

Tung Ding Resources, Inc.

Wuxi Gold Project,
Jingxian County, Anhui Province
Peoples Republic of China

Technical Review
of the
Wuxi Gold Project

Prepared by
Bikerman Engineering & Technology Associates, Inc.

February, 2007

Old Lyme, Connecticut, USA

1 INTRODUCTION

Tung Ding Resources, Inc. (TDRI) contracted the consulting firm of Bikerman Engineering & Technology Associates Inc. (BETA) to conduct a review of the mineral resources and reserves of the Wuxi Gold Project located in Anhui province, P.R. China.

BETA personnel conducted a site visit in late July, 2006. Pertinent documentation was reviewed on site and accessible underground workings were visited. Wuxi Gold Project personnel were helpful and friendly. BETA expresses its gratitude for the hospitality shown during the site visit.

BETA also met with consulting geologists in Beijing, China, at the Institute of Geology and Geophysics, Chinese Academy of Sciences, who have studied the Wuxi Gold Project and the surrounding area.

Resources as calculated by TDRI are presented below:

Resource Summary	Average Grade					Tonnes (t)
	Au g/t	Ag g/t	Cu (%)	Pb (%)	Zn (%)	
121 - Measured	8.59	273.47	1.02%	3.48%	2.53%	6,641
122 - Indicated	7.66	589.90	1.02%	3.48%	2.53%	43,914
122B - Indicated	8.54	433.89	1.39%	2.45%	1.79%	244,422
Total M&I	8.41	453.50	1.33%	2.63%	1.92%	294,977
2m22 - Inferred	3.59	589.90	1.02%	3.48%	2.53%	80,747
334 - Inferred	4.76	262.56	0.75%	5.83%	6.22%	81,633
Total Inferred	4.18	425.34	0.89%	4.66%	4.39%	162,380

TDRI concluded in their feasibility study that there are 294,977 tonnes of probable minable ore reserves averaging 8.41 g/T gold, 453 g/T silver, 1.33% copper, 2.63% lead, and 1.92% zinc, and containing about 80,000 ounces of gold, 4,300,000 ounces of silver, 8.6 million pounds of copper, 17 million pounds of lead and 12.5 million pounds of zinc. BETA considers these results to be incomplete with regard to engineering detail as of this date. Therefore, these results have been presented highlighting the fact that they cannot be considered for classification as a reserve by according to US or Canadian standards as presented; nevertheless, BETA has no reason to believe that with further work an acceptable reserve of similar scale would not be found to exist.

2 Terms of Reference

This Technical Review of the Wuxi Project is based on a detailed review of the available geological interpretation, exploration program, data compilation and resource/reserve estimation methods, including quality assurance/quality control (QA/QC) procedures and construction of the geologic and grade models of the deposits.

Stated measured and indicated resources, and proven and probable reserves, are estimates provided by TDRI and reviewed by BETA. BETA reviewed the cost and recovery parameters used in calculating the reserve estimates, however did not audit the above. BETA has made comments and recommendations where appropriate for future work.

2.2 Purpose of Report

The purpose of this report is to serve as a formal restatement of resources and reserves estimated by XGCL for their Wuxi Property. This report meets both US and Canadian reporting requirements, and was prepared by a Qualified Person as defined by the Canadian National Instrument 43-101 and the companion policy 43-101CP. The definitions of the measured, indicated and inferred resources, as used by XGCL, conform to the CIM Standard Definitions.

2.3 Sources of Information

The predominant source of information used in preparing this report was “*Summary of the Geological Survey - Wuxi Gold and Multi-Metal Mine, Jingxian County, Anhui Province*”, Anhui Exploration (Nuclear Technology) Institute, September 2006. A complete list of references is provided in Section 16 of this report.

2.4 Data Gathering and Site Visits

This report is based on information gathered by TDRI and its consultants. The work performed by BETA includes a review of the geologic interpretation, exploration programs, database compilation, and the resource and reserve estimation methods. The proposed mine plans, processing methods, and projected capital and operating costs were also reviewed by BETA.

Maps and sections supporting the mineral resource and reserve estimates can be examined at the administration office of XGCL, located in Wuxi Village, LangQiao Township, Jingxian County, Anhui Province, P.R.China.

2.5 Units and Abbreviations

For the purpose of this report, all common measurements are given in metric units. All tonnages shown are in metric tonnes of 1,000 kilograms, and precious metal values are given in grams or grams per metric tonne. With regard to economic data projected in this report, these are in fourth quarter 2006 U.S. dollars. The exchange rate utilized for this report is 7.754 RMB per US dollar.

To convert to English units, the following factors should be used:

1 short ton = 0.907 metric tonne (MT)
1 troy ounce = 31.103 grams (g)
1 troy ounce/short ton = 34.286 g/MT
1 foot = 30.48 centimeters = 0.3048 meters
1 mile = 1.61 kilometer
1 acre = 0.405 hectare

The following is a list of abbreviations used in this report:

<u>Abbreviation</u>	<u>Unit Or Term</u>
Ag	silver
AT	assay-ton
Au	gold
BETA	Bikerman Engineering & Technology Associates, Inc.
cfm	cubic feet per minute
cfs	cubic feet per second
XGCL	Xinzhou Gold Co. Ltd
ft	foot
G&A	General and Administration
g	gram
gpt or g/t Ag	grams of silver per tonne
gpt or g/t Au	grams of gold per tonne
ha	hectare
hp	horsepower
hr	hour
ID2	Inverse distance squared
kg	kilogram
kg/t	kilogram per tonne
km	kilometer
kV	kilovolt
kVA	kilovolt-ampere
kW	kilowatt
lb	pound
m	meter
Pb	lead
RC	reverse circulation
RQD	rock quality designation
RMB	Chinese yuan
SME	Society for Mining, Metallurgy & Exploration
TDRI	Tung Ding Resources Inc.
tpd	metric ton per day
tpy	metric ton per year
oz	ounce
t	metric ton (tonne)
US\$ or \$	United States dollars
yr	year
/	per

3 DISCLAIMER

This report, entitled *Technical Review of the Wuxi Mine, Peoples Republic of China*, dated *May 05, 2007*, was prepared by Thomas McGrail, E.M., and David Bikerma, E.M. M.Sc., both Qualified Persons.

Some of the data used in this report was not within the control of BETA or TDRI. It is believed by TDRI and its consultants that the information and estimates contained herein are reliable under the conditions and subject to the qualifications set forth in this report.

BETA confirms that standard engineering practices have been used in estimating resources and reserves.

BETA relied on English translations of Chinese documents in preparation of this report. BETA did not independently verify these translations.

The use of this report or any information contained therein shall be at the user's sole risk, regardless of any fault or negligence of BETA, TDRI or its consultants.

4 PROPERTY LOCATION AND DESCRIPTION

The property location, description and ownership are presented in this section of the report.

4.1 Property Location

The Wuxi Gold Project is located in Jingxian county which is situated in the southeastern part of Anhui Province, P.R. of China. The site is located 63km from the city of Xuancheng, a significant city of 2.7 million inhabitants, and is 15 km south of the town of Jingxian.

The Project site area falls under the administration of the township of Langqiao and is located near the village of Wuxi.

Figure 4.1: - Anhui Province, P.R. China - Location Maps



The geographical position of the Wuxi Gold Project is located within the area bounded by the following coordinates: 118°24'20" to 118°27'20" E and 30°31'30" to 30°35'30" N.

Access to the rail system is available at Xuancheng. The national Expressway # 205 passes through the eastern section of the mining concession. Transportation and communication are readily accessible from the Project site.

