this Contract has been approved by the Examination and Approval Authority.

“Examination and Approval Authority” means the government department authorized under the State Council rules regarding the examination and approval of foreign investment projects to examine and approve this Contract and the Articles of Association.

“Exploration Activities” means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of deposits of Minerals.

“Exploration Permits” means the all exploration permits in relation to the Cooperation Area, copies of which are annexed hereto as Appendix 4.

“Feasibility Study Report” means the feasibility study report for this joint venture project approved by the National Development and Reform Commission and its authorized local governmental organizations.

“Joint Venture Company” means the Sino-foreign co-operative joint venture enterprise with legal person status jointly invested in and established by Party A and Party B pursuant to the relevant laws and regulations of China and this Contract.

“Joint Venture Regulations” means the Implementing Regulations of the Law of the People’s Republic of China on Sino-Foreign Co-operative Joint Ventures.

Draft: June 5, 2003

"Management Personnel" means the Joint Venture Company's General Manager, Deputy General Manager, Chief Accountant and other management personnel who report directly to the General Manager.

"Mineral Data" means exploration reports, geological, geochemical and geophysical data and prospecting data, survey results, drill logs, assays, drill core samples and other information and reports of like nature.

"Party A Assets" means the assets of Party A that this Contract contemplates will be transferred to the Joint Venture Company under this Contract as listed in Appendix 3.

"Party A Exploration Rights" means the right of Party A to carry out Development and Exploration Activities in the Cooperation Area as evidenced by Party A's Exploration Permits as listed in Part I of Appendix 4.

"Preliminary Project Approval" means the preliminary project approval for this joint venture project issued by the National Development and Reform Commission and its authorized local governmental organizations.

"RMB" or "Renminbi", means the lawful currency of the People's Republic of China.

"Tax" means any form of taxation, withholding, levy, duty, charge, or contribution, including without limitation any impost of whatever nature (including any fine, penalty, surcharge or interest in relation thereto) imposed by a local, municipal, provincial, governmental, state, federal or other fiscal, revenue, customs or excise authority, body or official or other body or authority in China or elsewhere.

"Third Party" means any natural person, legal person or other organization or entity other than the Parties to this Contract.

"Third Party Exploration Rights" means the right of a Third Party to carry out Development and Exploration Activities in the Cooperation Area as evidenced by the Third Party's Exploration Permits as listed in Part II of Appendix 4.

"Three Funds" means the Joint Venture Company's reserve fund, expansion fund and employee bonus and welfare fund as required to be established under the applicable laws and regulations of China.

"United States Dollars", "US Dollars" or "US\$" means the lawful currency of the United States of America.

Chapter 3: Establishment of the Joint Venture Company

3.1 Establishment of the Joint Venture Company

- (1) The Parties hereby agree to establish the Joint Venture Company in accordance with relevant Chinese laws and regulations and the provisions of this Contract.

Draft: June 5, 2003

Promptly following the formal signature of this Contract by the Parties, Party A will handle application procedures for the Preliminary Project Approval and approval of the Feasibility Study Report, this Contract and the Articles of Association, as well as procedures for enterprise registration. Party B will cooperate with Party A in providing documents and information required from Party B in connection therewith.

- C
- (2) Party B shall complete timely the formalities required for allocation of the capital contribution of Party B, and Party A shall provide the necessary cooperation.
 - (3) Within 30 days after the contract being signed, Party B shall inject the registered capital into the account of the joint venture company as stipulated in Appendix 1. Party A shall provide to Party B photocopies of all application documents and materials submitted to government departments in connection with the applications and procedures described in this Article 3.1, and promptly upon receipt shall provide to Party B photocopies of all correspondence, official replies, approval certificates, the Business License and any other documents received from government departments. The expenditure occurs related to the application is covered by the joint venture company, and it can be prepaid after being recognized and approved by Party B. In addition, Party A shall provide to Party B within thirty (30) days from issuance of the Business License copies of the Business License.
 - (4) Party B shall provide to Party A copies of proves of complete capital allocation formalities and the evaluation report of this cooperative project made by the experts.
 - (5) The Joint Venture Company's term of operations shall be [eight (8)] years, commencing upon the issuance of its Business License, and may be extended together with the Contract Term pursuant to Article 19.2.

3.2 Name and Address of the Joint Venture Company

- (1) The name of the Joint Venture Company shall be [新疆 Terraxin 矿业有限公司] in Chinese and Xinjiang Terraxin Mineral Exploration Co., Ltd in English.
- (2) The legal address of the Joint Venture Company shall be [9th Floor, Nonferrous Group Mansion, 4 N. Youhao Road, Urumqi City, Xinjiang], People's Republic of China.

3.3 Branches

The Joint Venture Company may establish branch offices with the consent of the Board of Directors and approval from the relevant Chinese governmental authorities.

3.4 Laws and Decrees

Draft: June 5, 2003

The Joint Venture Company shall be an enterprise legal person under the laws of China. The activities of the Joint Venture Company shall comply with the laws and regulations of China, and its lawful rights and interests shall be protected by the law of China.

3.5 Limited Liability Company

The Joint Venture Company shall be a limited liability company. The Joint Venture Company shall undertake liability for its debts with all of its assets. The liability of the Parties to the Joint Venture Company shall be limited to their respective subscribed registered capital. Subject to the foregoing, the Parties shall bear the losses and risks arising from their investments in the Joint Venture Company, in proportion to their respective contributions to the Joint Venture Company's registered capital.

Chapter 4: Purpose, Scope of Business and Scale of Operation

4.1 Purpose of the Joint Venture Company

The purpose of the Joint Venture Company is to use advanced technology and scientific management methods to explore for, mine, extract, refine, process and sell gold and other minerals, and to obtain satisfactory economic benefits for the Parties.

4.2 Scope of Business of the Joint Venture Company

The Joint Venture Company's scope of business shall be to explore for gold and other minerals in a total of 2,500km² of ore deposits as listed in Appendix 2: Hatu gold deposit zone (1,600km²), Baogutuduo multi-metal deposit zone (600km²) and Hami gold deposit zone (300km²). When necessary, two parties can discuss over exploration of the gold deposits in other areas.

4.3 Production Scale of the Joint Venture Company

The Board of Directors will determine the Joint Venture Company's operation levels based on relevant market and operating conditions, and the results of the Joint Venture Company's Exploration Activities.

Chapter 5: Total Investment and Registered Capital

5.1 Total Investment and Registered Capital

The Joint Venture Company's total amount of investment shall be United States Dollars [Fifty One Million (USD 51,000,000)].

Its registered capital shall be United States Dollars [Twelve Million (USD 12,000,000)].

Draft: June 5, 2003

5.2 Contributions to Capital

(1) Party A shall contribute to the registered capital of the Joint Venture Company in the form of possessed mineral exploration rights and the related geological data as listed in Appendix 3, except for those for the contracts signed with any third parties. The contribution of Party A is representing a thirty percent (30.0%) share of the Joint Venture Company's registered capital.

Party B shall contribute to the registered capital with cash in United States Dollars (Twelve Million USD: 2,000,000), representing an seventy percent (70.0%) share of the Joint Venture Company's registered capital. Party B shall make its contribution to the registered capital of the Joint Venture Company in United States Dollars cash.


5.3 Timing for Capital Contributions

(1) Party A shall make its contribution to the Joint Venture Company's registered capital in the form of possessed exploration rights and geological data without any third party involvement in accordance with the timetable set out in Chapter 5.


(2) Party B shall make its contribution to the Joint Venture Company's registered capital in accordance with the timing stipulated in Appendix 1.

In any event, Party B shall make its contribution to the registered capital of the Joint Venture Company in full within (3) years from the date of issuance of the Business License.

5.4 Reimbursement of Cost of Assigning Party A Exploration Rights


 Party A's ~~all~~ ^{part} costs in assigning the Party A Exploration Rights to the Joint Venture Company shall be reimbursed by the Joint Venture Company, provided that such cost have been reviewed and approved by Party B before they are incurred.

5.5 Increase or Reduction of Registered Capital

 An increase or reduction in the registered capital of the Joint Venture Company shall require the written consent of both Parties, the unanimous affirmative vote of the Board of Directors, and the approval of the Examination and Approval Authority. Upon receipt of such approval, the Joint Venture Company shall register the change in registered capital with the competent administration for industry and commerce.

5.6 Assignment of Ownership Interest

The stipulations set forth in this Article 5.6 shall apply to transfers of the registered capital of the Joint Venture Company.

 (1) The Parties agree that, subject to compliance with the relevant laws and regulations of China, A Party may transfer all or part of its interest in the

CUMULATIVE

Draft: June 5, 2003

registered capital of the Joint Venture Company to its Affiliates or any Third Parties any time during the Contract Term without the further consent of the other Party and report to the original authorities for approval. The other Party hereby waives its preemptive right of purchase with respect to such transfers of interest.

- (2) Except as provided in clause (1) above, each Party shall have a preemptive right of purchase in accordance with the following provisions with respect to the transfer of all or a part of the other Party's interest in the registered capital of the Joint Venture Company to a Third Party:
- (i) A Party (the "Transferor") that wishes to transfer all or part of its equity interest in the Joint Venture Company (the "Intended Transfer Interest") shall give the other Party written notice (the "Transfer Notice") setting forth the identity of the intended transferee (the "Intended Transferee") and the price and other terms and conditions of the transfer. The Transfer Notice shall constitute an irrevocable offer to transfer the Intended Transfer Interest to the other Party at the price and upon the other terms and conditions set forth therein.
 - (ii) The other Party may accept the Transferor's offer to transfer the Intended Transfer Interest by written notice (the "Acceptance Notice") to the Transferor sent no later than thirty (30) days after receipt of the Transfer Notice. During the thirty-day period, the Transferor shall promptly provide to the other Party such information concerning the Intended Transferee's business and financial condition as the other Party may reasonably request so as to enable the other Party to decide whether to exercise its preemptive right of purchase. If the other Party accepts the Transferor's offer to transfer, the Parties shall cause the Joint Venture Company to submit, in accordance with clause (4) of this Article, an application for approval of the transfer to the Examination and Approval Authority within sixty (60) days from the date of receipt of the Acceptance Notice by the Transferor.
 - (iii) If the other Party does not send the Acceptance Notice within the thirty-day period, the Transferor may transfer the Intended Transfer Interest to the Intended Transferee for a price no less than the price set forth in the Transfer Notice and upon other terms and conditions no more favorable to the Intended Transferee than those set forth in the Transfer Notice. The Transferor shall notify the other Party in writing of the final terms and conditions of the transfer within two (2) days of concluding a transfer contract with the Intended Transferee. If the transfer to the Intended Transferee is not submitted to the Examination and Approval Authority for approval within ninety (90) days from the expiration of the foregoing thirty-day period, the Transferor must again comply with the provisions of this clause (2) before transferring all or any part of its equity interest in the Joint Venture Company.

Draft: June 5, 2003

- (3) A Party transferring an interest in the registered capital of the Joint Venture Company must ensure that its transferee signs a legally binding document making it a party to this Contract and bound by the terms and conditions of this Contract to the same extent as was the Transferor.
- (4) The Parties hereby consent to any transfer of registered capital that meets the requirements of the Article 5.6. Each Party agrees promptly to take all actions and to sign all documents, and to cause its appointees on the Board of Directors promptly to take all actions and sign all documents that are legally required to effect the transfer of registered capital. The transfer of registered capital shall be submitted to the Examination and Approval Authority for approval and, following receipt of such approval, the Joint Venture Company shall carry out procedures for the amendment of registration with the competent administration for industry and commerce.

5.7 Encumbrances of Interest in Registered Capital

No Party shall mortgage, pledge or otherwise encumber all or any part of its share of the Joint Venture Company's registered capital without the prior written consent of the other Party.

Chapter 6: Responsibilities of the Parties

6.1 Responsibilities of Party A

In addition to its other obligations under this Contract, Party A shall undertake the following responsibilities:

- (1) assist the Joint Venture Company in acquiring, at rates competitive in the vicinity, all office space required for the operations of the Joint Venture Company and any labor and staff requested by the Joint Venture Company;
- (2) assist the Joint Venture Company in purchasing, leasing or otherwise procuring equipment and machinery, tools, office furniture and equipment, vehicles and other materials required for the Joint Venture Company's operations from sources in China;
- (3) assist the Joint Venture Company to procure at competitive rates adequate supplies of electricity, water, and other utilities in amounts sufficient for the Joint Venture Company's operations.
- (4) assist the Joint Venture Company in applying for licenses for the import of equipment and machinery, tools, office furniture and equipment, vehicles and other materials required for the Joint Venture Company's operations, and in carrying out all import and customs formalities in respect thereto;
- (5) assist the Joint Venture Company in recruiting skilled managers and technical personnel;

Draft: June 5, 2003

- (6) assist employees of the Joint Venture Company and members of the Board of Directors who travel into China to obtain Chinese visas, work permits and other related approvals, permits and licenses;
- (7) make travel and accommodations arrangements for employees of the Joint Venture Company and members of the Board of Directors who travel into China;
- (8) assist the Joint Venture Company in obtaining or providing housing for its expatriate personnel (the cost of such housing shall be borne by the Joint Venture Company);
- (9) assist the Joint Venture Company in opening Renminbi and foreign currency bank accounts;
- (10) assist the Joint Venture Company in applying to the relevant government authority for tax incentives for the Joint Venture Company; and
- (11) handle other matters entrusted by the Board of Directors.

