Technical Assessment on Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi Gold Projects in Heilongjiang Province, People's Republic of China

Report prepared for

Sino Prosper Holdings Limited

Prepared by

SRK Consulting
Engineers and Scientists

August 2009

Technical Assessment on Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi Gold Projects in Heilongjiang Province, People's Republic of China

for

Sino Prosper Holdings Limited

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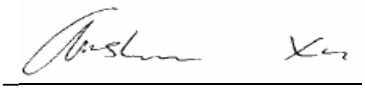

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Executive Summary

Summary of principal objectives

Sino Prosper Holdings Limited ("Sino Prosper", or "the Company") commissioned SRK Consulting China Limited ("SRK") to undertake an independent technical assessment report on geology and mineral resource potential of the Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi gold projects in Hulin County of Heilongjiang Province, People's Republic of China ("PRC"). The three gold projects are wholly owned by Heilongjiang Zhongyi-Weiye Economy and Trade Co. Limited ("Zhongyi-Weiye"). The principle objective of this Report is to provide existing Sino Prosper shareholders and The Stock Exchange of Hong Kong Limited ("HKEx") with an Independent Expert Report suitable for inclusion in documents that the Company plans to submit to HKEx in relation to a proposed acquisition.

Outline of work program

The work program involved three phases:

- Phase 1: conduct a desktop review of available information provided by Sino Prosper and Zhongyi-Weiye;
- Phase 2: travel to Zhongyi-Weiye prospects, inspection of exploration permit area, interview with related staff of the Zhongyi-Weiye, and collection and review of documents provided to SRK; and
- Phase 3: analysis of the provided data, completion of a draft report, copy to the client and finalise the report.

Results

Overall

Three exploration permits currently held by Zhongyi-Weiye include the Paoshouyingdongshan, Dumuheshangyou, and 290 Gaodi gold and polymetallic prospects, covering a total area of 196.31km^2. Zhongyi-Weiye gold and ploymetals project is about 120km north of Hulin County town, or approximately 320km east of Jiamusi City, Heilongjiang Province, PRC. The property areas can be easily accessed.

Zhongyi-Weiye project is still in its early stage of exploration. The exploration programs conducted by Zhongyi-Weiye are mainly geological, geochemical and remote sensing surveys. Based on these programs, more than 10 gold and ploymetals geochemical anomalous areas are delineated and 6 remote sensing anomalous areas are defined at the three exploration tenements. The six remote sensing anomalous areas match well with the geochemical anomalous areas. Samples were collected randomly from the 6 anomaly areas and assay results are very encouraging. Based on the anomaly length, width and inferred depth of the 6 gold anomalous zones and the sample assay results, Guangzhou Geochemistry Institute of Chinese Academy of Science (GGICAS) estimated prematurely gold prospecting resource of 20.88 tonnes (t).

Geology

Geotectonically, the project is located in the southern margin of Wandashan (Indo-Chinese epoch) Fold Belt in East China tectonic plate. The fold belt trends nearly south-northerly. This district had

undergone a long geological evolution, and volcanism and magmatism are well developed with complicated geological structures in this region. Especially, the strong magmatism in the Early and Middle Mesozoic provides thermal source for copper (Cu)-nickel (Ni) and polymetallic mineralization.

Regionally, the project is located the Wandashan polymetallic mineralization zone; it belongs to the gold mineralization belt of East Heilongjiang Mining and Economic District. There are a number of mineral deposits, such as the large-type Huanan gold placer mine Tuanjiegou porphyritic copper mine, the vein-type Laozhashan gold deposit, and the Shuangyashan iron deposit and Xiaosilin lead-zinc deposit. The known middle-size Sipingshan gold mine is located just between the Dumuheshangyou and 290 Gaodi exploration tenements. The characteristics of geology and gold mineralization are very similar.

Mineralisation

The matched geochemical and remote sensing anomalies show that the gold and polymetallic mineralisation occurs within the Triassic siliceous slate and silicalite strata. Based on the site observations of outcrops and drill cores, and information provided by the Company, the mineralisation types are siliceous breccia with interbeded quartz veins within structural fracture zones. The mineralised fracture zones trend north-easterly with locally swelling and pinching. The ore minerals are mainly pyrite and limonite with less chalcopyrite, sphalerite and galena. Gangue minerals are quartz, micas and kaolin.

Resource and Reserve Estimates

All the property is already under an exploration stage and there are no mineral resource estimates so far. SRK was informed that the mineral resource/reserve estimation, following the Chinese Resource Category System, will be carried out after completion of further exploration programs.

Samples collected at surface outcrops from the three exploration tenements, and the assay results are encouraging. At the Paoshouyingdongshan exploration tenement, the gold grades of 15 samples range from 0.10g/t to 0.81g/t, with an average and median of 0.51g/t and 0.55g/t, respectively. For the Dumuheshangyou property, the gold grades of 10 samples range from 0.27g/t to 0.88g/t, with both average and median of 0.62g/t. At the 290 Gaodi property, 9 samples assayed return gold results ranging from 0.10g/t to 1.50g/t, with an average and median values of 0.64g/t and 0.57g/t, respectively. These imply there is great potential of gold and polymetals resources at the exploration tenements.

To test the gold mineralisation at depth for the three exploration tenements, three drill holes were conducted. The drill holes intersect the gold mineralisation zones of siliceous and graphitic slates. Currently, the assay results show that the drill hole ZKD1 intersects three mineralisation zones at the Dumuheshangyou from 8.3m to 54.5m (average grade 0.60g/t Au), 95m to 115m (average grade 0.55g/t Au), and 145m to 188m (average grade 0.53g/t Au), respectively. The drill hole ZKG1 also intersects one gold mineralisation zone at the 290 Gaodi from 15m to 86m with an average of 0.70g/t. The ZKP1 drill core samples at the Paoshouyingdongshan show the gold grades range generally from 0.01g/t to 0.08g/t, which are below the cut-off grade of 0.30g/t.

Based on the anomalous length, width and inferred depth of mineralized zones shown on the remote sensing maps, GGICAS conducted premature gold resource estimates. Paoshouyingdongshan, Dumuheshangyou, and 290 Gaodi exploration properties have gold prospecting resources of 5.59t, 10.07t, and 5.21t, respectively. SRK should emphasize that the resource statement is only possible mineral resource prediction and that it should be used with caution. It is of SRK's opinion that, prior to have a resource statement of the properties, much more exploration programs, such as trenches and drill holes with detailed sampling, are needed to control the length, width and depth of each mineralized zone/body.

Recommendations for Further Exploration

The Zhongyi-Weiye gold and polymetals project is still in its early stage of exploration. Previous geological, geochemical and remote sensing exploration work at 1:25,000 scale have delineated geochemical and remote sensing anomalous areas at the three exploration tenements. Assay results of samples collected from these properties warrant further exploration.

SRK recommend that trenching explorations with detailed samples are needed to carry out at the delineated anomalous areas at scale of 1:2000 scale following the mineralised fracture zones. The trenching engineering will not only control the spatial distribution of mineralised bodies and provide information for drill holes design, but also better understand the mineralisation characteristics.

Upon the satisfied results from surface exploration, it is recommended that drillings and tunnelling are continued in the purpose to investigate continuation of already discovered mineralized zones and to discover new ones, however these works should be preceded by carefully planned and executed geophysical survey which combined with geochemistry could more precisely indicate the targets.

The drillings and tunnelling should in the manner which allows issuing appropriate maps and cross sections through mineralized zones eventually to produce 3D models and result with mineral resources estimation.

The appropriate QA/QC protocol should be implemented and strictly observed both at the exploration site as well in assigned laboratories. The periodical reports on QA/QC protocol should be issued and available for independent consulting.

Upon the success of the exploration program, a resource estimation and maybe feasibility study may be conducted to evaluate the properties for possible development and/or further exploration.

Table of Contents

List of Tables

List of Figures

Disclaimer

The opinions expressed in this report have been based on the information supplied to SRK Consulting China Limited ("SRK") by Zhongyi-Weiye Economic and Trade (Heilongjiang) Co. Limited. The opinions in this report are provided in response to a specific request from Sino Prosper Holdings Limited. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which SRK have had no prior knowledge nor had the opportunity to evaluate.

1 Introduction

Sino Prosper Holdings Limited ("Sino Prosper" or "the Company") is a public company listed on the Stock Exchange of Hong Kong Limited ("HKEx"). The Company is considering the acquisition of whole ownership of the three gold projects from Heilongjiang Zhongyi-Weiye Economic and Trade Co. Ltd (Zhongyi-Weiye"). SRK Consulting China Limited ("SRK) was retained to undertake an independent technical assessment report on the geology and resources and resource potential of the Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi gold-polymetallic exploration tenements in Hulin County of Heilongjiang Province, People's Republic of China ("PRC"). SRK was required to provide an Independent Technical Assessment Report ("Report") to the HKEx and the shareholders of Sino Prosper.

2 Background and Brief

2.1 Background of the Project

Sino Prosper commissioned SRK to review and report the Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi gold-polymetallic exploration tenements in Hulin County of Heilongjiang Province, PRC. The three gold-polymetallic projects are wholly owned by Zhongyi-Weiye. Copies of the original exploration tenements are shown in Appendix 1.

2.2 Scope of Work

The scope of work included SRK travelling to the property site and visiting the three gold prospects in north of Hulin County of Heilongjiang Province, PRC, and preparing a report suitable for Sino Prosper's acquisition of the gold-polymetallic projects. This report focuses on geology and resources and resource potential of the three gold-polymetallic deposits.

3 Program Objectives and Work Program

3.1 Program Objectives

The principal objective of this report is to provide existing Sino Prosper existing shareholders and the HKEx with an Independent Technical Assessment Report suitable for inclusion in documents that Sino Prosper plans to submit to the HKEx in relation to the proposed acquisition. The SRK report is proposed to provide the HKEx and existing and potential shareholders in Sino Prosper with an Independent Expert Report which provides an unbiased technical assessment of risk and opportunities associated with the project.

3.2 Reporting Standard

This Report has been prepared to the standard of and is considered by SRK to be a Technical Assessment Report under the guidelines of the Valmin Code. The Valmin Code is the code adopted by the Australasian Institute of Mining and Metallurgy and incorporates the Joint Ore Reserves Committee ("JORC") Code for the reporting of Mineral Resources and Ore Reserves. The standard is binding upon all and is binding upon all Australasian Institute of Mining and Metallurgy ("AusIMM") members.

This Report is not a valuation report and does not express an opinion as to the value of mineral asset. Resources reported in this document are not classified according to the JORC code and have been reported against the relevant Chinese classification system. SRK does not express an opinion regarding the specific value of asset and tenement involved.

3.3 Limitations Statement

SRK is not professionally qualified to opine upon and/or confirm that Zhongyi-Weiye Economic and Trade Co. Ltd. have 100% control of the underlying tenements and/or have any unresolved legal matters relating to any transfer of ownership or associated fees and royalties. SRK has therefore assumed that no legal impediments regarding the relevant tenements exist and that the company named above has legal rights to all underlying tenements as purported. Assessing the legal tenure and right to prospects of the above company is the responsibility of legal due diligence conducted by entities other than SRK.

3.4 Work Program

The work program consisted of a review of data provided by Zhongyi-weiye and Sino Prosper, travel to the project site in Hulin County in Heilongjiang Province, PRC; inspection of the Zhongyi-Weiye's property, including field observations, interviews with the representatives of the Company and exploration staff, analysis of the data provided, and preparation of this Report, which was provided to the Company as a draft for review of factual content. SRK will finalise the report after feedback and comments have been considered.

3.5 Project Team

The SRK project team, title and responsibility within this Report are shown in Table 3-1.

Table 3-1: SRK Project Team

Consultant	Title and Responsibility
Dr Yiefei Jia	Principal Consultant, geology, exploration and resource estimates, and report compilation.
Changchun Wang	Senior Geologist, assisting geological data collection and report compilation.
Dr Anson Xu	Principal Consultant, peer review and quality control.