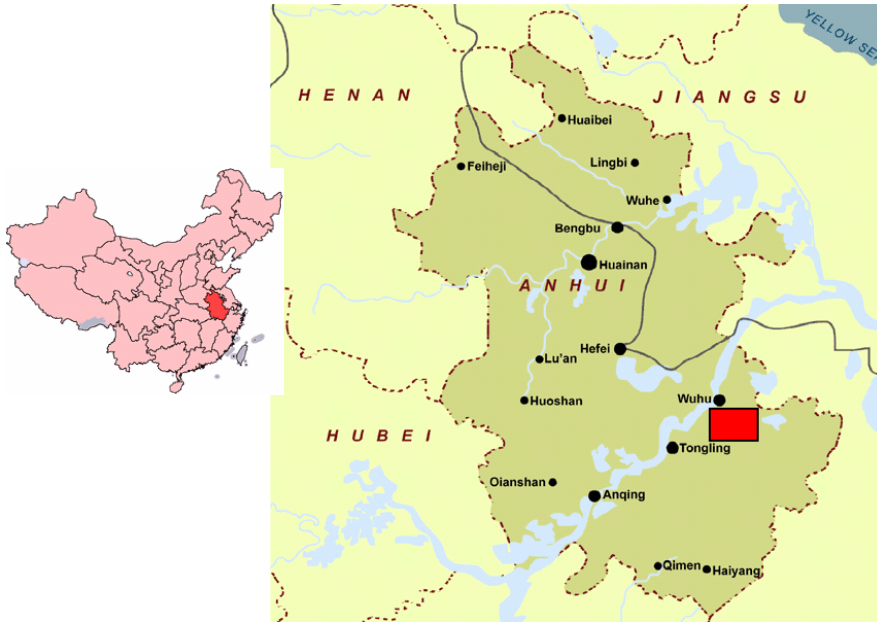
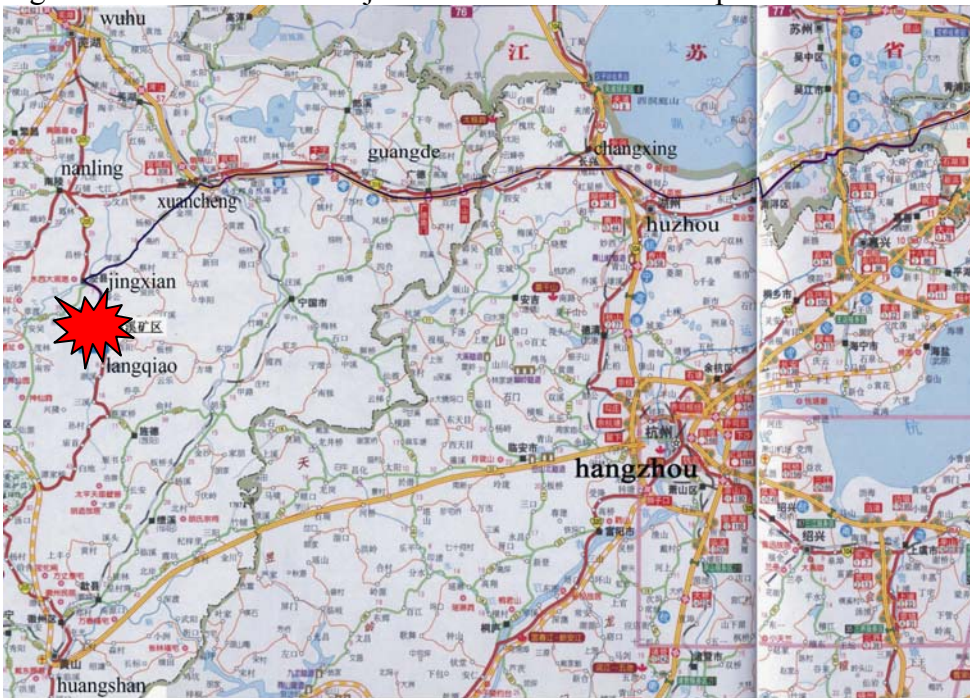
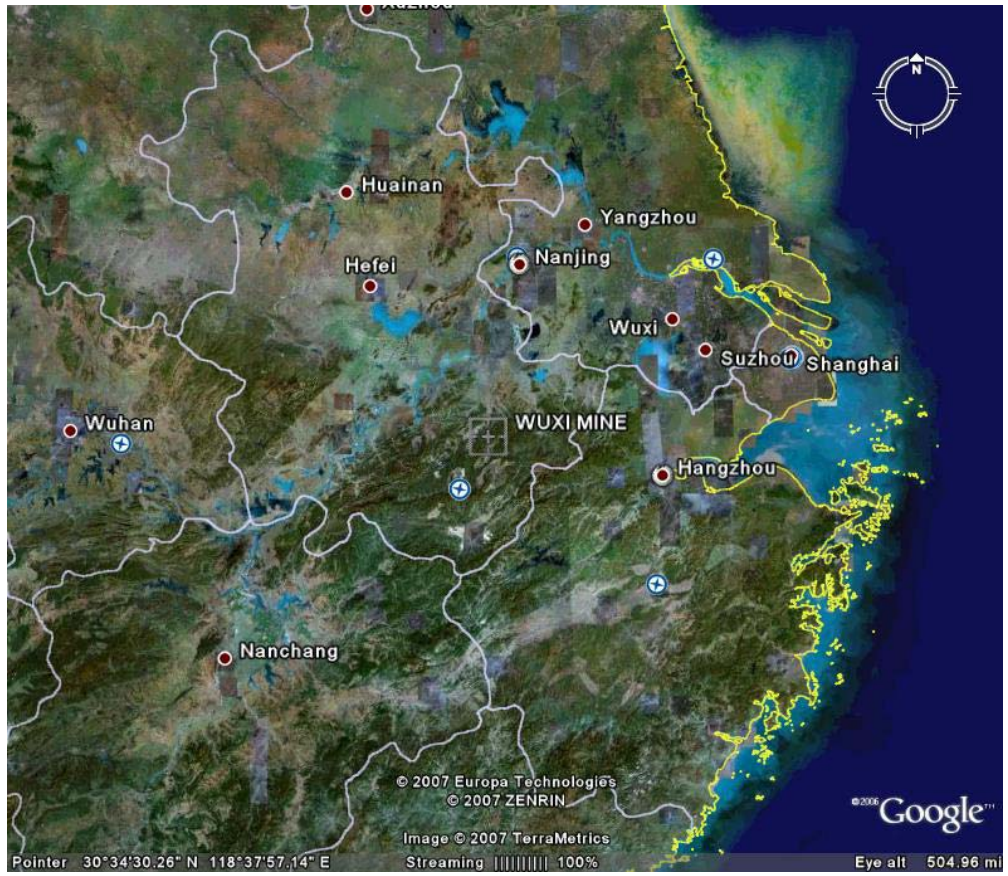


Figure 4.2: - Wuxi Gold Project Location & Access Map



4.2 Property Description and Ownership

TDRI reports that all concessions and land required for operation of the Wuxi project are in good standing, the land required for operation of the project has been acquired and that the possessory rights (surface rights) are controlled by the company. The Xinzhou Gold Co. Ltd. is the owner of the exploration and mining rights for the Wuxi Gold Project area granted under Exploration Permit # 3400000420288 (covering 34.75 km²) and Mining Permit # 3400000430115 (covering 0.744 km²).



5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Accessibility to the property, physiography and climate and infrastructure are addressed in this section of the report.

5.1 Property Access

Access to the site from the city of Huangshan, the nearest city with regular air service, is by Express Highway #205 for approximately 125km to the village of Wuxi and subsequently by a 2 km all-weather road to the project site. All roads are public roads. (See: Figure 4.2: - Wuxi Gold Project Location & Access Map)

5.2 Physiography and Climate

The area was eroded by glacial activity and subsequently by meteoric waters to a rolling landform. The elevations in the Project area are generally higher in the east and lower in the west. The highest elevation, in the area, is less than 300m above sea level.

Gullies and creeks are well developed and are recharged by meteoric water. A river near the Project site will, via surface channel, conduit sufficient water for process and mining purposes. All rivers, gullies and creeks in the area flow into the Shuiyang river system.

The area has a mild climate. The highest temperatures occur in July and August reaching highs of + 41°C and the lowest are during January and February reaching lows of -8°C. Annual precipitation varies between 1348.2mm and 1422.8mm, concentrated from April to August.

5.3 Infrastructure

The Project is located near the village of Wuxi and the work force comes from this and other nearby villages. A plentiful although inexperienced work force is available locally

Power is supplied by the local power grid and additional demand can be met by existing infrastructure. Energy cost is low and reliability is reportedly good. No backup power supply is provided or required on site.

Telephone lines are available. Cellular phone coverage is good.

Required roads, power lines, and water lines are in place.

6.0 HISTORY

Initial regional geologic work began, in this area, in the 1930's. Geologists, including LiYuyao and WangHengjie, began investigations into the origin of the carbonaceous zone in southern Anhui. Mineral exploration work began subsequent to the investigation for coal by ZhaoxiangBian and YunyuanLiu in the 1940's.

Additional regional geology and mineral geological surveys were performed between 1960 and 1965, by the Anhui Regional Geological Survey Team. This team provided a detailed Lithological/Stratigraphic study of the area. Concomitantly, this team performed stream sampling and investigations of old mine workings as well as additional mineral prospecting which has laid the basis for all subsequent geological work.

Since that time, there have been sporadic geological investigations primarily for the purpose of scientific research. Official regional geologic survey mapping is limited to a 1:50000 scale survey map; this limitation is indicative of the minor amounts of previous geological work performed in the area.

In 1998, the Anhui Exploration (Nuclear Technology) Institute discovered gold and polymetallic deposits in the district. The mineral resource, subject of this report, was located primarily by surface exploration techniques, primarily surface trenching.

In March of 1999, the Anhui Exploration (Nuclear Technology) Institute sought additional investors; their involvement resulted in the formation of the Xinzhou Gold Co. Ltd.

7.0 GEOLOGY

The following description of the regional and property geology is summarized from the reports reviewed by BETA and from information gathered during the site visit. BETA has relied upon technical translation of Chinese reports that were not independently verified in preparation of this document.

7.1 Regional Geology

On a regional basis, this area is associated with the polymetallic ore deposits known to occur within the metallogenic belt that is evident in the middle and lower reaches of the Yangtze River in southern Su Yang-million, of Central Asia.

This tectonic area of the Anhui Province is within the southern stratigraphic area of the Yangtze Platform, to the north of the Ancient Island of Yangxin – Changzhou. The geologic rock formations of Yangtze platform are primarily comprised of Silurian Pacific Group and younger sediments; the younger sediments are encountered progressively, from south to north.

7.1.1 Regional Strata

The regional stratigraphy is composed of:

- Silurian:

上统举坑组 (S_{3jk}): This stratum is comprised mainly of gray siltstone, shale, quartz sandstone and mudstone. This stratum locally hosts the enriched gold mineralization and constitutes the encapsulating wall rocks of the mineralization. The thickness of this stratum is approximately 1,000 m and disconformably overlays the underlying Silurian Helixi Group.

- Devonian System

上统五通组 (D_{3w}): The upper layer is thick gray quartz sandstone and shale; the lower layer is a medium to thick gray quartz sandstone. The bottom layer is comprised of conglomerates. The thickness of this stratum is 170m and disconformably overlays the underlying Pacific Group.

- Carboniferous System

下统金陵组和高丽山组 (C_{1jg}): This layer has limited exposure in this area and can only be found in the SW of the region. This group is divided into two members; the principal lower member is a thick layer of gray sandstone, with argillaceous limestone and the principal upper member is comprised of fine-grained sandstones and shale. The total thickness is less than 50m and disconformably overlays the underlying Wutong Group.

中统黄龙组 (C_{2h}): This layer is primarily limestone. The total thickness approximates 100m and disconformably overlays the underlying Koryo Group.

上统船山组 (C_{3c}): This layer is primarily a light gray limestone. The total thickness is less than 20m and disconformably overlays the underlying Huanglong Group.

- Permian.

下统栖霞组 (P_{1q}): This layer is comprised of black and gray limestone, chert nodules containing limestone, black silica bed and subsequently carbonaceous shale. The total thickness approximates 170m and disconformably overlays the underlying Chuanshan Group.

下统孤峰组 (P_{1g}): This layer is comprised of shale containing manganese, limestone, layers of chert and siliceous shale. The total thickness approximates 30m and disconformably overlays the underlying Xiaxi Group.

上统龙潭组 (P_{2l}): This layer is comprised of green and yellow shale containing pyrite nodules, carbonaceous shale and subsequently limestone. The total thickness approximates 200m and disconformably overlays the underlying Gufeng Group.

上统大隆组 (P_{2d}): This layer is comprised of siliceous shale and gray and black chert. The total thickness approximates 20m and disconformably overlays the underlying Longtan Group.

