

**Form 43 -101F1
TECHNICAL REPORT**

INDEPENDENT PRELIMINARY ASSESSMENT

**JERUSALEM PROJECT
ZAMORA CHINCHIPE**

ECUADOR

PREPARED FOR DYNASTY METALS & MINING INC.

FOR SUBMISSION TO THE

TSX VENTURE EXCHANGE

Author: W J Holly MAustIMM FFin

Date: 27 February 2006

Holly Mining Pty Ltd, 34 Johnston St, Peppermint Grove WA 6011 Australia

Email : wholly@iinet.net.au

Prepared for: Dynasty Metals & Mining Inc.

Suite 270

660 Burrard St

Vancouver B.C. Canada V6CZ8

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SUMMARY

The Jerusalem Gold Project comprises one concession covering 225 hectares in a readily assessable region of southern Ecuador. The gold mineralization found on the concession is associated with an extensive high grade polymetallic epithermal vein system.

This Preliminary Assessment Report was prepared by the author at the request of Dynasty Metals & Mining Inc. (“Dynasty” or the “Company”) and is based on:

- a site visit in February 2006;
- interviews with Company management and other consultants engaged to assist management with its mine plans;
- a review of the Company’s Technical Reports dated October 29 and December 22, 2004 prepared by Allen J. Maynard BappSc, MAIG, MAusIMM, an independent “Qualified Person” as defined in National Instrument 43-101;
- a review of the Company’s proposed mine plan prepared by Brian Speechly FAusIMM a mining consultant with extensive experience who is a “Qualified Person” as defined in National Instrument 43-101, but is a director of the Company and therefore not independent;
- a review of the Company’s proposed plant design prepared by Keith Dodd AWASM Eng. a mining consultant with extensive experience who is an independent “Qualified Person” as defined in National Instrument 43-101; and
- a review of commodity prices and recent commodity trends

The principal conclusions from the author’s assessment are as follows:

Scale of Operations

The Company plans to construct a mill capable of processing 300,000 tonnes of ore per year with plans to process 965,000 tonnes of Measured and Indicated ore over the initial life of the mine, which is approximately 4 years. The proposed annual rate of production is optimum when the nature of the ore body is considered. The mineralization is primarily hosted in a series of narrow (0.8m wide) veins, which are rich in gold, silver, zinc and lead.

Preliminary estimates of capital requirements are anticipated to be relatively low at US\$25 million. This includes US\$5,000,000 for site preparation, US\$7,500,000 for mine development and US\$12,500,000 for the mill and treatment plant.

Processing Alternatives

For the purpose of this assessment, the author has based his assessment on recommendations by Consulting Engineer KC Dodd for a flotation concentrator together with a Merrill Crowe or CIP plant.

Resource Base

In his Technical Reports dated December 22, 2004, and 29 October, 2004., Allen J. Maynard BappSc, MAIG, MAusIMM estimated resources as follows:

Table 1 : Total Mineral Resources at Jerusalem

| Category | Tonnes | Au g/t | Au ozs | Ag g/t | Ag ozs | Pb % | Pb t | Zn % | Zn t |
|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|
| Measured | 602,300 | 12.4 | 239,730 | 90 | 1,760,400 | 0.66 | 3,940 | 2.79 | 16,810 |
| Indicated | 864,400 | 12.4 | 345,370 | 95 | 2,627,700 | 0.55 | 4,690 | 2.57 | 22,210 |
| Inferred | 1,927,600 | 11.5 | 710,130 | 101 | 6,276,470 | 0.42 | 8,050 | 1.97 | 37,840 |

The Company has developed an initial 4 year mine plan in which 965,000 tonnes of ore from its Measured and Indicated Resource is processed. This preliminary estimate of mineable resources represents only 66% of the Company's total estimated Measured and Indicated Resource. Further development and planning may justify the inclusion of additional Measured and Indicated Resources in the Company's mining plan.

The Company has estimated that the life of the mine could be extended an additional 4.5 years if it can successfully convert 60% of the Company's Inferred Resources into mineable resources after additional exploration work is completed..

As required by National Instrument 43-101, it should be noted that these evaluations are preliminary in nature and that the Inferred Resources in particular are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as Mineral Reserves. As such there is no certainty that the Preliminary Assessment will be realized.

Economic Assessment

Measured and Indicated Resource

The author's analysis indicates that the Jerusalem Gold Project has sufficient Measured and Indicated resources to support a 4 year mine plan that would generate the following pre-tax, pre-royalty cash flows from operations less mining development and site preparation costs of US\$12.5 million (see Tables 4 & 6 for detail). These results are not discounted.

| | (000's US Dollars) | | |
|-----------------|--------------------|--------------------|-------------------|
| | <u>Open Pit</u> | <u>Underground</u> | <u>Total</u> |
| Revenues | \$ 76,140 | \$ 165,500 | \$ 241,640 |
| Operating costs | <u>43,080</u> | <u>48,500</u> | <u>91,580</u> |
| Surplus | <u>\$ 33,060</u> | <u>\$ 117,000</u> | <u>\$ 150,060</u> |

These preliminary estimates are based on:

- current resource tonnages, grades and mine plans
- preliminary estimates of overall metallurgical recoveries
- preliminary estimates of overall operating costs and capital costs pertaining to the treatment and mining methods proposed
- preliminary estimates of short to medium term metal prices

The equivalent cost per ounce gold for mining underground is estimated to be US\$147 per ounce compared to US\$283 per ounce to mine the open pits. The open pit costs are substantially higher because of the lower grade, a higher strip ratio and the inclusion of an up front expense of US\$5 million for site preparation. The Company believes, and the author agrees, that notwithstanding the higher cost associated with open pit mining the Company is likely to encounter additional resources, as the pits are developed, which are not presently included in its mineable resource estimates. If proven, this will reduce the overall equivalent cost per ounce gold and increase the estimated life of the open pit operation.

Inferred Resources

In addition to the discounted Measured and Indicated Resources set out above the Company has estimated that 60% of ore currently categorized as Inferred Resources may be converted into mineable ounces after further drilling and development has taken place. Assuming this occurs such resources would extend the life of the mine by 4.5 years and generate additional cash flows from underground operations as follows (See Table 8 for detail);

| | |
|-------------------|------------------|
| Revenue: | US\$ 230 million |
| Operating Costs: | US\$ 83 million |
| Operating Surplus | US\$ 147 million |

The equivalent cost per ounce gold for mining the Inferred Resources underground is estimated to be US\$181 per ounce compared to US\$147 per ounce to mine the Measured and Indicated Resources underground.

Critical Risk Factors

The critical risk factors associated with the project are as follows:

- Resource risk – tonnage and grade uncertainty in previously mined areas
- Dilution risk - fairly high in narrow vein operation, although ameliorated by soft nature of ore and competent wall rocks.– estimates range from 15% - 30%.
- Productivity risk – narrow vein operation does not allow a high production rate – 250,000 tpy proposed – any reduced productivity would impact on unit costs
- Mining cost risk – mining costs are rising in current world market - effect should be offset by lower labour costs in Ecuador
- Metallurgical risk – ongoing test work needs to be completed to ensure treatment plant is able to recover both precious and base metals
- Sovereign, Country, Geographical and Topographical risk

Whilst this Preliminary Assessment is preliminary in nature, future feasibility studies will give closer attention to the above factors to ameliorate these risks to the project. Notwithstanding, once the mine has achieved steady state operation, it is anticipated that the overall risk level will be relatively low.

Equivalent Cost per Ounce Gold

| | |
|--------------------|-------|
| Open Pit | \$283 |
| Underground | \$147 |
| Inferred Resources | \$181 |

Recommendations

The author believes that the overall project risk is low and the potential for profitable operations is high and therefore recommends that Dynasty proceed towards the development of a feasibility study.

The author also recommends that exploration drilling and sampling continues in order to determine potential new resources from veins in the northern sector of the property and from extensions of known veins

1. INTRODUCTION AND TERMS OF REFERENCE

1.1 Introduction

The Jerusalem Gold Project is located in the Sierra del Condor of the Ecuadorian Amazon region and is centred at latitude 04°02' south and longitude 78° west.

Access to the project is primarily by road to the general area and thence via foot tracks on steep hills onto the ore bodies themselves

The Consultant has been advised that mineral rights are held 100% by Dynasty Metals & Mining Inc. The property comprises one concession covering an area of 225 ha which has an expiry date of 10 October 2031. The concession is subject to a 1% net smelter royalty.

1.2 Terms of Reference

The writer has been requested by the Directors of Dynasty Metals & Mining Inc. to undertake a Preliminary Assessment (as defined by NI 43-101) of the Jerusalem Project which involves the mining and treatment of the mineral resources within the high-grade Gold Reefs in the Sierra del Condor metamorphics.

For the purpose of this Technical Report the writer, W J Holly, is an independent “Qualified Person” in accordance with National Instrument 43-101.

1.3 Report Purpose

This report is to be submitted to regulatory bodies including the TSX Venture Exchange and is to be used by the Company to raise funds for the preparation of a bankable feasibility study, and further exploration.

1.4 Field Involvement

The writer, W J Holly, visited the Jerusalem Gold Project on 24 February 2006 in company with project geologist Luis Bravo. This site work included underground and surface observations of exploratory development over the extensive vein system described below. The work is being carried out by small mining contractors and has provided valuable exposure of the vein structure, country rock and mineralisation .

2. RELIANCE ON OTHER EXPERTS

In the compilation of this Preliminary Assessment much of the geological, resource and general information is sourced from two technical reports –

- “Independent Geological Evaluation, Jerusalem Project, Ecuador” by Maynard 29 October 2004
- “Independent Geological Evaluation, Jerusalem Project, Ecuador” by Maynard 22 December 2004

Allen J Maynard has worked as a geologist in the field of mineral exploration continuously for the last 25 years in Australia, Cambodia, Chile, China, Ecuador, Egypt, Greenland, Indonesia, Mauritania, Mozambique, Peninsular Malaysia, Peru, Philippines, Portugal, Republic of South Africa, Turkey, Zimbabwe and mid-west USA (Wyoming, Colorado). He is a graduate of Curtin University in the State of Western Australia with a degree of Bachelor of Applied Science, majoring in Geology granted in 1978 (Certificate No. 10534).

Mr B Speechly

For the mine plan, the writer has utilized the mining plan prepared by Mr B Speechly and forms Appendix I to this report. Mr B. Speechly being a director of the Company and is not an independent person under NI 43-101. Mr Speechly has over 40 years experience of the mining industry, covering numerous projects particularly gold mines. Mr Speechly is Fellow of the Australasian Institute of Mining and Metallurgy.

Mr KC Dodd

The writer has incorporated in this scoping study the plant design and costs which were prepared by Mr K C Dodd and constitutes Appendix II in this report. Mr K C Dodd is qualified mechanical engineer and is an Independent “Qualified Person” under NI 43-101. He has over 40 years of experience in the mining industry, particularly the gold mining industry. During this time he has constructed many plants of a similar nature to that proposed for the Jerusalem Mine. Mr Dodd is a Fellow of the Australasian Institute of Mining and Metallurgy.

3. PROPERTY DESCRIPTION AND LOCATION

The Jerusalem Project comprises a concession covering a total area of 225 ha in the south east of Ecuador, near the border with Peru. The concession is located in the Sierra del Condor of the Ecuadorian Amazon region and is centred at latitude 04°02'south and longitude 78° west (see Figure 1).

The property is 570 km south east of Guayaquil, which is the main port of Ecuador. The nearest city to the project is Loja (population approximately 110,000) which is 174 km to the south.

Whilst the country is mountainous, access to the project is good, with most of the roads being graded.