Dr Yiefei Jia, *PhD, MAusIMM,* is a principal consultant (geology) with a specialty of exploration of mineral deposits. He has more than 18 years experience in the field of exploration, development, and resources estimate of precious (gold, sliver, and PGE) and base metal (lead, zinc, copper, vanadium, titanium, and iron as well as other metal ore deposits in different geological settings in China, Australia, and North America. He also has essential skills including exploration project management and design; petrological and geochemical analysis; lithological and geotechnical logging; and scientific research. He has recently completed several technical review projects including Stock Exchange of Hong Kong (HKEx) technical reports. Dr is the project manager.

Changchun Wang, *B.S.*, is a senior consultant (Geology and Mineral Resource) of SRK Consulting China. Mr. Wang graduated from Changchun College of Geology in January 1982. Since then he has worked at the Gold Geological Survey Center of Jilin Provincial Bureau of Geology and Mineral Resource, and Jilin Geological and Scientific Research Centre. During this period, he has been involved in many exploration and prospecting projects, including metallic mines and non-metallic mines. He has gained abundant experience over 20 years on geological exploration, prospecting, and scientific research. Mr. Wang will assist Dr Jia in site visits and preparation of the geological and resources sections of this report.

Dr Anson Xu, *PhD, MAusIMM,* is a principal consultant with a specialty in exploration of mineral deposits. He has more than 20 years experience in exploration and development of various types of mineral deposits including copper-nickel sulphide deposits related to ultrabasic rocks, tungsten and tin deposits, diamond deposits, and in particular, various types of gold deposits, vein-type, fracture-breccia zone type, alteration type, Carlin type. He was responsible for resource estimations of several diamond deposits, and review of resource estimations of several gold deposits. He has recently completed several due diligence jobs for clients in China, including gold, silver, lead-zinc, iron, bauxite, and copper projects, and several technical review projects, as well as HKEx technical reports. Dr Xu provided peer review to ensure the quality control of the report.

3.6 Statement of SRK Independence

Neither SRK nor any of the Report authors have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no prior association with Sino Prosper or Zhongyi-Weiye in regard to the mineral assets that are the subject of this Report. SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. Payment of that professional fee is not contingent upon the outcome of this report.

3.7 Warranties

Sino Prosper and Zhongyi-Weiye have warranted to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true. SRK has no reason to doubt this representation.

3.8 SRK Experience

SRK Consulting is an independent, international consulting group with extensive experience in preparing independent technical reports for various stock exchanges around the world. SRK is a one-stop consultancy offering specialist services to mining and exploration companies for the entire life cycle of a mining project, from exploration through to mine closure. Among SRK's more than 1,500 clients are most of the world's major and medium-sized metal and industrial mineral mining houses, exploration companies, banks, petroleum exploration companies, agribusiness companies, construction firms and government departments.

Formed in Johannesburg, South Africa, in 1974 SRK now employs more than 900 professionals internationally in 35 permanent offices on six continents. A broad range of internationally recognized associate consultants complements the core staff.

SRK Consulting employs leading specialists in each field of science and engineering. Its seamless integration of services, and global base, has made the company a world's leading practice in due diligence, feasibility studies and confidential internal reviews.

The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgement issues.

SRK China was established in early 2005, and is mainly working on Chinese mining projects independently or together with SRK's other offices, mainly SRK Australasia. We have prepared dozens of independent technical reports on mining projects for various companies who acquired Chinese projects or went public listings on overseas stock exchanges with a summary list as showing in Table 3-2.

Table 3-2: Recent Reports by SRK for Chinese Companies

Company	Year	Nature of Transaction
Yanzhou Coal Limited (company listed on the Stock Exchange of Hong Kong Limited)	2000	Sale of Jining III coal mine by parent company to the listed operating company
Chalco (Aluminium Corporation of China)	2001	Listing on the Stock Exchange of Hong Kong Limited and New York Stock Exchange
Fujian Zijin Gold Mining Company	2004	Listing on the Stock Exchange of Hong Kong Limited
Lingbao Gold Limited	2005	Listing on the Stock Exchange of Hong Kong Limited
Yue Da Holdings Limited (company listed on the Stock Exchange of Hong Kong Limited)	2006	Proposed acquisition of shareholding in mining projects in PRC
China Coal Energy Company Limited (China Coal)	2006	Listing on the Stock Exchange of Hong Kong Limited
Sino Gold Mining Limited	2007	Dual listing on the Stock Exchange of Hong Kong Limited
Xinjiang Xinxin Mining Industry Company Limited	2007	Listing on the Stock Exchange of Hong Kong Limited
Espco Technology Holdings Limited	2008	A acquisition of shareholding in Tongguan Taizhou Gold-Lead projects in PRC
Hong Kong Nation Resources	2008	Proposed acquisition of shareholding in

Limited		iron projects Chengde, PRC
Hua Yi Copper Holdings Limited	2008	A acquisition of shareholding in iron projects in Chengde, PRC
Kiu Hung International Holdings Limited	2008	A acquisition of shareholding in coal projects in Inner Mongolia, PRC
China Shenzhou Mining and Resources Inc	2008	Listing (SHZ) on the American Stock Exchange

3.9 Forward Looking Statements

Estimates of mineral resources are inherently forward looking statements. Being projections of future performance, they will differ from actual performance. The errors in such projections result from inherent uncertainties in interpretation of geologic data.

4 Location and Properties

4.1 Location and Access

The Zhongyi-Weiye's Project is located approximately 320km east of Jiamusi City, the 4th largest cities in Heilongjiang Province, PRC. Jiamusi airport is serviced by several daily direct flights between Beijing and Jiamusi. The project includes three gold and polymetallic exploration tenements. Administratively, the project area is 120km north of Hulin County town, Heilongjiang Province. The Zhongyi-Weiye property area can be easily accessed via highway (60km) from Jiamusi to Jixian, and then a provincial concrete paved road (S307, 200km) from Jixian to Raohe County, and short local gravel road (60km) from Raohe to the project site (Figure 4-1).

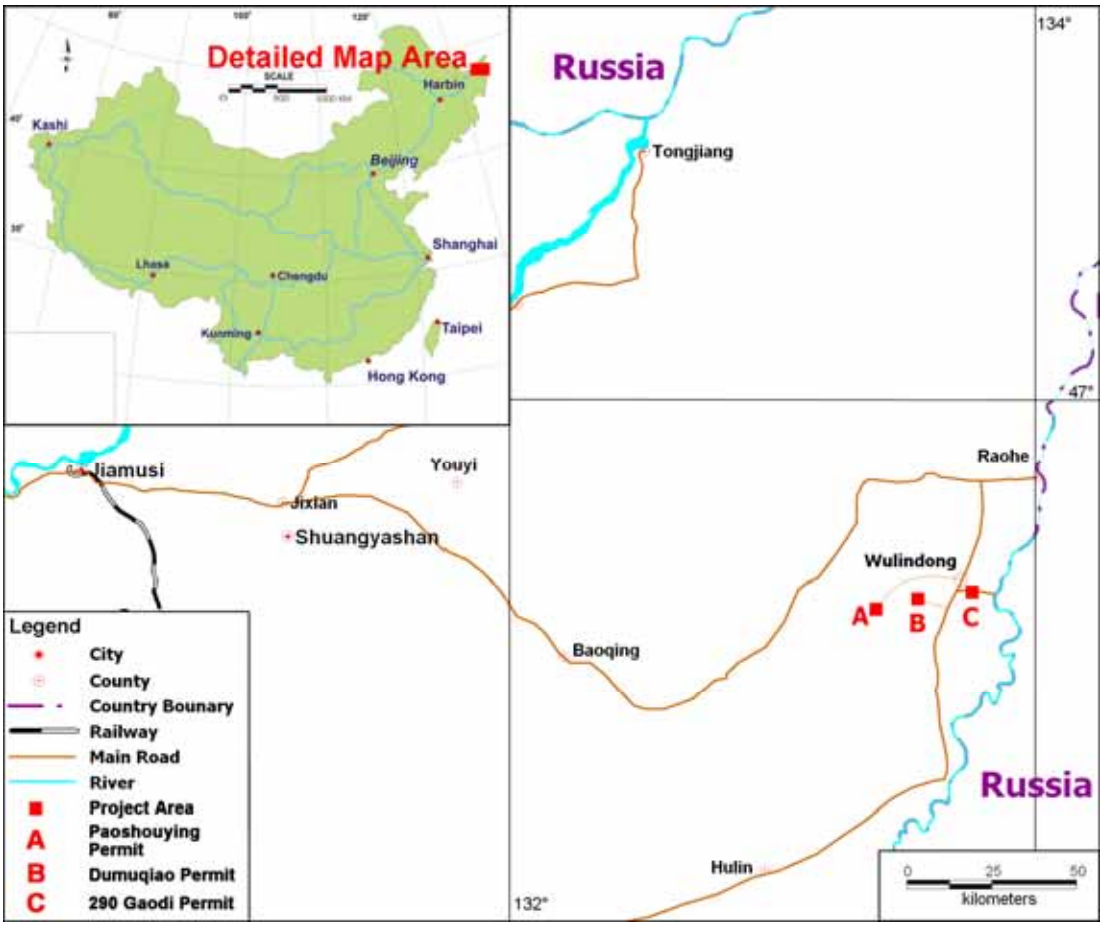


Figure 4-1: General location map

4.2 Climate and Physiography

Topography of the area is characterized by low-middle hills of average elevations between 250m and 400m above the sea level (ASL) with a relief of 150-300m. The climate of the area is typical continental climate with monsoon. It is hot and rainy in summer and cold and dry in winter. Seasons

have temperatures averaging 3.9 degree centigrade (°C) and ranging from -39.3°C to 37.2°C. The average annual precipitation is about 546 millimetres (mm) mostly occurring from the June to September period. The average annual evaporation is 649.7mm. Non-frost season is about 134 days. Vegetation is relatively abundant.

4.3 Economy and Infrastructure

In the project area, there is relatively spare population consisting of mainly Han people. Local economy is heavily based on agriculture and forest logging and timber process industries. Main crops are rice, bean, and corn. There are no power grids adjacent to the property area so far. The Northeast Electronic Gridt and Raohe power station can provide enough electricity to the project area. The water system is well developed in the property district. The main river is the Abuxin River and its tributary streams that flow to the Wusuli River all year round.

4.4 Exploration Tenements

Three exploration permits are currently held by Zhongyi-Weiye. The three exploration tenements include the Paoshouyingdongshan, Dumuheshangyou, and 290 Gaodi gold and polymetallic deposits, covering a total area of 196.31km^2. All property areas are shown in Figure 4-1. Table 4-1 lists the three exploration tenements. SRK has checked the three exploration tenements and copies of original permits provided in Appendix 1.

Table 4-1: Summary of Exploration Tenements

License No.	Property Name	Expire Date	Area (km^2)	Locality
T01120080402000439	Paoshouyingdongshan copper and polymetals	April 16, 2011	94.92	Hulin County
T01120080402000445	Dumuheshangyou copper and polymetals	April 16, 2011	83.02	Hulin County
T01120081102023112	290 Gaodi copper and polymetals	November 5, 2011	18.37	Hulin County

5 Geological and Mineral Inventory Assessment

5.1 Data Collection and Methods

SRK assessed the three exploration projects by reviewing sampling, analytical procedures and quality control methods, showing the amount of sampling of drill holes, mapping and geochemical sampling. In SRK's opinion, general exploration techniques which have been used for sampling of the mineralisation are acceptable being of industry standard. These techniques include drilling holes and geological surveying of the exploration project. Samples of mineralisation collected from the exploration projects are assayed internally. The Company proposes to use the most appropriate exploration methods with better assay and record keeping management systems for future exploration works.