- Triassic

三迭系未分 (Tw): The upper layer is thick limestone and nodules of limestone; the lower layer is comprised of limestone, calcareous shale, limestone gravel. The bottom layer is comprised of conglomerates. The total thickness approximates 500m and disconformably overlays the underlying Dalong Group.

- Quaternary System

全新统(Q): This sedimentary layer is comprised of clays and gravels. The total thickness is variable between 1 to 10m. This layer is derived from slope talus and is found on valley floors.

7.1.2 Regional Structure

Folds

There are three fold structures evident in the area of the Project, within the Silurian sequence. These fold structures appear as linear or long axis anticline structures. The axis of these structures strike NNE and are virtually parallel to the predominant faulting evident in the area. The limbs of these structures dip gently with dip angles of between 10 and 25 degrees. The limbs of these anticline structures have been subjected to additional cross faulting.

Faults

The major regional fault set, in the region, trends NNE to NS. The 1:200,000 topographical map, of the YanGong- LangQiao area, clearly shows this primary fault set orientation and further suggests a fault set trending to the W. The 1:10,000 topographical map clearly shows a set of 5 NNE to NS trending parallel faults (F1, F2, F3, F4, F5). These faults dip steeply and demonstrate significant wall rock deformation. Only the F4 fault enters the area of the WuKai region; the remaining 4 faults impact the Zhiguan region. The faulting of this Silurian strata concomitant with the presence of the LangQiao granite diorite intrusive, provided an ideal host site for mineralization at Wuxi.

Magmatic rocks

The magmatic rock of this region, known as the LangQiao intrusive, has a granite diorite composition. The axis of the LangQiao intrusive is NE and is approximately 40 km in length and 10 km in width. This intrusive is associated with porphyry veining and Dike formation, within the metasediments.

7.1.3 Regional Mineral Resources

This area is located approximately in the middle of Yang Li-Shitai metallogenic belt. This metallogenic belt is located in the south of the central and lower Chang River Basin. Regional mineral resources include:

- Gold and silver as well as additional metals such as lead, zinc and copper
- Coal
- Iron Ores (Magnetite)
- Decorative Stone: LangQiao granite diorite
- Industrial Minerals: Limestone (cement production)

Gold, silver and polymetallic deposits are associated with the prolific number of magmatic dikes. Coal is found within the Permian Sequence of strata. Iron ores (magnetite) are found in the area of the QiaoFeng mountains and elsewhere within the region. Limestone, for cement plants, is extracted from within the Carboniferous, Permian and Triassic sequences.

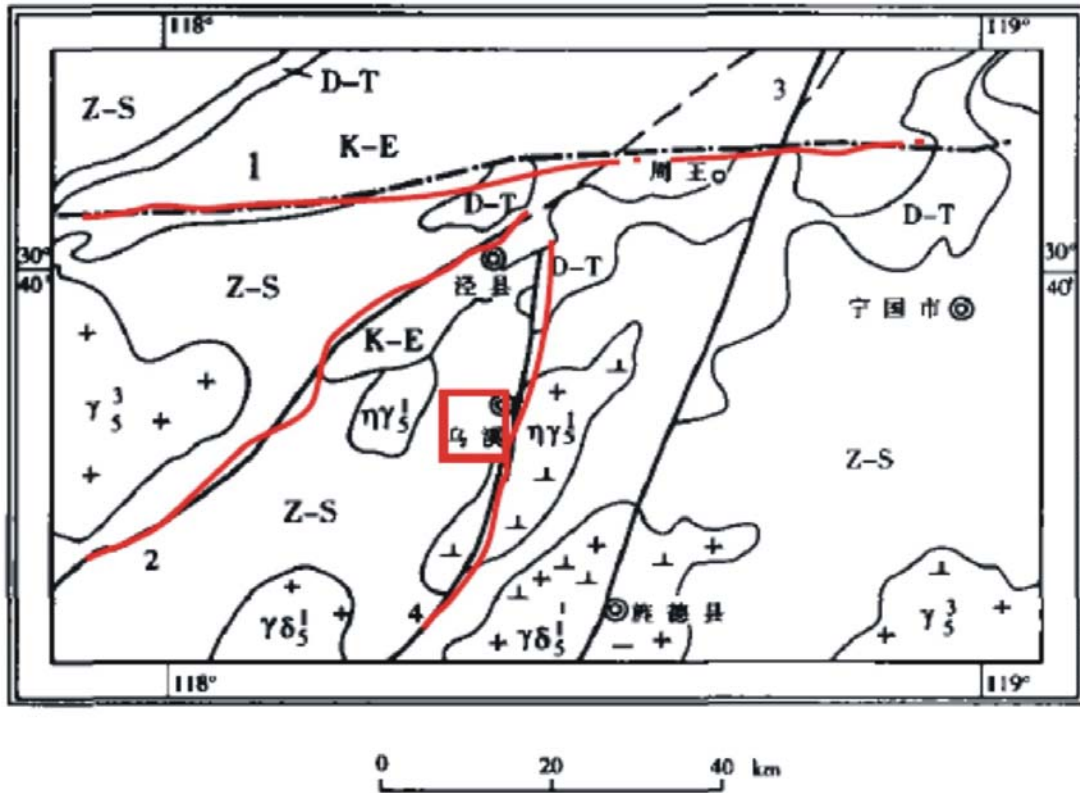
7.2 Local and Property Geology

7.2.1 Local Geology






The following description of the local and property geology is summarized from the translated reports reviewed by BETA and from information gathered during site visits.

The Wuxi district is located within the Yangtze platform in the south of Anhui province. On a regional scale, stratum from both the Sinian and Trias systems can be found. There are clastic rocks, composed of grit stone and mudstone from the Silurian and Devonian sequences, evident in Wuxi district. Additionally, there is significant presence of intrusive rocks especially the LangQiao granodiorite. As depicted below, the area has been geologically and structurally impacted by several significant faults and the mineralization is closely associated with the intersection of these faults; the most important of these faults are the ZhouWang Fault (EW), the JiangNan Fault (NE), the TangKou Fault (NNE)(Fig. 2). Of these three faults, the ZhouWang Fault is the primary ore control structure, at Wuxi. The TangKou Fault is proximal to the Project area and is deemed responsible for preconditioning the adjacent strata for mineralization. This geologic feature appears to have controlled the formation and development of the magmatic rocks and was the source of the mineralizing fluids.

Figure 7.2.1: - Sketch of Regional Geological Structure – Wuxi Gold Project



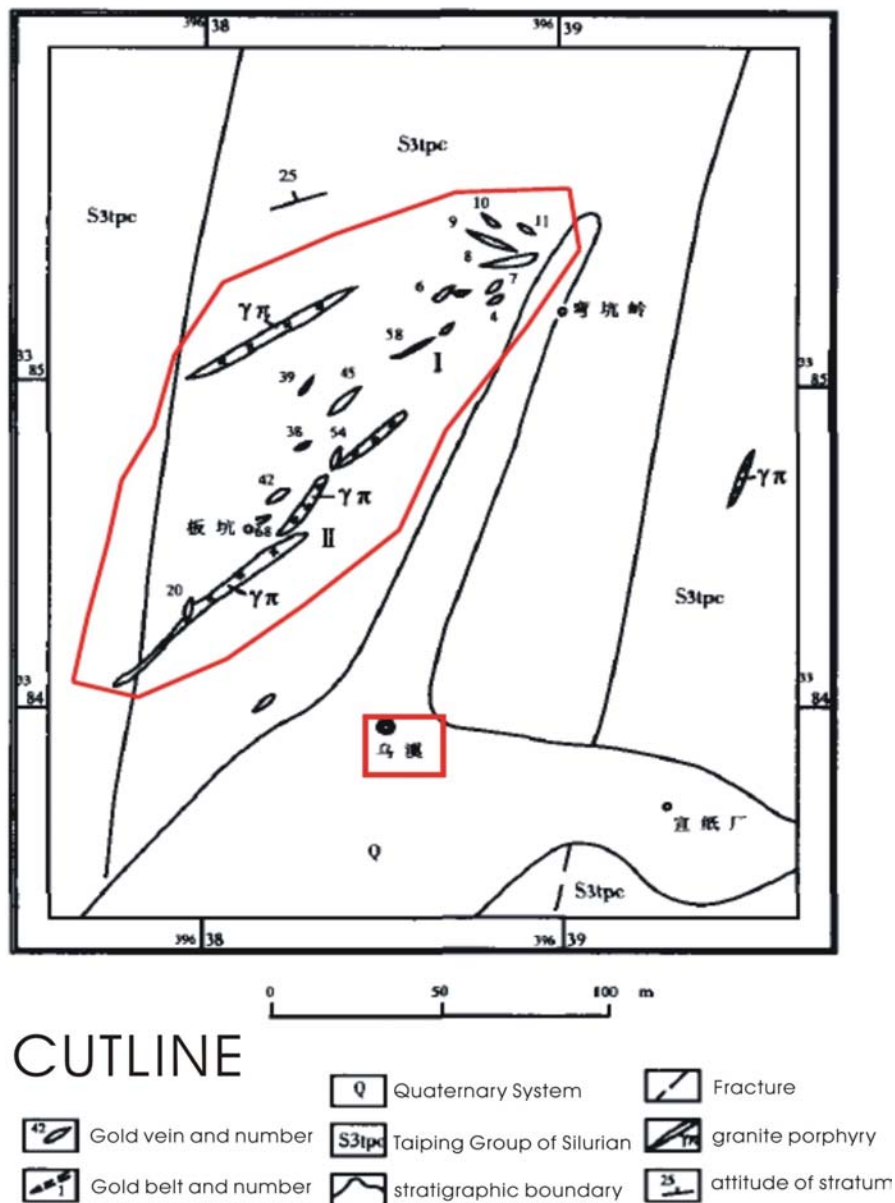
CUTLINE

 1	ZhouWang Fault	 3	QiDe Fault	 Z-S	Sinian-Silurian Period structural layer
 2	JiangNan Fault	 4	TangKou Fault	 γ₃	Yanshanian granite
		 K-E	Neogene Period structural layer	 γδ₃	Yanshanian granodiorite
		 D-T	Devonian-Triassic Period structural layer	 ηγ₃	Yanshanian monzonitic granite

7.2.2 Property Geology

The strata hosting the mineralization in the Wuxi district are predominantly grey (offwhite, lark) quartz sandstones and argillaceous siltstones. The age of these strata is Silurian Sequence (Fig. 4). The dip of these strata varies from 10° to 25°. Sequences of Devonian and Carboniferous strata outcrop in the western and northern portions of the concession but are not mineralized. The TangKou Fault is proximal to the Project area and is deemed responsible for preconditioning the adjacent strata for mineralization. XGCL has reportedly prepared a 1:2000 scale map of the topography and geological features of the property, but this was not available for review by BETA.