The project site receives a very high annual rainfall of approximately 3m, being located near the equator. The climate is however cool tropical due to the elevation of the project at around 1600 metres above sea level.

The project site is mountainous and steep, and will require extensive site development work to allow efficient mining.

4. GEOGRAPHICAL, HISTORICAL AND GEOLOGICAL INFORMATION

See report by Maynard dated 29th October 2004 – recorded on www.sedar.com

5. ENVIRONMENTAL CONSIDERATIONS

An environmental impact study is in progress. Open pits, waste dumps and tailings will have an impact on the environment and re-vegetation plans will be implemented once mining and ore treatment has ceased.

The construction and operation of a tailings dam in the mountainous area of the mine site will be an important environmental question. It is noteworthy that “illegal” small miners working on an adjacent upstream property have contaminated the river system with tailings over many years. Dynasty’s plans will be an opportunity to implement best practice tailings deposition, and in so doing set a precedent for the field as a whole. No illegal miners are operating on Dynasty properties.

The development of the open pits will cut the road system currently used by the adjacent village upstream of the property. It will be necessary to secure permission to construct an alternative road on other properties to allow these villagers continued access. Alternatively a road through the Dynasty operations may be possible

The Ecuadorian army maintains a post on the Concession for security in the area.

The contractors who currently operate a small exploration tunnel on the Jerusalem concession will cease operation with the development of the project. It is envisaged that these contractors will take employment with Dynasty.

Overall approximately 300 small miners are employed on various properties in the vicinity of the Jerusalem Project.



Figure1: Location Map

6. MINERAL RESOURCES

Based on the results from geological investigations, Jerusalem resource estimates were completed by Al Maynard & Associates who are Independent Qualified Persons as defined by National Instrument 43-101 (see reports by Maynard dated 29th October 2004 and dated 22nd December 2004).

Measured and indicated resources total 1,466,700 tonnes at 12.44 g/t Au and inferred resources amount to 1,927,600 tonnes at an average grade of 11.5 g/t Au (Table 1).

Table 1 : Total Mineral Resources at Jerusalem

| Category | Tonnes | Au g/t | Au ozs | Ag g/t | Ag ozs | Pb % | Pb t | Zn % | Zn t |
|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|
| Measured | 602,300 | 12.4 | 239,730 | 90 | 1,760,400 | 0.66 | 3,940 | 2.79 | 16,810 |
| Indicated | 864,400 | 12.4 | 345,370 | 95 | 2,627,700 | 0.55 | 4,690 | 2.57 | 22,210 |
| Inferred | 1,927,600 | 11.5 | 710,130 | 101 | 6,276,470 | 0.42 | 8,050 | 1.97 | 37,840 |

7. MINE PLANNING

Evaluation of total mineral resources at Jerusalem using over 100 bench and level plans, resulted in the planning of three open pits – the Teniente, Macas and Loayza Pits by Mr B Speechly. Mr Speechly, who has over 40 years experience in the mining industry and having worked on many international mining operations, is a “Qualified Person” under NI 43-101 and is not independent. Mr B Speechly’s mining report on Jerusalem occurs in Appendix I.

Declines to access deeper ore are planned under the Teniente and Loayza Pits (Figures 2 and 3). The open pits are expected to be mined by an earthmoving contractor. Narrow excavator buckets will be used to accurately excavate the ore. Working benches will be approximately 2.5 m high. Depths of open pits range from 113 metres to 206 metres.

Underground mining will be undertaken by Dynasty from 4 metre by 4 metre declines on 1in7 gradients with their portals located near the base of the open pits. Underground ore extraction will be completed using narrow vein up-hole bench mining in 15 m vertical slices utilizing single boom jumbos, 0.5 cubic yard pay loaders and 25 tonne trucks.

Declines developed from the Loayza and Teniente Pits are planned to go 250 metres and 50 metres vertically, respectively, below each pit.

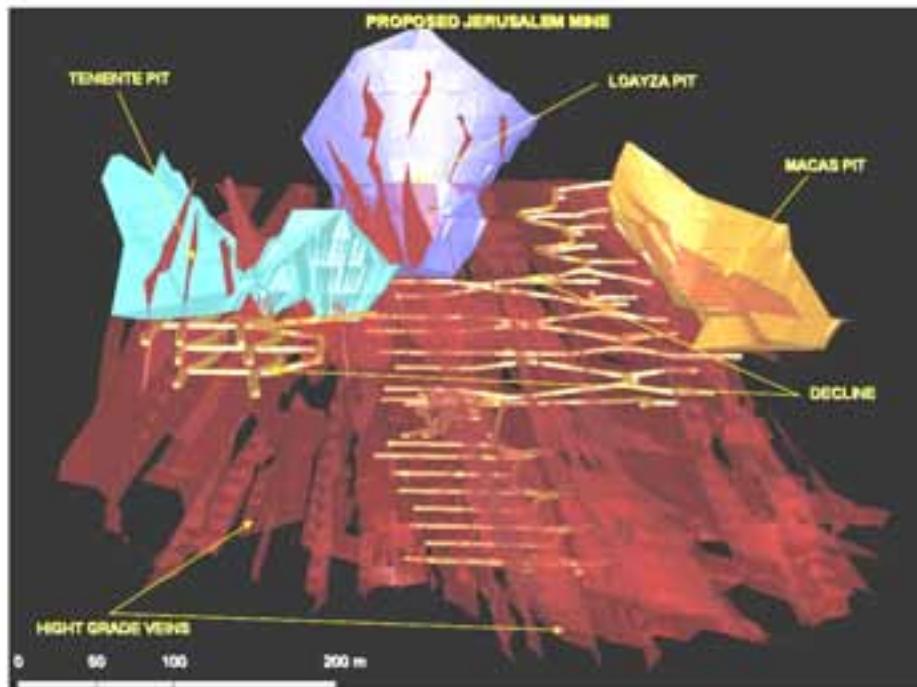


Figure2: Vein Resources Propoused Mine

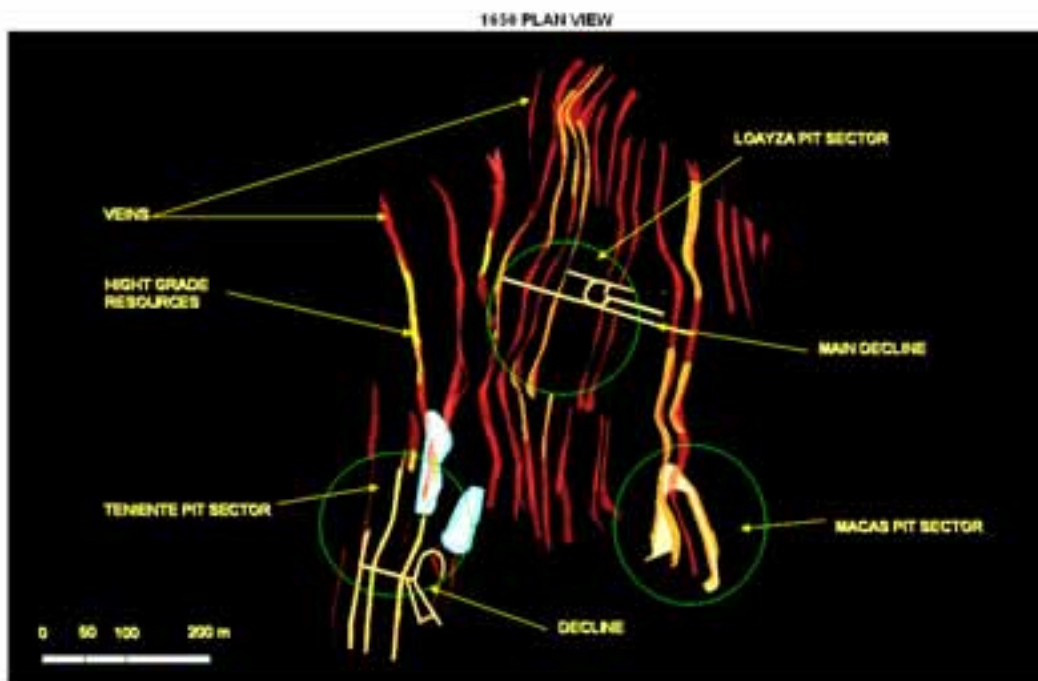


Figure 3 – High-Grade Veins & Mine Development

Two mining stages are planned with Stage 1 expected to run over approximately 4 years and Stage 2 for an additional 4.5 years. Stage 2 depends on the successful upgrading of 60% of the known Inferred Resources currently standing at 1,927,600 tonnes at 11.5 g/t Au, 101 g/t Ag, 0.42% Pb and 1.97% Zn.

Future exploration for the upgrading of resources and extensions to the known veins at depth and along strike is planned to commence 12 months after initial mine start-up. New discoveries are also expected in the northern section of the concession that will add to the resources at Jerusalem (Figure 4).

Stage 1 – Mine and treat 965,000 tonnes of ore from open cut and underground over 4 years at an approximate production rate of 250,000 tpa from the resources outlined below. These are Measured and Indicated Resources

OPEN PIT MINING RESOURCES

379,000 tonnes at 9.9 g/t Au, 143 g/t Ag, 1.01% Pb and 3.35% Zn

UNDERGROUND MINING RESOURCES

585,798 tonnes at 15.2 g/t Au, 94.5 g/t Ag, 1.7% Pb and 4.6% Zn

Of the total Measured and Indicated Resources previously reported by Dynasty (see Table 1) the above Open Pit and Underground Resources have had underground and open pit mining plans applied to them by Dynasty personnel led by Brian Speechly. The author has investigated and endorsed these mine plans.

Stage 2 – Mine and treat 1,157,000 tonnes of ore from underground over 4.5 years at a production rate of 250,000 tpa from 60% of the Inferred Resources given in Table 1.

TOTAL MINING RESOURCES = 1,157,000 tonnes at 11.5 g/t Au, 101 g/t Ag, 0.42% Pb and 1.97% Zn

EXPLORATION POTENTIAL

Good exploration potential exists at Jerusalem in major new vein discoveries, known vein extensions and in widespread open pitable rhyodacite dykes. Underground development at Jerusalem covers 0.5 km of strike length and potential exists along a further 1 km of strike length within the concession in the northern sector (See Figure 4). Channel sampling to date has reported values of up to 10 g/t Au over 0.5 metres from veins along strike to the north. Exploration drilling and sampling is warranted to determine these potential new resources and plant feed.