6.2 Responsibilities of Party B

In addition to its other obligations under this Contract, Party B shall undertake the following responsibilities:

- (1) assist the Joint Venture Company in purchasing, leasing, or otherwise procuring equipment and machinery, tools, raw materials, office furniture and equipment, vehicles and other materials required for the Joint Venture Company's operation from sources outside of China;
- (2) assist Chinese employees of the Joint Venture Company and members of the Board of Directors who travel outside China for Joint Venture Company business in obtaining foreign country visas and invitation letters and certifications required for processing other necessary travel documents;
- (3) assist the Joint Venture Company in recruiting skilled managers and technical personnel;
- (4) assist the Joint Venture Company to identify technologies and equipment in use by international mining companies that may improve the Joint Venture Company's Exploration Activities and Mining Activities;
- (5) assist the Joint Venture Company in obtaining loans from foreign lenders; and
- (6) handle other matters entrusted by the Board of Directors.

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Chapter 7: Mutual Representations and Warranties

7.1 Mutual Representations and Warranties

Each Party hereby represents and warrants to the other Party that, as of the date hereof and as of the Effective Date:

- (1) such Party is duly organized, validly existing and in good standing under the laws of the place of its establishment or incorporation;
- (2) such Party has carried out all procedures and obtained all approvals required under the laws and regulations to which it is subject, and has the power under such laws and regulations, to enter into this Contract and to perform all of its obligations hereunder;
- (3) such Party has taken all internal actions necessary to authorize it to enter into and perform this Contract and its representative whose signature is affixed hereto is fully authorized to sign this Contract and to bind such Party thereby;
- (4) upon the Effective Date, this Contract shall be legally binding on such Party;
- (5) neither the signature of this Contract nor the performance of its obligations hereunder will conflict with or constitute a default under (i) any provision of the articles of association or by-laws of such Party, (ii) any applicable law or regulation, (iii) any authorization or approval of any government agency or body, or (iv) any contract or agreement, to which such Party is a party or subject;
- (6) no lawsuit, arbitration, other legal or administrative proceeding, or governmental investigation is pending against such Party, or to the best of such Party's knowledge is threatened by any Third Party, that would affect in any way its ability to enter into or perform this Contract; and
- (7) such Party has disclosed all information in its possession relating to the Joint Venture Company's establishment or future operations which may have a material effect on such Party's ability to fully perform its obligations hereunder, or which if disclosed to the other Party, would have a material effect on the other Party's willingness to enter into this Contract, and none of the information provided by such Party to the other Party contains any material statements which are false or misleading.

Chapter 8: Party A Exploration Rights, Mineral Data and other Party A Assets

In addition to its other obligations under this Contract, Party A further agrees to do the following:

- (1) No later than fifteen (15) days after issuance of the Business License, Party A shall complete the following tasks:

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- (i) sign and deliver to the Joint Venture Company the Bill of Transfer of mineral exploration rights, and as required by the Bill of Transfer, complete the formalities of transfer of part of the Party A exploration rights to the Joint Venture Company in no later than fifteen (15) days after the joint venture company being established;
 - (ii) compile and supply to the Joint Venture Company for its use all mineral data by signing the Bill of Transfer in its possession or control in relation to the Cooperation Area, except for those sensitive data stipulated in the National Law of Confidentiality;
 - (iii) As for those explorations originally planned by Party A, they shall be transferred to the Joint Venture Company, and all necessary formalities for the transfer should be ready within three months after the exploration activities are finished by the end of March of 2004 in accordance with the clauses of Appendix 3.
- (3) During the Contract Term, Party A shall assist the Joint Venture Company to obtain such additional exploration and mining rights and such other approvals, licenses and rights as the Joint Venture Company may require from time to time to undertake the Exploration Activities and Mining Activities within its scope of business.

Chapter 9: Sale of Minerals

The Joint Venture Company may sell Minerals extracted from the Cooperation Area subject to compliance with relevant PRC laws and regulations. The General Manager shall determine the selling prices for the Minerals in accordance with the relevant provisions of Chinese laws and regulations and of this Contract, and with the pricing policies set by the Board of Directors.

Chapter 10: Board of Directors

10.1 Formation of the Board of Directors

- (1) The Board of Directors shall be the highest authority of the Joint Venture Company and shall decide all matters of major importance to the Joint Venture Company. The date of issuance of the Business License shall be the date of establishment of the Board of Directors.
- (2) The Board of Directors shall comprise five (5) directors, two (2) of whom shall be appointed by Party A and three (3) of whom shall be appointed by Party B.
- (3) Each director shall be appointed for a term of three (3) years, provided that the Party which has appointed a director may remove that director and appoint a replacement at any time. A director may serve consecutive terms if reappointed by the Party that originally appointed him. If a seat on the Board of Directors is

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vacated by the retirement, resignation, removal, disability or death of a director, the Party which originally appointed such director shall appoint a successor to serve out such director's term.

- (4) Party B shall designate a director to serve as the Chairman of the Board and Party A shall designate another director to serve as the Vice-Chairman of the Board. The Chairman of the Board is the legal representative of the Joint Venture Company, but shall not contractually or otherwise bind the Joint Venture Company without the prior written authorization of the Board of Directors. Whenever the Chairman of the Board is unable to perform his responsibilities for any reason, the Chairman shall appoint the Vice-Chairman to perform such responsibilities.
- (5) To appoint or remove a director (including the Chairman or Vice-Chairman), a Party shall notify the other Party in writing. Appointments and removals of directors shall become effective upon receipt of such notice by the other Party; provided, however, that a change of the Joint Venture Company's legal representative shall not take effect until the relevant procedures required by the laws and regulations of China have been completed. Appointments and removals shall be filed with the Examination and Approval Authority and registered with the competent administration for industry and commerce to the extent required by law.

10.2 Indemnification of Directors

The Joint Venture Company shall indemnify each director against all claims and liabilities incurred by reason of his being a director of the Joint Venture Company, provided that the claim or liability does not result from graft or corruption, serious dereliction of duty, intentional misconduct or gross negligence or a violation of criminal laws by the director.

10.3 Meetings

- (1) The first meeting of the Board of Directors shall be held within twenty (20) days from the date of issuance of the Business License. Thereafter, the Board of Directors shall hold at least one (1) regular meeting in each calendar year. Upon the written request of one-third or more of the directors of the Joint Venture Company specifying the matters to be discussed, the Chairman of the Board shall within thirty (30) days of receipt thereof convene an interim meeting of the Board of Directors. The Chairman of the Board also may himself convene an interim meeting.
- (2) The Chairman of the Board shall give written notice, including the time and place of the meeting and the agenda, to each of the directors at least thirty (30) days prior to any meeting of the Board. A Board meeting held without proper notice having been given to any director shall be invalid unless such director, either before or after the meeting, delivers a written waiver of notice to the Chairman and Vice-Chairman. Meetings shall be held at the registered address of the Joint Venture Company or such other address in China or abroad as may be determined by the Chairman of the Board. The Chairman of the Board shall

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set the agenda for Board meetings and shall be responsible for convening and presiding over such meetings.

- (3) Each Party has the obligation to ensure that its appointees to the Board of Directors attend all meetings either in person or by proxy. Two third (2/3) of all the directors shall constitute a quorum for all meetings of the Board of Directors (such directors may be present in person or by proxy).
- (4) If a director is unable to attend Board of Directors meetings or to carry out his other duties as director, he may issue a proxy and entrust a representative to attend meetings or carry out his other duties on his behalf. The representative so entrusted shall have the same rights and powers as the director who entrusted him. One person may represent more than one director by proxy.
- (5) The Board of Directors will cause complete and accurate minutes (in both Chinese and English) to be kept of all Board meetings. Draft minutes of Board meetings shall be distributed to all the directors within twenty (20) days after the date of the meeting. Any director who wishes to propose an amendment or addition shall submit the same in writing to the Chairman and the Vice-Chairman within twenty (20) days after receipt of the draft minutes. (No amendments or additions shall be proposed to written resolutions signed at a meeting.) The Chairman shall complete the final minutes and distribute them to each director and each Party not later than sixty (60) days after the meeting. The Joint Venture Company shall maintain a file of all Board meeting minutes and make the same freely available to the Parties and their authorized representatives.

10.4 Resolutions

- (1) Each director shall have one (1) vote.
- (2) The adoption of resolutions concerning the following matters shall require the unanimous assent of all the directors who are present in person or by proxy at a duly convened meeting of the Board of Directors:
 - (i) amendments to the Articles of Association;
 - (ii) increase or reduction of the registered capital of the Joint Venture Company;
 - (iii) dissolution of the Joint Venture Company;
 - (iv) merger or division of or amendment of the organizational structure of the Joint Venture Company;
 - (v) mortgage of assets of the Joint Venture Company.
 - (vi) legal establishment of cooperative or independent mining corporations for exploration and mining.

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- (vii) final distribution plan for profit.
- (3) The adoption of all other resolutions shall require the assent of a majority of the directors who are present in person or by proxy at a duly convened meeting of the Board of Directors.
- (4) The Board of Directors may adopt any resolution without a meeting if such resolution is signed by all of the directors then holding office. Such written resolutions shall be filed with the minutes of Board meetings and shall have the same force and effect as a unanimous resolution adopted at a meeting of the Board.

10.5 Reimbursement of Directors

The Joint Venture Company shall reimburse the reasonable costs incurred by the directors in the performance of their duties as directors (including but not limited to travel expenses).

Chapter 11: Management Organization

11.1 Management Organization

The Joint Venture Company's management organization shall be under the leadership of a General Manager, who shall report directly to the Board of Directors. In addition to the General Manager, the Joint Venture Company shall have a Deputy General Manager, a Chief Accountant and other department managers, each of whom shall report directly to the General Manager.

11.2 Appointment of Management Personnel

The General Manager and the Chief Accountant shall be nominated by Party B, the Deputy General Manager shall be nominated by Party A, and each of them shall be appointed by the Board of Directors. The other Management Personnel, if any, shall be nominated by the General Manager and appointed by the Board of Directors. All replacements for any of the Management Personnel, whether by reason of the retirement, resignation, disability or death of a manager or of the removal of a manager by the Board of Directors, shall be nominated and appointed in the same manner as the original appointee.

11.3 Scope of Management Authority and Performance of Duties

- (1) The General Manager shall be in charge of the day-to-day operation and management of the Joint Venture Company and shall carry out all matters entrusted by the Board of Directors. The Deputy General Manager shall assist the General Manager in his work and shall report to the General Manager. The Board of Directors shall determine the duties of the Chief Accountant and other Management Personnel.

- (2) The General Manager and the Deputy General Manager shall not concurrently serve as the general manager or deputy general manager of any other company or enterprise or its Affiliates, nor shall they serve as a director of or consultant to, or hold any interest (except for less than five (5) percent of the shares of a publicly listed company or, any company or enterprise that competes with the Joint Venture Company.

11.4 Departmental Structure

The Joint Venture Company's basic departmental structure, including the creation of Management Personnel positions other than those specified in this Contract, shall be formulated by the General Manager and approved by the Board of Directors. The details of the Joint Venture Company's organizational structure and the creation of employment positions other than Management Personnel positions shall be determined by the General Manager.

Chapter 12: Mining Activities

12.1 General

The Joint Venture Company carries out exploration activities based on the contract, and according to the Law of Mineral Resources of the People's Republic of China and the related regulations of Xinjiang Uygur Autonomous Region, the Joint Venture Company has the preemptive right of mining the mineral resources if valuable minerals are found. The Board of Directors may make a resolution in accordance with Article 10.4(2) (vi) that the Joint Venture Company will commence Mining Activities in the Cooperation Area or in any part thereof.