Figure 7.2.2: - Geological Map Gold Bearing Structures -Wuxi Gold Project



The direction of the TangKou Fault (ore control structure) in this district is NNE. This fault induced torsional, tensional and compressive forces which caused the fracturing of the adjacent strata. These fractures were subsequently in-filled by quartz veining, a derivative of the magmatic fluids emanating from the LangQiao granodiorite intrusive, located to the NE. The length of these fractures or veins varies between 100 to 800m. Widths range between 0.5 to 5m. Dips of these veins vary between 30° to 70° to the SE or between 55° to 85° to the NW. There is abundant evidence of alteration, in the form of fragmentation, silicification, sericitization, pyritization and beresitization, near these veins. The presence of chlorite, limonite and hematite is seen in the surface outcrops of the mineralized vein structures.

The higher gold values are consistently associated with these mineralized sulfide-quartz veins which vary in thickness from 0.1 to 1.0m in width.

Additionally, porphyry veins, which strike NE, are present in this area. These porphyry veins, which are between 15 to 25m in width and between 100 to 300m in length, contain significant sulfides such as pyrite and have traces of gold present (0.44 g/t Au from 16 samples).

7.3 Local Ore Deposit Characteristics

7.3.1 Vein Deposit Characteristics

The Wuxi gold deposit is comprised of a series of en-echelon poly-metallic quartz vein structures. The orientation of these mineralized structures is generally 30° to 45° NE and they demonstrate dip angles of 62° to 81° SE. This is consistent with ore type deposits that are structurally controlled (fault in-filling) The strike lengths of these structures vary between 50 to 800m and demonstrate thicknesses of between 0.1 to 2.0m. The ore bodies have distinct clear interfaces with the wall rocks. There are currently 23 known mineralized structures (ore bodies) within the concession area. These structures tend to both pinch and swell along both their strike and dip extensions.

Assaying of these veins where exposed also indicates that the tenor or grade is variable along strike. This therefore indicates that there are ore chutes (zoning) within these structures and that mineralization is not continuous (homogeneous).

Additionally, these structures have been exposed to three sets of post-mineralization faults (strikes of NS, NW and EW) which have caused offsets to occur between segments of the same structure. These offsets generally are between 0.1 to 10 m.

The strike length of the known mineralization zone has been arbitrarily subdivided into three areas. These areas are known as:

- Mine I with a strike length of 560 to 800m. This segment is centrally located in the mineralized zone
- Mine II with a strike length of 280m. this segment is located to the SW of Mine I
- Mine III with a strike length of 140m. This segment is located to the NE of Mine I,

7.3.2 Ore Body Characteristics

On average, the ore bodies are 50m long x 50m in depth; known strike extensions vary from 18 to 260m. The postulated longest strike length is given as several hundreds of meters, by XGCL geologists.

The two largest gold ore bodies discovered in this concession are the I-1 and I-Au4 ore bodies. These two veins account for more than half of the entire metal content of the known deposit. The ore characteristics are as follows:

- I-1 ore body; this structure is located in Mine I to the SW of the fault, with a strike of 146° and a dip of 73°. This structure has an average width of 1.0 m and a strike length of 478m. The average grade is 7.96 g/t Au. The ore body is structurally controlled by faults and occurs within strata from the Silurian Sequence. Two surface trenches and a diamond drill hole define the extent of this ore body.
- I-Au4 ore body; this structure is located in Mine I to NE of the fault, with a strike of 152° and a dip of 72°. This structure has a strike length of 256m and an average width of 0.75 m over 116m. The average grade is 9.17 g/t Au. The ore body is similar to the I-1 ore body as it is structurally controlled by faults and occurs within strata from the Silurian Sequence. Six surface trenches on 20 to 60m centers have defined this ore body. There is no current diamond drilling confirming the downward extension of this ore body.

Other ore geological features are listed in 7-1.

Table 7.3.2: Ore Body Characteristics ¹

Ore Body No	Dimensions		Strike	Dip	Avg. Grade Au n×10 ⁻⁶	Diluted (g/t)	Memo
	Length	Thickness					
I-1	478	0.79	146°	73°	7.96	6.29	Data - 2006 Avg Thickness
I-2	121	0.42	138°	61°	8.59	3.73	
I-3	140	0.28	127°	61°	11.33	3.17	
I-8	346	0.52	148°	60°	6.66	3.46	
I-9	160	0.84	145°	50°	2.12		
I-Au4 ₂	20	0.45	352°	72°	6.28	2.83	Data of 2002
I-Au5w	28	0.2			5.5	1.1	
I-Au6w	18	0.45			4.01	1.8	
I-Au7w	18	0.55	172°	62°	1.52	0.84	
II-Au1w	49	0.7	102°	88°	1.14	0.8	
II-Au2	70	0.86	150°	73°	12.53		
II-Au3 ₁	98	0.35	137°	77°	7.27	2.54	
II-Au3 ₁₋₁	42	0.44			6.62	2.91	
II-Au3 ₂	64	0.9			4.58		
II-Au3 ₂ w	26	0.4			3.77	1.51	
II-Au4	95	0.5	127°	85°	6.99	3.5	
II-Au5w	38	0.59			2.31	1.36	
II-Au7w	60	0.16			6.43	1.03	
III-Au1w	30	0.2	350°	81°	7.89	1.58	
III-Au2w	20	0.55	350°	80°	3.83	2.11	
III-Au3w	20	1	350°	80°	2.81		
III-Au4	26	0.3	352°	55°	9.91	2.97	
III-Au5w	20	0.52			1.52	0.8	

¹ BETA notes that the ore bodies described above are not identical to those utilized for resource and reserve calculation. BETA was not able to resolve these relatively minor discrepancies.

7.3.3 Ore Mineral Composition

The principal minerals representing the associated metals in the ore are: Galena, sphalerite, chalcopyrite, arsenopyrite, pyrite and Silver tennantite. Secondary metallic minerals are chalcocite, covellite, lead beudantite, lead cerussite and limonite. Non-metallic minerals evident are quartz, clay minerals, siderite, rhodochrosite, sericite and feldspar. The principal gangue mineral is quartz.

There are two known hazardous elements contained in the ore: arsenic and antimony.

7.3.4 Ore Structure and Tectonics

1. Thin Sections

- a) Massive structure: galena, sphalerite, chalcopyrite and other sulfide minerals make up compact massive composition. The density of ores varies due to grain sizes of minerals and weathering degrees. In ores, consisted of coarse galena, sphalerite and other sulfides, fragments are well developed. In contrast, fine grained ores are very massive.
- b) Banded structure: parallel bands of ore consist of pyrite and arsenopyrite concentrated bands, galena, sphalerite, and tetrahedrite concentrated bands, and gangue minerals, such as carbonates and quartz, concentrated bands.
- c) Disseminated structure: fine grained pyrite, sphalerite, arsenopyrite, galena disseminate in gangue minerals.
- d) Vein structure: fine veins consist of sphalerite, galena, tetrahedrite, chalcopyrite, pyrite, arsenopyrite, diagenite and quartz, and cut the granite porphyry.
- e) Crustiform and zonal structures: limonite grows crustily or surrounding the quartz particles with very fine lamination.
- f) Spotted structure: galena, pyrite, sphalerite and chalcopyrite distribute unevenly in ores, and each sulfide mineral can be relatively concentrated in lumps to form the spotted structure.

2. Textures of Ores

- a) Euhedral crystal texture: pyrite and arsenopyrite are generally of euhedral crystal forms.
- b) Anhedral crystal texture: tetrahedrite (freibergite or tennantite), chalcopyrite, galena and sphalerite minerals are usually anhedral, and their aggregates fill in intergranular spaces of quartz and carbonate, and in fine fractures.
- c) Porphyry-like texture: Some coarse pyrite crystals distributed in the fine-grained pyrite based to form porphyry-like texture.
- d) Metasomatic skeleton crystal texture: pyrite and arsenopyrite crystals are replaced, from their edge to the center, by sphalerite, galena, tetrahedrite to form the metasomatic skeleton crystal texture.
- e) Intersecting texture: tetrahedrite fills cleavages of sphalerite and galena replaces pyrite along the fine fractures of it.
- f) Mosaic texture: sphalerite, galena, and chalcopyrite form in the same period and they are of anhedral crystal forms to form compacted mosaic texture.
- g) Metasomatic graphic texture: tetrahedrite and galena replace sphalerite and pyrite, and appear unusual curved anhedral grains in sphalerite and pyrite to form the graphic texture.
- h) Relict texture: pyrite and arsenopyrite are replaced by sphalerite and tetrahedrite, the former become isolated island-like forms or are of embayed outline.
- i) Metasomatic clathrate and network textures: covellite and chalcocite replace galena along its two groups of perpendicular cleavages to form these textures.
- j) Radial texture: small radial aggregates of column-shaped arsenopyrite crystals grow in gangue mineral base.
- k) Solid solution separation texture: within sphalerite crystal, chalcopyrite as products of solid solution separation forms vermiform shape and/or clathrate shape grains.
- l) Cataclastic texture: pyrite, marcasite, and sphalerite are shattered by late structural stress to form irregular mineral fragments.

7.3.4 Mineral Characteristics

(1) Sphalerite:

Sphalerite disseminated in country rocks as irregular grains or very fine veins. Commonly, pyrite is replaced by sphalerite to form isolated island-like, embayed, and skeletal forms. In ore sample no. III, sphalerite is replaced by chalcocite and covellite along its cleavages to form clathrate or network texture. Sphalerite can also be replaced by galena. At mining tunnel -155m level, it can be seen that tetrahedrite veins cut sphalerite. In sample collected from ore body no. I, cataclastic sphalerite cemented by pyrite, marcasite, and quartz. It is common that sphalerite and galena occur together with mosaic texture and contain later formed euhedral arsenopyrite crystals with about 1mm size. Sphalerite-chalcopyrite solid solution separation texture is rare, but it is found in some ores at the -155m level tunnel.