5.2 Resource and Categories and Reserve/Resource Estimates

In 1999, the Chinese Government established a new resource category system, the Chinese National Standard for Solid Mineral Resources/Reserves Classification (GB/T17766-1999). This is a three-digit system, where the last digit indicates the geological certainty, 1 stands for measured mineral resource, 2 for indicated mineral resource, 3 for inferred resource and 4 for predicated resource. All the exploration property uses this resource category system. However, this system is different from the criteria used in defining a resource under the JORC code. Comparison between different systems is provided in Appendix 2.

SRK reviewed methods used by the Company to estimate the potential resources of the three gold and polymetallic deposits and is satisfied that Heilongjiang Exploration Institute of Non-ferrous Metals, who is qualified and approved Chinese independent geological consultant, has used methods and procedures complying with Chinese standards for early stage geological exploration. SRK notes the project is already under an exploration stage and there are no mineral resource estimates so far, although the Guangzhou Geochemistry Institute of Chinese Academy of Science conducted premature gold resource estimates. SRK believes that, prior to have a resource statement of the properties, much more exploration programs, such as trenches and drill holes with detailed sampling, are needed to control the length, width and depth of each mineralized zone.

5.3 Sampling, Analytical Method and Quality Control

China has its own system and requirements for quality assurance and quality control (QA/QC) for different stages of exploration of various types of mineral deposits. The Geological Brigade, which has the qualifications for conducting exploration, followed the prescribed procedures for QA/QC, complying with Chinese regulations. However as current Chinese mineral reserve codes or regulations are not fully recognised in Western countries, the QA/QC procedures used at the Company's projects are not necessarily compliant with the JORC code. The main differences between Chinese resource standards and the JORC code are in the areas of sampling and assaying. The JORC code is stricter on drill core recovery, the qualification of the assaying laboratory and insertions of control samples into assaying programs.

5.4 Regional Geology

As shown in Figure 5-1, the Zhongyi-Weiye gold-polymetallic project area is geotectonically located in the southern margin of Wandashan (Indo-Chinese epoch) Fold Belt in East China tectonic plate. The fold belt trends nearly south-northerly. This district had undergone a long geological evolution, as thus volcanism and magmatism are well developed with complicated geological structures in this region. Especially, the strong magmatism in the Early and Middle Mesozoic provides thermal source for copper (Cu)-nickel (Ni) and polymetallic mineralization.

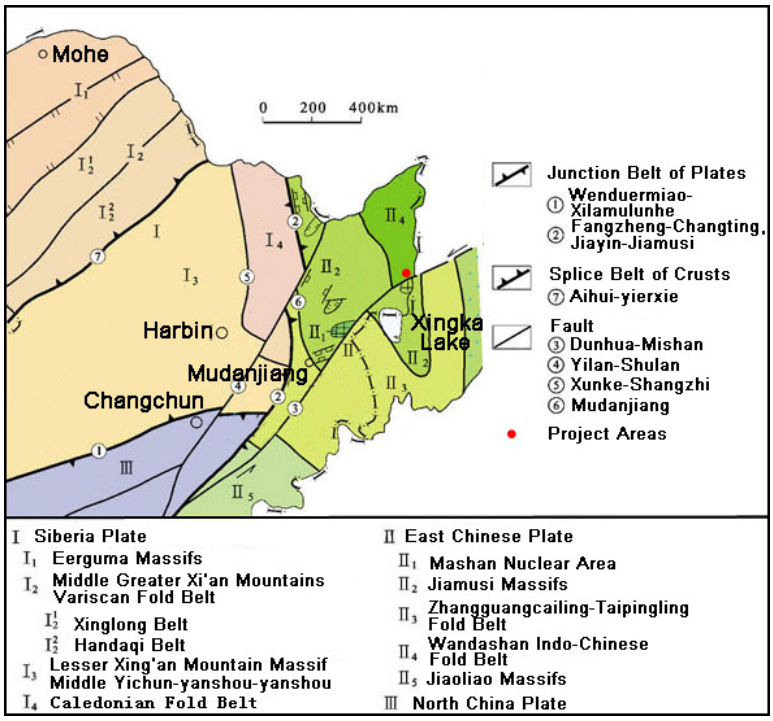


Figure 5-1: Tectonic Setting of Gold-polymetallic Project

The Early Mesozoic (230-180Ma) Triassic and Jurassic slate, siliceous slate and silicalite are the main stratigraphic units; they trend nearly south-northerly. Regionally, the northwest- and northeast-trending faults control the distribution of the Triassic and Jurassic and younger strata (Figure 5-2). The Indo-Chinese epoch magmatic activities are developed and are mainly granodiorite ($\gamma\delta_5^1$) and ultramafic rocks (Σ_5^1) in this region.

The Zhongyi-Weiye project area is located the Wandashan polymetallic mineralization zone. Regionally it belongs to the gold mineralization belt of so-called the "East Heilongjiang Mining and Economic District". There are a number of mineral deposits in the Wandashan mineralzation zone, such as the large-type Huanan gold placer mine Tuanjiegou porphyritic Cu mine, the vein-type Laozhashan gold deposit, and the Shuangyashan iron deposit and Xiaosilin lead-zinc deposit. The known middle-type Sipingshan gold mine is located just between the Dumuheshangyou and 290 Gaodi exploration tenements (see Figure 5-2). SRK was informed that the characteristics of geology and gold mineralization are very similar.

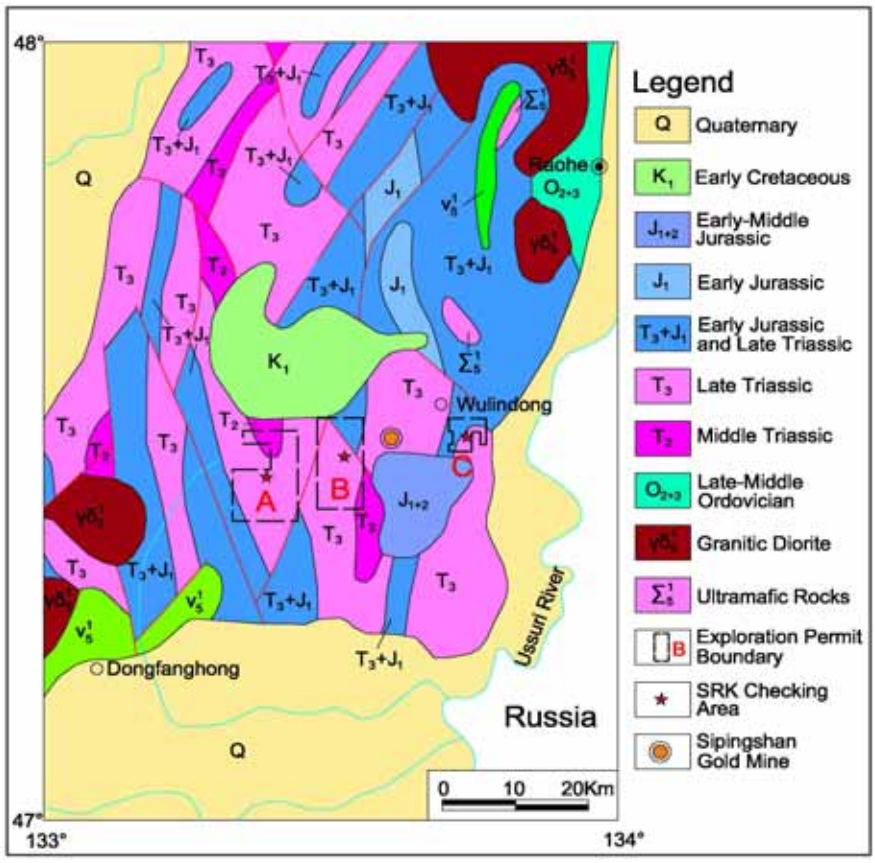


Figure 5-2: Regional Geological Map Showing Three-Property Areas

5.5 Geology of Zhongyi-Weiye Gold Properties

Based on information provided and field observations, the geological characteristics and mineralisation conditions, on the whole, are very similar in the three gold and polymetallic exploration tenements.

5.5.1 Paoshouyingdongshan Exploration Tenement

The area of Paoshouyingdongshan exploration tenement is 94.92km^2. It is defined by 8 vertexes, as shown in Table 5-1.

Table 5-1: Vertex Coordinates of Paoshouyingdongshan Property

Vertex	Longitude	Latitude	Vertex	Longitude	Latitude
1	133^0 21' 00"	46^0 30' 00"	5	133^0 20' 00"	46^0 27' 00"
2	133^0 27' 00"	46^0 30' 00"	6	133^0 24' 00"	46^0 27' 00"
3	133^0 27' 00"	46^0 23' 00"	7	133^0 24' 00"	46^0 29' 00"
4	133^0 20 ' 00"	46^0 23' 00"	8	133^0 21' 00"	46^0 29' 00"

In the Paoshouyingdongshan exploration tenement area, the stratigraphic units from oldest to youngest are: the Middle to Late Triassic Shibashangdi Formation (T_{2-3}sh), consisting of bio-relic silicalite; the Late Triassic Dababeishan Formation (T_3d), composed of argillite, siltstone with interbeded silicalite; the Late Triassic Dajiahe Formation (T_3dj), made up of silicalite with minor slate interlayer; the Late Triassic-Early Jurassic Dalingqiao Formation (T_3-J_1d) which consists of mainly sandstone, siltstone, slate with interbeded silicalite, and minor mafic and ultramafic tuff, breccias and lava; and the Quaternary sediments (Figure 5-3).

Faults are main structures spread over the mine area and can be divided into two groups of northwest- and northeast-trending. Intrusions are not developed in the tenement area (see Figure 5-3).

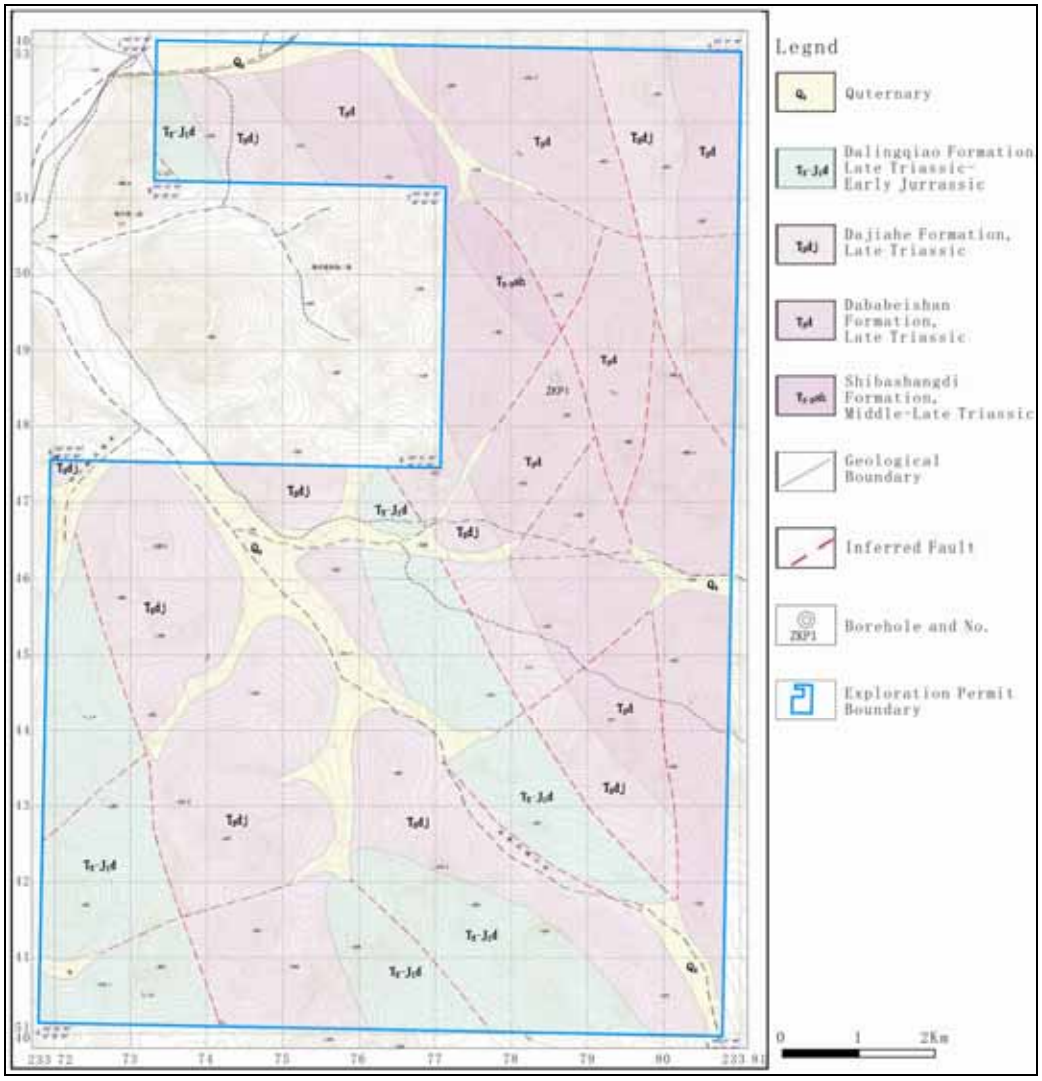


Figure 5-3: Geology of Paoshouyingdongshan Exploration Tenement

5.5.2 Dumuheshangyou Exploration Tenement

The area of Dumuheshangyou exploration tenement is 83.02km^2. It is defined by 4 vertexes, as shown in Table 5-2.

