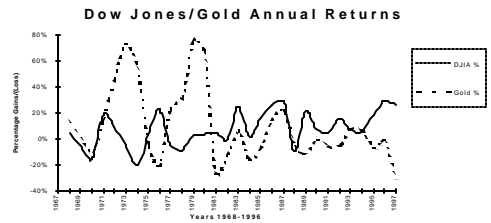




Gold & Technology Stocks



Weekly Hotline Message

(Now in our 25th Year)

March 11, 2006

Stock Pick of the Week

Dynasty Metals & Mining Inc.



Traded TSX Venture – DMM
 Initial Recommendation: 1/13/06: US\$2.11
 Price 3/10/06: US\$2.99
 Shares Outstanding: 22.2 Million
 43-101 Gold Resource: 3,778,000 Ounces
 Market Cap: \$63 Million
 Market Value Per Ounce: US\$11 Per Ounce
 Country of Operation: Ecuador
 Progress Rating: “C”
 Telephone: 604-687-0888, Ext. 3
 Web Address: www.dynastymining.com

Thankfully, we got into this stock just before it made a fairly substantial move, but after reviewing this company’s fundamental prospects at the PDAC, I am convinced as much as ever that we want to continue to own this stock for the foreseeable future. The company has three properties in Ecuador that already contain a substantial number of ounces of gold. Here are the current numbers:

Project	Measured & Indicated Ounces	Grade/Grams/t	Inferred Ounces	Grade/Grams/t	Total Ounces
Zaruma	1,110,200	13.90	1,383,400	12.72	2,483,600
Jerusalem	585,100	12.50	710,130	11.53	1,295,230
Totals	1,685,300	-----	2,093,530	-----	3,778,830

Very substantial exploration potential continues to exist on both of these underground mines. On the Zaruma Gold Project, the potential exists to extend high-grade ore shoots along strike and at depth, and there is the potential for the discovery of new veins as well.

On the Jerusalem Project, which is the company’s most advanced-stage project, there are 12 high-grade gold-silver veins identified to date. Also, there are 5 highly oxidized disseminated sulfide-bearing dykes that remain to be explored. On the basis of the Jerusalem Property alone, this company’s shares appear to be quite undervalued. **For example, preliminary economic studies compliant with NI 43-101 project a valuation of \$297 million, compared to the company’s current market cap of around \$66 million.** Based on this preliminary work, which was reported to the public on March 6, the independent firm that conducted the study has recommended that Dynasty Metals proceed to a bankable feasibility study.

The preliminary economics suggest a two-stage project. The treatment plant will comprise a gravity circuit to produce gold and a floatation circuit to produce a saleable base-metal-rich concentrate. Highlights of Stage 1 are as follows:

- Total mined resources: 964,798 tonnes

- Total metal recovered: 406,632 ounces gold (Au); 3,522,000 ounces silver (Ag); 39,653 tonnes zinc (Zn); and 14,069 tonnes lead (Pb)
- Total direct capital costs: US\$25 million, including site preparation and mine development, 300,000-tonne-per-year (tpy) mill and treatment facility, and mining equipment
- Cash operating cost per gold-equivalent ounce (1): US\$195 (open pit and underground combined)
- Cash flow before taxes and royalty (undiscounted): US\$150 million

Stage 2 highlights:

- Total mined resources: 1,156,560 tonnes
- Total metal recovered: 427,619 ounces Au; 3,755,610 ounces Ag; 22,784 tonnes Zn; 4,858 tonnes Pb
- Cash operating cost per gold-equivalent ounce(1): US\$181
- Cash flow before taxes and royalty (undiscounted): US\$147 million

Prices used in these assumptions were \$500 gold, \$7.50 silver, \$1,500/tonne zinc, and \$900/tonne lead.

Note: (i) Gold-equivalent ounces are based on Au at \$500 (U.S.)/ounce, Ag at \$7.50 (U.S.)/ounce, Zn at \$1,500 (U.S.)/tonne, and Pb at \$900 (U.S.)/tonne.

There is a substantial amount of detailed data available related to the company's preliminary data, but the information noted above provides good evidence that on the basis of the Jerusalem Gold Project, this stock is selling at a fraction of its intrinsic value.

It seems the market is giving no value for the 2.5-million-ounce Zaruma Project, never mind a major new copper-gold discovery made along a 90 kilometer by 20 kilometer mineralized trend in the Peruvian Copper-Gold Belt.

No fewer than eight large copper-gold porphyry-style systems have been identified to date, with extensive hydrothermal alteration zones associated with stockworks and some high-grade gold-silver vein swarms. Also some high-grade copper-gold-silver disseminated mineralization has been identified by way of rock channel samples. Management believes this property has the potential to host bulk-mineable resources.

I'll tell you what thought came to my mind as I reviewed this story. We have a "baby Agnico Eagle" in Northern Star. I think we have identified a "baby Nevsun" in Great Quest. With its diverse properties and already substantial gold mineralization, Dynasty Metals strikes me as a "baby NovaGold." True, we are talking about different continents in the case of Dynasty and NovaGold. No comparison is completely appropriate. But I think this company has the potential to grow its market cap along the lines of NovaGold, not from the very moment we bought that stock for pennies, but when it sold in the \$2 to \$3 range.

In any event, if one assumes as I do that we are still in the very early stages of a super bull market for gold, Dynasty Metals is a stock I find exceptionally appealing for those seeking moderate risk levels among junior gold-mining companies. This stock has very quickly become a favorite.

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