

Report to:

**GOBIMIN INC. and XINJIANG
TONGYUAN MINERALS LIMITED
801 TOP GLORY TOWER
262 GLOUCESTER ROAD
CAUSEWAY BAY
HONG KONG**

**TECHNICAL REPORT ON THE
SAWAYAERDUN PROPERTY,
XINJIANG UYGUR AUTONOMOUS
REGION, CHINA**

Project No. 1054450100

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REPORT DATE: MARCH 18, 2011
EFFECTIVE DATE: OCTOBER 1, 2010

Prepared by Greg Z. Mosher, P.Geo. Date March 18, 2011

Reviewed by Jeff Wilson, Ph.D., P.Geo. Date March 18, 2011

Authorized by Jeff Wilson, Ph.D., P.Geo. Date March 18, 2011

WARDROP

800 – 555 WEST HASTINGS STREET
VANCOVER, B.C. V6B 1M1

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REVISION HISTORY

REV. NO	ISSUE DATE	PREPARED BY AND DATE	REVIEWED BY AND DATE	APPROVED BY AND DATE	DESCRIPTION OF REVISION

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1.0 SUMMARY

The Sawayaerdun Property (Property) is located in Wuqia County Xinjiang Uygur Autonomous Region, western China, immediately adjacent to the border with Kyrgyzstan, about 200 kilometers northwest of the city of Kashi, the nearest major center, and about 1,000 kilometers southwest of Urumqi, the capital of Xinjiang. The geographic center of the property is located at about 40° 04' 19" North Latitude and 74° 16' 30" East Longitude. The Property contains a gold deposit (Zone IV) that is the subject of this report.

The Property is comprised of Mining Licence No. C6500002009124120053762 that has an area of 1.7094 square kilometers and a period of validity from January 25, 2010 until February 25, 2018. The licence is held in the name of Xinjiang Tongyuan Minerals Ltd. and has an operating limit of 90,000 tonnes per year.

Xinjiang Tongyuan Minerals Ltd. (Tongyuan) is owned by three partners: Xinjiang Weifu Mining Ltd., a subsidiary of GobiMin, (70%); Xinjiang Baodi Mining Ltd., (15%) and by a subsidiary of the No. 2 Brigade of the Xinjiang Bureau of Geology and Mineral Resources (No. 2 Brigade) (15%). The Property was acquired by Tongyuan in September 2009.

Wardrop a Tetra Tech Company (Wardrop), has been retained by GobiMin to prepare a technical report on the Sawayaerdun Property that contains an estimate of the gold resource contained within the Zone IV, the best-explored of a number of fracture-hosted gold occurrences that are present within the Property. This technical report is compliant with the requirements of National Instrument (NI) 43-101.

The Sawayaerdun Property is located in the southern Tian Shan Mountains. Gold mineralization is contained within a prominent fault of regional extent that marks the structural contact between heavily-sheared, fine-grained clastic metasedimentary rocks of the Sawayaerdun Formation of Devonian age and the structurally overlying Taertekuli Formation.

Zone IV was initially explored by the Xinjiang Bureau of Geology and Mineral Resources (XBGMR) who during the 1980s and 1990s carried out geological mapping, trenching, drilling and underground exploration.

The Property was then acquired by Majestic Gold Corp. who, during the period 2004 – 2007, explored Zone IV by trenching and drilling (46 holes, 8,800 aggregate meters).

During 2010, GobiMin drilled 33 holes (6,700 aggregate meters) in Zone IV, mostly in the northeastern portion of the zone which, on the basis of earlier drilling, is where the zone is widest.

The current resource estimate is based upon all current and historic assay data.

At a lower grade threshold of 0.5 grams/tonne gold, Zone IV is estimated to contain Indicated resources of about 34 million tonnes with an average grade of 1.3 g/t gold and Inferred resources of about 13.5 million tonnes with an average grade of approximately 1.0 g/t gold.