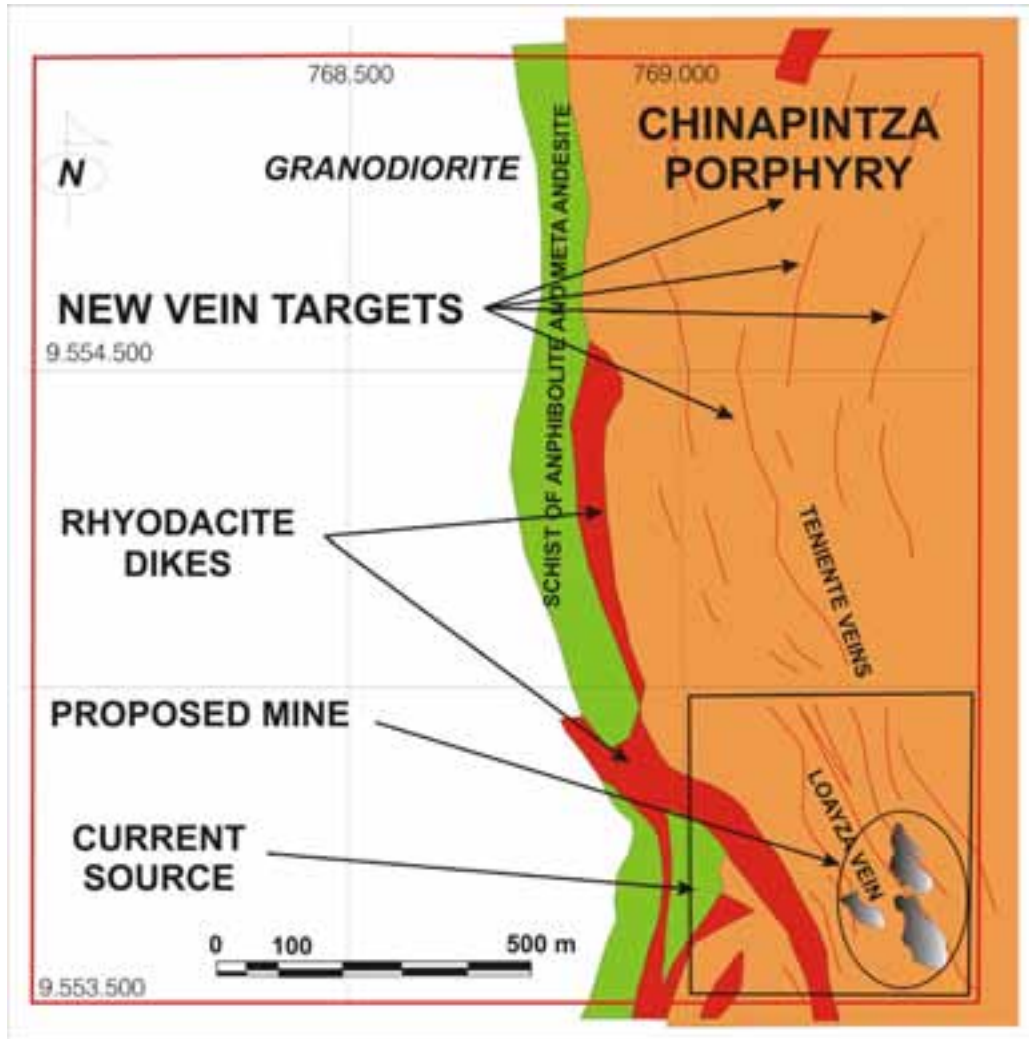


Figure 4 – Geological Map Showing Potential New Veins

8. MINING METHODS

8.1 Open Pit

A simple open pit operation has been planned as depicted on the attached drawing entitled “Typical Open Pit Mining for Narrow Veins” (Brian Speechly 24 July 2005). All pits are designed to daylight out at the lower end to provide natural drainage. The open pit method involves lightly drilling and blasting (paddock blasting) of the ore body and excavation along strike using an excavator with a narrow bucket.

Critical to the success of this method will be the need to minimize dilution by blasting with minimal throw of the ore. It is envisaged that this will be achievable because of the relatively soft nature of the ore. The ore is comprised of minerals such as rhodochrosite, sphalerite, galena, pyrite, siderite, and argillaceous chlorite. Fault ruge also occurs.

After the ore has been blasted and excavated the surrounding country rock, which is harder and more competent will be blasted and removed.

It is envisaged that 80t to 100t excavators with matching fleet of 50t trucks would be adequate for the pits. All pits should be operated together to provide maximum production potential.

With the exception of the steep topography, the overall the pit plan is straightforward and is recommended. In the final feasibility study an optimization would be undertaken which may vary the pit depth slightly.

8.2 Underground Mine

An uphole bench retreat narrow vein mining method is proposed for Jerusalem. The method is recommended as it provides maximum productivity with minimum dilution. The level interval is 15m with 3.5m high drill drives. The method is well described in the attached drawing “Typical Longitudinal Projection Showing Uphole Benching - Narrow Vein Mining” (B Speechly), and in attached sections “Jerusalem Mine – Longitudinal Projection”. The mine design is sound and as such is recommended.

It will be important to operate as many headings and stopes as is reasonably possible to guarantee the 250,000 tpa production to the plant.

The equipment proposed (see attached) involves 1m wide Tamrock Microscoop loaders, Tamrock Quasar 1F jumbos, and Volvo 25t trucks. This selection of equipment is ideal for the minimum width mining operations envisaged. Dynasty should be advised to enter maintenance and repair contracts with the equipment suppliers to guarantee availability, personnel training, and thus productivity.

9. CAPITAL COSTS

K C Dodd has estimated the capital costs for the treatment plant construction and development at US\$12.5 million. Details are given in K C Dodd’s “A Preliminary Summary of the Jerusalem Gold Project in Ecuador” report, dated 16th January 2006, which is given in Appendix II.

Additionally a further USD12.5m has been allowed for site preparation and mine development capital.

10. BASIC ECONOMICS OF OPERATIONS

10.1 Open Pits

The volumes of ore and waste contained within planned pits are:

Table 2
Pit Volumes – Waste & Ore

| Pit | Ore Tonnes | Ore Vol (bcm) | Waste Vol (bcm) | Total Vol (bcm) |
|----------|------------|---------------|-----------------|-----------------|
| Loayza | 237,000 | 79,000 | 3,490,000 | 3,569,000 |
| Teniente | 97,000 | 32,000 | 1,640,000 | 1,672,000 |
| Macas | 45,000 | 15,000 | 443,000 | 458,000 |
| TOTAL | 379,000 | 126,000 | 5,573,000 | 5,699,000 |

Table 3
Open Pit Resources (Total)
Measured & Indicated

| Tonnes Ore | Grade Gold (g/t) | Grade Silver (g/t) | Grade Zinc % | Grade Lead % |
|------------|------------------|--------------------|--------------|--------------|
| 379,000 | 9.9 | 143 | 3.35 | 1.08 |

The basic economics of the Jerusalem Pits are estimated in Table 4

It is assumed that a dilution factor of 15% of the ore tonnage will occur during open pit mining.

Resources not Reserves (43-101 section 3.4(e) statement requirement)

Readers are cautioned that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 4
Basic Economics of Jerusalem Open Pit Resource

| | |
|--|--------------------------|
| Revenue Open Pits USD | |
| Ore Tonnage | 379,000 |
| Grade Gold (g/t) | 9.9 |
| Ounces Gold | 120,632 |
| Recovery % Au | 87 |
| Gold Revenue @ USD500/oz | 52,475,000 USD |
| Grade Silver (g/t) | 143 |
| Ounces Silver | 1,742,000 |
| Recovery % Ag | 68 |
| Silver Revenue @ USD7.50/oz | 8,887,000 USD |
| Grade Zinc % | 3.35 |
| Tonnes Zinc | 12,697 |
| Recovery % Zn | 65 |
| Zinc Revenue @ USD1500/t | 12,379,000 USD |
| Grade Lead % | 1.08 |
| Tonnes Lead | 4107 |
| Recovery % Pb | 65 |
| Lead Revenue @ USD900/t | 2,403,000 USD |
| TOTAL OPEN PIT REVENUE USD | 76,14 million USD |
| Estimated Open Pit Costs USD | |
| Site Preparation | 5,000,000 USD |
| Mining @ USD5/bcm | 28,495,000 USD |
| Treatment @ USD12/t ore (plus 15% dilution) | 5,230,000 USD |
| Administration @ USD10/t ore (plus 15% dilutn) | 4,359,000 USD |
| TOTAL ESTIMATED COSTS USD | 43.08 million USD |
| Equivalent Cost per Ounce Gold | 283 |
| OPERATING SURPLUS - Open Pits | 33 million USD |

The open pit would produce at the rated plant capacity of 250,000 tpy which would provide a mine life from the open pits of 1.5 years. Included in the costs, and identified separately is US\$5,000,000 for site preparation. Mine development costs of US\$7,500,000. have been allowed

10.2 Underground Mine

Resources (Measured and Indicated) contained within the planned underground mine are:

Table 5
Underground Resource
Measured & Indicated

| Tonnes Ore | Grade Gold (g/t) | Grade Silver (g/t) | Grade Zinc % | Grade Lead % |
|------------|------------------|--------------------|--------------|--------------|
| 586,000 | 15.2 | 94.5 | 4.6 | 1.7 |

The basic economics of the underground mine are estimated in Table 6. It has been assumed that 15% dilution of the ore at zero grade will be incurred during mining. This will necessitate an additional 15% of mining, treatment and administration costs.

Resources not Reserves (43-101 section 3.4(e) statement requirement)

Readers are cautioned that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 6
Basic Economics of Jerusalem Underground Resource

| | |
|---|--------------------------|
| Revenue USD | |
| Ore Tonnage | 586,000 |
| Grade Gold (g/t) | 15.2 |
| Ounces Gold | 286,000 |
| Recovery % Au | 87 |
| Gold Revenue @ USD500/oz | 124,572,000 USD |
| Grade Silver (g/t) | 94.5 |
| Ounces Silver | 1,780,000 |
| Recovery % Ag | 68 |
| Silver Revenue @ USD7.5/oz | 9,080,000 USD |
| Grade Zinc % | 4.6 |
| Tonnes Zinc | 26956 |
| Recovery % Zn | 65 |
| Zinc Revenue @ USD1500/t | 26,282,000 USD |
| Grade Lead % | 1.7 |
| Tonnes Lead | 9962 |
| Recovery % Pb | 65 |
| Lead Revenue @ USD900/t | 5,828,000 USD |
| TOTAL U/GROUND REVENUE (USD) | 165.5 million USD |
| Estimated Open Pit Costs USD | |
| Mining @ USD50/t ore + 15% for dilution | 33,695,000 USD |
| Treatment @ USD12/t ore + 15% for dilution | 8,087,000 USD |
| Administration @ USD10/t ore + 15% for dilutn | 6,739,000 USD |
| TOTAL ESTIMATED COSTS | 48.5 million USD |
| Equivalent Cost per Ounce Gold | 147 |
| OPERATING SURPLUS –U/ground | 117 million USD |

The underground mine would produce at the rated capacity of 250,000 tpy

11.0 Economic Evaluation–Inferred Mineral Resources

The Preliminary Assessment economic evaluation as Sections 6-10 above is based on mine plans which have been constructed in detail by Mr B Speechly. Mr Speechly and Mr Greg Whitfield (Dynasty Exploration Manager) estimate that approximately 60% of Inferred Resources (Table 7) will become reserves as underground mine development proceeds. Mr Whitfield and Mr Speechly are both Qualified Persons in accordance with NI 43 101. In accordance with NI 43-101 Part 2.3 (3) this proportion of the Inferred Resources are hereby included as a part of this Preliminary Assessment (Table 8). This estimate of 60% is endorsed by Consultant W J Holly.

Preliminary Assessment and Inferred Ore

In respect of this Inferred Ore and its inclusion in this economic evaluation (NI43-101 Part 2.3.3), it should be appreciated that this Preliminary Assessment is preliminary in nature, it includes Inferred Mineral Resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorised as Mineral Reserves. As such there is no certainty that the Preliminary Assessment will be realised.