Table 5-2: Vertex Coordinates of Dumuheshangyou Property

Vertex	Longitude	Latitude	Vertex	Longitude	Latitude
1	133^0 29' 00"	46^0 31' 00"	3	133^0 34' 00"	46^0 24' 00"
2	133^0 34' 00"	46^0 31' 00"	4	133^0 29' 30"	46^0 24' 00"

In the Dumuheshangyou exploration tenement area, the main strata are the Late Triassic Dajiahe Formation (T_3dj). The Late-Middle Triassic Shibagoudi Formation (T_{3-2}sh), the Late Triassic Dababeishan Formation (T_3d) and the Late Triassic-Early Jurassic Dalingqiao Formation (T_3-J_1d) are locally distributed. The lithologies of these stratigraphic units are similar to those in the Paoshouyingdongshan exploration tenement area. The Early Permian Pikeshan Formation ($\lambda\pi K_1$p) consists of felsic volcanics including dacite, rhyolite, and tuff breccia, distributed in the southeast corner of the permit area (Figure 5-4).

There are two groups of faults which are trending north-westerly and north-easterly in the tenement area. Intrusions are not developed (see Figure 5-4).

5.5.3 290 Gaodi Exploration Tenement

The area of 290 Gaodi exploration tenement is 18.37km^2. It is defined by 12 vertexes, as shown in Table 5-3.

Table 5-3: Vertex Coordinates of 290 Gaodi Property

Vertex	Longitude	Latitude	Vertex	Longitude	Latitude
1	133^0 43' 00"	46^0 31' 00"	7	133^0 45' 30"	46^0 29' 00"
2	133^0 47' 00"	46^0 31' 00"	8	133^0 43' 00"	46^0 29' 30"
3	133^0 47' 00"	46^0 29' 00"	9	133^0 43' 00"	46^0 30' 00"
4	133^0 46' 30"	46^0 29' 00"	10	133^0 43' 30"	46^0 29' 00"
5	133^0 46' 30"	46^0 28' 30"	11	133^0 43' 30"	46^0 30' 00"
6	133^0 45' 30"	46^0 30' 00 "	12	133^0 43' 00"	46^0 30' 00"

The strata are relatively simple in the 290 Gaodi exploration tenement area. The main stratigraphic units are the Late Triassic Dajiahe Formation (T_3dj) and the Late Triassic-Early Jurassic Dalingqiao Formation (T_3-J_1d). Both lithologies are similar to the Paoshouyingdongshan and Dumuheshangyou exploration tenements areas. The Middle Jurassic Nandashan Formation (J_2n) consists of felsic volcanics including dacite, rhylite, and tuff breccia (Figure 5-5).

In the exploration tenement area, two faults are measured and trend north-westerly. Intrusions are not developed (see Figure 5-5).

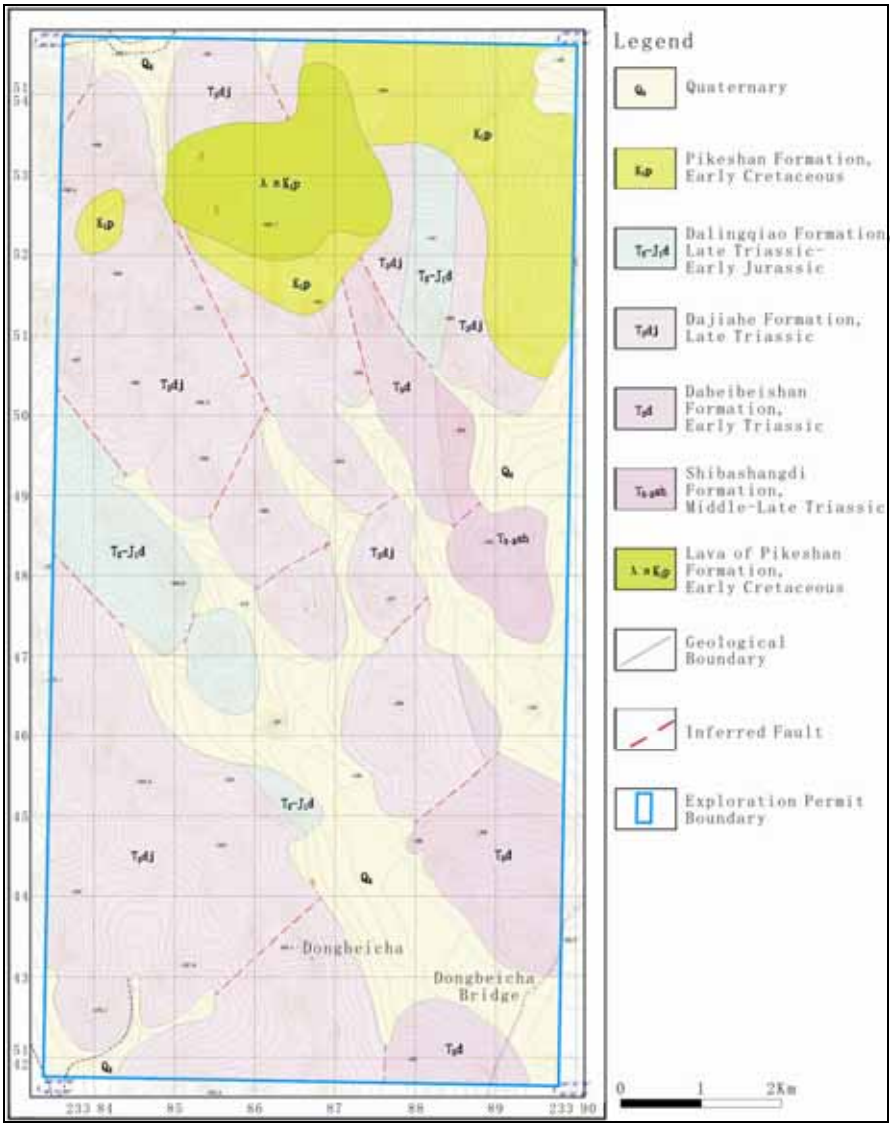


Figure 5-4: Geology of Dumuheshangyou Exploration Tenement

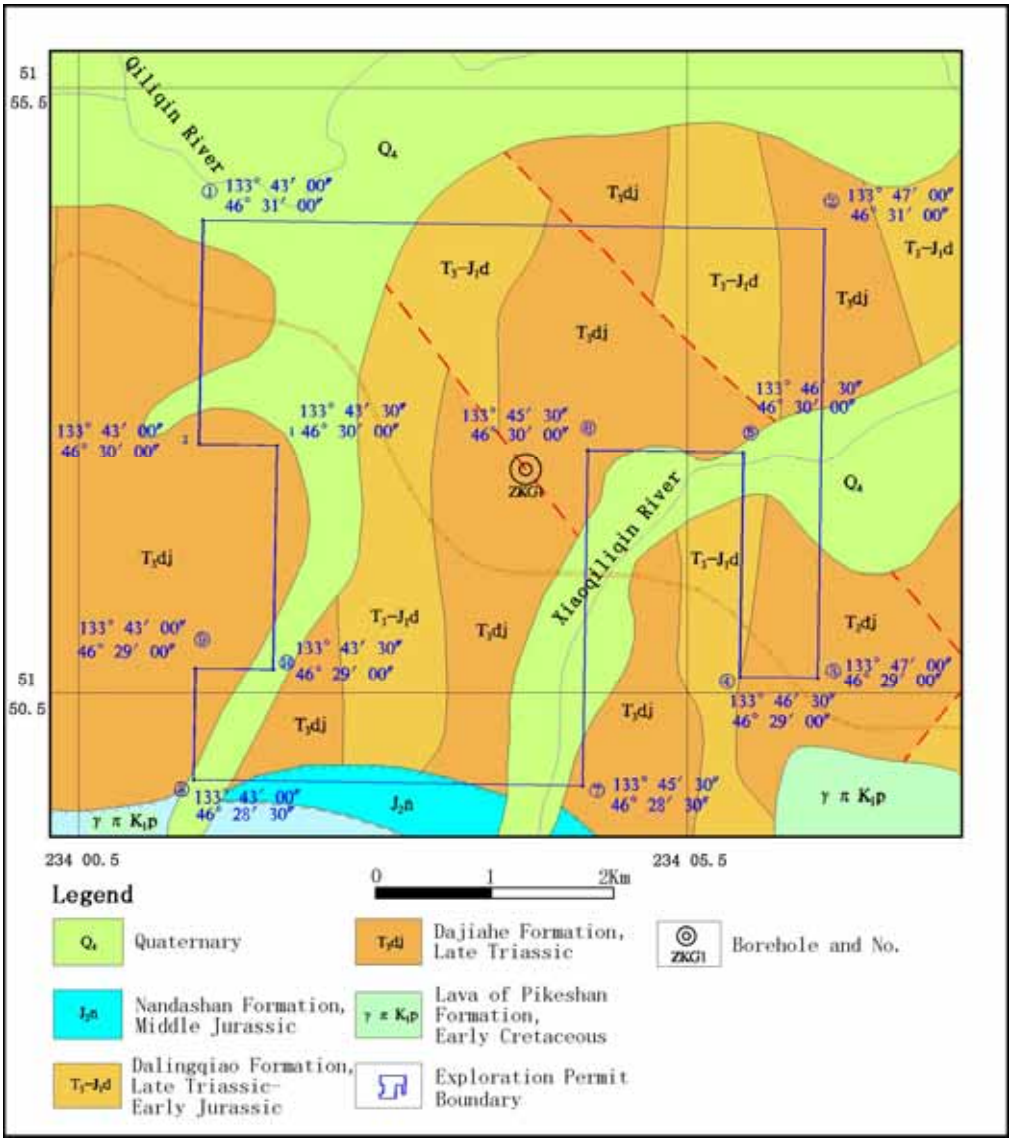


Figure 5-5: Geology of 290 Gaodi Exploration Tenement

5.6 Mineralisation

The mineralisation characteristics of the three exploration properties are similar. Based on the site observation, comparing with the known Sipingshan gold deposit, and information provided by the Company, the mineralisation types are siliceous breccia with interbeded quartz veins within structural fracture zones. According to the feasibility report on Zhongyi-Weiye project development, the mineralised fracture zones trend north-easterly with locally swelling and pinching.

5.6.1 Dumuheshangyou Exploration Tenement

Based on site observation of drill cores (ZKD1) from the Dumuheshangyou exploration tenement, the similar characteristics of both lithology and mineralisation to the known Sipingshan gold deposit were found. The mineralised drill cores consist of siliceous slate, graphite-bearing schist/slate and tuff. The siliceous slate and tuff contain most relatively rounded breccias with sizes of 3 to 10cm in diameters.