12.2 Establishment of Mining Joint Venture

- (1) If the Board of Directors makes a decision to establish a Mining Joint Venture in accordance with Article 12.1, the Parties shall promptly, and in any event no later than sixty (60) days, negotiate and sign a joint venture contract governing the establishment and operations of the Mining Joint Venture, such contract to include the terms and conditions of this Contract. The matters not being touched in this contract regarding the Mining Joint Venture will be made in new supplementary documents through negotiation of the Parties. The mining areas of the Mining Joint Venture will be decided by the Board of Directors of the Joint Venture Company based on the mining activities.

Chapter 13: Purchase and Supply of Materials, Equipment and Services

13.1 Equipment

The Joint Venture Company may purchase equipment and machinery, tools, raw materials, vehicles, spare parts and supplies, and may obtain technology and services,

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required for the Joint Venture Company's operations from sources within and outside China.

13.2 Services

- (1) At the request of the Joint Venture Company, each Party may supply certain other services to the Joint Venture Company, provided that such Party has qualified staff to perform such services and such services are rendered at reasonable market rates for the provision of such services supplied in the vicinity.
- (2) Except for the performance of their respective responsibilities pursuant to Chapter 6, any Party that provides services to the Joint Venture Company shall be compensated by the Joint Venture Company in accordance with the provisions of a service contract concluded with such Party.

Chapter 14: Labor Management

14.1 Governing Principle

Matters relating to the recruitment, employment, dismissal, resignation, wages and welfare of the staff and workers of the Joint Venture Company shall be handled in accordance with the Labor Law of the People's Republic of China and the Regulations of the People's Republic of China on Labor Management in Foreign Invested Enterprises and related Chinese laws and regulations (hereinafter collectively referred to as the "Labor Laws"). The Joint Venture Company's labor rules and policies shall be approved by the Board of Directors, and the implementation thereof shall be handled by the General Manager or under the General Manager's supervision.

14.2 Employment, Examination and Recruitment

- (1) The Joint Venture Company's employees, other than the Management Personnel, shall be employed by the Joint Venture Company in accordance with the terms of a standard individual labor contract approved by the Board of Directors. Management Personnel shall be employed by the Joint Venture Company in accordance with the terms of individual employment contracts approved by the Board of Directors.
- (2) Employees will be selected according to their professional qualifications and working experience. The specific number and qualifications of the employees shall be determined by the General Manager in accordance with the operating needs of the Joint Venture Company.

14.3 Social Insurance and Welfare Benefits

Social insurance and welfare benefits for employees of the Joint Venture Company shall be handled in accordance with the Labor Laws. The Joint Venture Company shall

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conform to the laws and regulations of China concerning labor protection and shall ensure safe and civilized production and operations.

14.4 Labor Union

The Joint Venture Company's employees shall have the right to establish a labor union and to conduct labor union activities in accordance with the Labor Laws and the Labor Union Law of the People's Republic of China.

Chapter 15: Financial Affairs and Accounting

15.1 Accounting System

- (1) The Chief Accountant of the Joint Venture Company shall be responsible for the financial management of the Joint Venture Company.
- (2) The Chief Accountant shall prepare the Joint Venture Company's accounting system and procedures in accordance with both the relevant laws and regulations of China and Canadian generally accepted accounting principles customarily used for mining exploration and development, and submit the same to the Board of Directors for adoption. The accounting system and procedures shall be filed with the relevant local department of finance and the tax authorities for the record.
- (3) The Joint Venture Company shall adopt Renminbi as its bookkeeping base currency, but may also adopt United States Dollars as a supplementary bookkeeping currency.
- (4) All accounting records, vouchers, books and statements of the Joint Venture Company must be made and kept in Chinese. All financial statements and reports of the Joint Venture Company shall be made and kept in Chinese and English.
- (5) Translations between foreign currency and Renminbi shall be made using the median rate for buying and selling for such currency announced by the People's Bank of China on the date of actual receipt or payment by the Joint Venture Company.

15.2 Fiscal Year

The Joint Venture Company shall adopt the calendar year as its fiscal year. The Joint Venture Company's first fiscal year shall commence on the date that the Joint Venture Company receives the Business License and shall end on the immediately succeeding December 31.

15.3 Auditors

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- (1) The Parties shall have full and equal access to the Joint Venture Company's accounts. The Joint Venture Company shall furnish to the Parties unaudited financial reports on a monthly and quarterly basis so that they may continuously be informed about the Joint Venture Company's financial performance. In addition, each Party, at its own expense and upon advance notice to the Joint Venture Company, may appoint an accountant registered in China to audit the accounts of the Joint Venture Company on behalf of such Party. The Joint Venture Company shall permit such auditor to examine all of its accounting and financial records and other documents and records and the auditor agrees to maintain the confidentiality of the records and information that it obtains that interfere with the normal operation of the Joint Venture Company.
- (2) The Joint Venture Company shall engage an accountant independent of any Party and registered in China to audit its accounts and annual financial statements and to prepare an audit report. Drafts of the audited financial statements and audit report shall be provided to each Party and to the Board of Directors for review within two (2) months after the end of each fiscal year, and the final audit report shall be issued not later than four (4) months after the end of each fiscal year.

15.4 Bank Accounts

The Joint Venture Company shall separately open foreign exchange accounts and Renminbi accounts at banks within China authorized to conduct foreign exchange operations. With the approval by the State Administration of Foreign Exchange, the Joint Venture Company may also open foreign exchange bank accounts outside China.

Chapter 16: Distribution of Profit

16.1 Distribution of Profit

- (1) Losses from previous years must be made up before any profits from the current year are distributed to the Parties. Profits retained by the Joint Venture Company in previous years may be distributed together with the profits of the current year.
- (2) After the Joint Venture Company has paid income taxes and made up any losses incurred in previous years, the Board of Directors shall determine the annual allocations to the Three Funds from the after-tax net profits, based on the requirements of relevant laws and regulations.
- (3) Within four (4) months from the end of each fiscal year, the Board of Directors, based on the Joint Venture Company's production and operational needs, shall decide whether or not to retain all or part of the profit of the Joint Venture Company available for distribution. The amount of profit not retained shall be distributed in accordance with the provisions of clause (4) of this Article 16.1.
- (4) The Joint Venture Company shall distribute profits that the Board of Directors decides to distribute in proportion to their respective actual contributions to registered capital.

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- (5) The Joint Venture Company shall calculate in Renminbi (i.e., the standard bookkeeping currency) the profits available for distribution. If the Joint Venture Company has foreign exchange, Party B shall have a priority right to receive its share of profits from such foreign exchange, with translation from Renminbi into United States Dollars at the median rate for buying and selling announced by the People's Bank of China on the date on which payment is due. Payments to Party B shall be made first from the Joint Venture Company's foreign exchange funds. If the Joint Venture Company does not have sufficient foreign exchange funds to make a payment in full, it shall promptly convert the remaining Renminbi amount of the payment into United States Dollars at a bank, at the selling rate for United States Dollars announced by the People's Bank of China on the date of conversion, and pay the United States Dollars to Party B. If the Joint Venture Company is unable to effect conversion, then upon notification by Party B, it must deposit the remaining Renminbi profits into a separate interest-bearing bank account opened in the name of the Joint Venture Company, and must hold this Renminbi and the interest earned thereon in such account pending further notification from Party B. The Joint Venture Company shall promptly comply with Party B's request concerning the disposition of the funds in this bank account, provided that such request is not inconsistent with the laws and regulations of China. Remittances of profits and other payments by the Joint Venture Company to Party B shall be made in United States Dollars to a foreign bank account designated by Party B, subject to compliance with the foreign exchange control regulations of China.

Chapter 17: Taxation and Insurance

17.1 Income and Other Tax

The Joint Venture Company shall pay taxes in accordance with the laws, administrative regulations and local regulations of China. The Joint Venture Company's Chinese and expatriate personnel shall pay individual income tax in accordance with the Individual Income Tax Law of the People's Republic of China. The Joint Venture Company shall apply for all the preferential tax treatment to which it is entitled under the relevant laws and regulations of China.

17.2 Insurance

Throughout the Contract Term, the Joint Venture Company shall maintain insurance coverage of the types and in the amounts determined by the General Manager and approved by the Board of Directors. The Joint Venture Company may obtain insurance from insurance companies or organizations inside China, subject to compliance with the laws and regulations of China.

Chapter 18: Confidentiality

18.1 Confidentiality

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- (1) Prior to and during the Contract Term, each Party has disclosed or may disclose to the other Party confidential and proprietary information concerning their respective businesses, financial condition, proprietary technology, research and development and other confidential matters. Furthermore, during the Contract Term, the Parties may obtain such confidential and proprietary information concerning the Joint Venture Company and the Joint Venture Company may obtain such confidential and proprietary information concerning the Parties. Each of the Parties and the Joint Venture Company receiving all such information as aforesaid (including written and unwritten information) (hereinafter referred to as "Confidential Information") shall, during the Contract Term and for five (5) years thereafter:
 - (i) maintain the confidentiality of the Confidential Information and use the Confidential Information only for the purposes contemplated under this Contract; and
 - (ii) not disclose Confidential Information to any person or entity, except to their respective employees who need to know such Confidential Information to perform their work responsibilities related to the purposes of this Contract.
- (2) The provisions of Clause (1) above shall not apply to Confidential Information that:
 - (i) can be proved to have been known by the receiving party by written records made prior to disclosure by the disclosing party;
 - (ii) is or becomes public knowledge otherwise than through the receiving party's breach of this Contract; or
 - (iii) was obtained by the receiving party from a Third Party having no obligation of confidentiality with respect to such Confidential Information.
- (3) If required by either Party, the Joint Venture Company shall execute a separate confidentiality agreement in respect of Confidential Information obtained by the Joint Venture Company from such Party or its Affiliates with provisions similar to those set out in this Chapter 18.
- (4) Each Party and the Joint Venture Company shall formulate rules and regulations to cause its directors, senior staff, and other employees, and those of their Affiliates, also to comply with the confidentiality obligations set forth in this Chapter 18. All directors, managers and other employees of the Joint Venture Company shall be required to sign a confidentiality undertaking in a form acceptable to both Parties.
- (5) The provisions of this Chapter 18 shall not apply to the disclosure of information to any Affiliate, to any public or private lender or financing agency

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or institution, to any contractors or subcontractors that the Parties may engage, to employees and consultants of the Parties or to any Third Party to which a Party contemplates the transfer of all or part of its share of the registered capital of the Joint Venture Company; provided that in any such case only such information as such person or entity to whom disclosure is made shall have a legitimate business need to know shall be disclosed and such person or entity shall first undertake in writing to protect the confidential nature of such information at least to the same extent as the Parties are obligated to do under this Chapter 18.

The provisions of this Chapter 18 shall not apply to the disclosure of information to any government, any agency or department thereof or any stock exchange, to the extent required by law or in response to a legitimate request for such information, provided that the Party being required or requested to make such disclosure shall immediately notify the other Party of such requirement and the terms thereof prior to such disclosure. The other Party shall have the right to petition to the agency or department concerned regarding such disclosure and to seek confidential treatment of any Confidential Information to be disclosed on such terms as such Party shall, in their sole discretion, determine.

- (6) Without limiting the foregoing provisions of this Chapter 18, no Party shall make any public announcement or public disclosure with regard to the Joint Venture Company that includes Confidential Information without the prior written consent of the other Party as to the content and timing of such announcement or disclosure, which consent shall not be unreasonably withheld; provided that nothing in this clause (6) shall prevent a Party from making such an announcement or disclosure which is required in the good faith judgment of such Party by applicable law, regulation or stock exchange rule.
- (7) The provisions of this Chapter 18 shall remain binding upon any natural or legal person who has been a party to this Contract after such person, through an assignment of registered capital and corresponding contractual rights and obligations, ceases to be a party to this Contract. In addition, the rights and obligations under this Article 18 shall survive the expiration or earlier termination of this Contract, and shall remain in effect for the periods stated herein, notwithstanding the dissolution of the Joint Venture Company.
- (8) The Parties confirm for the avoidance of doubt that the Mineral Data that Party A supplies to the Joint Venture Company in accordance with Chapter 8, together with such other Mineral Data the Joint Venture Company may develop or acquire from time to time is confidential Information subject to the provisions of this Chapter 18.

Chapter 19: Contract Term

19.1 Contract Term

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The Contract Term shall commence upon the Effective Date and shall extend for a period of [eight (8)] years from the date of issuance of the Business License.

19.2 Extension of the Contract Term

Upon the agreement of all of the Parties, an application to extend the Contract Term may be made to the Examination and Approval Authority no less than six (6) months prior to the expiration of the Contract Term. The Contract Term may be extended only upon approval of the Examination and Approval Authority.