(2) Tetrahedrite

Tetrahedrite occurs as spots and concentrated aggregates, or fine veins and networks cutting sphalerite. It can occur within galena to form solid solution separation texture. Very fine tetrahedrite and covellite veins cut sphalerite. In banded ores, tetrahedrite pyrite and arsenopyrite concentrated bands occur with parallel chalcopyrite, pyrite, pyrrhonite, and quartz concentrated bands. Tetrahedrite can include chalcopyrite or in reverse way and it can also be found that rounded or irregular galena grains are included by tetrahedrite. Very fine veins of tetrahedrite and arsenopyrite cut chalcopyrite.

(3) Chalcopyrite

Chalcopyrite distributes unevenly in the ores and can concentrate locally to form aggregates. Within chalcopyrite, 0.02mm sized euhedral arsenopyrite and pyrite inclusions are common. It is also seen that parallel tetrahedrite veins and arsenopyrite veins cut chalcopyrite. Chalcopyrite tetrahedrite have paragenetic relationship, and they are commonly included each other.

(4) Pyrite and marcasite

Pyrite is of crystal aggregates and banded occurrences or disseminated. In some places, pyrite is shattered to form irregular grain or mortar textures. Pyrite usually is replaced by sphalerite, galena, chalcopyrite, and tetrahedrite to form metasomatic relict or embayed outline. In addition, in some pyrite crystals, 0.004-0.01mm sized rounded chalcopyrite inclusions can be found.

Marcasite is long column crystal or fibrous aggregate which cut pyrite. The fibrous aggregate of marcasite is replaced by galena, sphalerite, and chalcopyrite.

(5) Arsenopyrite

Arsenopyrite in different sizes disseminates in ores and is associated closely with pyrite or forms small veins. Fine grained arsenopyrite are surrounded by galena, chalcopyrite, and tetrahedrite. Coarse arsenopyrite can include pyrite or is of very fine grained pyrite growing at the edge of it. In a few places, arsenopyrite is replaced by owyheeite.

(6) Bournonite

Bournonite is of partially cloddy aggregates and found mainly in -176m level tunnel. The bournonite associates with tetrahedrite and replaced by pyrite and arsenopyrite.

(7) Owyheeite

Owyheeite has the reflection color of blue gray – white, strong birefringency and strong anisotropic property. The crystal of it has column shape and forms fibrous aggregates, filling in intergranular spaces of quartz, pyrite, and arsenopyrite. Owyheeite replaces pyrite, sphalerite, and quartz. Owyheeite-quartz veins cut massive pyrite ores.

(8) Galena

Galenite is spotted and cloddy distributed. It associates with sphalerite to form interlocking crystals. It can also be found that very fine galena veins cut sphalerite and galena grains fill in the fragments of tetrahedrite. In semi-oxidation zone (at -155 level tunnel) covellite, chalcocite, anglesite, and cerussite occur along the cleavages of galena.

7.3.7 Ore Genesis

The regional geological features, deposit geology and mineral assemblages present infer that ore genesis can be described as follows:

The deposit, which is controlled by faulting, is an epithermal deposit. The LangQiao granodiorite porphyry body located to the NE of the deposit was the source of the magmatic mineralizing fluids. The three faults evident; the ZhouWang Fault, the JiangNan Fault and the TangKou Fault fractured the relatively impermeable Silurian Sequence siltstones and mudstones. The relative impermeability of these rocks prevented the dissemination of the mineralization and caused it to be concentrated within these fracture zones. From microscopy of the minerals present, it is evident that ore mineralization was low temperature. The diminishing number of dikes evident between the sections of the deposit designated as Mine II and Mine I, indicate the source and direction of the magmatic fluids.

8.0 EXPLORATION AND DATA COMPILATION

8.1 Previous Work

In 1998 Anhui Exploration (Nuclear Technology) Institute commenced exploration in this area for gold and poly-metallic deposits. In March 1999, this Institute formed the Xinzhou Gold Co. Ltd. and with additional investor participation, proceeded to explore and evaluate 2km², of the concessions 34.75km² surface area. The following Table 8.1 quantifies the various elements work this initial phase of exploration:

Table 8.1 Phase I Exploration Work (1998 – 2004)

Work Elements	#	Qty	Unit	Memo
Trench & Channel Excavation	89	3451.44	m ³	
Diamond Drilling	1	113	m	Zk01-1
Underground Development-Adits	8	1678.74	m	Along the main veins
Sample Pit Development	3	20.1	m	
1:2000 Geological Survey		2.00	km ²	Geological test
1:10000 Geological Survey		16.00	km ²	Geological test
1:200 Geologic Sections	17	1658	m	Level length
Sample Analyses: Au		2069		Channel + Float
Composite Sample Analyses		15		Pb, Zn, Ag, Cu
Mineral Beneficiation Analyses		2		
Thin Sections		10		
Specimen		20		
Specific Gravity Determinations		34		5 Gangue; 33 Ore
Ore Components Samples		2		I, II separated

In September 2004, the Anhui Exploration (Nuclear Technology) Institute and Xinzhou Gold Co. Ltd. continued this exploration program (under Exploration Permit # 3400000420288 and Mining Permit # 3400000430115).

The additional work elements completed in Phase II of exploration, from September 2004 to September 2006, are listed in Table 8.2.

Table 8.2 Phase II Exploration Work (2005 – 2006)

Work Elements	#	Qty	Unit
Diamond Drilling	4	1078.70	m
Trench & Channel Excavation	20	1015.88	m
Underground Development-Adits		158.80	m
1:10000 Geological Survey Mapping		5.00	km ²
Sample Analyses: Au		177	
Mineral Beneficiation Analyses		1	

The results of the exploration to September, 2006 can be summarized as follows:

- Basic understanding of Ore genesis has been defined
- Structural controls of the Ore have been defined
- Exploration methodology and prospecting techniques have been defined
- Current ore reserves/resources blocks have been well defined spatially
- Metallurgical Processing criteria and expected recoveries estimates have been defined
- Current exploration results indicate that the probability of defining additional reserves below current workings is highly probable.

The exploration expenditure to the end of 2005 was 2.5 million RMB. The additional exploration expenditure to September, 2006 was 629,800 RMB.

The Anhui Exploration (Nuclear Technology) Institute is a well recognized Institute in the PRC and BETA has confidence in their level of competency and professionalism. Based on the information made available, BETA concludes that, as there were no significant issues revealed by their review, it is reasonable to assume that the information presented is accurate and executed in a professional manner.

8.2 Criteria and Quality Control

8.2.1 Methodology and Quality Control

The Exploration Project was designed, based on the following assumptions:

- The deposit is a gold, silver, copper, lead, zinc polymetallic sulfide deposit.
- The ore body is small, demonstrates a simple structure and consistent thickness.
- The ore bodies further are linear vein like structures.

Based on these assumptions, the Exploration Project adopted the following criteria:

- Baselines for surface exploration were laid parallel to the strike of the ore bodies. Grid-lines were subsequently laid out perpendicular to these Base Lines
- Surface exploration was designed to use primarily Surface Trenching, Test Pits, and Auger Hole Drilling to obtain Soil Samples.

The Exploration Project team adopted the concept that this surface exploration and sampling program would be complemented by an Underground (U/G)/Exploration Development Program thus reducing the need for an extensive Diamond Drill (DD) Program. Therefore the following criteria were adopted for the Surface Exploration Project:

- Surface Trenches were spaced on 20 to 40m spacing along the Baseline.
- Diamond Drill holes were laid out on grid providing drill hole spacing of between 40 to 80m along strike and 180m in depth.
- U/D development would follow the mineralized structures.

8.2.1 Surface Drilling Project and Quality Review Summary

a. DD Hole Diameters and Orientation

- All DD holes were drilled at -75° to -90° from the horizontal.
- To drill through the overburden a 91mm diameter casing was used.
- Once rock was encountered the drill string was changed to 75mm. If ground conditions required, this drill diameter was further reduced to 60mm.

b. Drill Specifications

- The Diamond Drill was a Model JX-018 using a drill string designated as $\phi 60S$ technology.
- Core recovery was consistently above 80%. In the area of the mineralized structure, recovery rates were consistently above 90%.

c. Drill Logging Specifications

- The DD holes were checked for both dip and azimuth at depths of 100m and at hole termination
- The apparatus used for measurement was a Baolinkefu JSL Dip/Compass.
- The greatest deviation measured was less than 1° , over the entire length of the DD hole.

d. Hole Depth

- Hole depths were measured after completion of the hole; deviation from reported depth never varied more than 0.08m.

e. Phreatic Level Verification and Hydrological Observations

- Static water levels and differences between injection water flow rates and discharge water flow rates were measured from the DD holes and were recorded.

- f. Sealing
 - All DD holes were sealed with concrete plugs, generally within 10 to 30m from the hole collar. Hole termination and abandonment complied with requirements.
- g. Record Management
 - All the original records, statements, core boxes, serial numbers of the core box records were reportedly logged promptly and conscientiously, accurately and legibly, to meet the requirements.
- h. Management of DD Core
 - In the drilling process, the core is managed by the drill operator. The operator is responsible for turning the core over to the Geological Unit upon completion of the DD hole.

8.2.2 Underground Drilling Project and Quality Review Summary

- a. U/G DD Hole Diameters and Orientation
 - All DD holes were drilled from 0.0° to +55° from the horizontal.
 - All DD holes were drilled with a 75mm diameter drill string.
- b. Drill Rate
 - The Diamond Drill did not meet required drill penetration rates.
- c. Drill Logging – Hole Depth
 - The DD holes were not checked for either dip and azimuth at hole termination
 - The DD holes were only used for plotting ore structure location.
 - DD hole depths were measured after completion of the hole; deviation from reported depth never varied more than 0.01 to 0.08m.
- d. Record Management
 - All the original records, statements, core boxes, serial numbers of the core box records were logged promptly and conscientiously, accurately and legibly, to meet the requirements.
 - Assays from U/G Diamond Drilling were not used in the Ore Reserve/Resource calculations.