The compositions of breccia are quartz porphyry, siliceous slate and tuff (Figure 5-6). The graphite-bearing slate/schist and siliceous slate also contain disseminated pyrite with sizes of about 1.0mm. SRK was informed that the length of this mineralized drill core part is 80m.

Figure 5-6: Drill cores of ZKD1 from Dumuheshangtou Property

During the site visit, the ZKD1 drill is completed. The core recovery rate was estimated at more than 90%. The sample collection is in process. Other drilling programs are planned and all are in progress as well. At present, the size and dimension of mineralised body/bodies can not be controlled and delineated.

5.6.2 290 Gaodi Exploration Tenement

Based on site observation of outcrop and drill cores (ZKG1 and ZKG2) at the 290 Gaodi exploration tenement, the mineralised strata are siliceous slate and silicalite containing disseminated sulphide minerals such as pyrite and minor chalcopyrite. At surface, the limonite mineralised rocks show dark brown colour. SRK was told that this kind rock has gold grade of about 1.0g/t.

SRK collected one sample (H-290-1) and assay result is 0.10g/t Au.

During the site visit, both ZKG1 and ZKG2 drills are still in progress. Currently the size and dimension of mineralised body/bodies can not be controlled and delineated.

5.6.3 Paoshouyingdongshan Exploration Tenement

The mineralised strata, like above two, are siliceous slate and silicalite at the Paoshouyingdongshan exploration tenement. One drill hole (ZKP1) is in process. Currently the size and dimension of mineralised body/bodies can not be controlled and delineated.

5.7 Mineralogy

The Zhongyi-Weiye gold project is still in early stage of exploration. More analytical work should be done to identify the ore and gangue minerals. Based on SRK site observation and comparation with the Sipingshan gold deposit, the top of about 10m deep is oxidized ore and primary ore is down below.

The ore minerals are sulphide minerals of pyrite, chalcopyrite sphalerite and galena, oxidized pyrite showing as limonite, and less native gold. The gangue minerals are quartz, carbonate, chlorite, and other silicate minerals. The ore is characterized by disseminated structure and brecciform texture.

The useful elements are gold and possible other accessory metals. The harmful elements are unclear. The useful and harmful elements will be identified through sample assaying, which will be done soon.

5.8 Sampling, Analytical Methods and Quality Control

5.8.1 Geological and Geochemical Survey with Sampling

Heilongjiang Research Institute of Non-ferrous Metals Exploration conducted exploration at both Paoshouyingdongshan and Dumuheshangyou properties in 2008. The exploration programs are geochemical prospecting including 1:25,000 scale stream sediment survey and soil survey with detailed sampling.

Sample collections were conducted based on the Geochemical Exploration Criterion (DZ/T0011-91) and combination of the geomorphic condition at exploration tenements. The sample weight is more than 200 milligrams (mg). Table 5-4 is listed a summary of exploration workload at both exploration tenements. The analytical results were not provided for SRK review.

Table 5-4: Summary of Exploration Works Completed

Program	Unit	Planned workload	Completed workload	Delineated Anomaly
Paoshouyingdongshan Exploration Tenement				
Stream Hypo-anomaly Survey	km^2	94	94	Au and Cu: 5; Ag: 4; Sn: 6; As: 1; and other combination: 7
Geological Mapping	km^2	94	94	
Soil Survey and analysis	Sample	1800	1525	
Base rock analysis	Sample	50	17	
Dumuheshangyou Exploration Tenement				
Stream Hypo-anomaly Survey	km^2	83	83	Au: 5; Cu: 3; Ag: 2; Sn: 4; W: 8; and Mo: 2
Geological Mapping	km^2	83	83	
Soil Survey and analysis	Sample	2000	1991	
Base rock analysis	Sample	50	39	

5.8.2 Remote Sensing

Guangzhou Geochemistry Institute of Chinese Academy of Science uses the digital data from the United State of America Land and Resources Satellite 5 (Landsat-TM-5 at 1h:43m:21.378s afternoon on August 26, 2007). Based on the digitalisation and analysis of the ENVI-4.6 remote image process system, six gold remote anomalies of Nos. 1, 2, 3, 4, 5, and 6 are achieved (see Figure 5-7). The golden colours with dark red are the geochemical domino offect anomalies of gold and polymetals.

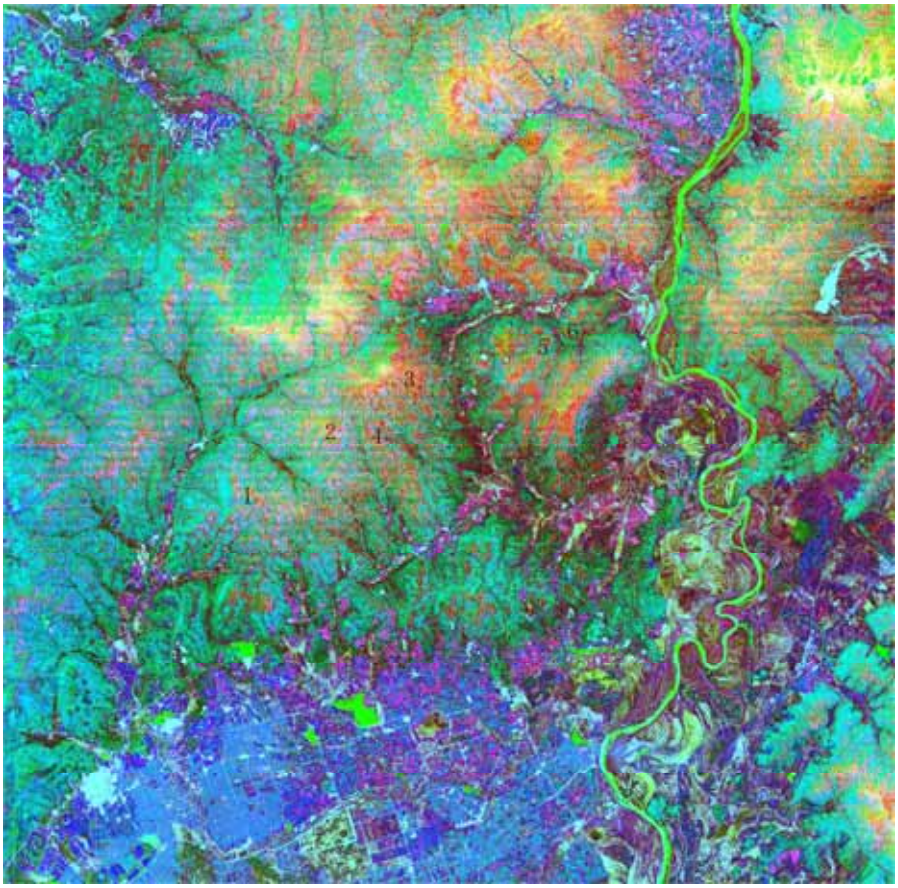


Figure 5-7: Remote Sensing Anomalies at Exploration Tenements (1:50,000 Scale)

Figure 5-7 shows a large half loop (No. 1; 1.1km^2 area) and a small roundlet (No. 2; 0.9km^2 area) of gold and polymetallic geochemical anomalies at the Paoshouyingdongshan exploration tenement, a large half loop and a fan type outside the loop (No. 3; 8km^2 area) and small roundlet (No. 4; 1km^2 area) of gold and polymetallic geochemical anomalies at the Dumuheshangyou exploration tenement, and two small roundlets (No. 5; 0.7km^2 area and No. 6; 1km^2 area) of gold and polymetallic geochemical anomalies at the 290 Gaodi exploration tenement. Totally 6 remote sensing anomalies match the gold geochemical anomalies and each exploration property has two anomalies.

5.8.3 Drilling and Core Sampling

During site visit, Liaoning Geological Exploration Institute, commissioned by Zhongyi-Weiye, is conducting drilling program to test mineralization at depth in the three gold exploration tenements areas. During the site visit, the borehole ZKD1 is completed with a length of 188.27m) at the Dumuheshangyou property. The average core recovery rate is 90%, where the mineralized (sulphide–bearing) core recovery rate is 100%. Other boreholes of ZKG1 and ZKG2 at the 290 Gaodi property and ZKP1 at the Paoshouyingdongshan property are in process. On July 10, 2009 SRK was informed that boreholes of ZKG1 and ZKP1 were completed with length of 94.20m and 101.60m, respectively. The average core recovery rates of the two boreholes are more than 80%.

On site, SRK recommended that the drilling cores should be split to two halves; one half is sent to laboratory for assaying and the other half stored in core boxes for further reference. Generally sample

length of mineralized core is about 1.0m. The staffs of Zhongyi-Weiye were accepted SRK's recommendations.

A total of 153 core samples were collected from the three completed boreholes; they include 50 samples from the drill hole ZKD1, 30 sample from the drill hole ZKG1, and 73 samples from the drill hole ZKP1.

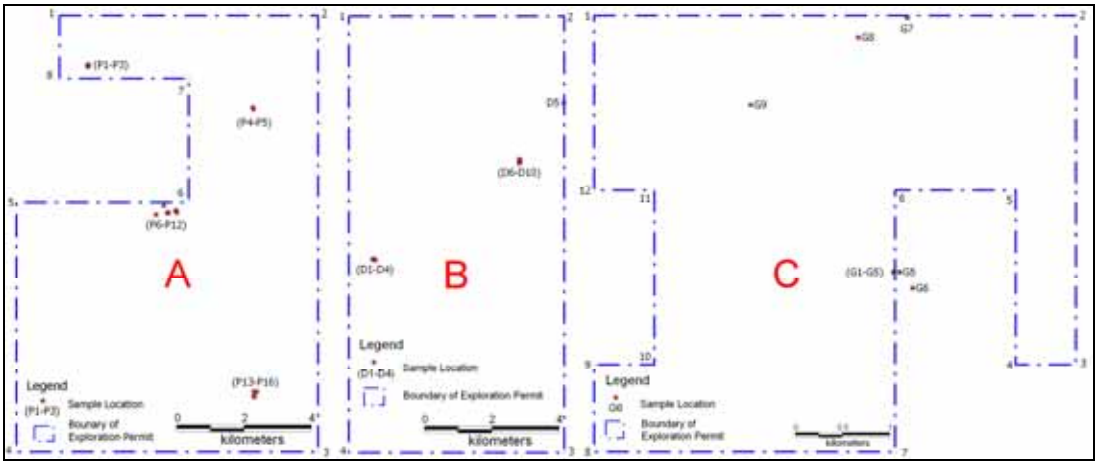
5.8.4 Sample Assaying and Results

All the samples taken from geochemical survey, soil survey and boreholes were analysed following the standard procedures by the Analytical Laboratory of Guangzhou Research Institute of Non-ferrous Metals. The copper, lead, and zinc were assayed using the Inductively Coupled Plasma Atomic Emission Spectrometry (ICP-AES); the silver, molybdenum, and tin were analysed using the Emission Spectrometry (ES); the arsenic, antimony, tungsten, and bismuth were analysed using the Atomic Fluorescence Spectrometry (AFS); the gold was assayed using the Fired Assay (graphite furnace)-Atomic Absorption Spectrometry (AAS). The standards and blanks were also mentioned the exploration reports.

For quality control, 5% of total assayed samples were chosen for internal checking but no samples were selected for external checking. Results of internal checking samples were acceptable. The analytical quality complies with the Chinese National Analytical Standards.

The assay results of core samples (ZKD1) at the Dumuheshangyou exploration tenement show that the gold grades range from 0.10g/t to 2.7g/t, locally with average of 0.60g/t from 8.3m to 54.5m, 0.55g/t from 95m to 115m, 0.53g/t from 145m to 188m of the drill core, respectively. The gold grades of core samples (ZKG1) from the 290 Gaodi Exploration tenement are between 0.28g/t and 1.1g/t with an average of 0.70g/t (from 15m to 86m of the drill core). For the ZKP1 drill core samples at the Paoshouyingdongshan exploration tenement, the gold grades range generally from 0.01g/t to 0.08g/t, which are below the cut-off grade of 0.30g/t. The Assay results are listed in Appendix 3.