**Table 7
Inferred Resources**

| Resource | Tonnage (t) | Gold (g/t) | Silver (g/t) | Zinc (%) | Lead (%) |
|-----------------|-------------|------------|--------------|----------|----------|
| Inferred | 1,927,600 | 11.5 | 101 | 1.95 | 0.42 |
| 60% of Inferred | 1,156,560 | 11.5 | 101 | 1.95 | 0.42 |

Table 8
Possible Economics of Inferred Resources

| | |
|--|--|
| 60% of Inferred Resources | |
| | |
| Revenue USD | |
| Ore Tonnage – undiluted | 1,156,560 |
| | |
| Grade Gold (g/t) | 11.5 |
| Ounces Gold | 427,619 |
| Recovery % Au | 87 |
| Gold Revenue @ USD500/oz | 186,014,000 USD |
| | |
| Grade Silver (g/t) | 101 |
| Ounces Silver | 3,755,610 |
| Recovery % Ag | 68 |
| Silver Revenue @ USD7.5/oz | 19,154,000 USD |
| | |
| Grade Zinc % | 1.97 |
| Tonnes Zinc | 22,784 |
| Recovery % Zn | 65 |
| Zinc Revenue @ USD1500/t | 22,215,000 USD |
| | |
| Grade Lead % | 0.42 |
| Tonnes Lead | 4858 |
| Recovery % Pb | 65 |
| Lead Revenue @ USD900/t | 2,842,000 USD |
| | |
| TOTAL REVENUE (USD) | 230.2 million USD |
| | |
| Estimated Underground Costs USD | |
| Mining @ USD50/t ore – diluted 15% | 57,828,000 USD |
| Treatment @ USD12/t ore – diluted 15% | 13,879,000 USD |
| Administration @ USD10/t ore – diluted 15% | 11,566,000 USD |
| TOTAL ESTIMATED COSTS | 83.3 million USD |
| Equivalent Cost per Ounce Gold | 181 |
| OPERATING SURPLUS – | 147 million USD (from Inferred Resources) |

12. RECOMMENDATIONS

The author believes that the overall project risk is low and the potential for profitable operations is high and therefore recommends that Dynasty proceed towards the development of a feasibility study.

The author also recommends that exploration drilling and sampling continues in order to determine potential new resources from veins in the northern sector of the property and from extensions of known veins

13. REFERENCES AND SOURCES OF INFORMATION

Dodd, K.C. 2006: "A Preliminary Summary of the Jerusalem Gold Project in Ecuador" Company Report

Maynard, A.J.
29th October 2004: "Independent Geological Evaluation, Jerusalem Project, Zamora Chinchipe, Ecuador" Company Report

Maynard, A.J.
22nd December 2004: "Independent Geological Evaluation, Jerusalem Project, Zamora Chinchipe, Ecuador" Company Report

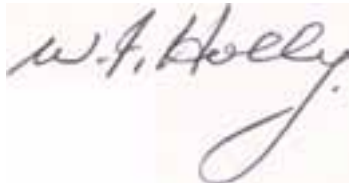
Speechly, B. 2005: Mine Plan for the Jerusalem Gold Project
Company Report

14. DATE

The effective date of this Technical Report is 27 February 2006

Signed – W J Holly MAusIMM F Fin

27 February 2006

A handwritten signature in black ink on a light-colored background. The signature is written in a cursive style and appears to read "W. J. Holly".

15. CERTIFICATE OF AUTHOR

To: Dynasty Metals & Mining Inc. and/or other appropriate parties.

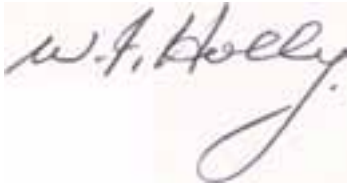
LETTER OF QUALIFICATIONS AND CONSENT

I, William J Holly, of 34 Johnston St, Peppermint Grove, WA, 6008, Australia hereby certify that:

1. I am a consulting mining engineer, doing business under the registered name of Holly Mining Pty Ltd (ACN 092 237 440) My business address is 34 Johnston St, Peppermint Grove, WA, 6011 Australia.
2. I am a member in good standing of both the AusIMM and the Securities Institute of Australia.
3. I am a graduate of WA School of Mines (Curtin University) in the State of Western Australia with associateships in Mining Engineering and in Mining Geology. I also hold post graduate diplomas in Business (Curtin University) and in Investment and Applied Finance (Securities Institute of Australia).
4. I have worked as a mining engineer / mining manager in the fields of mining development, operations and finance, continuously for the last 35 years in all Australian States particularly Western Australia, Queensland, and New South Wales. I have also had experience on international projects in Namibia, South Africa, Zimbabwe, Pakistan, Afghanistan and Great Britain
5. I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a “qualified person” for the purposes of NI 43-101.
6. I am the author of the report entitled “Independent Preliminary Assessment – Jerusalem Project, Zamora Chinchipe, Ecuador” and dated 28 February 2006. I am responsible for all sections and endorse those written by Mr K Dodd and Mr B Speechly. This certificate applies to this report
7. I have had no prior involvement with the Jerusalem property. Site visits were made during and including 24th to 26th February, 2006.
8. As of the date of this certificate, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading. .
9. I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.

10. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files or their websites accessible by the public.
12. The conclusions expressed in this report are professional opinions, based upon sources acknowledged in the text. Having undertaken reasonable due diligence and believing the information I have used to be correct, I nevertheless accept no responsibility for the accuracy of information that I did not personally originate. There are neither material facts nor changes since completion of this report that I am aware of that would materially change any of my opinions expressed in this report.
13. I neither own nor control a beneficial interest in the mineral properties that are the subject of this report nor any adjacent or nearby properties. I have not previously prepared a report on this project area.
14. **CONSENT:** Dynasty may use this report for any lawful purpose for which it is suitable. Should it be necessary to use abridgements of or excerpts from the report, these must be made in such a way as to retain their original meaning and context. All reasonable efforts must be made to obtain my approval prior to any use of such abridgements or excerpts.

Dated at Quito, Ecuador this 27nd day of February, 2006.

A handwritten signature in black ink on a light-colored background. The signature is written in a cursive style and appears to read "W. J. Holly".

W J Holly (signed) M AusIMM, FFin

AWASM (Mining Engineering), AWASM (Mining Geology), Grad Dip (Business),
Grad Dip (Investment and Applied Finance) MAusIMM

Appendix 1 – Mine Plan for the Jerusalem Project - B Speechly

STATEMENT BY BRIAN SPEECHLY FAIMM (AUSTRALIA) MINING CONSULTANT AND EXECUTIVE DIRECTOR – MINING OF DYNASTY METALS & MINING INC.

Participation in the Jerusalem and Zaruma Project commenced in June 2005 and has been progressively designed and evaluated to the present date.

I supervised five geologists, one mining engineer and three computer operators on digitizer boards and the production of plans cross sections, longitudinal sections and fifteen meter vertical spaced slice plans were compiled showing all mineralized narrow ore veins.

Mining equipment is now available such as narrow drill development and blast hole drilling Jumbos at 1.2 meters wide and using electric hydraulic drill.

Load Haul dump bogging machines can be as narrow as 1,05 meters wide.

Main haulage trucks that can haul 25 to 30 tonne will fit into a 4 ½ meter by 4 meter wide haulage drive or decline.

Open pits were designed on the Loayza, Macas and Teniente ore zones – all pits have been designed to daylight at one end to allow natural drainage in an area that experiences heavy rains.

Declines have been designed to recover most of the Jerusalem ore bodies. All ventilation rises and fan positions are also designed.

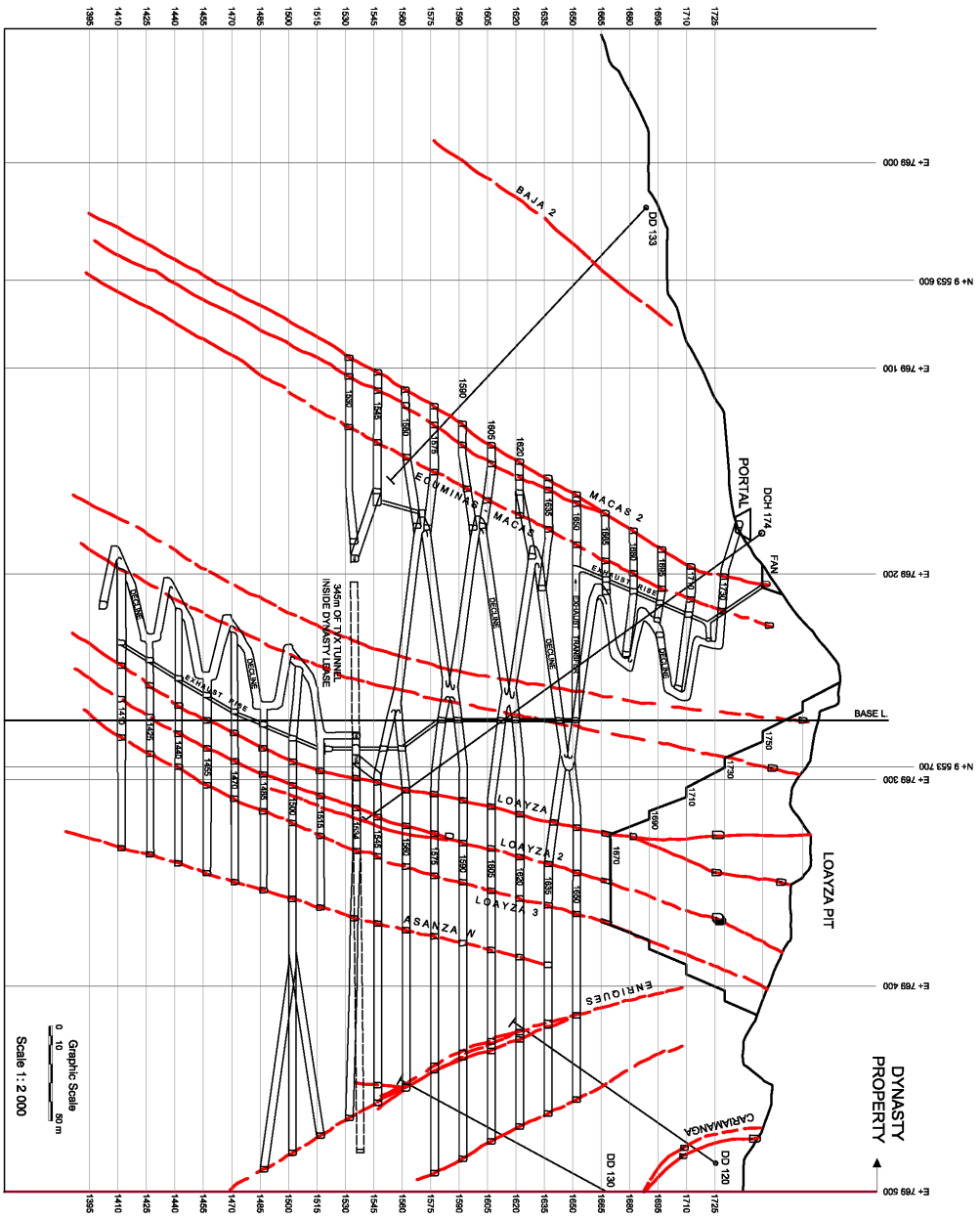
During September 2005 I arranged for both Keith Dodd and Brian Coupe to visit Ecuador. Both are experienced treatment plant designers and constructors. Keith Dodd visited laboratories suppliers and manufacturing groups in Quito. Brian Coupe visited both Jerusalem and Zaruma Projects. Brian made detailed inspections of access to these projects for transport of heavy equipment such as crushers and mills. He was satisfied with all plant locations.

During February 2006 I also arranged a visit by William Holly who is an independent Mining Engineer and Geologist experienced in controlling many projects in Australia.