Chapter 20: Termination, Buyout and Liquidation

20.1 Termination

- (1) Under any of the following circumstances, either Party shall have the right to terminate this Contract by giving thirty (30) days' prior written notice to the other Party:
 - (i) the Board of Directors decides in the cooperation period that there is no necessity to make further investment in the explorations based on the results of the Joint Venture Company in the previous year.
 - (ii) the terminating Party has the right pursuant to the provisions of either Article 22.1 or 24.2 to terminate this Contract.
- (2) Under any of the following circumstances, either Party shall have the right to terminate this Contract with immediate effect by written notice to the other Party:
 - (i) the other Party fails to complete any part of its contribution to the registered capital of the Joint Venture Company in accordance with this Contract, and such failure is not cured within sixty (60) days of written notice by the Party;
 - (ii) the other Party otherwise materially breaches this Contract or the Articles of Association, and such breach is not cured within sixty (60) days of written notice to the breaching Party;
 - (iii) in the course of the approval process for this Contract or the Articles of Association, their respective terms and conditions have been altered or additional obligations have been imposed on either Party or on the Joint Venture Company without the prior written agreement of both Parties;
 - (iv) either Party is declared bankrupt, or is the subject of proceedings for bankruptcy, dissolution or liquidation, or becomes unable to pay its debts as they become due.
- (3) Party B can terminate or abandon the contract and shall not constitute a breach of contract in case that the Party A fails to transfer its mineral exploration rights in the

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cooperative areas (excluding the current mineral exploration rights with the third parties) to the Joint Venture Company, after the Party A has signed the contract and the contract is in effect.

- (4) Upon termination of this Contract in accordance with clause (1) or (2) above, the Board of Directors shall be deemed to have adopted a unanimous resolution to dissolve the Joint Venture Company. The Joint Venture Company shall forthwith submit to the Examination and Approval Authority an application to terminate this Contract and to dissolve the Joint Venture Company. Each Party agrees to take all actions and to sign all documents, and to cause its appointees on the Board of Directors to take all actions and to sign all documents, that are legally required to effect termination of this Contract and dissolution of the Joint Venture Company.
- (5) Except as otherwise provided in this Contract, the termination of this Contract by one Party due to breach of contract by the other Party shall not prejudice the non-breaching Party's right to claim damages for breach of contract.
- (6) The termination of this Contract shall not affect any Mining Joint Ventures established for a Mining Area.
- (7) Party A can terminate or abandon the contract and shall not constitute a breach of contract in case that the Party B fails to contribute the capitals according to the timetable in Appendix I or no exploration has been carried out in the cooperation areas within one year after the Joint Venture Company has gained its Business License.
shall not constitute a breach of contract.

20.2 Liquidation

- (1) Upon termination of this Contract prior to expiration of the Contract Term or the approval of application to dissolve the Joint Venture Company, or termination of the Contract or Dissolution of the Joint Venture Company in any other circumstances, liquidation of equity interests in the Joint Venture Company may take place in accordance with the Clause 20.2 and the related Chinese laws and regulations, as well as the stipulations of the Articles of Association of the Joint Venture Company.
- (2) The Joint Venture Company's funds and all non-fixed assets shall be used first to discharge the liquidation expenses, wages and labor insurance premiums for staff and workers, State taxes and other debts of the Joint Venture Company. For these purposes, the liquidation committee shall convert the Joint Venture Company's non-fixed assets into cash by way of sale or other methods. However, the bonus and welfare fund for the workers and staff members and the housing reserve fund for the workers and staff members shall not be used to discharge the Company's debts.

- (3) Any funds remaining after making the payments specified in clause (2) shall be distributed to the Parties in proportion to their respective actual contributions to capital.
- (4) Ownership of the fixed assets of the Joint Venture Company shall be transferred to Party A free of charge.

20.3 Survival

The provisions of Articles 18.1, 20.1(4), 20.2 and 20.3 shall survive the expiration or early termination of this Contract and shall remain in effect until the completion of buyout procedures under Article 20.2.

Chapter 21: Breach of Contract

21.1 Breach of Contract

If a Party breaches this Contract, it shall bear the liabilities arising from such breach in accordance with the provisions of this Contract and of applicable law. In the event that both Parties breach this Contract, each Party shall bear the liabilities arising from its own breach. Notwithstanding the foregoing, no Party shall be liable to the other Party in relation to this Contract for any indirect or consequential loss or damage.

Chapter 22: Force Majeure

22.1 Force Majeure

- (1) "Force Majeure" shall mean all events which were unforeseeable at the time this Contract was signed, the occurrence and consequences of which cannot be avoided or overcome, and which arise after the signature of this Contract and prevent total or partial performance by any Party. Such events shall include earthquakes, typhoons, flood, fire, war, failures of international or domestic transportation, epidemics (including Severe Acute Respiratory Syndrome (SARS)), and other events which are accepted as force majeure under the law of China or general international commercial practice. A Party's lack of funds is not an event of Force Majeure.
- (2) If an event of Force Majeure occurs and affects the performance of a Party's obligations under this Contract, such performance shall be suspended during the period of delay caused by the Force Majeure, and this shall not constitute a breach of contract.
- (3) The Party claiming Force Majeure shall promptly inform the other Party in writing and shall furnish within fifteen (15) days thereafter sufficient evidence of the occurrence and duration of such Force Majeure.

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- (4) In the event of Force Majeure, the Parties shall immediately consult with each other in order to find an equitable solution and shall use all reasonable endeavors to minimize the consequences of such Force Majeure. If the occurrence or consequences of Force Majeure results in a major impairment to the functioning of the Joint Venture Company for a period in excess of six (6) months and the Parties have not found an equitable solution, then either Party may commence procedures to terminate this Contract in accordance with the provisions of Chapter 20, provided that the terminating Party has performed its obligations under this Chapter 22.

Chapter 23: Settlement of Disputes

23.1 Arbitration

In the event a dispute arises between Party A and Party B in connection with this Contract, they shall attempt in the first instance to resolve such dispute through friendly consultations. If the dispute is not resolved in this manner within sixty (60) days after the commencement of discussions, then either Party may submit the dispute to the International Economic and Trade Arbitration Committee of China for arbitration in accordance with the rules for the time being in force. There shall be three (3) arbitrators all of whom shall be fluent in English. Party A shall select one (1) arbitrator and Party B shall select one (1) arbitrator. The third arbitrator shall be appointed by the Arbitration Committee 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.

23.2 Continuing Rights and Obligations

When any dispute occurs and when any dispute is under arbitration, except for the matters under arbitration, the Parties shall continue to exercise their remaining respective rights and fulfill their remaining respective obligations under this Contract.

Chapter 24: Applicable Law

24.1 Applicable Law

The formation, validity, interpretation and performance of this Contract, and any disputes arising under this Contract, shall be governed by the laws of the People's Republic of China. If there is no law in China governing a particular matter relating to this Contract, reference shall be made to general international commercial practices. In case that any clauses in the contract are contradictory to the laws of China, the laws of China shall prevail.

24.2 Economic Adjustment

Draft: June 5, 2003

If either Party's or both Parties' economic benefits under this Contract are adversely and materially affected by the promulgation of any new laws or regulations of China or the amendment or interpretation of any existing laws, rules or regulations of China after the Effective Date of this Contract, the Parties shall promptly consult with each other and use their best endeavors to implement any adjustments necessary to maintain their respective economic benefits derived from this Contract on a basis no less favorable than the economic benefits it would have derived if such laws or regulations had not been promulgated or amended or so interpreted. If it is not possible to implement such adjustments, any affected Party may commence procedures to terminate this Contract in accordance with the provisions of Chapter 20.

Chapter 25: Miscellaneous Provisions

25.1 Future Cooperation

Party A has agreed with Party B that Party B is Party A's preferred partner for the conduct of Exploration Activities, Development and Mining Activities. In order to give effect to this agreement, Party A further agrees that:

- (1) During the Contract Term, if Party A, by itself or through its Affiliates, directly or indirectly, intends to undertake any Exploration Activities, Development and Mining Activities in a cooperative exploration, joint venture or other contractual relationship with another party in the Area of Mutual Interest or in any other region (the "New Activities"), Party A shall offer the opportunity to participate in the New Activities to Party B in accordance with the following provisions before offering that opportunity to a third party:
 - (a) Party A shall give Party B written notice of its intention to undertake the New Activities, which shall include a clear description of the nature and scope of the New Activities and the proposed commercial terms of Party B's participation in the New Activities, and which shall be accompanied by copies of feasibility studies and market analysis (if any) relevant to the New Activities. Party A and Party B shall negotiate in good faith on the commercial terms of Party B's participation;
 - (b) Upon request from Party B, Party A shall promptly provide Party B with such additional information about the New Activities as Party B may reasonably request in order for it to evaluate the opportunity to participate in the New Activities;

Draft: June 5, 2003

- (c) If Party B gives Party A written notice electing not to participate in the New Activities, or if Party A and Party B do not, following good faith negotiations conducted during the sixty (60) day period after Party B's written notice under this Article 25.1, agree upon the commercial terms of Party B's participation in the New Activities, then Party A may enter into an cooperative exploration, joint venture or other contractual relationship with a third party in relation to the New Activities, provided that the commercial terms of that third party's participation may not be more favorable than the commercial terms Party A had offered to Party B. Party A shall notify Party B in writing of the commercial terms of that third party's participation no later than five (5) days following Party A's agreement with the third party on those commercial terms;
- (2) Party A shall assist the Joint Venture Company to gain the exploration rights and mining rights in connection with the New Activities by grants or lease of such rights. Party A's reasonable costs in the provision of such assistance shall be reimbursed out of the cash representing Party B's contribution to the registered capital of the Joint Venture Company, provided that Party B has approved the costs prior to Party A's expenditure of those costs.

25.2 Waiver

Failure or delay on the part of any Party hereto to exercise a right under this Contract shall not operate as a waiver thereof; nor shall any single or partial exercise of a right preclude any other future exercise thereof.

25.3 Amendment

This Contract is made for the benefit of Party A, Party B and their respective lawful successors and assignees and is legally binding on them. This Contract may not be amended orally, and any amendment hereto must be agreed to in a written instrument signed by all of the Parties and, where required by law, approved by the Examination and Approval Authority before taking effect.

25.4 Severability

The invalidity of any provision of this Contract shall not affect the validity of any other provision of this Contract. If the Examination and Approval Authority or other relevant competent authorities requires the Parties to amend certain provisions of this Contract, the Parties shall negotiate in good faith to make such amendments and such amendment shall not affect the validity of any other provision of this Contract.

25.5 Language Versions

This Contract is signed in Chinese and English, with two (2) originals and five (5) duplicates in each language. Each Party will hold one original of each language version. Three duplicates will be given to the Examination and Approval Authority and other relevant competent authorities, one to the competent administration for industry and commerce, and the Joint Venture Company will hold one for its records. The Parties

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may sign additional duplicates upon the request of the relevant departments-in-charge. Both language versions shall be equally valid. In case that there is any inconsistency in explanation of clauses in the two language versions, the Chinese version should prevail.

25.6 Notices

Unless otherwise provided in this Contract, any notice or written communication provided for in this Contract from one Party to the other Party or to the Joint Venture Company shall be made in writing in Chinese and English and sent by courier service delivered letter or by facsimile with a confirmation copy sent by courier service delivered letter. Notice or communications hereunder shall be deemed to have been received seven (7) days after the letter is given to the courier service or one (1) day after sending in the case of a facsimile, provided that the facsimile transmission is evidenced by a transmission report and the confirmation copy is sent. All notices and communications shall be sent to the appropriate address set forth below, until the same is changed by notice given in writing to the other Party.

Party A: Xinjiang Nonferrous Metals Industry (Group) Co. Ltd. of Xinjiang Uygur Autonomous Region

Address: 10 N. Youhao Road, Urumqi City, Xinjiang

Facsimile No: 86991-4816527

Attention: Rui ZHANG

Party B:

Terrawest Minerals Inc.
c/o McCullough O'Connor Irwin
Barristers & Solicitors
#1100 - 888 Dunsmuir
Vancouver, BC CANADA V6C 3K4
Facsimile No: (1) (604) 687-7099
Attention: Jonathan McCullough

25.7 Appendices

The Appendices hereto listed below are made an integral part of this Contract and are equally binding with these Chapters 1-25:

Appendix 1 Timetable for Capital Contributions

Appendix 2 Area of Mutual Interest and Cooperation Area

Appendix 3 List of Party A Assets

Appendix 4 Copies of Mineral Exploration Permits

收件人: 张锐

乙方:

Terrawest Minerals Inc.
c/o McCullough O'Connor Irwin
Barristers & Solicitors
#1100-888 Dunsmuir
Vancouver, BC CANADA V6C 3K4

传真号码: (1) (604) 687-7099
收件人: Jonathan McCullough

25.8 附件

以下所列的本合同附件为本合同的组成部分, 并具有与本合同第一至二十五章同等的约束力:

- 附件一 乙方出资时间表
- 附件二 共同利益区及合作区
- 附件三 甲方资产清单, 转证书

25.9 全部协议

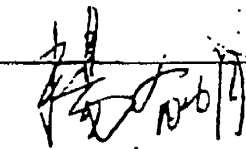
本合同构成双方关于本合同主题事项的全部协议, 并取代以前双方之间关于本合同主题事项的全部讨论、谈判和协议。如果本合同与公司章程的条款和规定有任何冲突, 应以本合同条款和规定为准。

双方正式授权代表已于文首载明的日期在中华人民共和国新疆维吾尔自治区乌鲁木齐市签署本合同, 以资证明。


新疆维吾尔自治区有色地质勘查局

Terrawest Minerals Inc.