Table 1.1: Sawayaerdun Zone IV Resource Estimate

SAWAYERDUN ZONE IV RESOURCE ESTIMATE SUMMARY									
KRIGED					ID2		ID5		
THRESHOLD	TONNES	GOLD	GOLD	GOLD	TONNES	GOLD	TONNES	GOLD	
INDICATED		GRAMS/TONNE	TONNES	TROY OZ	INDICATED	G/T	INDICATED	G/T	
10.00 G/T	0	0.00	0.00	0	0	0.00	55,924	11.56	
5.00 G/T	0	0.00	0.00	0	194,368	6.74	385,916	7.19	
2.50 G/T	579,371	2.77	1.61	51,668	2,014,196	3.44	3,127,740	3.74	
1.00 G/T	22,693,876	1.48	33.55	1,078,610	18,857,993	1.70	15,908,024	2.00	
0.75 G/T	30,676,419	1.32	40.64	1,306,678	25,030,661	1.49	20,569,271	1.75	
0.50 G/T	34,064,490	1.26	42.86	1,378,015	30,043,202	1.35	25,498,380	1.53	
0.25 G/T	34,279,652	1.25	42.96	1,381,037	32,964,380	1.27	29,686,475	1.37	
THRESHOLD	TONNES	GOLD	GOLD	GOLD	TONNES	GOLD	TONNES	GOLD	
INFERRED		GRAMS/TONNE	TONNES	TROY OZ	INFERRED	G/T	INFERRED	G/T	
10.00 G/T	0	0.00	0.00	0	0	0.00	0	0.00	
5.00 G/T	0	0.00	0.00	0	2,900	5.02	7,981	5.90	
2.50 G/T	66,123	2.64	0.17	5,617	163,200	3.26	286,251	3.57	
1.00 G/T	5,406,875	1.31	7.06	227,040	4,537,531	1.44	4,720,901	1.54	
0.75 G/T	10,072,066	1.10	11.11	357,132	8,824,240	1.16	7,785,958	1.28	
0.50 G/T	13,481,933	0.98	13.25	426,152	12,569,610	1.01	11,485,886	1.07	
0.25 G/T	14,124,421	0.96	13.52	434,723	13,861,547	0.95	13,257,434	0.98	

An exploration program of drilling, underground development and metallurgical testing, with a budget of about US\$3.2 million is recommended for Zone IV in order to upgrade some or all of the Inferred resource into the Indicated category and to obtain a better understanding of the mining and metallurgical characteristics of the mineralization.

2.0 INTRODUCTION

The Sawayaerdun Property (Property) is located in Wuqia County Xinjiang Uygur Autonomous Region, western China, immediately adjacent to the border with Kyrgyzstan, about 200 kilometers northwest of the city of Kashi, the nearest major center, and about 1,000 kilometers southwest of Urumqi, the capital of Xinjiang. The geographic center of the property is located at about 40° 04' 19" North Latitude and 74° 16' 30" East Longitude.

The Property is owned by Xinjiang Tongyuan Minerals Ltd. (Tongyuan) that in turn is owned by three partners: Xinjiang Weifu Mining Ltd., a subsidiary of GobiMin, (70%); Xinjiang Baodi Mining Ltd., (15%) and by a subsidiary of the No. 2 Geology Brigade of the Xinjiang Bureau of Geology and Mineral Resources (No. 2 Brigade) (15%). The Property contains a gold deposit that is the subject of this report. The Property was acquired by Tongyuan in September 2009.

Wardrop A Tetra Tech Company (Wardrop) has been retained by GobiMin to prepare a technical report on the Sawayaerdun Property that contains an estimate of the gold resource contained within the Zone IV, the best-explored of a number of fracture-hosted gold occurrences that are present within the Property. This technical report is compliant with the requirements of National Instrument (NI) 43-101 and is to be used as a supporting document for submission to the Toronto Stock Exchange Venture Exchange (TSX-V).

Information used for the preparation of this report was obtained from GobiMin and the No. 2 Brigade as well as various public domain sources. The information obtained from GobiMin and the No. 2 Brigade is identified in Section 17.0 Resource Estimate. Public domain information is identified in Section 21.0 References.

As part of the preparation of this report the author inspected the Property on October 1, 2010.

3.0 RELIANCE ON OTHER EXPERTS

In the preparation of this report, Wardrop has relied upon GobiMin for information pertaining to property ownership, legal and environmental liabilities. Wardrop has not independently verified the accuracy of this information.

The Property is comprised of Mining Licence No. C6500002009124120053762 that has an area of 1.7094 square kilometers and a period of validity from January 25, 2010 until February 25, 2018. The licence is held in the name of Xinjiang Tongyuan Minerals Ltd. and has an operating limit of 90,000 tonnes per year.

The location and specifics of the Licence are set out in Table 4.1. The boundary of the Licence has been surveyed.