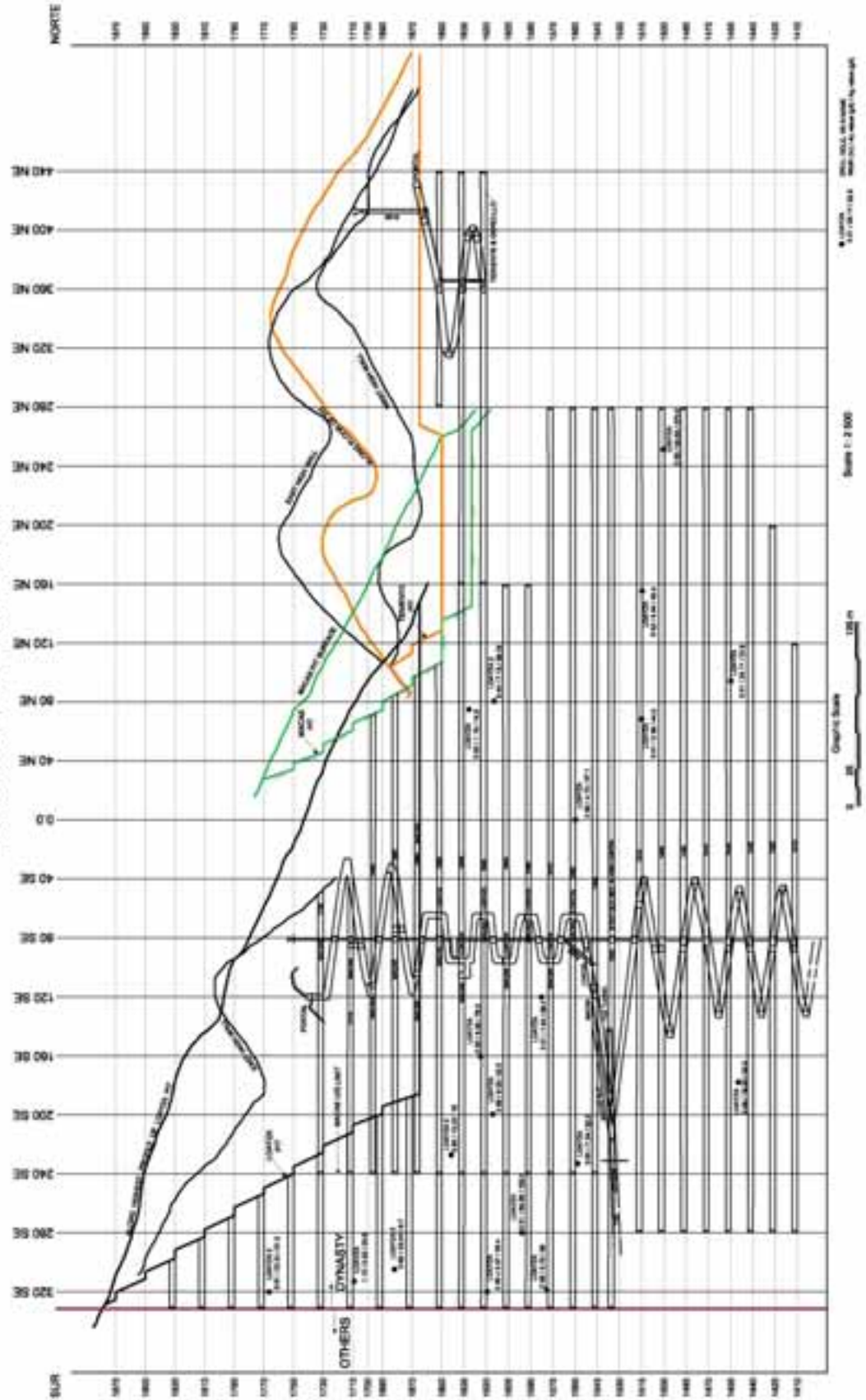
Bill Holly visited both project sites of Jerusalem and Zaruma to familiarize himself with all problems and to meet 43-101 requirements.

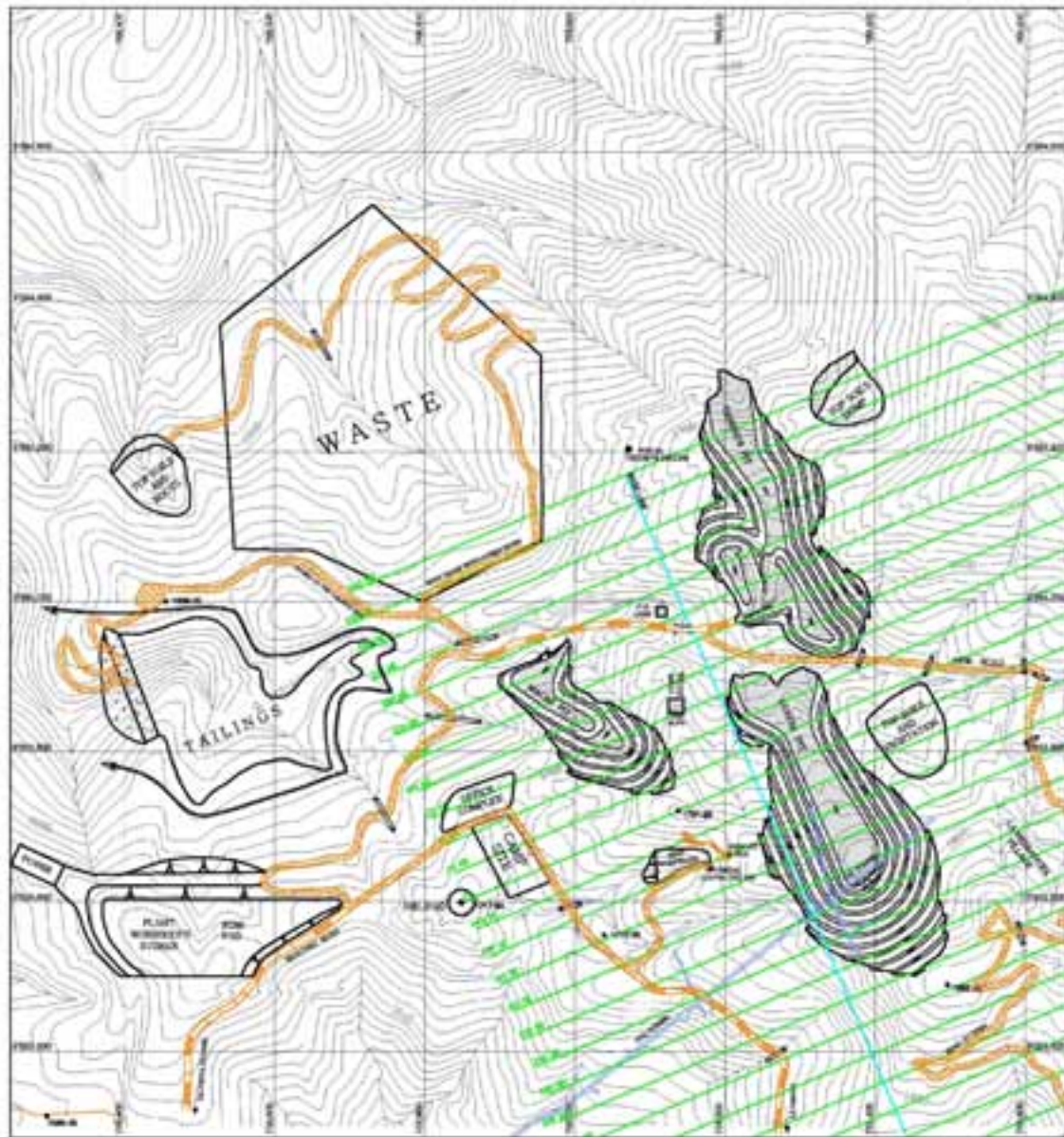
Diagrams and Plans on the following pages constitute the Mine Plan for Jerusalem Project by Brian Speechly

SECTION 80 SE



JERUSALEM MINE LONGITUDINAL PROJECTION





JERUSALEM PROJECT

OPEN PITS MAP

Scale 1:5 000

Graphic Scale
0 40 200 m

LOCATION MAP



Equipment:

**LOW PROFILE UNDERGROUND MINE LOADER WITH
STANDARD BUCKET 0,54 m³ (0,7 yd³),**

MICROSCOOP 100D



BASIC UNIT – MAIN COMPONENTS, AS PER SPECIFICATION L-04D S-A

Deutz F3L912 engine
 Dry type air intake
 ECS catalytic exhaust purifier
 Hydrostatic transmission
 Tamrock axles
 No spin front axle
 7.50 x 15 Michelin X Mine D2 tyres
 Bucket size 0.54 m³. Width 1.05 m, 500 BHN lip
 Lever type steering control
 Dual stick bucket and boom control
 Driving lights 2+2
 Mechanical gauges
 12 V electrical system
 JIC fittings
 3 sets of manuals (operator, parts, service)
TOTAL EX-WORK PRICE LYON, FRANCE.....

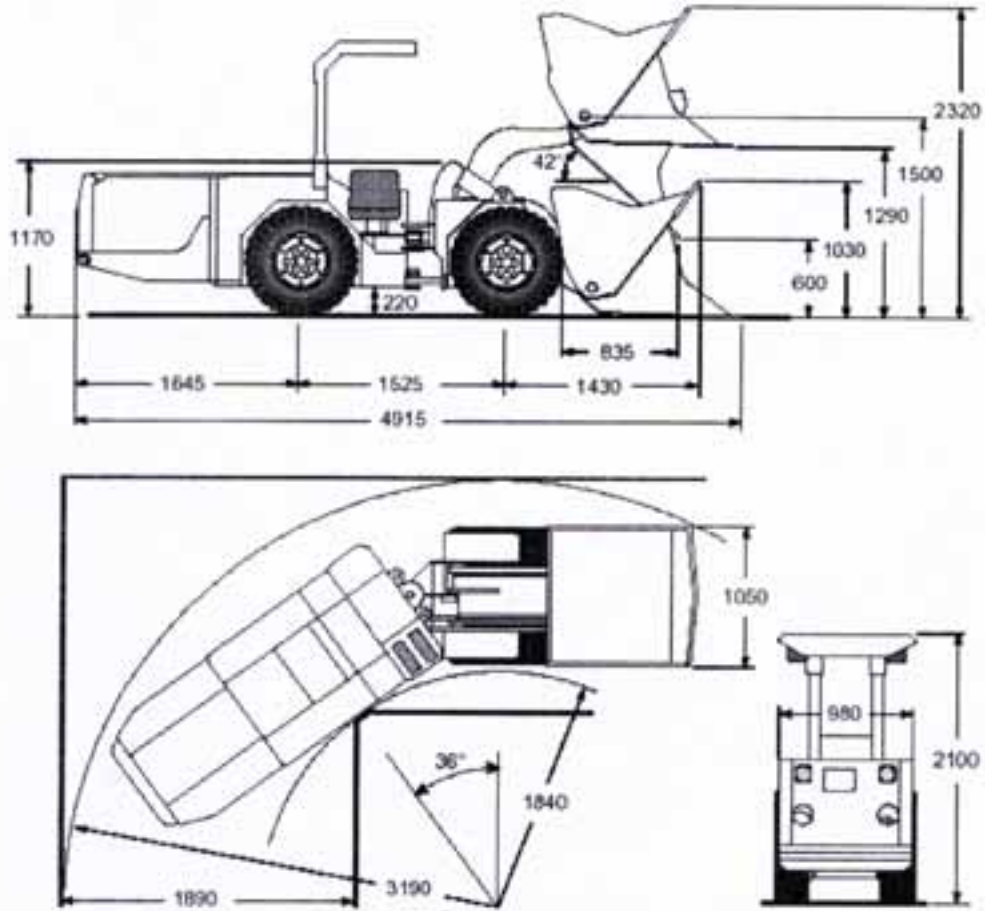
**UNITARY PRICE
USD**

150.440. –

OPTIONS:

FOPS ROPS canopy..... 4.280. –
 Back up alarm..... 690. –
 Emergency steering device..... 3.180. –
 Spare rim & tyre..... 1.150. –
TOTAL EX-WORK PRICE LYON, FRANCE..... **9.300. –**

MAIN DIMENSIONS



**LOADER 1.05 METERS WIDE
CAPACITY 1 TONNE**

Capacities

| | |
|----------------------|---|
| Tramming capacity | 1.000 kg (2.200 lb) |
| Breakout force, lift | 10.7 kN - 1 094 kg (2 407 lb) |
| Breakout force, tilt | 36.9 kN - 3 766 kg (8 285 lb) |
| Tipping load | 2.941 (6 470 lb) |
| Bucket std. | 0.54 m ³ (0.7 yd ³), 500 BNH lip |

Bucket motion times

| | |
|---------------|----------|
| Raising time | 2.6 sec. |
| Lowering time | 1.5 sec. |
| Tipping time | 4.1 sec. |

Weights

| | |
|---------------------|---------------------|
| Operating weight | 3.300 kg (7.260 lb) |
| Total loaded weight | 4.300 kg (9.460 lb) |

Axle weights without load

| | |
|------------|---------------------|
| front axle | 1.300 kg (2.860 lb) |
| rear axle | 1.900 kg (4.180 lb) |

Axle weights with load

| | |
|------------|---------------------|
| front axle | 2.800 kg (6.160lb) |
| rear axle | 1.400 kg (3.080 lb) |

Driving speeds forward and reverse

| | |
|--------|---------------------------|
| Loaded | 0 to 9 km/h(0 to 5.6 mph) |
|--------|---------------------------|

Service capacities

| | |
|-----------------------------------|----------------------|
| Fuel tank | 40 litre (10.5 gal.) |
| Hydraulic oil tank | 62 litre (16.4 gal.) |
| Hydrostatic transmission oil tank | 31 litre (8.2 gal.) |

Engine

| | |
|----------------------|------------------------------|
| Diesel engine | Deutz F3L 912 W |
| Output | 33 kW (45 hp) / 2 500 rpm |
| Torque | 170 Nm (lb-ft) / 1500 rpm |
| Number of cylinders | In line 3 |
| Displacement | 2.827cm ³ |
| Cooling system | Air cooled |
| Combustion principle | 4-stroke, 2-stage combustion |
| Electric system | 12 V |
| Air filter | Oil bath air cleaner |
| Exhaust system | ECS catalytic purifier |

Transmission

| | |
|--------------|---|
| Transmission | Hydrostatic transmission variable flow, fully reversible |
| Pump | Linde, 0 to 42 cm ³ / rev |
| Motor | Linde, fixed 35 cm ³ / rev |

Transfer case

| | |
|----------|-----------|
| Type | Gear |
| Location | Rear axle |

Axles

| | |
|---------------------------|---|
| Front and rear | Tamrock, fixed No-spin in front axle |
| Central hinge oscillating | ± 10° |

Wheels

| | |
|----------------------------|-------------------|
| Tyres | 7.50 x 15, L5 |
| Air pressure, front & rear | 350 kPa (3.5 bar) |

Steering

| | |
|--------------------|-------------------------------|
| Steering control | Frame steering, control lever |
| Articulation angle | ± 36° |

Main components:

| | |
|------------------------|--------------------------|
| Hydraulic pump | HPI |
| Control valve | Danfoss |
| Steering cylinders (2) | ø 60 mm (2.36"), Tamrock |

Pressure settings:

| | |
|--------------------|--------------------|
| Main relief valve | 14.0 MPa (170 bar) |
| Port relief valves | 17.5 MPa (175 bar) |

Service Brake

| | |
|-----------|-----------------------------------|
| Actuation | Hydrostatic transmission Pedal |
|-----------|-----------------------------------|

Parking and Emergency Brakes

| | |
|-----------|---|
| Type | Hydraulic oil immersed, multiple disc brakes inclosed in the rear axle |
| Actuation | Emergency button, Spring applied, hydraulically released |

Buckets hydraulics

Full hydraulic open center system with one gear pump. Oil flows to bucket hydraulic system from the steering pump, when steering is not used. Equipped with mechanical dual control lever.

Main components:

| | |
|-------------------|-----------------------|
| Control valve | Commercial hydraulics |
| Lift cylinder (1) | ø 100/60 mm, Tamrock |
| Tilt cylinder (1) | ø 120/60 mm, Tamrock |
| Fittings | JIC |

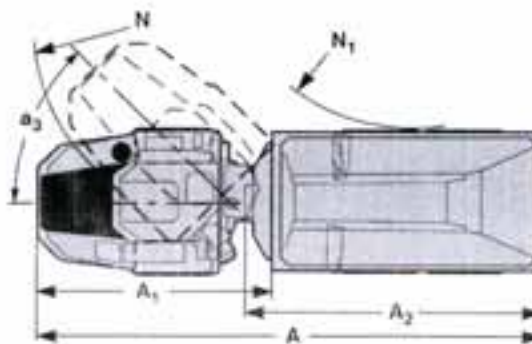
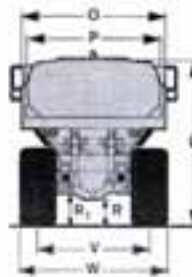
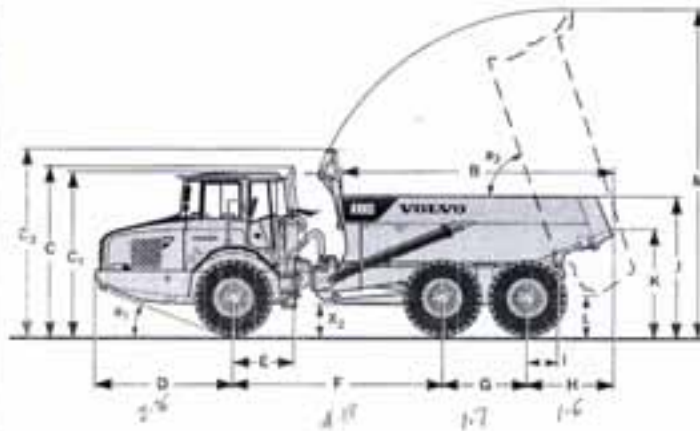
Pressure settings:

| | |
|-------------------|--------------------|
| Main relief valve | 14.0 MPa (140 bar) |
| Bucket tilt | 6.0 MPa (60 bar) |
| Bucket roll-back | 18.0 MPa (180 bar) |
| Boom raise | 18.0 MPa (180 bar) |
| Boom lower | 6.0 MPa (60 bar) |

Specifications A25D – A30D

| Pos. | Metric (mm) | | Imperial (Feet) | |
|----------------|-------------|-------|-----------------|------|
| | A25D | A30D | A25D | A30D |
| A | 10200 | 10200 | 336' | 336' |
| A ₁ | 4954 | 4954 | 163' | 163' |
| A ₂ | 5764 | 6000 | 189' | 198' |
| B | 6152 | 6299 | 202' | 208' |
| C | 3428 | 3428 | 113' | 113' |
| C ₁ | 3218 | 3218 | 107' | 107' |
| C ₂ | 1768 | 1768 | 58' | 58' |
| C ₃ | 3760 | 3854 | 124' | 127' |
| D | 2764 | 2764 | 91' | 91' |
| E | 1210 | 1210 | 40' | 40' |
| F | 4175 | 4175 | 137' | 137' |
| G | 1675 | 1675 | 55' | 55' |
| H | 1410 | 1488 | 46' | 49' |
| I | 608 | 608 | 20' | 20' |
| J | 3778 | 2866 | 124' | 94' |
| K | 2102 | 2181 | 69' | 72' |
| L | 975 | 988 | 32' | 33' |
| M | 4550 | 4580 | 150' | 151' |
| N | 8106 | 8106 | 267' | 267' |
| N ₁ | 4079 | 4081 | 134' | 134' |
| O | 2700 | 2800 | 89' | 92' |
| P | 2490 | 2704 | 82' | 89' |
| R | 512 | 519 | 17' | 17' |
| R ₁ | 434 | 435 | 14' | 14' |
| S | 2252 | 2210 | 74' | 73' |
| V | 2264 | 2214 | 74' | 73' |
| V' | 2258 | 2258 | 74' | 74' |
| W | 2860 | 2841 | 94' | 93' |
| W' | 2859 | 2859 | 94' | 94' |
| X | 456 | 456 | 15' | 15' |
| X ₁ | 340 | 340 | 11' | 11' |
| X ₂ | 605 | 605 | 20' | 20' |
| Y | 2258 | 2214 | 74' | 73' |
| Y' | 2258 | 2258 | 74' | 74' |
| Z | 2859 | 2841 | 94' | 93' |
| Z' | 2859 | 2859 | 94' | 94' |
| a ₁ | 32.9' | 35.6' | --- | --- |
| a ₂ | 74' | 70' | --- | --- |
| a ₃ | 49' | 49' | --- | --- |

A25D: Unloaded machine with 23.5R25
A30D: Unloaded machine with 750R5125
* A30D with optional 23.5R25 tire



STANDARD EQUIPMENT A25D - A30D

Safety

ROPS/FOPS protected cab
 Service platforms for ease of service
 Anti-slip material on hood and fenders
 Hazard lights
 Horn
 Protective grille for rear window
 Rear-view mirror
 Retractable 3-inch safety belt
 Secondary steering
 Steering joint locking assembly
 Dump body lock
 Windshield wipers with interval function
 Windshield washers

Comfort

Ergonomic steering wheel
 Cab heater with filtered fresh air and defroster
 Overhead console for radio
 Sun visor
 Tinted glass
 Can holder/storage tray
 Cigarette lighter
 Airline
 Space for lunch cooler
 Storage bin
 Instructive seat with seat belt

Engine

Direct injected, electronically controlled
 Turbocharged, intercooled
 Remote oil drain plug
 Remote oil filter, for ease of access
 Preheater for easier cold starts

Electrical system

60 A alternator
 Battery disconnect switch
 Extra 24 V socket for lunch cooler
 Lights
 • Headlights
 • Parking lights
 • Direction indicators
 • Rear lights
 • Back-up lights
 • Brake lights
 • Cab lighting
 • Instrument lighting

Operator information interface

Gauges:
 • Speedometer
 • Tachometer
 • Brake pressure
 • Fuel
 • Transmission oil temperature
 Pilot lights for all switches

Warning lights grouped and easy to read

Central warning (3 levels) for all vital functions

Central pushover information display
 • Automatic pre-start checks
 • Operator information, easy-to-find menu
 • Troubleshooting diagnostics
 • Hour meter
 • Clock
 • Machine settings

Drivetrain

Automatic transmission
 Torque converter with automatic lock up
 Driveline angle stage
 Hydraulic variable retarder
 8x4 or 8x6 operator selectable drive modes
 100% longitudinal differential lock
 100% differential locks in all axles

Brakes

Air hydraulic disc brakes
 Two circuit brake system
 Parking brake on prop shaft

Body

Body prepared for exhaust heating
 Load and Dump brake

Tires

A25D: 23.5R25
 A30D: 150/65R25

Other

Air drier

OPTIONAL EQUIPMENT A25D - A30D

(Standard on certain markets)

Safety

Fire extinguisher and first aid kit

Service and maintenance

Tool kit with tire inflation unit
 Electrical hood opening

Engine

Extra air cleaner, heavy-duty
 Electric engine heater (120V or 240V)
 External emergency engine stop
 Delayed engine stop