签署:
姓名:
职务:


局长

签署:
姓名:
职务:


TOU YEUNG
PRESIDENT.
Wayne Koshman
C.F.O June 25/03

Appendix 5 Party A Representations and Warranties

25. Entire Agreement

This Contract constitutes the entire agreement between the Parties with respect to the subject matter of this Contract and supersedes all prior discussions, negotiations and agreements between them with respect to the subject matter of this Contract. In the event of any conflict between the terms and provisions of this Contract and the Articles of Association, the terms and provisions of this Contract shall prevail.

IN WITNESS WHEREOF, the duly authorized representative of each Party has signed this Contract in Urumqi City of the Xinjiang Uygur Autonomous Region, People's Republic of China, on the date first set forth above.

**XINJIANG NONFERROUS METALS
INDUSTRY (GROUP) CO., LTD.**

TERRAWEST MINERALS INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Appendix 1

Timetable for Party B Capital Contributions

Party B shall make its contribution to the Joint Venture Company's registered capital in multiple instalments in accordance with the following timetable:

Installment	Cash Payment in United States Dollars	Deadline for Payment (Months after the issuance of the Business License)
1 st	USD 500,000.00	Three (3) months
2 nd	USD 700,000.00	Six (6) months
3 rd	USD 800,000.00	Nine (9) months
4 th	USD 1,000,000.00	Twelve (12) months
5 th	USD 4,000,000.00	Twenty-four (24) months
6 th	USD 5,000,000.00	Thirty-six (36) months
	Total: USD 12,000,000.00	

The deadlines for payment of the first installment and all the installments for the registered capital shall be in compliance with the requirement of the local administrative department of industry and commerce.

Draft Only: June 4, 2003

Appendix 2

Area of Mutual Interest and Cooperation Area

Part I Area of Mutual Interest: beyond 2,500km²

Part II Cooperation Area: within 2,500km²

Draft: June 5, 2003

Appendix 3

List of Party A Assets

1. Party A Exploration Rights (including Their Copies)
[* list to be prepared]
2. All Mineral Data Possessed and Controlled by Party A in relation to the Cooperation Area
[* list to be prepared]
3. Other Assets
[* list to be prepared]

Draft: June 5, 2003

Appendix 4
Copies of Mineral Exploration Permits

Part I

Party A's Mineral Exploration Permits

Part II

Mineral Exploration Permits Currently Held by Third Parties

Draft Only: June 4, 2003

Appendix 5

Party A Representations and Warranties

On each of the date hereof, the Effective Date and the relevant date on which the transfer of each of the Party A Assets become effective, Party A further represents and warrants to Party B that:

1. Transfer of the Party A Assets

- (1) The transfer of the Party A Assets from Party A to the Joint Venture Company will not contravene any constitutional documents of Party A, nor any laws or regulations applicable to Party A or contracts to which Party A is a party;
- (2) Party A has not entered into any contract with any other third party in respect of the assignment, sale or transfer of all or part of the Party A Assets, and none of the Party A Assets is subject to any mortgage, pledge, defect, encumbrance or other rights of third parties, or administrative proceedings of any kind (whether current, pending or threatened), and Party A is not aware of any facts which would cause such the Party A Assets to become subject to any claims or administrative proceedings;

2. Exploration Rights

- (1) The Party A Exploration Rights [and the Third Party Exploration Rights] have been lawfully acquired by Party A [and the Third Party respectively] and Appendix 4 contains accurate photocopies of all the Exploration Permits in relation to the Cooperation Area;
- (2) Neither it [nor any Third Party holder of the Exploration Permits] has committed, and will not commit, any breach under any of the Exploration Permits;
- (3) The Party A Exploration Rights and all of the Mineral Data in the possession of Party A or the shareholders of Party A, may be lawfully transferred to the Joint Venture Company;
- [(4) The Third Party Exploration Rights may be lawfully transferred to the Joint Venture Company];
- (5) Party A knows of no actual or potential claim by any government department, military unit, organization, company, collective or any other entity or individual that will directly or indirectly subject the Joint Venture Company's rights under any of the Exploration Permits to any conditions except those specified in the Exploration Permits or under relevant laws and regulations of China;
- (6) All necessary filings have been made and other requirements to maintain the Party A Exploration Rights [and the Third Party Exploration Rights] have been fulfilled;

Draft: June 5, 2003

- (7) The Party A Exploration Rights constitute all the rights, interests, licenses, permits, approvals and other authorizations owned or otherwise obtained by Party A in relation to its Exploration Activities in the Cooperation Area;
- (8) The Exploration Permits constitute all necessary licenses, permits, approvals and other authorization required by the government or other competent authorities for the Joint Venture Company to conduct Exploration Activities in the Cooperation Area, and no such authorization have been issued to any other entities in respect of the Cooperation Area.

3. Party A Assets

- (1) Party A has obtained all licenses, permits, approvals and other authorizations as are necessary in order to enable it to own, operate, and use the Party A Assets and the conduct of Exploration Activities. All such licenses, permits, approvals, and authorizations are in full force and effect. No violations have been recorded or alleged in respect of any such licenses, permits, approvals or authorizations, and no proceeding is pending or, to the knowledge of Party A, threatened or contemplated with respect to the revocation or limitation of the same;
- (2) All machinery and equipment included in the Party A Assets is in normal operating condition, subject to normal wear and tear in the case of any used machinery and equipment;
- (3) The warranties provided by the manufacturers in respect of the machinery and equipment included in the Party A Assets are still valid and have not been infringed;
- (4) The fixed assets included in the Party A Assets have been depreciated in accordance with accounting principles and standards generally accepted in China and the rate of depreciation adopted in the accounts of Party A was sufficient for each of such Party A Assets to be written down to a fair residual value by the end of its useful life;
- (5) The Party A Assets have been valued by a certified public accounting firm and confirmed by the relevant government authority in charge of valuation of state-owned assets, and represent a true and fair value of the respective the Party A Assets;

4. Tax

(1) General

- (i) Party A has paid all Tax to which it is liable in relation to the Party A Assets to be assigned or transferred to the Joint Venture Company and

Draft: June 5, 2003

Party A is not and does not expect it to be involved in any dispute relating to Tax in relation to the Party A Assets;

- (ii) Party A is not and does not expect to be involved in a dispute with any local, municipal, governmental, state or other fiscal, revenue, customs or excise authority, body or official in China and anywhere in the world in relation to a matter likely to affect the Party A Assets;

(2) Stamp duty

All documents relating to any of the Party A Assets by virtue of which Party A has any right or obligation thereunder and which are required to be stamped have been stamped and all duty, interest and penalties on those documents have been paid or otherwise duly waived;

(3) Deed tax

All documents relating to any of the Party A Assets by virtue of which Party A has any right or obligation thereunder and which attract deed tax have been duly paid and all duty, interest and penalties on those documents have been paid or otherwise duly waived;

(4) Value added tax and customs duties

- (i) All value added tax, customs duties, charges, imposts or fees payable to a Tax authority in respect of the import or ownership of the relevant Party A Assets have been paid;

- (ii) Party A is validly registered with the relevant Tax authority for the purposes of PRC law on value-added tax;

(5) Party A has made, given, obtained and kept up-to-date, full and accurate records, invoices and documents appropriate or required for the purposes of payment or refund of value added tax under PRC laws and regulations;

5. Environment

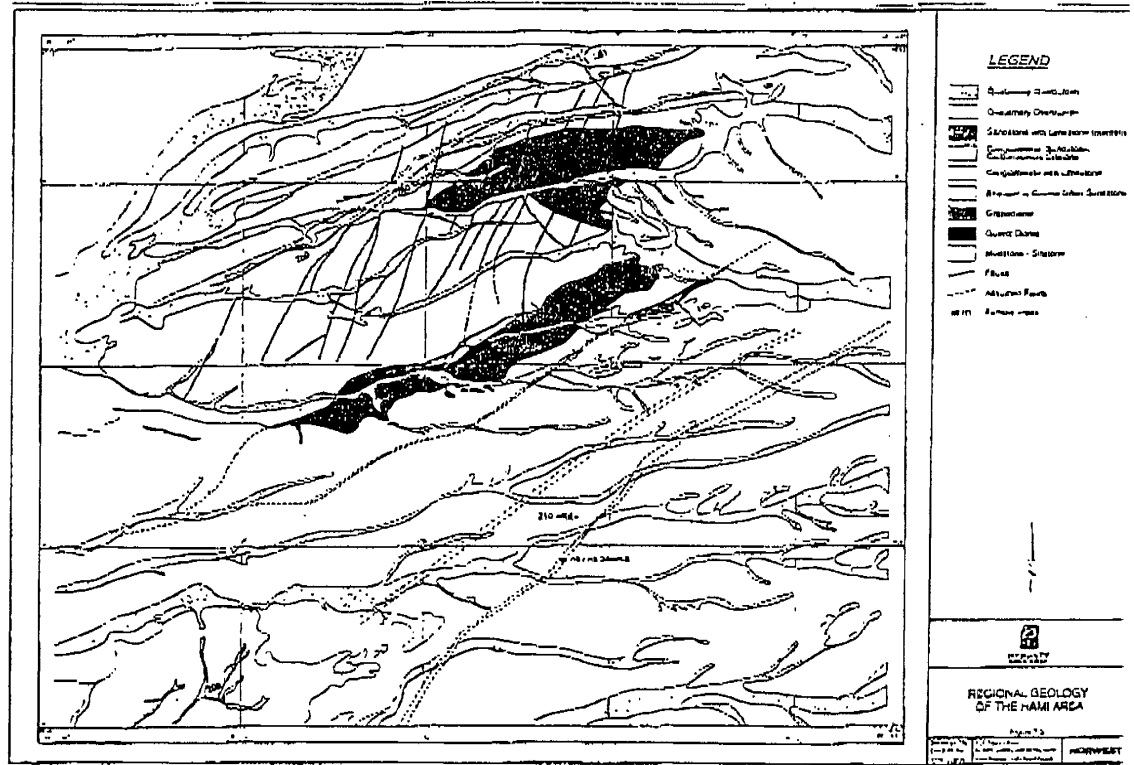
- (1) No material amount of hazardous or toxic material, substances, pollutants, contaminants or wastes have been released into the environment, or deposited, discharged, placed or disposed of at, on or near the Cooperation Area as a result of the activities and operations of Party A or any of its shareholders carried out in the Cooperation Area, nor to the best of its knowledge, have any of the above occurred within the Cooperation Area nor has any part of the Cooperation Area been used at any time by any person as a landfill or waste disposal site;

