

# RESOURCE OPPORTUNITIES

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## Dynasty Metals and Mining (DMM-TSXV)

*The following is extracted from the March 2006-2 Issue*

Dynasty is a gold exploration company that has already outlined 3.8 million ounces of gold with plenty of potential to continue to add ounces. The current share price does not come close to recognizing the ounces already in hand, let alone the enormous exploration potential of its two advanced stage gold projects plus another property that encompasses an entire district and is a company-making project in its own right.

A preliminary assessment has already demonstrated the economic potential of one of the gold projects, with a similar assessment due for completion within weeks on the second gold project. Both of those projects could move quickly toward production.

Dynasty has kept a fairly low profile over the past couple of years as it was systematically locking up a large property position in Ecuador. Management of the company has a long history in that highly prospective nation. The company is led by Robert Washer, an Australian with over 30 years of mining experience who has called Ecuador home for the past 13 years. Washer has long recognized the enormous geological potential of Ecuador, but it has only been over the last few years that the mining industry and investors have developed a

comfort level with the Andean nation. Washer's early start gave him the first choice of projects and the ability to amass a commanding property position before other companies began moving into the country.

Dynasty directors include Mark Bailey (a geologist who led Minefinders in the discovery of 3 million ounces of gold and 165 million ounces of silver in Mexico that is now on its way to production) and Yale Simpson (another successful geologist and chairman of Exeter Resource Corp. which is outlining a million-ounce-plus gold deposit in Argentina).

Dynasty's Jerusalem gold project in southeastern Ecuador has a measured and indicated resource of 585,100 ounces grading 12.5 grams per tonne and a further inferred resource of 710,130 ounces at 11.5 grams per tonne. Those resources, contained in a series of high grade veins, also carry substantial silver and zinc values.

The resource estimates are based on nearly 11,000 meters of drilling and more than 6 kilometers of underground tunnels. The underground workings put Dynasty in a strong position for profitable, near term pro-

duction, and that was borne out by the recent preliminary assessment.

That independent assessment estimated a capital cost of \$25 million for a facility that would produce an average of 100,000 ounces per year. With the operating cost estimated at \$195 per ounce, and based on the current gold price, the mine would generate \$35 million per year of operating cash flow.

That assessment involved a two stage mine plan, with Stage 1 based on the presently defined measured and indicated resource, while Stage 2 is dependent on upgrading the inferred resource.

A preliminary assessment is also due in the next few weeks for the company's second advanced stage gold project – Zaruma. Located in southwestern Ecuador, Zaruma was mined from 1905 to 1965, with recorded production in excess of 5 million ounces of gold and 20 million ounces of silver from high-grade veins.

Dynasty's work to date at Zaruma has focused on extensions of the previously mined veins. Samples from the underground workings and 15,000 meters of drilling has delineated a measured and indicated resource of

1.1 million ounces grading nearly 14 grams per tonne. An inferred resource, grading 12.7 grams per tonne, adds a further 1.4 million ounces to the presently known deposit.

There is further potential to continue to expand the resource in the area of the previous mining. There is also potential to outline resources on some of the many other veins on the extensive property position.

Like Jerusalem, the presence of the underground development gives Zaruma the potential to proceed quickly to production at a modest capital cost. The soon-to-be-completed preliminary assessment will provide a first approximation of the figures.

If Jerusalem and Zaruma were the only projects held by Dynasty (which they are not) one could draw a comparison with Bolivar Gold Corp. Gold Fields, one of the largest gold producers, recently paid \$330 million to gain access to Bolivar 3.5 million ounce Choco gold deposit in Venezuela.

Bolivar's project was further advanced than Dynasty's projects before the takeover bid, with 1.3 million ounces classed as a proven and probable reserve. However, the value that was paid for Bolivar, being six-times the present value of Dynasty, suggests considerable upside potential... based just on the two advanced gold projects, ignoring the potential for outlining more resources at those two projects and ignoring the company's third project, which in itself has the potential to be a company maker.

Dynasty's district-scale project involves a huge property position covering much of the prospective ground along a 90 kilometer long and 20 kilometer wide structural corridor known as the Dynasty copper-gold

belt. That belt represents the continuation into Ecuador of a rich mineralized trend that runs through northern Peru. The trend has excellent access, with the Pan American Highway running down the middle of the belt.

At least eight large copper-gold porphyry systems have already been identified on the property now held by Dynasty. Some of those porphyry systems have associated high-grade gold-silver vein swarms. The company has chosen to focus first on the gold-silver veins associated with the porphyries, as they provide easier near-term exploration targets.

The company is already working on a preliminary resource estimate for Cerro Verde, one of the vein targets in the Dynasty copper-gold belt. Beginning with gold and silver values that were found in a regional sampling program, the company has moved quickly to identify a large system of gold-silver veins. Trenching identified veins up to 7 meters wide. Gold assays from the trenches contained highly encouraging values, with one sample returning 141 grams per tonne of gold. The trenches also revealed some impressive high-grade silver values.

Even as the company works the first stage drill results into a resource estimate, work is continuing on the tens of other prospects already identified along that highly prospective trend.

The two advanced stage gold projects on their own provide a substantial base of fundamental value as well as considerable upside potential. The enormous potential of the Dynasty copper-gold belt adds a significant element of blue sky potential.

*Price March 22, 2006: C\$3.50*  
*Shares Outstanding: 22 million*  
*Shares Fully Diluted: 26 million*  
*Market Cap: C\$ 78 million*  
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