- e. Management of DD Core
 - In the drilling process, the core is managed by the drill operator. The operator is responsible for turning the core over to the Geological Unit upon completion of the DD hole.
 - Assays from U/G Diamond Drilling were not used in the Ore Reserve/Resource calculations

8.2.3 Surface Trenching and U/G Exploration/Development Project and Quality Review Summary

- a. Surface Trenching
 - Up Slope height averaged 1 to 1.3m.
 - Excavated depth was about 1.0m below surface rock contact.
 - The bottoms of the Trenches were flat.
- b. U/G Exploration/Development
 - Tunnel cross sectional specifications were 1.6 to 2.0m × 1.6 to 2.0m
 - The ore structure was followed by these U/G Drifts and the structure was maintained in the face of the tunnel during excavation
 - Tunnel gradient was maintained at +3%, in line with the overall quality requirements.

8.2.4 Topographical Controls and Quality Review Summary

- a. Topographical Surveys
 - A Topographic Survey has not been conducted at the project, to the knowledge of BETA.
 - The Topographic map of 1/10000 was surveyed in 1982 and published in 1986.
 - The Topographic map of 1/2000 was generated by extrapolating the data of 1:10000 topographic map.
 - In the area of the project (2km²) there was no error evident, therefore this map meets requirements.
 - Surface sites and tunnel profiles were measured by theodolite.
 - The Coordinate System for the Topographic Map and Engineering Survey used the Beijing coordinate system from 1954 and the elevations from 1956. Measurement accuracy of the results achieved specifications and has met geological work requirements.

8.3 Sample Collection, Processing and Assaying Methods

8.3.1 Sampling

Samples for analysis were taken from Trenches, Test Pits, Diamond Drill, Vein structure and their wall rocks that showed alteration due to veining. These samples were selected and classified based on their geologic composition and to the extent and intensity of the alteration evident. For all samples other than DD core, channel sampling was used; a channel was cut in the sample area generally 0.8 to 1.5m in length by approximately 5cm in width and approximately 3cm in depth. A sampling ground sheet was first placed prior to channel sampling; rock chips from the channel samples were then collected from this ground sheet. The variance between the theoretical and actual sample weights and volumes was less than 10%.

DD core was initially split prior to analysis. One half of the sample was retained for future reference. The average core segment used for analysis was 0.8 to 1.5m in length

To determine the Specific Gravity of the Ore, samples were extracted from the surface trenches. To insure a representative determination, samples were taken from various rock types and locations within these trenches.

8.3.2 Sample Processing and Analysis

Prior to 2003, only gold determinations were performed using a titration methodology for analysis purposes. An Atomic Absorption Spectrometer Model WYX-9003A was used to obtain determinations for silver. After 2003, atomic absorption was used to analyze for copper, lead and zinc. The principal interests for the project were silver, copper, lead and zinc.

Specific gravity of the ore samples was determined by measuring the displaced volume, for a given sample weight.

9.0 ADJACENT PROPERTIES

Based on the information provided, by the Xinzhou Gold Co. Ltd., there are additional small artisan type mining operations located within the district. Additionally, it is understood, that the regional government will endeavor to close these sites as they remain unlicensed and working without permitting.

No geological or exploration information is available on any of these adjacent properties that would have an impact on the resource estimates for the Wuxi property.

10,0 MINERAL PROCESSING

The metallurgy and processing for the ore associated with the Wuxi Gold Project were analyzed by the Metallurgical Department of South Jiangxi Natural Science and Technology University and by the Metallurgical Institute of Beijing Nonferrous Metal Research Institute. Based on these studies, two reports “*Ore Processing and Metallurgical Testing Report*” and “*Ore Processing and Metallurgical Testing Report for the Wuxi Gold Mine*” by these respective institutions were provided to XGCL. Copies of these reports remained pending as of the writing of this report.

BETA has therefore relied on the report “*Introduction to the Wuxi Goldmine Project*”, October 2006, The “*Feasibility Study for The Wuxi Gold Mine -Anhui Province, P.R. China*” by the Xinzhou Gold Co. Ltd. and the report “*Capital Evaluation*” provided by the Anhui Zhengxin Accountant Office.

The following provides a summary of the findings of these various reports:

- The process plant will initially be designed for daily mill through-put of 200 tonnes/day increasing to 400 tonnes/day, during the first 1.5 years of operation.
- The process plant will be located in the Moshan area which is located 17 km north of the deposit area and only 2 km from the industrialized center of Jingxian county.
 - Run-of Mine Ore (ROM) will be transported from the mine site to the Mill by truck haulage and dumped into the Coarse Ore Bin
 - Two-Stage Crushing will reduce ROM to -15mm and this will be conveyed to the Fine Ore Bin (FOBin).
 - A Vibratory Feeder will feed from the FOBin to the Grinding Circuit which will be comprised of a Ball Mill in circuit with a Spiral Classifier. Ore grind will be 85% -0.073mm
- The metallurgical process to be used will be “Differential Flotation”.
- The following Concentrates will be produced in the following order:
 1. Copper concentrates (1 Rougher, 3 Cleaning, 2 Scavenger Flotation Cells)
 2. Lead concentrates (1 Rougher, 5 Cleaning, 2 Scavenger Flotation Cells)
 3. Zinc concentrates (1 Rougher, 3 Cleaning, 2 Scavenger Flotation Cells)
 4. Sulfides (As, etc.) concentrates (1 Rougher, 3 Cleaning, 2 Scavenger Flotation Cells)
- These various concentrates will remain separated during filtration and drying
- Process water will be comprised of 85% treated recycled process water

Table 10.1: Ore Concentrate Parameters and Specifications:

ROM grades %	Copper 1.5%	Lead 3.5%	Zinc 3.5%	Sulfides 25%
Concentrates Produced	% Yield	Conc. Grade (%)	% Recovery	
Copper concentrates	4.17	18	50	
Lead concentrates	5.83	45	75	
Zinc concentrates	5.25	50	75	
Sulfide (As) concentrates	42.86	35	60	

Note: BETA notes that the expected concentrate grades and recoveries were not uniformly estimated by TDRI and its consultants. BETA reports these values as received in the most recent report.

10.1 Environmental Permitting and Tailings Disposal

Documentation exists showing that the Project has received Environmental Approval. This is covered in Document # 52 (2006) “*Approving Comments on the Environmental Impact for the Construction of the 200t/d Ore Processing Plant for the Wuxi Gold Mine*” provided by the Environment Protection Bureau – Xuancheng City. This document was not available for review by BETA.

BETA visited the site of the proposed Process Plant and Tailings Disposal Area, in the Moshan area. Extensive earthworks will be required to provide containment of the anticipated volume of tailing. These designs and associated costs have not been adequately detailed, in the opinion of BETA.

11.0 MINERAL RESOURCE ESTIMATES

11.1 Parameters for Resource/Reserve Classification

The Resources/Reserves classification for the Wuxi Gold Project is based on the “*Gold Mineral Resource/Reserve Classification Standards*” as set forth in Document # GB/17766 (1999). This document outlines the information requirements, based on type of ore body, to categorize the level of information and concomitant level of confidence required to classify Resources/Reserves in China. Based on this document, the Anhui Exploration (Nuclear Technology) Institute categorized the Resources/Reserves of the Wuxi Gold Project as follows:

- 121 and 121b – Explored Economic Reserves: sufficiently defined by trenching, diamond drilling, U/G development and limited extrapolation of results.
- 122 and 122b – Probable Economic Reserves: slightly lower level of confidence than the 121 classification; marginally less well defined by trenching, diamond drilling, U/G development and results are extrapolated further.
- 2M22 – Possible Economic Reserves: slightly lower level of confidence than the 122 classification; significantly less well defined (primarily trenching) and these results are again extrapolated further.
- 334 – Inferred Mineral Resources

BETA cross-references below the commonly used terminology of Resource/Reserve classifications in the United States with those used in China:

121(b) = Measured Resource / Proven Reserve
122(b) = Indicated Resource / Provable Reserve
2M22 = Possible Reserve
334 = Inferred Resource

11.1 Parameters for Resource Estimate Calculation

The following parameters comply with the Chinese “Gold Mineral Resource/Reserve Classification Standards” for Resource/Reserve estimates.

- Host Rock grade (Au): 1 g/t
- Cut-off grade (Au): 3 g/t
- Ore Block average grade (Au): 5 g/t
- Minimum value of $m \times g/t$: $2.4m \times 10^{-6}$
- Minimum mining thickness: 0.8m
- Maximum mining height: 2.0

- Associated Economic Minerals: Ag:1 g/t, Pb:0.2 %, Cu:0.1 %
Zn: 0.4 %

The resource estimation formula used is as follows:

$$P = S \times M \times C \times D$$

Where

- P = gold metal amount (n g/t)
- S = true area of ore block (m²)
- M = true thickness of ore block (m)
- D = density (specific gravity) of gold ore (t/m³)
- C = average grade of ore block (n g/t/t)

As the ore bodies generally dip at angles of between 62 and 81° (relatively vertical), true thicknesses were calculated.

The block average thickness was determined by computing the arithmetical mean of all true thickness measurements within a given block.

The average grade related to the true thickness of a given hole was calculated by taking the average of all sample grades for the interval, weighted by sample length.

Block average grade was calculated by taking the weighted average of all of true thickness sample grades for the interval, weighted by true thickness length.

Geometric projections on 1:2000 sections were used to calculate the area of the ore blocks for the resource estimate.

Specific gravity

The Anhui Exploration (Nuclear Technology) Institute measured the specific gravity of ores of gold-bearing quartz veins in the area. The arithmetic mean of the 38 samples taken was 4.16g/cm³.

11.1.1 Calculation of Associated Mineral Resources

The associated metals included in the Resource Calculations for the Project were Silver (Ag), Copper (Cu), Lead (Pb) and Zinc (Zn).

Prior to 2004, the Anhui Exploration (Nuclear Technology) Institute's exploration project had not analyzed samples for these associated metals. Subsequent to 2004, all the project's mineral samples were analyzed for these associated metals.