Table 4.1: Sawayaerdun Mining Licence Coordinates

POINT	EAST	NORTH
1	25440879.12	4441038.44
2	25441946.10	4440258.45
3	25440826.12	4438368.49
4	25440426.13	4438568.49
5	25440726.13	4439068.48
6	25440936.12	4438968.48
7	25441596.11	4440078.46
8	25441256.12	4440278.45
9	25441436.11	4440568.45
10	25441006.12	4440788.44
11	25440466.13	4440318.45
12	25438936.16	4437828.50
13	25438736.17	4437958.50
14	25440286.14	4440498.45
15	25440876.12	4441038.44

Coordinates are based on the Xi'an 1980 geodesic model.

The Property contains the Zone IV gold occurrence although the structure that contains the gold mineralization is of regional extent and extends well beyond the Property boundaries.

There are no current mine workings on the Property although it does contain several abandoned, experimental leach pads as well as several now-collapsed adits from previous exploration campaigns.

There are no back-in rights other agreements or encumbrances to which the Property is or will be subject with the exception of an annual fee for the mining licence of RMB 1000/kilometer² (approximately CAD\$148 / kilometer²).

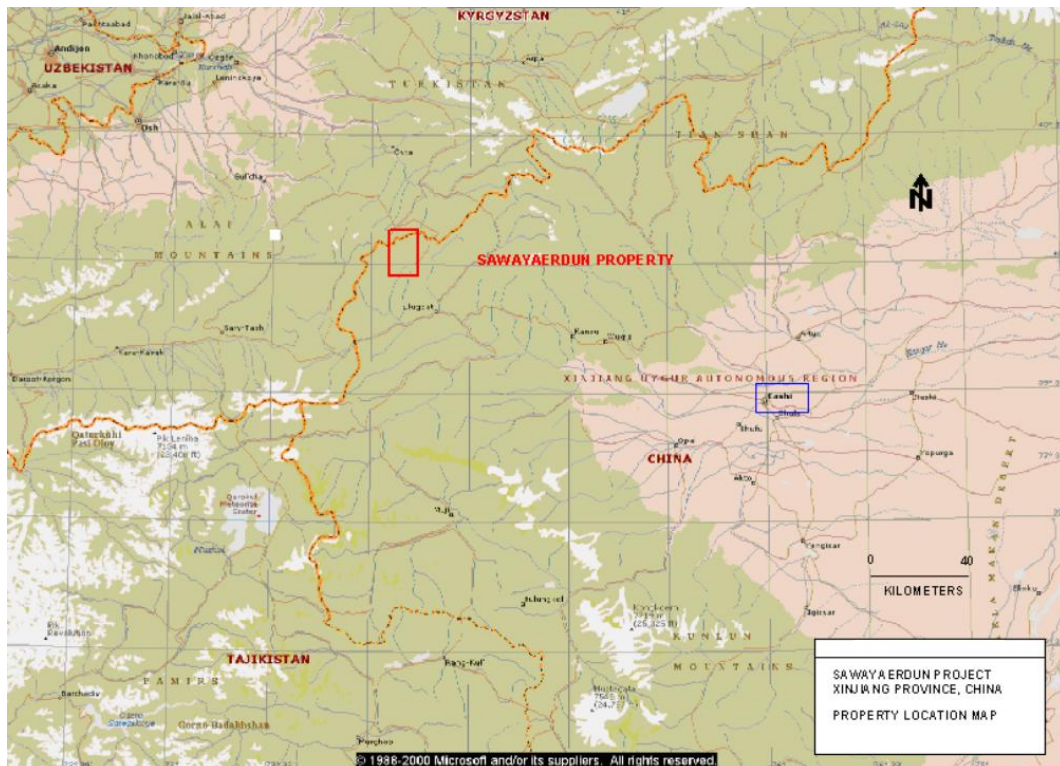
There are no current environmental liabilities. Future obligations are addressed by an Environmental Protection Deposit that is held by the appropriate government authority.

The existing Mining Licence is the only permit necessary to continue the present program of exploration.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The Property is located in the southern Tian Shan Mountains with moderate to steep topography and elevations between 3,100 and 4,000 meters above sea level. (Figure 5.1)

Figure 5.1: Sawayaerdun Property Location and Access



The nearest center is the city of Kashi, 200 kilometers to the southeast. A paved highway connects Kashgar (Kashi) with the village of Wulukeqiati via Wukia. The Property is 38 kilometers from Wulukeqiati via an un-paved road. Within the Property, a system of exploration roads provides access to most of the licence area.