During 2008, Zhongyi-Weiye collected 35 samples of surface rocks and soils at the three exploration properties. Sample locations and descriptions are listed in Figure 5-8 and Table 5-5. Samples were sent to the Analytical Laboratory of Guangzhou Research Institute of Non-ferrous Metals for analysis.



Note: A, B, and C represent the Paoshouyingdongshan, Dumuheshangyou, and 290 Gaodi exploration tenements, respectively.

Figure 5-8: Sample Locations at Three Exploration Tenements

Table 5-5: Assay Results of Samples collected from the Three Properties

Sample No	Location		Grade		Description
	Latitude	Longitude	Au (g/t)	Cu (%)	
P1	46°29′12.3″	133°21′39.2″	0.62		Soil
P2	46°29′13.3″	133°21′39.3″	0.68		Soil and cobble
P3	46°29′14.2″	133°21′39.7″	0.66		Soil and weakly metamorphosed basalt
P4	46°28′31.9″	133°25′29.3″	0.21		Transferred rock
P5	46°28′30.2″	133°25′30.1″	<0.10		Dark color quartz, transferred rock
P6	46°26′48.5″	133°23′14.3″	0.78		Dark color quartz, transferred rock
P7	46°26′57.4″	133°23′24.8″	0.81		Dark color quartz, transferred rock
P8	46°26′50.6″	133°23′31.4″	0.46	0.002	Quartz veinlet
P9	46°26′50.0″	133°23′29.7″	0.55(0.21)		Soil
P10	46°26′52.3″	133°23′41.3″	0.62(0.56)	0.002	Dark color quartzite
P11	46°26′52.5″	133°23′42.6″	(0.45)		Siliceous and pyritization rock
P12	46°26′50.2″	133°23′14.9″	0.28		Pyritization and sericitization rock
P13	46°23′58.1″	133°25′35.0″	0.55(0.23)		Dark color soil
P14	46°23′53.7″	133°25′31.7″	0.52(0.26)		Dark color soil
P15	46°23′53.5″	133°25′30.1″	0.55(0.32)		Dark color soil
P16	46°23′58.1″	133°25′30.3″	0.30(0.28)	0.003	Mylonite
D1	46°27′06.3″	133°29′36.2″	0.88(0.65)	0.002	Dark color quartzite
D2	46°27′06.5″	133°29′36.6″	0.34(0.38)		Dark color soil
D3	46°27′06.7″	133°29′33.0″	0.90		Dark color soil
D4	46°27′06.9″	133°29′33.3″	0.85(0.45)	0.003	Dark color quartzite
D5	46°29′37.1″	133°343′59.3″	0.42(0.25)	0.001	Andestic porphyry
D6	46°28′40.0″	133°32′57.2″	0.27(0.18)		Dark color soil
D7	46°28′39.4″	133°32′57.8″	0.62	0.014	Dark color quartzite
D8	46°28′42.6″	133°32′57.4″	0.69(0.56)		Mudstone
D9	46°28′43.0″	133°32′58.1″	0.58	0.004	Dark color quartzite
D10	46°28′43.4″	133°32′58.3″	0.62	0.001	Dark color quartzite
G1	46°29′32.0″	133°45′29.0″	0.84(0.57)	0.004	Red color, siliceous breccias
G2	46°29′32.1″	133°45′29.1″	0.88(0.62)		Dark color, siliceous breccias
G3	46°29′32.2″	133°45′29.1″	1.5(0.98)		Altered, siliceous breccias
G4	46°29′32.1″	133°45′32.0″	0.41(0.20)		Dark color soil
G5	46°29′32.0″	133°45′32.1″	0.94(0.76)		Dark brown quartzite
G6	46°29′26.3″	133°45′38.5″	0.57(0.55)		Sandstone
G7	46°30′59.4″	133°45′35.9″	0.45(0.22)	0.001	Dark color quartzite
G8	46°30′52.6″	133°45′11.4″	<0.10(<0.10)		Dark color quartzite
G9	46°30′29.5″	133°44′17.9″	<0.10(0.11)		Dark color quartzite
S1	46°29′34.6″	133°38′14.9″	0.64		Dark color quartzite
S2	46°29′30.8″	133°38′14.3″	1.40	0.003	Siliceous breccias in fractured zone

Note: Samples (P1-P15) from Paoshouyingdongshan exploration property, samples (D1-D10) from Dumuheshangyou exploration property, samples (G1-G9) from 290 Gaodi exploration property, and samples (S1-S2) from the Known Sipingshan gold mine. Numbers in parentheses represent the assay results of external checking samples.

5.9 Resource Estimation

Up to date no resource estimation was performed for the three exploration properties. SRK was informed that after additional planned exploration programs (i.e. boreholes) are completed the mineral

resources will be estimated according to the Chinese system for categorization of mineral resources and ore reserves.

According to information received, at the Paoshouyingdongshan exploration tenement, 15 samples including soil and base rocks were collected from surface outcrops. The gold grades of these samples range from 0.10g/t to 0.81g/t, with an average and median of 0.51g/t and 0.55g/t, respectively. For the Dumuheshangyou property, 10 samples were taken from surface outcrops and sample lithologies are similar to the Paoshouyingdongshan property as well. The gold grades of these samples range from 0.27g/t to 0.88g/t, with both average and median of 0.62g/t. At the 290 Gaodi property, 9 samples assayed return gold results ranging from 0.10g/t to 1.50g/t, with an average and median values of 0.64g/t and 0.57g/t, respectively (see Table 5-5and Table 5-6).

Table 5-6: Summary of Sample Results

Property	No. of Samples	Au (g/t)		
		Range	Average	Median
Paoshouyingdongshan	15	0.10 - 0.81	0.51	0.55
Dumuheshangyou	10	0.27 - 0.88	0.62	0.62
290 Gaodi	9	<0.10 - 1.50	0.64	0.57

The gold results of surface samples collected from the three properties are very encouraging. It implies there are of gold potential for further exploration in these property areas.

According to the feasibility report on the project development of Zhongyi-Weiye conducted by Guangzhou Geochemistry Institute of Chinese Academy of Science (GGICAS) in June 2009, potential gold resources at these property areas were prematurely estimated based on the anomalous length, width and inferred depth of mineralized zones shown on the remote sensing maps. Three exploration areas have gold prospecting resources of 5.59 tonnes (t), 10.07t, and 5.21t, respectively. It is of SRK's opinion that, prior to have a resource statement of the properties, much more exploration programs, such as trenches with detailed sampling, are needed to control the length and width of each mineralized zone. SRK should emphasize that the resource statement shown in Table 5-7 is only possible mineral resource prediction and that it should be used with caution.

Table 5-7: Prediction of Gold Prospecting Resources (from GGICAS)*

Property	Remote Sensing Anomaly	Length (m)	Width (m)	Depth (m)	Resource (Mt)	Grade (g/t)	Au (t)
Paoshouyingdongshan	P1	1830	15	50	3.706	0.51	5.59
	P2	1080	50	50	7.290		
Dumuheshangyou	D3	1500	60	50	12.150	0.62	10.07
	D4	1030	30	50	4.172		
290 Gaodi	G5	500	30	50	2.025	0.64	5.21
	G6	1500	30	50	6.075		

*Note: the mineralized ore density is assumed at 2.7t/m^3.

5.10 Recommendations for Future Exploration

The Zhongyi-Weiye gold and polymetallic project is still in its early stage of exploration. Previous geological, geochemical and remote sensing exploration work at 1:25,000 scale have delineated geochemical and remote sensing anomaly areas at the three exploration tenements. Assay results of samples collected from these properties are very good. It implies the existence of gold and other metals in the project areas with potential resources.

SRK recommend that trenching explorations with detailed samples should be carried out at the delineated anomalous areas at 1:2000 scale following the mineralised fracture zones. The trenching engineering will not only control the spatial distribution of mineralised bodies and provide information for drill holes design, but also better understand the mineralisation characteristics.

It is recommended that drillings and tunnelling should be continued in the purpose to investigate continuation of already discovered mineralized zones and to discover new ones, however these works should be preceded by carefully planned and executed geophysical survey which combined with geochemistry could more precisely indicate the targets.

The drillings and tunnelling should in the manner which allows issuing appropriate maps and cross sections through mineralized zones eventually to produce 3D models and result with mineral resources estimation.

The appropriate QA/QC protocol should be implemented and strictly observed both at the exploration site as well in assigned laboratories. The periodical reports on QA/QC protocol should be issued and available for independent consulting.

Upon the success of the exploration program, a resource estimation and maybe feasibility study may be conducted to evaluate the properties for possible development and/or further exploration.

The Company has already adopted the recommendation made by SRK above to conduct further exploration programs in the three gold prospects and further exploration work is currently in progress. After the completion of the exploration work, ore resources/reserves of three gold prospects, including measured, indicated and inferred resources, will be estimated by relevant geological brigade. The feasibility study and the environmental impact assessment report will be compiled as well. The Company will conduct one to five year mining plan based on the mining design of the mine. With reference to the mining schedules of the Company, Zhongyi-Weiye's proposed production policy is to use its own mine resources to engage in mining, concentrating, and sales of gold. Zhongyi-Weiye also has a policy to mine and process economically exploitable ore according to the rights to be provided by the mining licence.