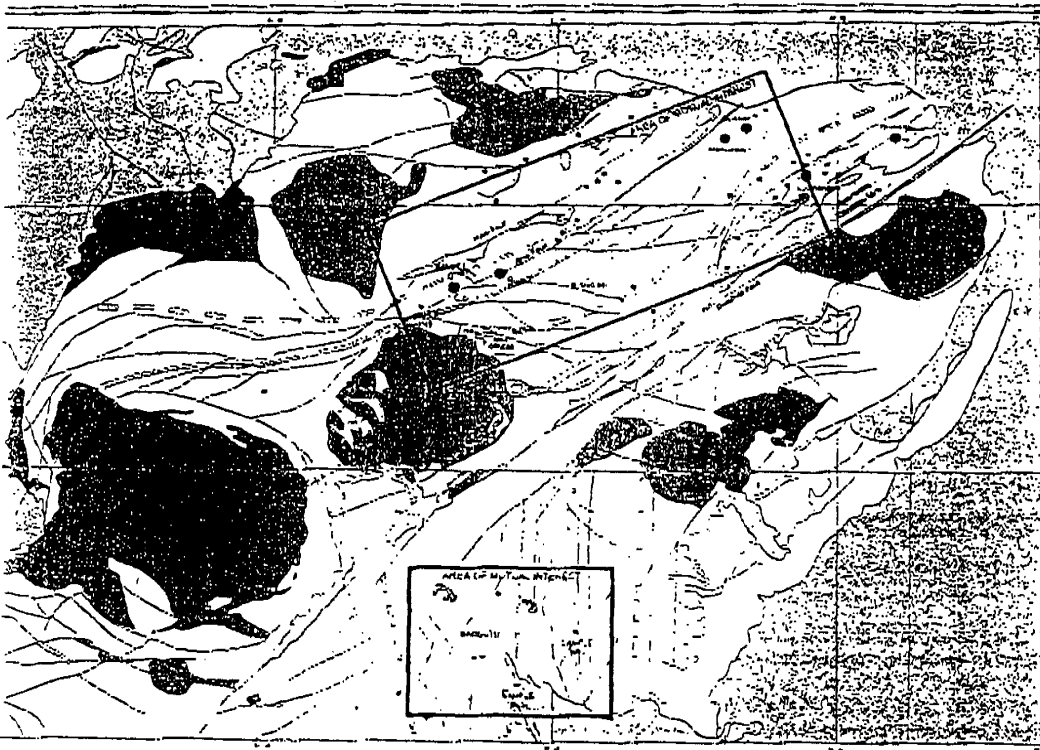
- (2) Party A has obtained all permits and other authorizations which are required under the Law of the People's Republic of China on Environmental Protection and other Chinese laws, administrative regulations and local regulations relating to pollution or protection of the environment (hereinafter collectively

Draft: June 5, 2003

referred to as "Chinese Environmental Protection Laws") for conducting Exploration Activities in the Cooperation Area;

- (3) The Party A Assets are in full compliance with all material terms and conditions of the foregoing permits and authorizations and are also in full compliance with other material requirements set forth in Chinese Environmental Protection Laws; and
- (4) Party A's conduct of Exploration Activities in the Cooperation Area prior to the establishment of the Joint Venture Company has not caused any actual or potential environmental pollution that could have a substantial adverse affect on the normal operation of the Joint Venture Company.





- LEGEND**
- QUATERNARY OVERBURDEN
 - TUFFACEOUS SANDSTONE
 - SEDIMENTS / META SEDIMENT
 - HALITE
 - VOLCANICS
 - GRANITE INTRUSIVE
 - METAMORPHIC ROCKS
 - GOLD OCCURRENCE
 - MINE WORKINGS
 - MAJOR FAULT
 - SECONDARY FAULT
 - SECONDARY STRUCTURES

**REGIONAL GEOLOGY
OF MATU AREA**

Scale 1:50,000
Geological Survey of Canada

Appendix B
Sample Results

VA03022791 - Finalized

CLIENT : "NORWES - Norwest Corporation"

of SAMPLES : 6

DATE RECEIVED : 2003-07-09

PROJECT : " "

CERTIFICATE COMMENTS : "Highly mineralized

samples may bias results for some elements.

PO NUMBER : " "

	Au-AA23	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
SAMPLE DESCRIPTION	Au	Ag	Al	As	B	Ba	Be	Bi	Ca
	ppm	ppm	%	ppm	ppm	ppm	ppm	ppm	%
AP-49	1.98	0.4	0.11	57	<10	10	<0.5	<2	2.54
BP-1	4.56	7.5	0.25	>10000	<10	20	<0.5	200	0.13
BS-3	2.63	3.5	0.75	2530	10	20	<0.5	<2	1.54
G-1	0.182	<0.2	0.4	>10000	10	660	<0.5	<2	0.02
G-2	0.572	0.2	0.44	1655	<10	5170	<0.5	<2	<0.01
Q-1	3.01	54.6	0.11	3180	<10	90	<0.5	<2	0.97

VA03022791 - Finalized

CLIENT : "NORWES - Norwest Corporation"

of SAMPLES : 6

DATE RECEIVED : 2003-07-09

PROJECT : " "

CERTIFICATE COMMENTS : "Highly mineralized

samples may bias results for some elements.

PO NUMBER : " "

SAMPLE DESCRIPTION	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	Hg-CV41	ME-ICP41	ME-ICP41
	Cd ppm	Co ppm	Cr ppm	Cu ppm	Fe %	Ga ppm	Hg ppm	K %	La ppm
AP-49	<0.5	9	271	28	2.29	<10	0.06	0.03	<10
BP-1	1.4	6	51	748	14.8	<10	0.04	0.36	<10
BS-3	<0.5	16	124	29	3.85	<10	0.04	0.36	10
G-1	<0.5	5	102	6	3.4	<10	0.07	0.3	20
G-2	<0.5	2	132	5	6.46	<10	0.39	0.2	10
Q-1	<0.5	2	345	8	0.85	<10	3.16	0.04	<10

VA03022791 - Finalized

CLIENT : "NORWES - Norwest Corporation"

of SAMPLES : 6

DATE RECEIVED : 2003-07-09

PROJECT : " "

CERTIFICATE COMMENTS : "Highly mineralized

samples may bias results for some elements.

PO NUMBER : " "

SAMPLE DESCRIPTION	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
	Mg %	Mn ppm	Mo ppm	Na %	Ni ppm	P ppm	Pb ppm	S %	Sb ppm
AP-49	0.97	375	2	0.03	25	680	6	0.01	4
BP-1	0.01	27	2	0.01	1	150	717	0.95	315
BS-3	0.25	276	1	0.01	10	570	6	3.65	68
G-1	0.01	166	3	0.01	16	140	6	1.02	5
G-2	0.01	9	5	0.07	4	80	11	0.15	11
Q-1	0.11	68	2	0.01	11	10	2	0.24	16

VA03022791 - Finalized

CLIENT : "NORWES - Norwest Corporation"

of SAMPLES : 6

DATE RECEIVED : 2003-07-09

PROJECT : " "

CERTIFICATE COMMENTS : "Highly mineralized

samples may bias results for some elements.

PO NUMBER : " "

SAMPLE DESCRIPTION	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41
	Sc ppm	Sr ppm	Ti %	Tl ppm	U ppm	V ppm	W ppm	Zn ppm
AP-49	6	65	<0.01	<10	<10	13	10	31
BP-1	2	13	0.01	<10	<10	14	<10	22
BS-3	4	58	<0.01	<10	<10	15	<10	62
G-1	3	16	<0.01	<10	<10	9	<10	4
G-2	3	5	<0.01	<10	<10	14	<10	2
Q-1	1	40	0.01	<10	<10	6	<10	13

VA03024332 - QC
 CLIENT : "NORWES -
 Norwest Corporation"
 # of SAMPLES : 6
 DATE RECEIVED : 2003-07-09
 PROJECT : "
 CERTIFICATE COMMENTS : " "

	ME-ICP41 Zn ppm	ME-ICP41 Hg ppm	ME-ICP41 Au ppm	Pb-AA46 Pb %
H-1-DUP				1.45
H-4-DUP		536	0.11	29.1
BLANK				
BLANK				
BLANK	<2	<.01		
BLANK			<.05	
BLANK				<.01
NA-03				
G2000				
G2000	1260	0.73		
AK-02			1.7	
Pb-107				1.84
JWB-JV-1				
JWB-JV-1	9370	1.12		
JWB-JV-1				0.46
PNS-1			3.27	
JWB-JV-1	9140	1.07		
G2000	1260	0.7		
JWB-JV-1				
G2000				
SC-02				

Appendix C
Photographs – Hatu, Baogutu and Hami

Photo HT-1: Hatu Mine village.



Photo HT-2: Hatu Mine village.



Photo HT-3: Hatu Mine village.



Photo HT-4: Hatu abandoned shaft at Qi-1.



Photo HT-5: Hatu drill core.



Photo HT-6: Hatu Mine concentrator.



Photo HT-7: Hatu Mine concentrator



Photo HT-8: Hatu Mine concentrator.



Photo HT-9: Hatu Mine area.



Photo HT-10: Hatu – Trench in alteration rock (basalts).



Photo HT-11: Abandoned (AP49) shaft and workings. Anqi Fault.



Photo HT-12: Ore zone mined at AP49.

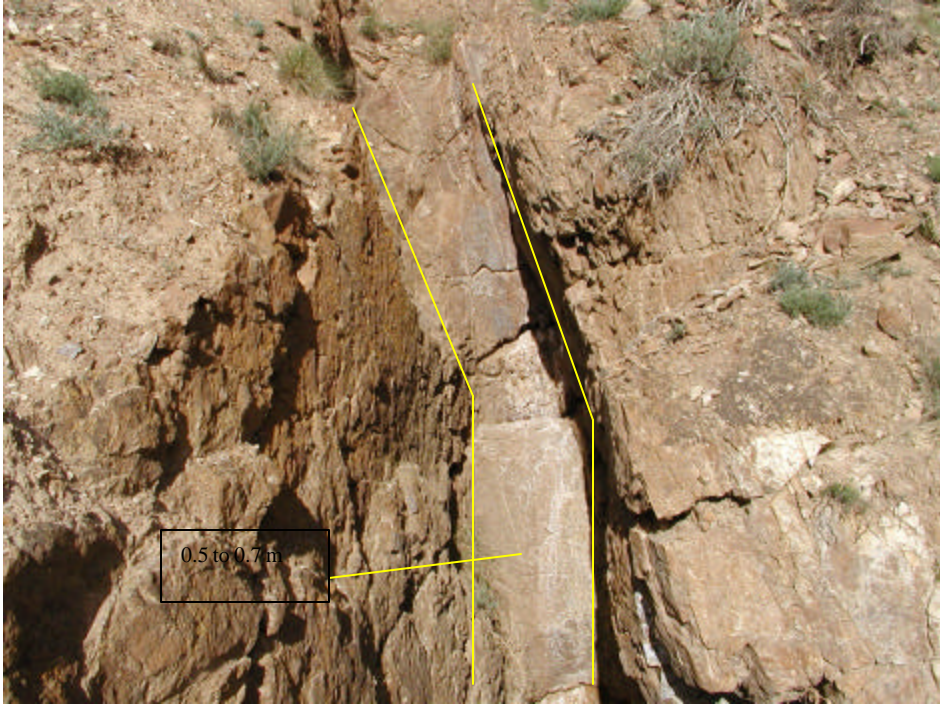


Photo HT-13: AP49 – Ore zone showing quartz veinlets. Sample AP49 taken.



Photo HT-14: Exploration drill rig at Hatu.



Photo HT-15: Mine infrastructure Hatu Mine Qi-2.



Photo HT-16: Dalubute Fault along base of hills.



Photo HT-17: Chromite Mine at Saertuohai.



Photo HT-18: Saertuohai Chromite Mine.



Photo HT-19: Saertuohai Chromite Mine.



Photo HT-20: Saertuohai Chromite Mine, ultramafic rocks.



Photo HT-21: Ore stockpile at Luomengou Mine.



Photo HT-22: Crushing ore at Luomengou Mine.



Photo HT-23: Concentrator at Luomengou Mine, Au recovery with Mercury Amalgom



Photo B-1: Private Au mine in Baogutu area. Sample BS-3 take.



Photo B-2: Baogutu trench, in oxidized porphyry. Sample BP-1 taken.



Photo B-3: Baogutu trench.



Photo B-3: Baogutu trench showing fault contact.



Photo HM-1: Xinwozi Mine area building.



Photo HM-2: Xinwozi Mine area buildings



Photo HM-3: Main shaft–Xinwozi Quartz vein #3. Sample H1 taken from stockpile ore.



Photo HM-4: Quartz Vein #3 Main Shaft



Photo HM-5: Xinwozi mine. Quartz Vein #3 outcrop.



Photo HM-6: Quartz Vein #3 dipping towards main shaft.



Photo HM-7: Hami Mine area, typical surface exposure.



Photo HM-8: Xinwozi Mine facilities.



Photo HM-9: Vein exposure. Quartz vein 85?. Sample H2 taken.



Photo HM-10: Loading ore car at Quartz Vein #49 shaft.



Photo HM-11: Loading ore car at Quartz Vein #49 shaft.



Photo HM-12: Quartz Vein #49. Sample H3 taken.



Photo HM-13: Quartz Vein #49. Sample H4 taken (visible gold in sample)



Photo HM-14: North Zone surface trenching; Quartz veinlets in sandstone/siltstone



Photo HM-15: North Zone surface trenching.



Photo HM-16: North Zone – old workings reported to be greater than 200 years old.



Photo HM-17: Surface exposure North Zone.



Photo HM-18: Loading operating at 210 Zone.