Electrical

Work lights, roof mounted
 Work lights, rear-facing, tractor mounted
 Rotating beacon, collapsible mount
 Back-up alarm
 Rear vision system
 Anti-theft system (prevents engine start)
 Headlights for left-hand traffic

Cab

Air suspended, electrically heated operator's seat
 Electrically heated rear-view mirrors
 Air conditioning
 Radio installation kit
 Radio
 Cable kit for cab heater (120V or 240V)
 Window tint film

Body

Body exhaust heating kit

A25D

Underhung tailgate, link operated
 Overhung tailgate, link operated (only in combine
 form with underhung gate)
 Overhung tailgate, wire operated

A30D

Underhung tailgate, link operated
 Overhung tailgate, wire operated

Wear plates

Extra front splitguard
 Upper side extension, 200 mm

Tires

A30D: 23.5R25

External

Rear mufflers

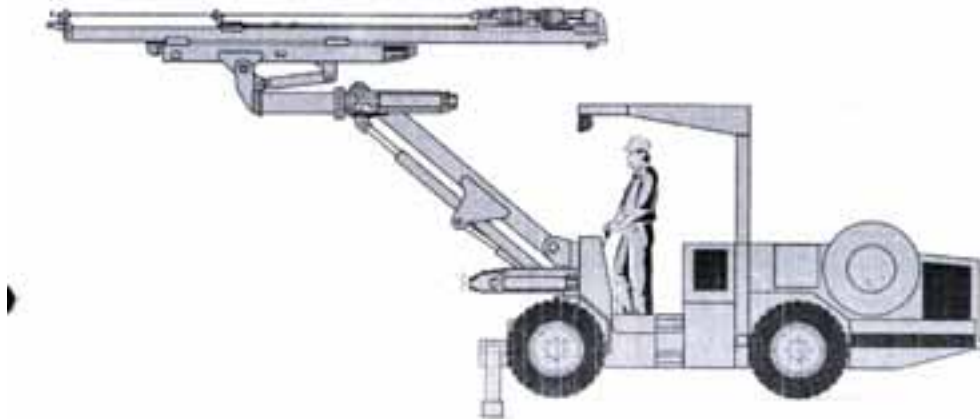
Other

Synthetic hydraulic oil (biologically degradable)
 Axle kit
 Toolbox
 Towing Hitch

Under our policy of continual product improvement, we reserve the right to change specifications and design without prior notice. The illustrations do not necessarily show the standard version of the machine.

Technical Specification
6-110 S-C
2003-01-27

QUASAR 1F



APPLICATION

The Tamrock Quasar 1F is a compact and flexible single boom electro hydraulic jumbo for mining development in cross sections up to 24 m².

The robust universal boom have a large optimum shaped coverage, 360° rotation and full automatic parallelism for fast and easy face drilling. The boom can also be used for cross-cutting and bolt-hole drilling.

The jumbo layout is designed for good visibility and balance, this and the powerful four-wheel-drive articulated carrier ensure fast and safe manoeuvring in small drifts.

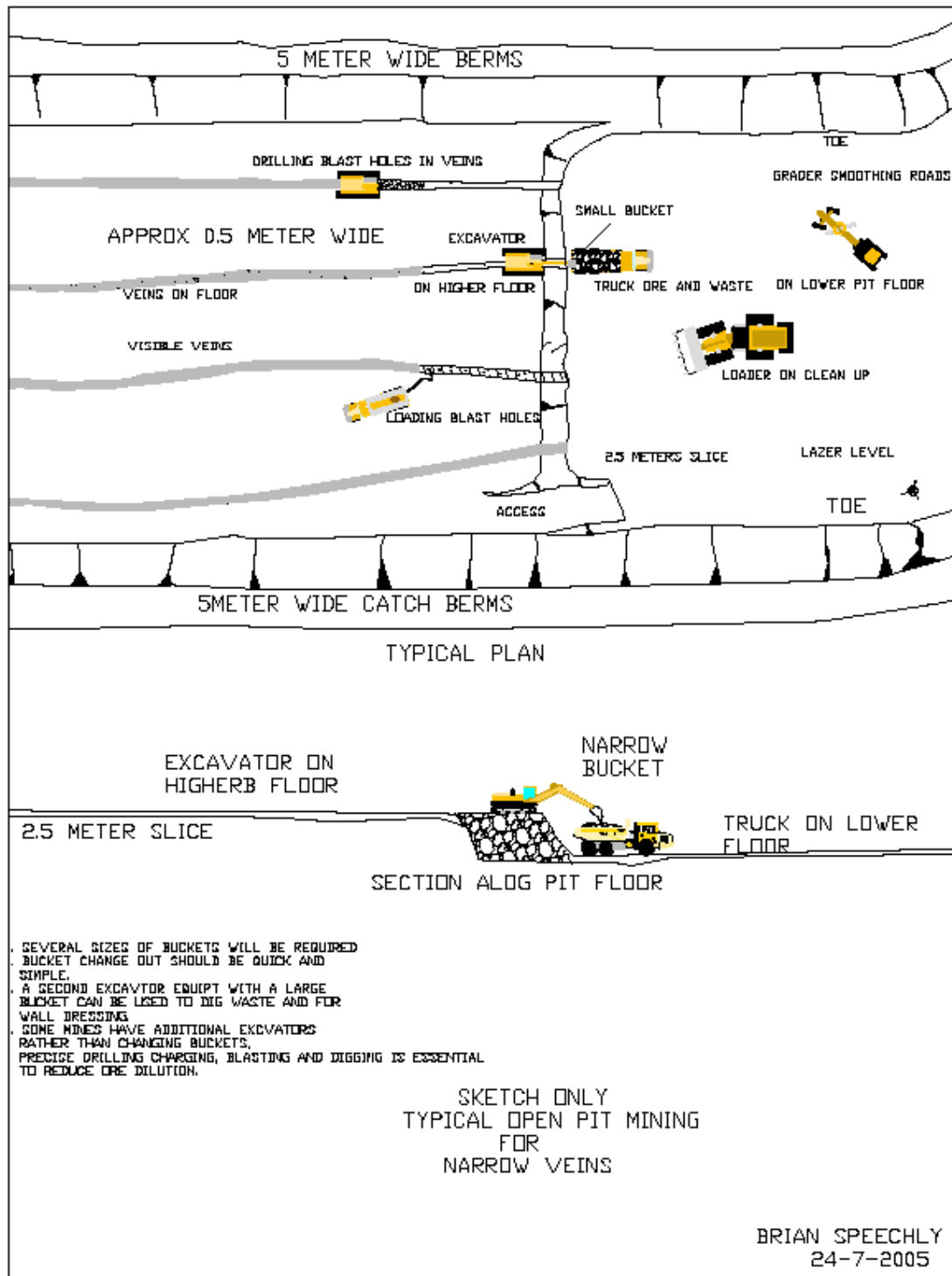
The high performance drilling system allows high drilling performance with good drill steel economy and high machine reliability.

The operator environment and added automatic functions allow the operator to concentrate on safe, fast and accurate drilling.

All the service points are well protected but easy to access.

MAIN SPECIFICATIONS

| | |
|--------------------|--|
| Carrier | 1 x Quasar |
| Rock drill | 1 x X 2 F |
| Boom | 1 x B 14 F |
| Feed | 1 x CC 2500 |
| Length | 9 090 mm |
| Width | 1 200 mm |
| Height | roof down 1 850 mm roof up 2 750 mm |
| Turning radius | 5 100 / 3 400 mm |
| Tramming speed | horizontal 6.5 kph 13%=1;7=8° 4 kph |
| Gradeability, maxi | 35 % |
| Noise level | < 98 dB(A) |
| Weight | 9 100 kg |



Appendix 2 – Preliminary Summary of the Jerusalem Gold Project in Ecuador - KC Dodd

Also at:
63 Alness Street Applecross
Western Australia 6153

Telephone: 6189364 2735
Facsimile: 61 89316 1095

Email: efdodd@ozemail.com.au

10th Floor,
256 Adelaide Terrace Perth
Western Australia 6000

Telephone: 61893259442
Facsimile: 61 89221 1557

Email: kcd@inet.au

16 January 2006

Mr. Rob Washer
dynasty@uio.satnet.net

Dear Rob,

I am emailing this letter to you together with two likely flow sheets we have been working on and a plant arrangement for the Jerusalem Project in Ecuador. Also included are some general notes on which the design has been based.

Whilst it is too early to be able to put reliable detailed capital and operating costs together, I am prepared to suggest the following commercial prediction to give some idea as to what may be expected.

1. CAPITAL OUTLAY.

The outgoings prior to commencing production are expected to be contained below US\$12,500,000

2. COSTS EXCLUDING MINING OPERATIONS.

These costs are expected to be:

- Ore treatment – up to \$12/tonne
- Administration – up to \$10/tonne

A PRELIMINARY SUMMARY OF THE JERUSALEM GOLD PROJECT IN ECUADOR.

The following project assessment is based on mining and treating 250,000 tonnes of ore per year. This ore will be mined by both open cut and from underground. All ore will be delivered to the plant site by rear dumpers equivalent to the Volvo Model A-25 or A-30D.

The ore deliveries will be discharged into covered storages to allow scope to blend the ore to allow control of variables such as grade, (gold, silver, zinc, lead and copper) and the physical nature of the ore (work index etc).

The data regarding the ore sampled at Jerusalem shows that the ore is high grade by any standards being –

12-14 grams of gold per tonne
 100 -150 grams of silver per tonne
 2 to 4 % Zinc as sulphide
 0.5 to 1.5% Lead as galena

TEST WORK (metallurgical)

The present assessment of the project has largely been based on the data gathered by TVX who operated a pilot plant to test the ore in earlier times. The data is not definitive enough to allow the detailed requirements to show the best method to recover gold, silver, zinc and lead and samples are currently under investigation to provide more reliable information on which to base a study.

Attached to these notes are two flow sheets, which have been set out to indicate the plant requirements up to-

- (a) crushing and grinding of the ore.
- (b) gravity concentration and flash flotation in the grinding circuit.
- (c) cyanidation system to recover gold and some silver by the use of either

1.0 A carbon in pulp technique
 or
 2.0 A Merrill Crowe system

(a) and (b) require test work to allow a clear decision as to which system will be used.

It is yet to be proven but a preliminary flow sheet has been set out on the attached plan showing what is expected to be used up to the end of the grinding circuit. After the grinding circuit, alternative systems have and are being studied to recover gold, silver, lead and zinc from the ore using either:

CIRCUIT A. that provides the following stages:-

- (i) Gravity in the grinding circuit
- (ii) Cyanidation of the ground ore and recovery of gold and silver by use of a Merrill Crowe system.
- (iii) Passing the cyanidation tails to conditioners and in turn through a flotation section to produce a lead concentrate. This concentrate will be cyanided and pregnant liquor removed and passed back to the cyanidation plant.

- (iv) The lead flotation tailings will pass through an additional flotation section to produce a saleable zinc concentrate.

or

CIRCUIT B. which embodies-

- (i) A gravity and flash float system in the grinding circuit.
- (ii) Passing the ground ore initially through a lead float section to produce a gold-silver rich lead concentrate, which will be ground fine and cyanided before leaving the concentrate for sale.
- (iii) Passing the lead flotation tailings through the zinc float section to recover a saleable concentrate.
- (iv) The zinc float tails will be thickened and subjected to cyanidation and recovery of gold and silver using a Merrill Crowe system.

NOTES AND CALCULATIONS RE FLOW SHEETS

A) Hourly Production.