Glossary of Terms and Abbreviations

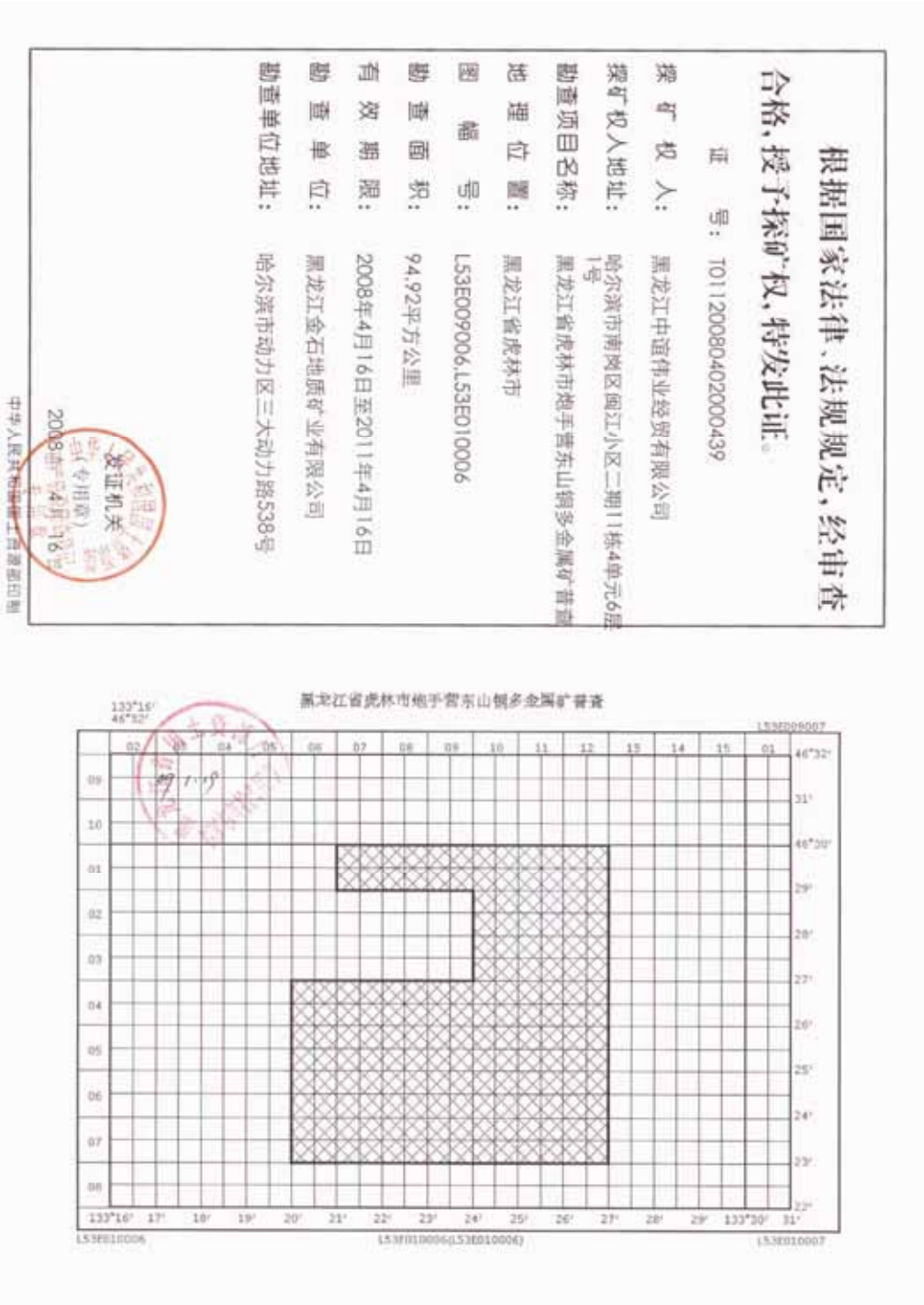
%	percent
°	degree
°C	degrees Centigrade
ASL	above sea Level
Au	The chemical symbol for gold
AusIMM	Australasian Institute of Mining and Metallurgy
cm	centimetre
Cu	The chemical symbol for copper
deposit	Earth material of any type; either consolidated or unconsolidated, that has accumulated by some natural process or agent.
E	east
FS	Feasibility study
HKEx	the Stock Exchange of Hong Kong Limited
IER	Independent Expert Report
IPO	Initial Public Offering
ITR	Independent Technical Review
JORC Code	Joint Ore Reserves Committee Code
kg	kilogram, equivalent to 1,000 grams
km	kilometres, equivalent to 1,000 metres
km^2	square kilometres
m	metres
M	million
mm	millimetres
Mt	million tonnes
N	north
NE	Northeast
NEE	Northeast-east
NNE	Northnorth-east
NNW	Northnorth-west
NS	Northsouth
NW	Northwest
pa	per annum
PRC	People's Republic of China
QA/QC	quality assurance/quality control
S	south, also the chemical symbol for sulphur
SE	southeast
SRK	SRK Consulting Ltd
SW	southwest
t	tonne, equal to 1,000kg
the "Report"	Independent Expert Report
Valmin Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
W	west
WE	westeast

References

1. Feasibility Study Report on project development of the Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi Exploration Tenements in Hulin County of Heilongjiang Province. *Guangzhou Geochemistry Institute of Chinese Academy of Science*, June, 2009.
2. Exploration Summary of Paoshouyingdongshan Exploration Tenement in Hulin County of Heilongjiang Province. *Heilongjiang Research Institute of Non-ferrous Metals Exploration*, November, 2008.
3. Exploration Summary of Dumuheshangyou Exploration Tenement in Hulin County of Heilongjiang Province. *Heilongjiang Research Institute of Non-ferrous Metals Exploration*, November, 2008.
4. Drilling Program Report on the Paoshouyingdongshan, Dumuheshangyou and 290 Gaodi Exploration Tenements in Hulin County of Heilongjiang Province. *Liaoning Geological Exploration Institute*, July, 2009

Appendices

Appendix 1: Zhongyi-Weiye Exploration Tenements



根据国家法律、法规规定，经审查合格，授予探矿权，特发此证。

证　　号：T01120080402000439

探 矿 权 人：黑龙江中谊伟业经贸有限公司

探矿权人地址：哈尔滨市南岗区闽江小区二期11栋4单元6层1号

勘查项目名称：黑龙江省虎林市炮手营东山铜多金属矿普查

地 理 位 置：黑龙江省虎林市

图　　幅　　号：L53E009006,L53E010006

勘 查 面 积：94.92平方公里

有 效 期 限：2008年4月16日至2011年4月16日

勘 查 单 位：黑龙江金石地质矿业有限公司

勘查单位地址：哈尔滨市动力区三大动力路538号

发证机关（公章）

2008年4月16日

中华人民共和国国土资源部印制

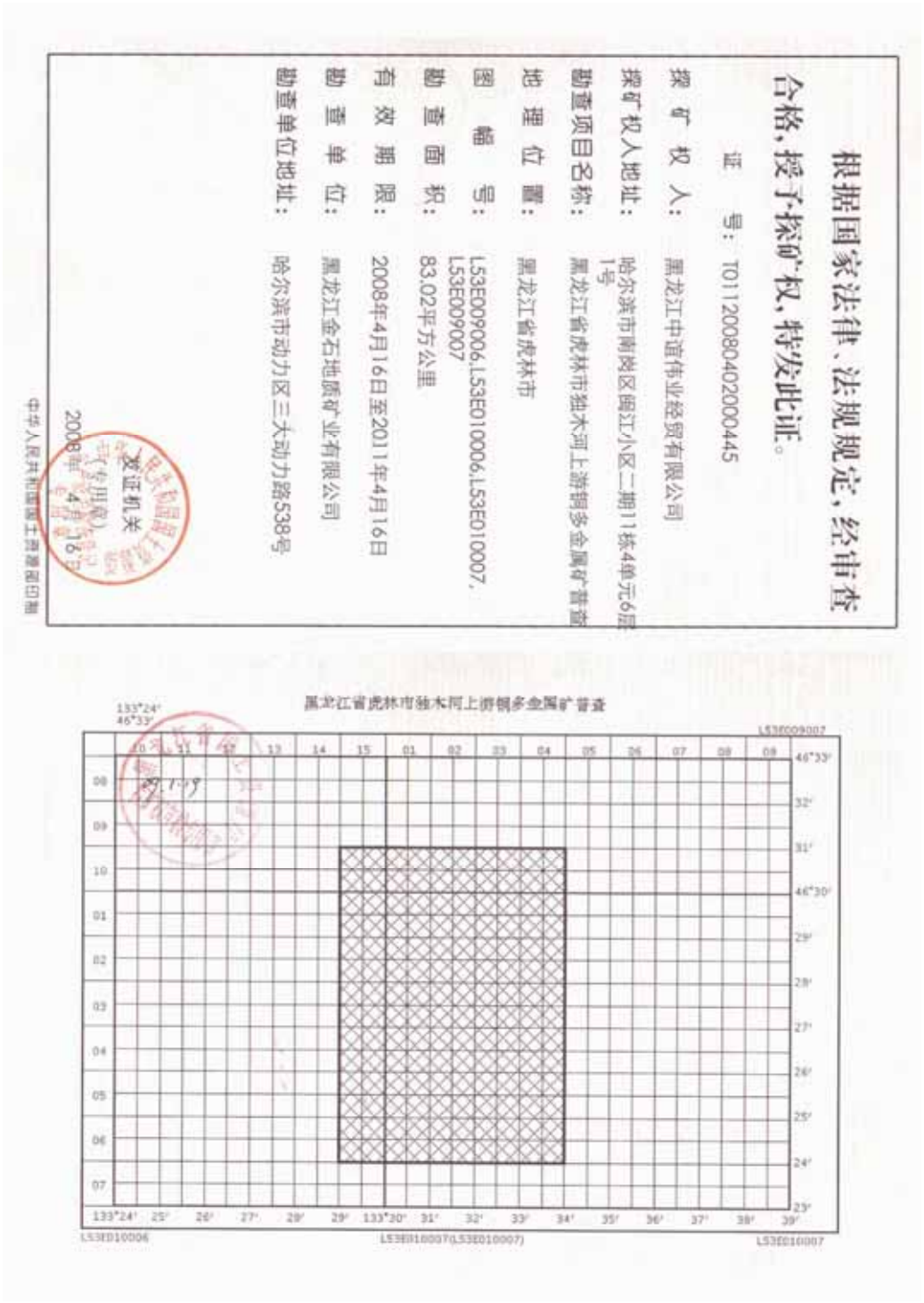
黑龙江省虎林市炮手营东山铜多金属矿普查

133°16′ 46°32′

L53E009007

L53E010006　　L53E010007

Paoshouyingdongshan Exploration Tenement



根据国家法律、法规规定，经审查合格，授予探矿权，特发此证。

证　　号：T01120080402000445

探 矿 权 人：黑龙江中谊伟业经贸有限公司

探矿权人地址：哈尔滨市南岗区阎江小区二期11栋4单元6层1号

勘查项目名称：黑龙江省虎林市独木河上游铜多金属矿普查

地 理 位 置：黑龙江省虎林市

图　　幅　号：L53E009006,L53E010006,L53E010007,L53E009007

勘 查 面 积：83.02平方公里

有 效 期 限：2008年4月16日至2011年4月16日

勘 查 单 位：黑龙江金石地质矿业有限公司

勘查单位地址：哈尔滨市动力区三大动力路538号

发证机关（印）
2008年4月16日

中华人民共和国国土资源部印制

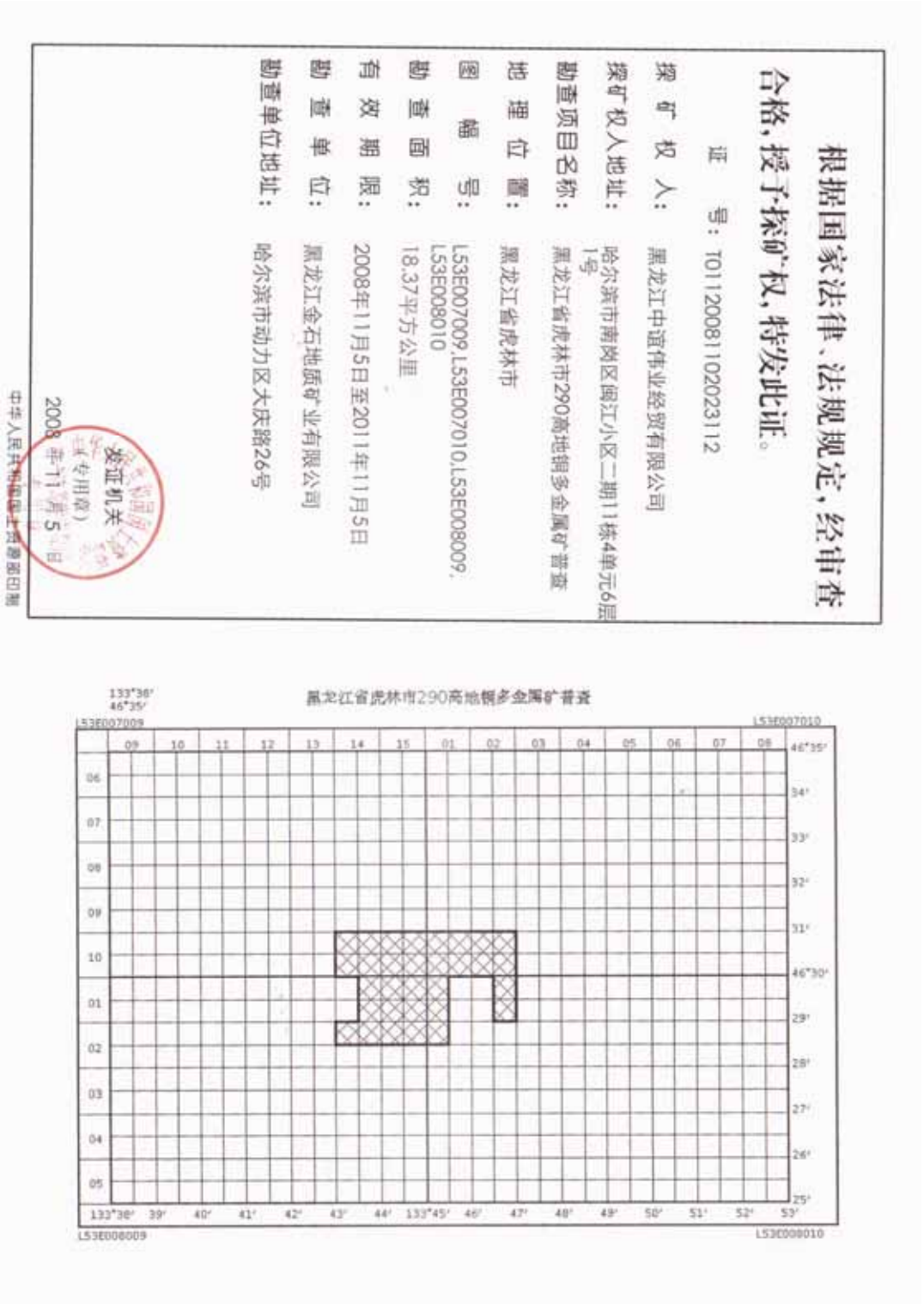
黑龙江省虎林市独木河上游铜多金属矿普查

133°24' 46°33'