Ore resources delineated prior to 2004 required correction to reflect the metal content of these resources. Therefore, those resources defined prior 2004 were adjusted by applying the arithmetic mean of the associated metal grades from post 2004 assays to the volumes of pre-2004 resources. The grades applied to these resources were Ag: 589.9 g/t , Cu:1.02%, Pb:3.48% and Zn:2.53%. BETA reports this grade correction without investigation with regard to suitability.

11.2 Ore Resource Summary Results

Table 11.1: Ore Resource Summary-Wuxi Gold Project:

Orebody No	Grade of Reserves	RESOURCE CALCULATIONS										Memo
		Average Grade					Average Thickness (m)	Area (m2)	Volume (m3)	Density (g/cm ³)	Weight (t)	
		Au g/t	Ag g/t	Cu (%)	Pb (%)	Zn (%)						
I-1	121b 122b	7.96	310.00	1.69	1.63	1.21	0.79	41,455	32,749	4.16	136,238	Year 2006
I-2	121b	8.59	273.47	1.02	3.48	2.53	0.42	3,801	1,596	4.16	6,641	
I-3	122b	11.33	589.90	1.02	3.48	2.53	0.28	4,407	1,234	4.16	5,133	
I-8	334	6.66	288.20	1.02	3.50	2.10	0.52	21,929	11,403	4.16	47,437	
I-9	334	2.12	227.00	0.38	9.06	11.94	0.84	9,786	8,220	4.16	34,196	
I-Au4	122	9.17	589.90	1.02	3.48	2.53	0.79	5,648	4,462	4.16	18,562	
II-Au3 ₁	122	7.31	589.90	1.02	3.48	2.53	0.38	3,920	1,490	4.16	6,197	
II-Au3 ₂	122	4.58	589.90	1.02	3.48	2.53	0.94	1,396	1,312	4.16	5,459	
II-Au4	122	6.99	589.90	1.02	3.48	2.53	0.54	6,097	3,292	4.16	13,696	
I-Au4	122b	9.17	589.90	1.02	3.48	2.53	0.79	15,335	12,115	4.16	50,397	
I-Au ₂	122b	6.28	589.90	1.02	3.48	2.53	0.49	4,350	2,132	4.16	8,867	
II-Au2	122b	12.53	589.90	1.02	3.48	2.53	0.89	5,853	5,209	4.16	21,670	
II-Au3 ₁	122b	7.31	589.90	1.02	3.48	2.53	0.38	3,920	1,490	4.16	6,197	
II-Au3 _{1,1}	122b	6.62	589.90	1.02	3.48	2.53	0.44	3,644	1,603	4.16	6,670	
II-Au4	122b	6.99	589.90	1.02	3.48	2.53	0.54	3,800	2,052	4.16	8,536	
III-Au4	122b	9.91	589.90	1.02	3.48	2.53	0.33	520	172	4.16	714	
II-Au1w	2m22	2.79	589.90	1.02	3.48	2.53	0.56	8,527	4,775	4.16	19,864	Year 2002
II-Au2w	2m22	5.75	589.90	1.02	3.48	2.53	0.39	15,124	5,898	4.16	24,537	
II-Au5w	2m22	5.50	589.90	1.02	3.48	2.53	0.2	591	118	4.16	492	
II-Au6w	2m22	4.01	589.90	1.02	3.48	2.53	0.45	360	162	4.16	674	
II-Au7w	2m22	1.52	589.90	1.02	3.48	2.53	0.55	360	198	4.16	824	
II-Au5w	2m22	2.31	589.90	1.02	3.48	2.53	0.59	3,544	2,091	4.16	8,698	
II-Au7w	2m22	6.43	589.90	1.02	3.48	2.53	0.16	4,680	749	4.16	3,115	
II-Au1w	2m22	1.00	589.90	1.02	3.48	2.53	0.8	3,953	3,162	4.16	13,156	
II-Au3 ₂ w	2m22	3.77	589.90	1.02	3.48	2.53	0.43	2,792	1,201	4.16	4,994	
III-Au1w	2m22	7.89	589.90	1.02	3.48	2.53	0.2	600	120	4.16	499	
III-Au2w	2m22	3.83	589.90	1.02	3.48	2.53	0.59	400	236	4.16	982	
III-Au3w	2m22	2.81	589.90	1.02	3.48	2.53	1	400	400	4.16	1,664	
III-Au5w	2m22	2.08	589.90	1.02	3.48	2.53	0.75	400	300	4.16	1,248	

Table 11.2 Resource Summary by Class, Wuxi Gold Project

Resource Summary	Average Grade						Tonnes (t)
	Au g/t	Ag g/t	Cu (%)	Pb (%)	Zn (%)		
CLASS							
121 - Measured	8.59	273.47	1.02%	3.48%	2.53%		6,641
122 - Indicated	7.66	589.90	1.02%	3.48%	2.53%		43,914
122B - Indicated	8.54	433.89	1.39%	2.45%	1.79%		244,422
Total M&I	8.41	453.50	1.33%	2.63%	1.92%		294,977
2m22 - Inferred	3.59	589.90	1.02%	3.48%	2.53%		80,747
334 - Inferred	4.76	262.56	0.75%	5.83%	6.22%		81,633
Total Inferred	4.18	425.34	0.89%	4.66%	4.39%		162,380

BETA received limited detailed information for review, and as such has reported resource estimates in this document without audit-level validation.

12.0 CHINESE MINERAL RESERVE ESTIMATE

BETA reports the Chinese Reserve Estimates designated as Classification 121 and 122(b), as calculated by the Anhui Exploration (Nuclear Technology) Institute's geologic team. These estimates do not meet US or Canadian requirements to be listed as Probable Minable Reserves. The reserves stated are well above the computed cutoff grade, have been well constrained and estimated, and have been determined to be economically extractable and minable in a recent Chinese feasibility study. BETA notes that there are significant costs and design details that have not been included in the feasibility, such as the tailing facility, and as such has conservatively not included these results as reserves to date. There is excellent potential for this project to be brought up to higher classification level with additional work.

The Chinese Reserve Estimates concluded that there are 294,977 tonnes of probable ore reserves averaging 8.41 g/T gold, 453 g/T silver, 1.33% copper, 2.63% lead, and 1.92% zinc, and containing about 80,000 ounces of gold, 4,300,000 ounces of silver, 8.6 million pounds of copper, 17 million pounds of lead and 12.5 million pounds of zinc. (Table 12.1)

Table 12.1 Chinese Minable Reserves

Reserve Class	Average Grade					Average Thickness (m)	Area (m ²)	Volume (m ³)	Density (g/cm ³)	Tonnes(t)	Content				
	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)						Au (oz)	Ag (oz)	Cu (t)	Pb (t)	Zn (t)
121	8.59	273.47	0.01	0.03	0.03	0.42	3,801	1,596	4.16	6,641	1,834	58,391	67.74	231.11	168.02
122	7.66	589.90	0.01	0.03	0.03	0.62	17,061	10,556	4.16	43,914	10,811	832,865	447.92	1,528.19	1,111.01
122B	8.54	433.89	0.01	0.02	0.02	0.71	83,284	58,755	4.16	244,422	67,137	3,409,691	3,405.90	5,985.49	4,385.54
Total	8.70	468.79	1.33%	2.63%	1.92%	0.68	104,146	70,908	4.16	294,977	79,782	4,300,947	3,922	7,745	5,665

12.1 Parameters Utilized for the Chinese Mine Reserve Analysis:

- Access: Reasonable location close to a road
- Average local wage rate US\$100-250/month
- Average local management rate US\$500-1000/month
- Moderate depth of mine
- Climate allows year round operation
- Medium environmental sensitivity, proper oversight required
- Medium grinding hardness (Moh's 5)
- Low - moderate amount of bureaucracy
- New surface equipment, good underground equipment
- Good rock competence with normal mining
- Underground mine
- Inclined tunnel (Winze) and Adit access
- Shrinkage stope mining and modified room-and-pillar where appropriate
- Public Utility normal priced power

- Existing infrastructure (nearby village)
- Surface water available
- The required roads are in place
- The required power lines are in place
- The required water line is in place
- Average density of 4.16 tonnes per cubic meter
- The estimated dilution is 18.0%
- Average width of mineralization- 0.79 m
- Av. Dip of mineralization is between 62 and 81°
- Required production access is substantially in-place
- Diluted gold grade of 5.79 g/t estimated. (BETA believes Grade is underestimated).
- The initial mining rate is 200 tpd increasing to 400 tpd within the first year and a half.
- The expected recovery for gold into concentrate is 68.4%
- The expected recovery for silver in concentrate is 73.6%
- The expected cost of milling and refining is US\$ 23.29 (¥182.6) per tonne ore
- The expected cost of mining is US\$ 22.81 (¥178.8) per tonne ore
- The expected cost of administration is US\$ 33.69 (¥261.27) per tonne ore

BETA notes that the current metals market prices show increases in all metals value (Au (+8,6%), Ag (+9.45%), Cu (+138%), Pb (+45%) and Zn (+108%)) relative to the Project's Economic Evaluation presented in the Introduction to the Wuxi Gold Project (10/2006).

13.0 MINING

13.1 Mining conditions of exploitation

Hydrology

The Host Rock for virtually all of the current deposit is a Silurian fine grained sandstone. This rock type demonstrates very low permeability. Further, the faults influencing the ore structures are generally well healed; these faults will therefore permit minimal in-flows of meteoric water. This generalization is supported by the performance observed in the Test Trenches and current U/G mine development.

Geological Impact on Mining Conditions

The Hanging Wall (HW) and Foot Wall (FW) rocks are primarily Silurian fine grained sand stones with a Moh's hardness of 5. Fault and fracture development in the mining area is generally expressed as small dislocations, of between 10 to 100cm, that appear well healed. Mine Support requirements will be minimal and generally limited to the more extensive fault zones. BETA observed that current mine support was minimal and was primarily installed to prevent sloughing from the rock exposed by the U/G development. These support structures demonstrated little evidence of ground pressure. The timeliness of support installation will be a critical factor as the exposed rock will suffer additional degradation due to exposure to air; support should therefore be installed ASAP.