Photo HM-19: 210 Zone ore stockpile. Sample H5 taken.



Photo HM-20: Conglomerate 210 ore stockpile. Sample H6 taken.



Photo HM-21: 210 Zone surface operations.



Appendix D
Maps supplied by XNF

金窝子地区区域地质图

95°10'

比例尺 1:50000

95°24'

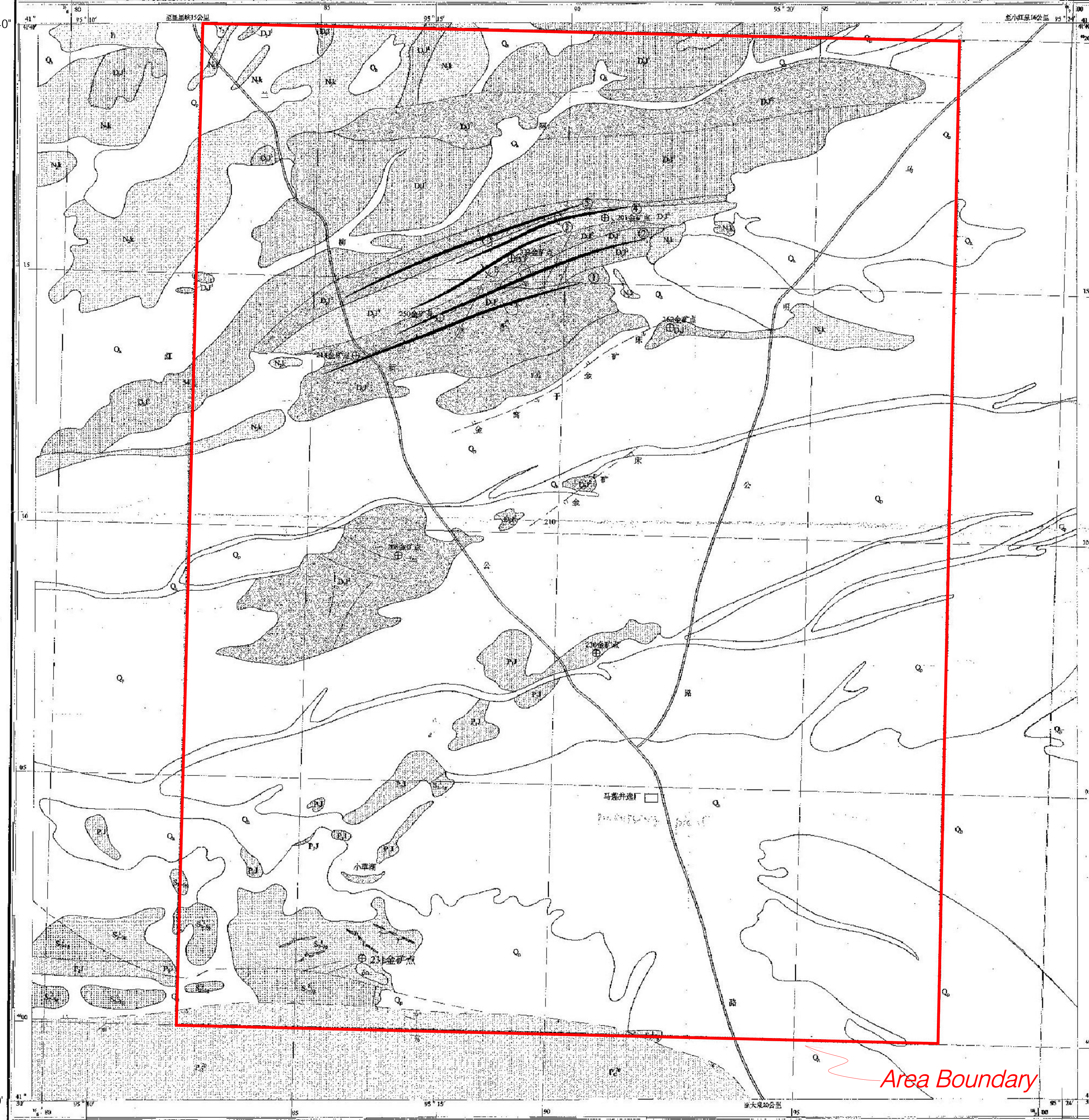
41°41'40"

41°41'40"

Legend

图例

- 第四系
 - Q₄ 洪积冲积层、砂、砾、碎石及粘土
 - Q₃ 洪积砂砾及亚粘土层
- 第三系
 - N₃ 粉砂质泥岩、泥质粉砂岩
 - N₂ 灰岩及硅质岩
- 二叠系
 - D₃ 含砾粗砂岩、细砂岩夹灰岩
 - D₂ 砾岩含砾粗砂岩、砂岩、泥质泥质粉砂岩
 - D₁ 薄层状砂岩、钙质砂岩夹灰岩
- 志留系
 - S₂ 凝灰质砂岩夹条带状灰岩、安山岩、安山质凝灰岩
 - S₁ 变质砂岩、凝灰质砂岩
- 震旦系
 - Z₂ 肉红色大理岩、石英岩、绿帘角闪大理岩
 - Z₁ 黑云母花岗岩片麻岩 *biotite gneiss*
 - Z₀ 片麻状花岗岩 *gneissoid granite*
- 侵入岩
 - di 石英闪长岩 *diabase diorite*
 - dy 花岗岩脉 *granite dyke*
 - dl 闪长岩脉 *diorite dyke*
- 地质界线 *boundary*
- 不整合界线 *unconformity*
- 平移断层 *displacement*
- 实线、推覆正断层 *normal fault*
- 实线、推覆逆断层 *reverse fault*
- 实线、推覆性质不明断层 *fault of unknown nature*
- 40° 地层产状 *trends dip 40°*
- 倒转背斜及编号 *inverted anticline no.*
- 倒转向斜及编号 *inverted syncline no.*
- 金矿点 *Au occurrence*



Area Boundary

MAP FROM BRIGADE #704 XINJIANG BUREAU OF CHINA GEOLOGICAL SURVEY.



HAMI GEOLOGY PLAN WITH AREA BOUNDARY
FIGURE H-9

DRAWN BY: FILE: H-9.dwg
CHK'D BY: B.McE. 03-2401_Dynasty Gold Inc.Hatu China
DATE: 03 07 11 North Site/Hatu_Hami Report/Figures **NORWEST**

Appendix E

List of Gold Deposits at Hatu as Supplied by XNF

List of Gold Deposits described by XNF near Hami

**List of Gold Deposits at Hatu
As supplied by XNF**

Name of Deposit (Site)	No.	Longitude/Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Q-i large-scale gold deposit	68	84°19' 00? ~ 84°20' 30? Longitude 45°53' 40? ~ 45°54' 30? Latitude	<p>(1). Strata: they mainly consist of formations of C_{2-3b} and C_{2-3t} medium and acidic volcanic rocks and volcanic clastic rocks. Those gold-bearing quartz veins are mainly distributed in the formations of C_{2-3t}, and they are directly related with the altered basalt;</p> <p>(2). Structure: there are 4 groups of faults: a. NEE b. NW c. NNE d. NNW The faults in NENE are main deposit control structures. The faults in NW are mainly gold-bearing or gold-containing structures. The faults in NNE and NNW are post deposit structures, and they usually intersect with the veins.</p> <p>(3). Magnetic activity: Potassium black mica granite (?₄^{3d}) exists in the surrounding area of the gold deposits, the gold-bearing quartz veins may be directly related to Hualixi middle/late acidic granite.</p>	<p>The gold mine is 2.5km long from the east to the west, 1.5km wide, the total area is about 3km². A total of 21 gold-bearing veins were found, and most of the veins are in the form of single veins, some of the deposits are in the form of multiple veins. The veins are usually 50m~100m long, the longest could be 740m, and their thicknesses are varying between 0.2m~0.8m, and few of them are thicker than 1.0. The most promising gold-bearing veins are # I7, # I8 and # I10.</p>	<p>The grades of gold-bearing quartz veins are usually 2.5g/ton~7.09g/ton. The highest grade is 42g/ton, and the lowest is 1.68g/ton.</p>	<p>The gold deposit belongs to gold-bearing quartz type.</p>	<p>This deposit is approved to be a large-scale gold deposit by Team No.3 of Brigade No.7 of Xinjiang Geological Survey Bureau from their preliminary gold survey results of veins: I7, I8 and I10, as well as other veins.</p>	<p>Preliminary gold survey report, regional geological investigation data and the information about the veins: I7, I8 and I10 from Team No.3 of Brigade No.7 of Xinjiang Geological Survey Bureau.</p>	<p>In 1964, Team No. 3 of Brigade No. 7 of Xinjiang Geological Bureau carried out a preliminary gold survey with a scale of 1:50,000 on the southern side of Hatu Mountain; From 1981 to 1982, The Remote Sensing Survey Station of the Regional Survey Team of Xinjiang Geological Survey Bureau carried out a regional survey with a scale of 1:50,000 in Hatu Mountain.</p>

Name of Deposit (Site)	No.	Longitude/Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Qi-II large-scale gold deposit	69	84°23' 35? longitude 45°55' 00? latitude	<p>(1). Strata: they mainly consist of formations of C₂₋₃^b, and also some formations of C₂₋₃^t, and they are mainly composed of volcanic clastic rocks. Gold-bearing quartz veins are mainly distributed in formations.</p> <p>(2). Structure: 4 groups of faults: a. NEE (60°~80°) b. NW (310°~340°) c. NWW (280°~300°) d. NE (40°~50°)</p> <p>The faults in NE-NW are the biggest. The faults in NE are bigger in space, and gold deposit control structures; the faults in NW are gold deposit structures, and the gold-bearing quartz veins are mainly distributed in faults.</p> <p>(3). Igneous rocks: Large-scale acidic rocks are not found, but some diabase rocks are seen with intrusive contact with the strata, and those gold-bearing quartz veins are closely related to these diabase rocks.</p> <p>(4). Alteration of mother rocks: they are mainly including pyritization, silk micatization chloritization, carbonatization, and arsenopyritization. Gold deposits are closely related with the pyritization.</p> <p>(5). Patterns of gold enrichment (accumulation): a. Gold mineralization is controlled by the faults in NEE and NW; b. The gold grades on the surface in the east is higher than in the west; c. The gold grades are high in those intersections of faults.</p>	The gold mine is 1km long from the east to the west, 0.13km wide. A total of 44 gold-bearing veins were found, and the veins are usually 50m~200m long, the longest is 730m, and the shortest is 30m. The thickness of a single vein is 0.1m~0.45m. The biggest controlled depth of the gold veins is 180m, and the smallest controlled depth is 25m, most of the controlled depths are from 50m to 125m.	The grades are usually 1.15g/ton~6.37g/ ton. The highest grade is 98.18g/ ton, and the average is 4.57g/ton~6.57g/ ton.	The gold deposit belongs to the types of medium- and low temperature thermal liquid gold-bearing quartz veins	This deposit is approved to be a medium-scale gold deposit by Team No.1 of Brigade No.5 of Xinjiang Geological Survey Bureau from their preliminary gold survey results from 1980 to 1983.	Preliminary gold survey results between 1980 and 1982 are from Team No.1 of Brigade No.5 of Xinjiang Geological Survey Bureau.	From 1963 to 1964, Team No. 3 of Brigade No. 7 of Xinjiang Geological Bureau carried out a preliminary gold survey on ground surface; From 1980 to 1982, Team No. 1 of Brigade No. 5 of Xinjiang Geological Bureau carried out a preliminary gold survey.

Name of Deposit (Site)	No.	Longitude/ Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Qi-III large - scale gold deposit	70	84°16' 16? longitude 45°54' 58? latitude	<p>(1). Strata: they mainly consist of the lower subgroups of Baogutu formations (C_{2,3}^b) and some upper subgroups of Tailegula formations (C_{2,3}^t). Those gold-bearing quartz veins are mainly distributed in these formations.</p> <p>(2). Structure: there are 4 groups of faults which are very developed:</p> <ol style="list-style-type: none"> NEE (60°~80°) NW (310°~340°) NWW (280°~300°) NE (40°~50°) <p>The faults in NE-NW are the gold deposit and containing structures, and the gold-bearing veins are just distributed in these faults.</p> <p>(3). Diabase rocks intersect with the status of the strata, and they are closely related with gold formation.</p> <p>(4). Alteration of mother rocks: pyritization, arsenopyritization, silification, carbonatization.</p> <p>(5). Patterns of gold distribution:</p> <ol style="list-style-type: none"> Gold deposits are controlled by the faults in NE and NW directions; The gold grades are high in those intersections of faults; The gold deposits become thicker and the grades are higher at those veins with gentle inclination (small dip angle); The grades of gold become higher at the turning sections of the faults. 	The gold deposits can be classified into 2 groups: one group in the south and the other is in the north. A total of 14 gold-bearing veins were found, and the veins are usually 50m~300m long, the longest is 678m. The thickness of a single vein is 0.3m~0.5m. The veins have the same spatial status as those of the faults.	The grades are usually 1.02g/ton~2.98g/ ton. The highest grade is 4.65g/ ton, and the average is 3.8g/ton.	The gold deposit belongs to the types of medium-low temperature thermal liquid gold-bearing quartz veins	This deposit is approved to be a medium-scale gold deposit by Team No.1 of Brigade No.5 of Xinjiang Geological Survey Bureau from their preliminary gold survey results from 1980 to 1982. Further detailed survey and investigation is needed in the deeper zones.	Preliminary gold survey results between 1980 and 1982 are from Team No.1 of Brigade No.5 of Xinjiang Geological Survey Bureau.	