L53E009007

L53E010006　L53E010007(L53E010007)　L53E010007

Dumuheshangyou Exploration Tenement



根据国家法律、法规规定，经审查合格，授予探矿权，特发此证。

证　　号：T01120081102023112

探 矿 权 人：黑龙江中谊伟业经贸有限公司

探矿权人地址：哈尔滨市南岗区闽江小区二期11栋4单元6层1号

勘查项目名称：黑龙江省虎林市290高地铜多金属矿普查

地 理 位 置：黑龙江省虎林市

图　　幅　号：L53E007009,L53E007010,L53E008009,L53E008010

勘 查 面 积：18.37平方公里

有 效 期 限：2008年11月5日至2011年11月5日

勘 查 单 位：黑龙江金石地质矿业有限公司

勘查单位地址：哈尔滨市动力区大庆路26号

发证机关（盖章）
2008年11月5日

中华人民共和国国土资源部印制

黑龙江省虎林市290高地铜多金属矿普查

133°36′ 46°35′ L53E007009 L53E007010

09 10 11 12 13 14 15 01 02 03 04 05 06 07 08

06 07 08 09 10 01 02 03 04 05

46°35′ 34′ 33′ 32′ 31′ 46°30′ 29′ 28′ 27′ 26′ 25′

133°36′ 39′ 40′ 41′ 42′ 43′ 44′ 133°45′ 46′ 47′ 48′ 49′ 50′ 51′ 52′ 53′

L53E008009 L53E008010

290 Gaodi Exploration Tenement

Appendix 2: Chinese Resource and Reserve Standards

Categorisation of Mineral Resources and Ore Reserves

The system for the categorisation of mineral resources and ore reserves in China is in a period of transition which commenced in 1999. The traditional system, which is derived from the former Soviet system, uses five categories based on decreasing levels of geological confidence – Categories A, B, C, D and E. The new system (Rule 66) promulgated by the Ministry of Land and Resources (MLR) in 1999 uses three-dimensional matrices, based on economic, feasibility/mine design and geological degrees of confidence. These are categorised by a three number code of the form "123". This new system is derived from the UN Framework Classification proposed for international use. All new projects in China must comply with the new system, however, estimates and feasibility studies carried out before 1999 will have used the old system.

Wherever possible, the Chinese Resource and Reserve estimates have been reassigned by SRK to categories similar to those used by the JORC Code to standardise categorisation. Although similar terms have been used, SRK does not mean to imply that in their present format they are necessarily classified as 'Mineral Resources' as defined by the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

A broad comparison guide between the Chinese classification scheme and the JORC Code is presented in the following table.

JORC Code Resource Category	**Chinese "Reserve" Category**	
	Previous system	**Current system**
Measured	A, B	111, 111b, 121, 121b, 2M11, 2M21, 2S11, 2S21, 331
Indicated	C	122, 122b, 2M22, 2S22, 332
Inferred	D	333
Non-equivalent	E	334

Relationship between JORC Code and the Chinese Reserves System

In China, the methods used to estimate the resources and reserves are generally prescribed by the relevant Government authority, and are based on the level of knowledge for that particular geological style of deposit. The parameters and computational methods prescribed by the relevant authority include cut-off grades, minimum thickness of mineralisation, maximum thickness of internal waste, and average minimum 'industrial' or 'economic' grades required. The resource classification categories are assigned largely on the basis of the spacing of sampling, trenching, underground tunnels and drill holes.

In the pre-1999 system, Category A generally included the highest level of detail possible, such as grade control information. However, the content of each category B, C and D may vary from deposit

to deposit in China, and therefore must be carefully reviewed before assigning to an equivalent "JORC Code type" category. The traditional Categories B, C and D are broadly equivalent to the 'Measured', 'Indicated', and 'Inferred' categories that are provided by the JORC Code and USBM/USGS systems used widely elsewhere in the world. In the JORC Code system the 'Measured Resource' category has the most confidence and the 'Inferred' category has the least confidence, based on the increasing levels of geological knowledge and continuity of mineralisation.

Definition of the new Chinese Resource and Reserve Category Scheme

Category	Denoted	Comments
Economic	1	Full feasibility study considering economic factors has been conducted
	2	Pre feasibility to scoping study which generally considers economic factors has been conducted
	3	No pre feasibility or scoping study conducted to consider economic analysis
Feasibility	1	Further analysis of data collected in "2" by an external technical department
	2	More detailed feasibility work including more trenches, tunnels, drilling, detailed mapping
	3	Preliminary evaluation of feasibility with some mapping and trenches
Geologically controlled	1	Strong geological control
	2	Moderate geological control via closely-spaced data points (e.g. small scale mapping)
	3	Minor work which is projected throughout the area
	4	Review stage

Appendix 3: Assay Results of Drill Cores

Sample No.	Sample Location	Au(g/t)	Sample No.	Sample Location	Au(g/t)
Dumuheshangyou Property					
ZKD1-1	8.30-9.30	0.78	ZKD1-26	111-112	0.60
ZKD1-2	11-12	0.92	ZKD1-27	114-115	0.94
ZKD1-3	14-15	0.66	ZKD1-28	118-119	0.20
ZKD1-4	18.9-19.9	0.33	ZKD1-29	122-123	0.10
ZKD1-5	23.3-24.3	0.24	ZKD1-30	127-128	0.10
ZKD1-6	27.1-28.1	0.94	ZKD1-31	130-131	0.20
ZKD1-7	31-32	0.53	ZKD1-32	134-135	0.20
ZKD1-8	35.1-36.1	0.53	ZKD1-33	138-139	0.20
ZKD1-9	38.3-39.3	0.76	ZKD1-34	141-142	0.21
ZKD1-10	42.5-43.5	0.20	ZKD1-35	145-146	0.54
ZKD1-11	47.6-48.6	0.67	ZKD1-36	148-149	0.20
ZKD1-12	53.5-54.5	0.47	ZKD1-37	151-152	0.20
ZKD1-13	56-57	0.10	ZKD1-38	155-156	0.20
ZKD1-14	59.6-60.6	0.10	ZKD1-39	158-159	0.20
ZKD1-15	63-64	0.21	ZKD1-40	161-162	0.21
ZKD1-16	68.8-69.8	0.10	ZKD1-41	164-165	0.23
ZKD1-17	71.7-72.7	0.10	ZKD1-42	167-168	0.31
ZKD1-18	76-77	0.20	ZKD1-43	170-171	0.21
ZKD1-19	83-84	0.20	ZKD1-44	173-174	0.20
ZKD1-20	87-88	0.27	ZKD1-45	176-177	2.70
ZKD1-21	91-92		ZKD1-46	179-180	0.80
ZKD1-22	95-96	0.56	ZKD1-47	182-183	0.70
ZKD1-23	99-100	0.43	ZKD1-48	183-184	0.20
ZKD1-24	102-103	0.91	ZKD1-49	185-186	0.73
ZKD1-25	107-108	0.21	ZKD1-50	187-188	0.83
290 Gaodi Property					
ZKG1-1	0-1	0.57	ZKG1-16	49-50	0.8
ZKG1-2	3-4	《0.2	ZKG1-17	53-54	0.28
ZKG1-3	6-7	0.36	ZKG1-18	56-57	0.95
ZKG1-4	9-10	0.65	ZKG1-19	59-60	0.83
ZKG1-5	12-13	《0.2	ZKG1-20	61-62	0.81
ZKG1-6	15-16	0.88	ZKG1-21	64-65	0.59
ZKG1-7	18-19	0.89	ZKG1-22	68-69	0.65
ZKG1-8	21-22	0.85	ZKG1-23	70-71	0.83
ZKG1-9	24-25	0.79	ZKG1-24	72-73	0.81
ZKG1-10	27-28	0.54	ZKG1-25	75-76	0.67
ZKG1-11	31-32	0.53	ZKG1-26	78-79	0.64
ZKG1-12	35-36	0.41	ZKG1-27	80-81	0.65
ZKG1-13	38-39	0.95	ZKG1-28	81-82	0.48
ZKG1-14	41-42	1.1	ZKG1-29	83-84	0.51
ZKG1-15	46-47	0.62	ZKG1-30	85-86	0.54

Sample No.	Sample Location	Au(g/t)	Sample No.	Sample Location	Au(g/t)
Paoshouyingdongshan Property					
GKP1-1	0-5	0.06	GKP1-38	65-66	0.12
GKP1-2	5-10	0.05	GKP1-39	66-67	0.14
GKP1-3	10-15	0.1	GKP1-40	67-68	0.14
GKP1-4	15-20	0.09	GKP1-41	68-69	0.068
GKP1-5	20-25	0.09	GKP1-42	69-70	0.068
GKP1-6	25-30	0.04	GKP1-43	70-71	0.08
GKP1-7	30-31	0.01	GKP1-44	71-72	0.09
GKP1-8	31-32	0.05	GKP1-45	72-73	0.14
GKP1-9	32-33	0.03	GKP1-46	73-74	0.14
GKP1-10	33-34	0.02	GKP1-47	74-75	0.14
GKP1-11	34-35	0.068	GKP1-48	75-76	0.04
GKP1-12	35-36	0.07	GKP1-49	76-77	0.14
GKP1-13	36-37	0.14	GKP1-50	77-78	0.14
GKP1-14	37-38	0.11	GKP1-51	78-79	0.12
GKP1-15	38-39	0.14	GKP1-52	79-80	0.07
GKP1-16	39-40	0.068	GKP1-53	80-81	0.1
GKP1-17	40-40.7	0.07	GKP1-54	81-82	0.06
GKP1-18	45-46	0.03	GKP1-55	82-83	0.13
GKP1-19	46-47	0.07	GKP1-56	83-84	0.068
GKP1-20	47-48	0.05	GKP1-57	84-85	0.09
GKP1-21	48-49	0.12	GKP1-58	85-86	0.13
GKP1-22	49-50	/	GKP1-59	86-87	0.068
GKP1-23	50-51	0.08	GKP1-60	87-88	0.06
GKP1-24	51-52	0.13	GKP1-61	88-89	0.068
GKP1-25	52-53	0.09	GKP1-62	89-90	0.068
GKP1-26	53-54	0.1	GKP1-63	90-91	0.07
GKP1-27	54-55	/	GKP1-64	91-92	0.06
GKP1-28	55-56	0.12	GKP1-65	92-93	0.14
GKP1-29	56-57	/	GKP1-66	93-94	/
GKP1-30	57-58	0.08	GKP1-67	94-95	0.06
GKP1-31	58-59	0.09	GKP1-68	95-96	0.07
GKP1-32	59-60	0.08	GKP1-69	96-97	0.068
GKP1-33	60-61	0.04	GKP1-70	97-98	0.14
GKP1-34	61-62	0.05	GKP1-71	98-99	0.06
GKP1-35	62-63	0.1	GKP1-72	99-100	0.05
GKP1-36	63-64	0.06	GKP1-73	100-101	0.07
GKP1-37	64-65	0.07			

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