U/G Access and Haulage

Current U/G infrastructure has been developed on the +70, +110, +150 and +170 levels. The levels +150 and +170 are accessed by a 3-wheel, battery powered, rubber-tired haulage vehicle. The +170 level is primarily for exploration and ventilation requirements. Levels below the +150 are currently accessed by a winze or inclined (-25°) shaft. Representatives of the Xinzhou Gold Co. Ltd. have stated that all haulage levels will be converted to track haulage. Track haulage is appropriated for long lenticular ore bodies as evident at the Wuxi Project.

Extraction (Stope) Mining Conditions

Stope mining, due to the favorable inclination (61° to 82°) of the ore structures, will adhere generally to conventional Shrinkage stoping techniques. The average ore structure thickness is 0.62m and Shrinkage stoping will minimize the required working cross sectional area. In the upper levels of the U/G workings, BETA observed the presence of fault gouge (altered zone) associated with the quartz veining; careful application of Shrinkage will limit total extraction to this gouge zone and the quartz structure. This associated gouge is said to be less prevalent with depth. Additionally, these stopes should be designed with top access, i.e., access from a level above the stoping area. This will minimize the impact of the cross faulting and will facilitate ore extraction. Conventional Room and Pillar mining is planned for ore zones with inclinations of less than 45°.

14 MINING AND PROCESS COST ESTIMATES

The following sections summarize the operating costs for the Wuxi gold project, as provided by the Xinzhou Gold Co. Ltd.

The projected mining costs are US\$ 22.81 (¥178.8) per tonne ore

The projected milling and refining costs are US\$ 23.29 (¥182.6) per tonne ore

The projected administration costs are US\$ 33.69 (¥261.27) per tonne ore

	Mining	Milling	G&A	TOTAL
Cost per tonne of ore	\$ 22.81	\$ 23.29	\$ 33.69	\$ 79.79

The above operating costs are projected for the 400 tonne per day operation and include operating and maintenance costs of:

- Mining
- Crushing
- Processing
- Assay Laboratory
- Auxiliary Equipment

The projected administration costs include:

- General Administration
- Environmental
- Social Programs

The projected value of the processed ore is US \$ 245.06/t. As indicated by BETA, this value is understated given current metal prices.

BETA has converted this to an equivalent operating cost per ounce of gold (associated metals converted to gold equivalent, at current metal price) for the Wuxi project of US \$365.74 per ounce of gold.

Based on a review and comparisons to other operations in China, it is BETA'S opinion that the operating costs are a fair reflection of the true costs for this operation.

Costs are expressed in 4th quarter 2006 U.S. dollars without escalation. The exchange rate utilized for this report is 7.754 RMB per US dollar.

Labor costs are based on national averages. Social burdens reflect current legal requirements.

15.0 INTERPRETATION AND CONCLUSIONS

BETA concludes that there is a mineral resource at Wuxi. The area is sufficiently understood geologically, and current information provided by the Xinzhou Gold Co. Ltd. are reasonable representations that the Project has potential to be economically viable.

The Measured and Indicated Resource is 295,000 tonnes of ore grading 8.4 g/t gold, 453 g/t silver, 1.3% copper, 2.6% lead, and 1.9% zinc. There is an additional inferred resource of 162,400 tonnes grading 4.2 g/t gold, 425 g/t silver, 0.9% copper, 4.7% lead, and 4.4% zinc.

A Chinese feasibility study indicates that the operating cost for the Wuxi project is projected to be \$365 per ounce of gold. The gold-equivalent cutoff grade is projected to be 7.70g/t. The recovered, diluted average gold-equivalent grade of the project is calculated to be 14.73 g/t, well above cutoff. Estimated minable reserves based on this study are approximately 457,806 tonnes grading 6.84 g/t, containing 68,863 ounces of recoverable gold. These reserves do not meet US or Canadian reporting requirements.

The Wuxi Project hosts a geologic setting where the discovery of sufficient resources at similar grades, to support the 10 year projected mine life (~700,000 additional tonnes) is a reasonable expectation.

BETA recommends that immediate work be undertaken to bring the reserves up to a higher classification level. This will involve further geologic and engineering investigations and studies and additional cost studies to prove the economic feasibility and viability of the project.

16.0 RECOMENDATIONS

The Wuxi Project needs to address the following issues:

- Underground exploration/development – in areas projected for stoping, raises at 45° should be driven within the ore blocks to confirm structure widths and grades and determine the position and impact of the cross faulting noted.
- Check Sample Analyses should be carried out by Independent Certified Laboratories.
- Mineralization Model – A computerized 3-D model of the mineralization should be created. This should be a 3-D geologic model, using software capable of showing the sample results on layer overlays (AutoCad, Datamine, Medsystem, etc).
- Diamond Drill holes – BETA is of the opinion the drilling should be planned to test the downward extension of current ore blocks. This type of ore mineralization/deposit can extend to more than 500m in depth. A determination of the probable vertical extent, of these ore blocks could result in a reassessment of current access development plans.
- Miner Training – A great deal of the success of a mine in controlling dilution and maximizing extraction levels is dependent on the quality and experience of the U/G mine management and workers. The current caliber of miner is not high and efforts should be made to acquire more experienced and knowledgeable U/G supervision and miners. As the mine desires to employ workers from the vicinity, training programs must be provided, to train mine supervisors and employees, for an extended period to ensure successful operation.
- Process Plant Design – Due to the significant variance in the Specific Gravity of Ores and Gangue material, the feasibility of providing for a Heavy Media separation of these materials, prior to milling, should be explored. If feasible, this additional stage would reduce the sizing of the Plant by a minimum of 18% (expected dilution)
- Process Plant Location – Every effort should be made to relocate the Process Plant and Tailings facility closer to the Mine workings. Separation of these facilities will introduce difficulties in communication and will add additional costs for transportation.

17.0 REFERENCES

The sources of information used in preparing this report are as follows:

“Summary of the Geological Survey - Wuxi Gold and Multi-Metal Mine, Jingxian County, Anhui Province”, Anhui Exploration (Nuclear Technology) Institute, September 2006.

“Structural Analysis-Post Mineralization-Wuxi Goldmine” - Liu Huihua, March-04

“Site Visits 24-29-07-06”, - Tom McGrail, Aug.-06

“Ore Genesis Analysis-Wuxi Goldmine”- Translation - Liu Huihua, March-04

“Introduction to the Wuxi Gold Mine Project”- Translation - Oct-06

“Feasibility Study - Wuxi Gold Mine, Anhui Province, P.R. China” – Translation - Xinzhou Gold Co., Ltd.

“Capital Evaluation Report”- Translation - August-05

“Feasibility Study” - Xinzhou Gold Co., Ltd., Oct-06

“Ore Processing and Metallurgical Testing Report” - Metallurgical Department of South Jiangxi Natural Science and Technology University

“Ore Processing and Metallurgical Testing Report for the Wuxi Gold Mine” - Metallurgical Institute of Beijing Nonferrous Metal Research Institute.

“Introduction to the Wuxi Goldmine Project”, October 2006,

“Feasibility Study for The Wuxi Gold Mine -Anhui Province, P.R. China” - Xinzhou Gold Co. Ltd.

“Capital Evaluation” - Anhui Zhengxin Accountant Office.

Document # 52 (2006) *“Approving Comments on the Environmental Impact for the Construction of the 200t/d Ore Processing Plant for the Wuxi Gold Mine”* provided by the Environment Protection Bureau – Xuancheng City.

“Gold Mineral Resource/Reserve Classification Standards” as set forth in Document # GB/17766 (1999).

Drawing – Mill Process Flow Chart - Wuxi Goldmine - YouXian Methodology

Drawing - Histogram – DD Hole ZK-701 - Wuxi Goldmine, Tan Boying, Jul-06

Drawing – Crusher Area Layout - Wuxi Goldmine

Drawing - Mill Process Area Layout - Wuxi Goldmine

Drawing – Site Layout Arrangement - Wuxi Goldmine

Drawing - Histogram – DD Hole ZK701 - Wuxi Goldmine - Tan Boying

18.0 CERTIFICATE OF QUALIFICATION

Certificate of the Author

I, David Bikerman, M.S., Engineer of Mines, residing at 76 Lyme Street, Old Lyme, Connecticut, 06371, hereby certify that:

1. I have been gainfully employed since 1978 in the field of mining and, since 1981, as a Mining Engineer
2. I am currently a principal in the firm of Bikerman Engineering & Technology Associates, Inc. located at 76 Lyme Street, Old Lyme, Connecticut, 06371.
3. I am a graduate of the Henry Krumb School of Mines of Columbia University in the City of New York, NY, with the degree of Professional Engineer of Mines in 1995, and the degree of Master of Science in Mining Engineering in 1985. I am a graduate of the University of Pittsburgh, Pittsburgh, PA, with a degree of Bachelors of Science in Mining Engineering in 1981.
4. I am a member of the Society of Mining Engineers (SME).
5. The work submitted is based upon my personal examination of the project data.
6. I have not received interest, direct or indirect, in the property nor do I have any beneficial interest, direct or indirect, in the securities of Tung Ding Resources, Inc. or Xinzhou Gold Co., Ltd., or any of its parents or subsidiaries.

David Bikerman, M.S., E.M.

Old Lyme, Connecticut, USA
February, 2007

Certificate of the Co-Author

I, Thomas McGrail, Engineer of Mines, residing at A.P. 47, San Juan del Sur, Rivas, Nicaragua, hereby certify that:

1. I have been gainfully employed since 1972 in the field of mining and, since 1981, as a Mining Engineer.
2. I am currently a consultant to the firm of Bikerman Engineering and Technology Associates, Inc.
3. I am a graduate of the Technical University of Nova Scotia with a Bachelor's Degree in Mining (Distinction) granted in 1981.
4. I am a member of the Australian Institute of Geoscientists.
5. The work submitted is based upon my personal examination of the project data.
6. I have personally visited the properties on which the work is done, and have reviewed in detail all supporting data on which the results are based.
7. I have not received interest, direct or indirect, in the property nor do I have any beneficial interest, direct or indirect, in the securities of Tung Ding Resources, Inc. or Xinzhou Gold Co., Ltd., or any of its parents or subsidiaries.

Thomas McGrail

Beijing, P.R. China
February, 2007