Name of Deposit (Site)	No.	Longitude/ Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Mandong-shan gold deposit	93	84°47'06? longitude 46°04' 04? latitude	The gold deposits are located in tuffaceous siltstone of the Tailegula formation of the upper Carboniferous system (C ₂₋₃ b ^a). They are in the southern wall of the An-Qi faults, and controlled by the faults in the east-west direction. The gold is deposited in those fractures with strikes of NE, near EW and NWW directions. 19 veins were found, and their scales are not very big. The veins have alterations of chloritization, pyritization, and ocherization. The minerals such as pyrite, arsenopyrite and natural gold were found on site.	The gold deposits have a big variability in scales, among which the biggest three veins are respectively 540m long, 500m long, and 400m long. Most of the veins are 20m~50m long, and 0.1m~0.5m thick.	The grades are usually 0.45g/ton~6.68g/ ton. The highest grade is 45.58g/ton.	The gold deposit belongs to types of medium-high temperature thermal liquid gold-bearing quartz veins	This deposit is considered to be a medium-scale gold deposit, and further drilling work needs to be done in the deeper zones and in the surrounding areas.	Mineral Resource Report on the Gold Deposit No. 141 in the map of Baiyanghe region (Map No. L-45-XIII).	Information from Brigade No. 1 of Xinjiang Geological Survey Bureau, and the gold deposit is 0.06112 tons, and depth of mining of previous miners is 150m.
Luomen-guo medium-scale gold deposit	131	84°55'48? longitude 46°01' 26? latitude	(1). Strata: the mother rocks controlling the gold deposits are volcanic rocks and volcanic sedimentary rocks formations of C ₂₋₃ b and C ₂₋₃ t, and gold-bearing quartz veins are mainly distributed in the formation of C ₂₋₃ t. (2). Only ultrabasic diabase rocks are seen in the mother rocks, and quartz veins are developed. (3). Structures: there are 3 groups of faults: the faults in NWW are the gold deposit controlling and containing structures. The faults in NEE and near EW direction are major fractures, and quartz veins are in these faults. (4). Alteration of mother rocks: pyritization, silification, limonization, arsenopyritization, chloritization, carbonatization, talcization. (5). Types of ores: a. Quartz veins with high grade of gold accumulation; b. Altered ultrabasic rocks: low grade gold.	The mineralization belts are composed of groups of the gold-bearing quartz veins, and the scales of these veins are not very big, they are usually 5m~10m long, and .02m~0.15m thick, and the veins pinch out in just the depths of about 15m below the surface. The strikes and the dip angles of the veins are 0°~85°.	The grades are usually 1g/ton~3g/ton, and some are about 28.44g/ ton and 67.12g/ton. The average of the gold grades are 3.05g/ton~7.68g/ ton.	The gold deposit belongs to the types of medium-high temperature thermal liquid gold-bearing quartz veins	This deposit is estimated at medium-scale gold deposit, and preliminary survey result carried out by Brigade No. 1 shows that the amount of gold Biaonei (?) (deep in subsurface): 654.77kg, and in Biaowai? in the shallow subsurface): 872.97kg, and they are 1527.7kg in total.	Mineral Resource Report on the Luomenguo Gold Deposit (Map No. L-45-XIII), prepared by Team No. 11 of the Regional Survey Brigade of Xinjiang Geological Survey Bureau.	

Name of Deposit (Site)	No.	Longitude/ Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Geziguo small-scale gold deposit	86	84°32'40? Longitude 46°05' 22? Latitude	<p>(1). Strata: Grey green granular siltstone of the 2nd formation of the Devonian system (D_{2b}). The gold-bearing mother rocks are altered tuffaceous sandstone, gravel sandstone and siltstone.</p> <p>(2). Intrusive rocks: only albitophyre veins and diorite-aplite are seen, and they are belonging to Hualixi Period, and small quartz veins bearing gold are existing in these rocks.</p> <p>(3). Structures: there is only a single anticline fold in the mine, and the strata are dipping toward NW, and the dip angle is 73°. Also there are three groups of faults: a. NE b. NNE c. EW The gold-bearing quartz veins are mainly distributed along the faults in NE and EW directions.</p> <p>(4). Alteration of mother rocks: silification, pyritization, arsenopyritization, limonization, silk micatization, actinolitization, carbonatization. The pyritization and arsenopyritization have very close relationships with the mineralization of gold deposits, and they are the direct marks to find the gold deposits.</p>	The total of 25 gold orebodies were found, and they are mostly in shape of veins, fine veins, or nets. The veins are usually 50m~100m long, the longest is 265m, and the shortest is 20m. The veins have strikes and dips of 330°∠55°.	The grades of the gold deposits are usually 1g/ton ~1.5g/ton, some can be 2g/ton~3g/ton. The grade of gold from the ore samples in the depth of 10m is 3.14g/ton~3.22g/ ton.	The gold deposit belongs to the types of medium-low temperature thermal liquid gold-bearing quartz veins.	This deposit is estimated to be a small-scale gold deposit with a total amount of gold reserve is 0.23 tons.	Preliminary gold survey and drilling results from Team No.3 and Team No. 4 of Brigade No.11 of Xinjiang Geological Survey Bureau.	

Name of Deposit (Site)	No.	Longitude/Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Huilushan small-scale gold deposit	96	84°49'31? Longitude 46°05'35? Latitude	<p>(1). Strata: they are including both the upper and the lower sections of the formation (C₂₋₃t). Lithologically, they are mainly including diabase, basalt, jasper rocks with phyllite. Gold usually deposits in the quartz veins in altered diabase rock.</p> <p>(2). Intrusive rocks: intrusive acidic rocks are not seen, and the quartz veins might have some connections with the intrusive acidic Rockmasses in late Hualixi Period.</p> <p>(3). Structures: the gold deposits are located in the northern wing of the anticline structure, and also there are three groups of faults: a. NE b. NW c. EW The faults in NE and EW directions are controlling and containing gold deposits, and the gold-bearing quartz veins are mainly distributed in these faults.</p> <p>(4). Alteration of mother rocks: pyritization, arsenopyritization, silification, carbonatization, kaolinization, silk micatization, chloritization. The gold mineralization is closely related to pyritization and, arsenopyritization.</p>	The gold deposit can be divided into three zones: the zone south, the zone in the middle, and the zone in the north. A total of 6 gold mineralized orebodies were found. They all not big, usually 50m~120m long, the longest is 560m. The widths are varying from 2m to 5m, the biggest width is 20m.	L1: 2.29g/ton~2.53g/ ton, the highest is 12.41g/ ton. L2: 0.1g/ton~0.3g/ ton. L3: the average is 3.08g/ ton. L4: 1.41g/ton16.3g/ ton. L5: 0.83g/ton~3g/ ton. L6: 0.42g/ton~0.75g/ ton.	The gold deposit belongs to the types of medium-low temperature thermal liquid gold-bearing quartz veins.	This deposit is estimated to be a small-scale gold deposit with a total amount of gold reserve of 1.2 tons. The conditions are favorable for being a big deposit, and further survey in the deeper zone is suggested.	Mineral Resource Report on the Huilushan Gold Deposit (Map No. L-45-XIII, Baiyanghe region).	

Name of Deposit (Site)	No.	Longitude/ Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Baobei small-scale gold deposit	142	84°37'58? Longitude 45°54'17? Latitude	<p>(1). Strata: they are a set of formations of volcanic rocks and volcanic clastic rocks (C_{23t}). the gold-bearing quartz veins are mainly distributed in these strata. The mother rocks are dominated by tuffaceous siltstone.</p> <p>(2). Structures: the gold deposits are located in the northern wing of the anticline structure, and two groups of faults are developed here: a. NE b. NW The gold-bearing quartz veins are mainly distributed along these faults.</p> <p>(3). Intrusive rocks: the mother rocks are composed of small branches of potassium granite (γ₄^{3b}). It is predicted that granite rockmasses may be intruding into the deep subsurface, and the gold-bearing quartz veins could be related to the acidic granite Rockmass.</p> <p>(4). Alteration of mother rocks: pyritization, arsenopyritization, chloritization, silk micatization, and silification.</p>	A total of 30 gold-bearing veins are found, of which 8 veins are longer than 400m each, and the longest vein is 912m. A single vein is usually 30m~40m long, the longest single vein is 185m, and 0.2m thick, the thickest point of this single vein is 1.2m, and the most narrow.	Test results of 68 ore samples show that the grades of gold in 3 samples reach to the industrial boundary value, and the highest grade is 68.07g/ton, and the rest of sample have grades less than 1g/ton.	The gold deposit belongs to the thermal liquid quartz vein type	This deposit is estimated to be a small-scale gold deposit, and it has been mined, so it is not worthy of further survey.	Survey results from Team No.3 of original Brigade No.3 of Xinjiang Geological Survey Bureau.	

Name of Deposit (Site)	No.	Longitude/ Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Zawute Gold Deposit No. 2	66	84°15'39? Longitude 45°52'34? Latitude	<p>(1). Strata: the gold deposit is located in the strata of C_{2,3t}^a. They consist of tuffaceous rock, volcanic tuffaceous rocks. The altered basalt is the major mother rock of the gold deposit.</p> <p>(2). Structures: 4 groups of faults are developed: a. NE b. NW c. NW d. SN The faults in NE and NW directions are controlling and containing the gold deposit.</p> <p>(3). Alteration of mother rocks: limonization, chloritization, silk micatization, and carbonatization. The gold deposit is closely related with limonization.</p>	The altered diabase Rockmass is 330m long, in which a lot of net-like quartz.	The grades of the quartz veins are 0.1g/ton~0.2 g/ton, and the grades of gold in diabase rocks are 0.1g/ton~0.4 g/ton, the highest grade is 14.04g/ton, and the grades of gold in the fault belts are 0.05g/ton~0.3g/ton.	The gold deposit belongs to the thermal liquid quartz vein type	It is suggested that more survey work needs to be done at those important deposit sites.	Survey report from Team No.1 of Brigade No. 5 of Xinjiang Geological Survey Bureau from 1979 to 1980.	

Name of Deposit (Site)	No.	Longitude/Latitude	Geological Features	Scale of Gold Deposit	Grade of Gold	Genetic Type	Evaluation	Source of Information	Remarks
Qiqiu No. 12 Gold Deposit	103	84°32'43? Longitude 46°01'35? Latitude	<p>(1). Strata: they are composed of tuffaceous siltstone, sandstone and gravel sandstone in the formation of D₂d. The gold-bearing quartz veins are mainly distributed in those tuffaceous siltstone in the upper zone.</p> <p>(2). Intrusive rocks: not widely seen, only some small intrusion of dioritic rocks in the north. Those dioritic veins have close relationship with gold mineralization.</p> <p>(3). Structures: there are three groups of faults: a. NE b. EW c. NW The gold-bearing quartz veins are mainly distributed along the faults in NE, and those faults in NW directions has minor role in formation of gold deposits.</p> <p>(4). Alteration of mother rocks: limonization, silification, pyritization, chloritization, silk micatization, carbonatization.</p>	A total of about 10 gold-bearing veins are found, and they are all not very big, they are usually 5m~30m long,	Test results of 502 ore samples show that the grades of gold are 1g/ton~3g/t on in 5 samples, and greater than 3g/ton in one sample. The grades of gold are mostly 0.14g.ton~0.6g/ton, and the highest grade is 4.38g/ton, and the lowest grade is 0.05g/ton~0.1g/ton.	The gold deposit belongs to the thermal liquid quartz vein type	The gold-bearing veins on/near the ground surface have been mined, and the veins in the deep zone need to be further investigated.	Detailed survey results from Team No.4 of Brigade No. 11 of Xinjiang Geological Survey Bureau from 1980 to 1982.	