1. TPA = 250,000 tonnes (rated project capacity)
2. Plant availability 90%
3. $TPHr = \frac{300,000}{365 \times 24 \times 0.9} = 32$ (note allowance made to produce up to 300,000 tpy)

B) Crushing

Crush on single shift, 6 days per week

$$\text{Crushing rate} = \frac{300,000}{52 \times 6} \text{ TPDay}$$

$$= 962 \text{ tonnes per day.}$$

If day shift is 8 hours @ 80% plant availability the crushing rate required

$$= 150 \text{ tonnes per hour.}$$

Use a 42" x 30" jaw crusher

Whilst there will be a proportion of clay-like material in the ore, there will be sufficient hard competent rock to feed with the clay to ensure efficient crushing.

C) Grinding

It is proposed to provide a SAG mill capable of coping with a potential to meet a significant increase in plant capacity if required. Therefore a SAG mill suited to

| | | | | | | | |
|------------|----|---|---|---|---|---|---|
| Cleaners | 15 | “ | = | “ | “ | “ | “ |
| Recleaners | 15 | “ | = | “ | “ | “ | “ |

The slurry volume at 30% Solids = $13.57 + 88.67 \text{ M}^3$
 $102.24 \text{ M}^3/\text{Hr}$

The conditioning time is allowed at 10 minutes requiring 17 M^3 mixers, 2.8 Mdia x 2.8 meters high. Initially, the plant general arrangement shows 4 rows of float cells for both lead and zinc concentration. The concentrates will be dewatered and the high-density fraction further dewatered by evaporation. OUTOKUMPU in South Africa will advise on this matter by 15th January 2006.

An alternative to the above circuitry has been considered and will be tested.

This alternative will embody –

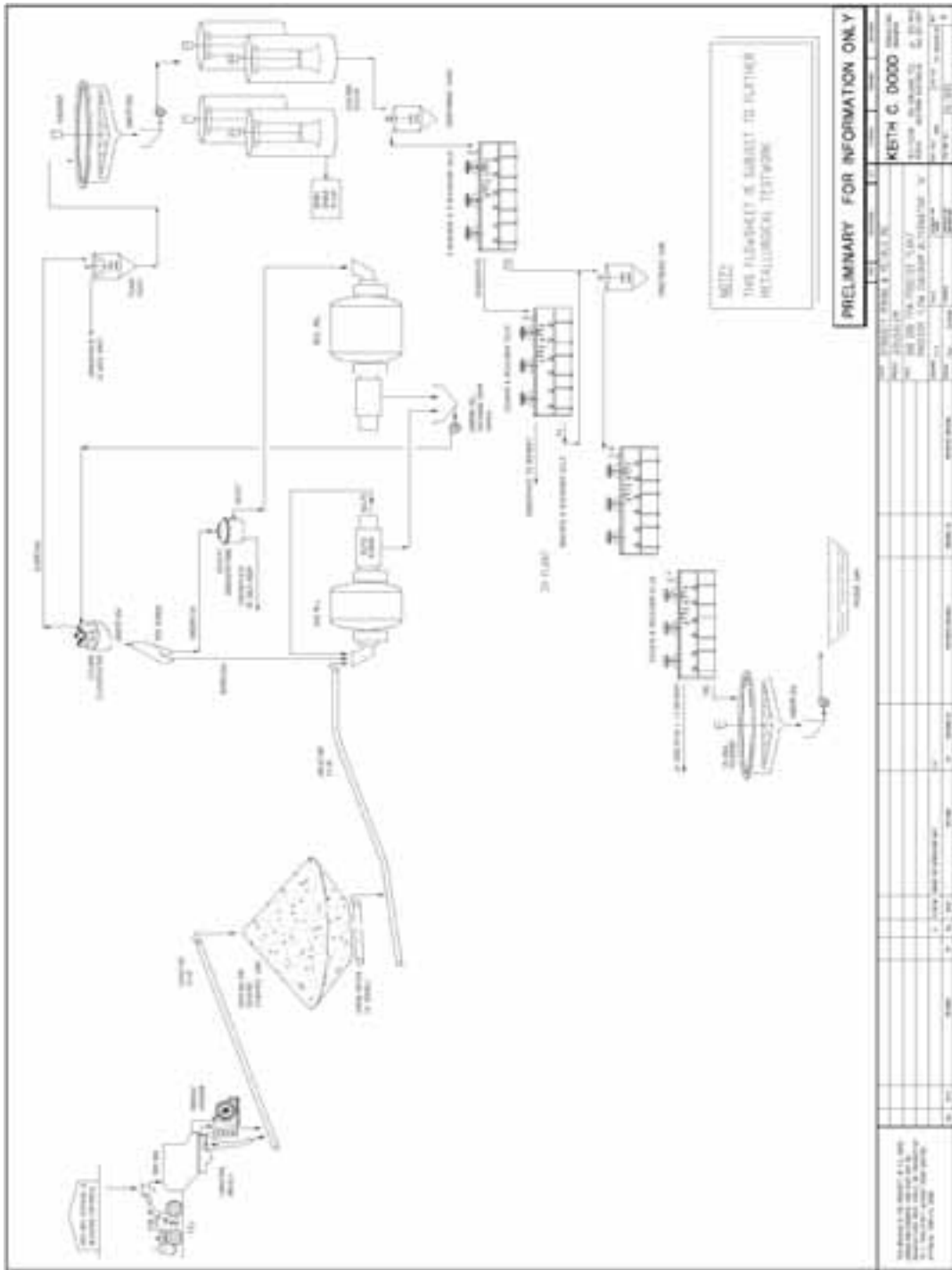
- 1) The crushing grinding gravity concentration and flash flotation to produce a concentrate in the grinding circuit.
- 2) After grinding the slurry will be diluted to 30% solids and passed to the lead flotation plant that will consist of rougher, scavenger, cleaner and recleaner cells to produce concentrate rich in lead, gold and silver. This will be reground and cyanided and dewatered with the pregnant solution going to the clarifier in the Merrill Crowe system.
- 3) After cyanidation the lead concentrate will be washed, dried and made ready for bagging for sale via a refinery.
- 4) The tails from the lead float will pass to the conditioner ahead of the zinc flotation cells. Here it will be passed through rougher, scavenger, cleaner and recleaner cells to produce a zinc concentrate for drying sale to a refinery.
- 5) The tails from the zinc flotation system will be thickened and pass to a cyanide leaching plant before separation of the pregnant liquor for passage to the Merrill Crowe clarifier and recovery of the silver and gold.
- 6) After separation the solids will be detoxified and pumped to the tailings dam.

Unfortunately, insufficient data is available as the project is awaiting finalisation of laboratory testing to design the flow sheet and plant items to establish a clear understanding of the recovery for each metal in the circuit. This circumstance should be satisfied by the work in hand in the metallurgical laboratories. At this stage it is necessary to estimate a range of recoveries which could be achieved in practice. For the present preliminary assessment the estimated ranges of recoveries are:

| | |
|--------|----------|
| Gold | 87 - 90% |
| Silver | 68 - 75% |
| Zinc | 65 - 80% |
| Lead | 65 - 80% |

Ore such as at the Jerusalem and Zaruma are bodies are to some extent complex and good metallurgical practice is required to maximise recovery.

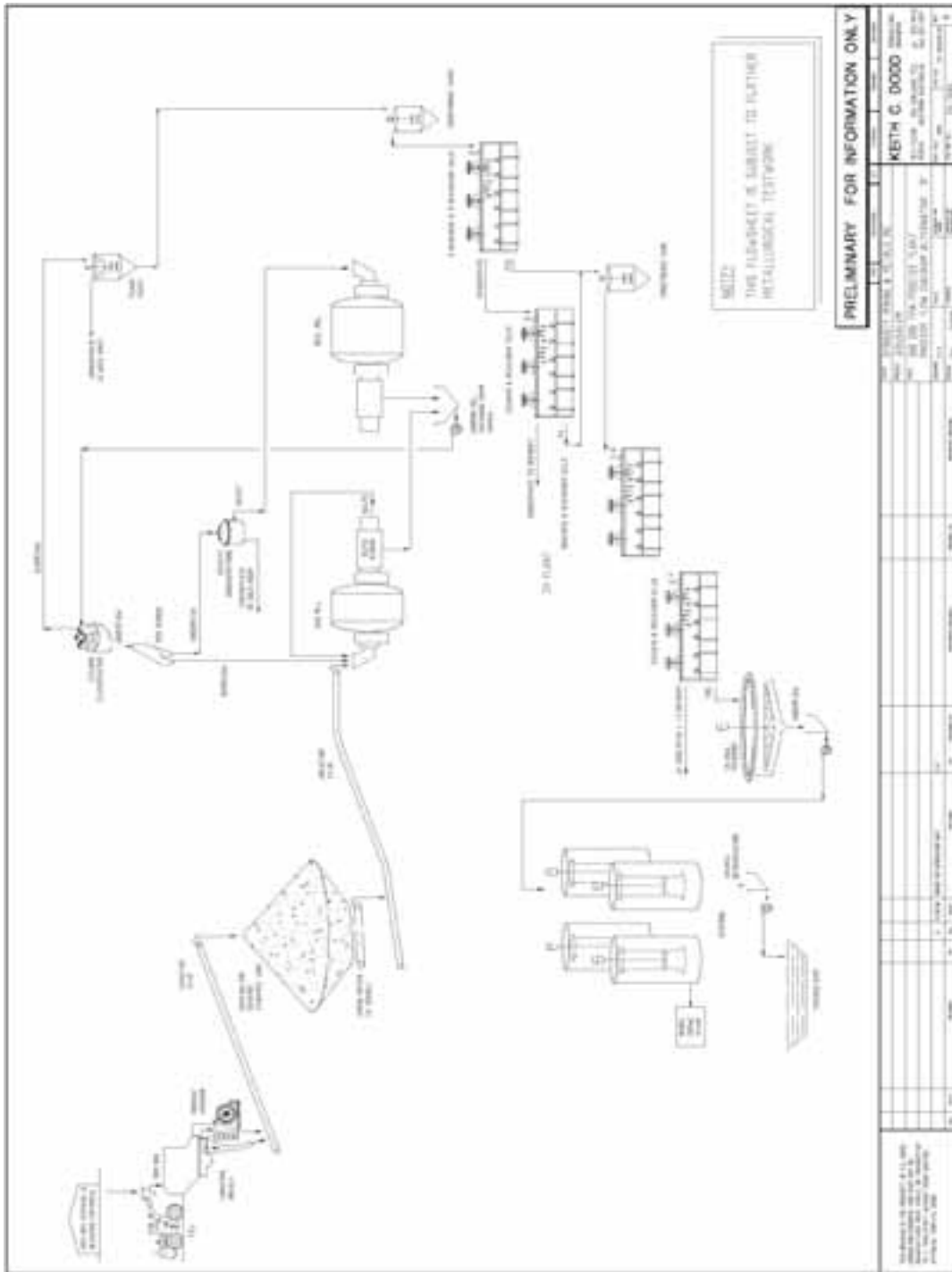
The lower recovery estimates have been used in all revenue computations.



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THIS DRAWING IS SUBJECT TO FURTHER METALLOGRAPHY TESTWORK.



GENERAL ARRANGEMENT OF PROPOSED 300,000 TPA PLANT FOR TREATING ORE MINED FROM OPEN PITS AND UNDERGROUND TO RECOVER GOLD, SILVER, ZINC AND LEAD.

| PROJECT DATA | | DESIGNER | |
|----------------------------------|----------|----------|--------------|
| PROJECT NO. | 1000 | DESIGNER | KETH C. DODD |
| DATE | 10/11/57 | SCALE | AS SHOWN |
| BY | K.C.D. | CHECKED | K.C.D. |
| APPROVED | | DATE | 10/11/57 |
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