Vegetation is primarily comprised of alpine grasses, wild onion and thorny shrubs.

Temperatures range from -15° Celsius in the winter to 25° Celsius in the summer. Rainfall is sparse except in June and July, snowfall is possible between November and April.

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Water is available locally from the Sawayaerdun River. A mining operation would most probably require that electrical power be generated on-site although it may prove feasible to connect with the local power grid.

Adequate area for waste-rock storage exist within the licence area but the scarcity of flat terrain within the Property may necessitate locating processing facilities, and therefore tailings disposal as well, outside the Property boundaries.

6.0 HISTORY

Regional geological exploration, at a scale of 1:200,000, was first conducted in the area during 1952 and 1953 by geologists from the former Soviet Union.

Chinese geologists carried out regional geological mapping in the area between 1983 and 1985, and a regional geochemical survey in 1985 led to the discovery of gold mineralization at Sawayaerdun.

An exploration licence that included the present Property (Zone IV) was granted to XBGMR in 1983. XBGMR carried out regional exploration from that time until the mid 1990s, and then continued with more focused exploration programs until 1999.

The XBGMR carried out programs of geological mapping, geochemical sampling, trenching, pitting, underground development and diamond drilling, primarily within Zone IV. Geological mapping was conducted at a scale of 1:10,000. Trenches were typically spaced from 40 to 80 meters apart and were used to define the surface trace of mineralization.

Of the known areas of mineralization, Zone IV has been most intensively explored: by the end of 1998, nine holes (2,866 aggregate meters) had been drilled, 17 adits (1,415 aggregate meters), had been driven, and 34,000 cubic meters of trenches had been excavated on 22 gold zones. Each of the trenches was chip-sampled at approximately one-meter intervals.

XBGMR calculated a polygonal resource for Zone IV of 17,246,000 tonnes with an average grade of 1.96 grams per tonne gold. This resource is comprised of sulphide (about 90%) and oxide mineralization. Cutoff grade was 1.0 gram per tonne gold, and with a minimum zone thickness of 0.8 meters. Information was drawn from trenches, adits and drill holes. At a cutoff grade of 0.5 grams per tonne gold, the resource was about 26,000,000 tonnes with an average grade of 1.7 grams per tonne gold.

The density of data at the time of the calculation resulted in a classification of the resource into Categories D and E of the then-current Chinese resource classification system. For Category D grades and thicknesses were extrapolated between 30 and 60 meters, and for Category E, 60 to 120 meters. **This estimate is considered relevant but is of unknown reliability. The estimate does not conform to the CIM Best Practices resource classification, is therefore not compliant with NI 43-101, and is included in this report for historical purposes only.**

In about 1997, the XBGMR excavated a portion of Zone IV and constructed six leach pads in the adjacent Sawayaerdun River valley. The results of the leach operation are not known.

In November 2003, Majestic Gold Corporation signed a joint venture agreement with XBGMR. Majestic had the right to earn a 90% interest in the property as it then existed by incurring all exploration and development costs. Majestic sold their interest back to XBGMR in 2009.

During the period 2004 – 2007 Majestic conducted programs of geological mapping, prospecting, trenching, core drilling and geophysical surveys. Most of this work was conducted on Zone IV.

During 2004 and 2005, Majestic carried out trench sampling and core drilling over a 2000-meter strike length of this zone. Thirty-two (32) trenches with an aggregate length of about 1,200 meters were excavated and 46 holes with an aggregate length of about 8,840 meters were drilled to test the zone to depths of between 100 and 300 meters below surface.

In 2006 Wardrop carried out a NI 43-101 compliant resource estimate of Zone IV based on trench and drill data collected to the end of 2005: at a cutoff of 0.50 grams/tonne gold, the zone was estimated to contain an Indicated resource of 17.97 million tonnes with an average gold grade of 1.16 grams/tonne, and an Inferred resource of 24.4 million tonnes with an average grade of 1.09 grams/tonne. This estimate is considered by Wardrop to be both relevant and reliable and is the only extant estimate prior to the current one. The data used in the 2005 estimate forms a substantial portion of the data upon which the current estimate, presented in Section 17.0 of this report, is based.

During 2006 Majestic drilled four holes and during 2007 drilled five more (1,650 meters aggregate length for both years), principally to test the southwest and northeast limits of the zone.

7.0 GEOLOGICAL SETTING

7.1 REGIONAL

The tectonic framework of China is dominated by three global orogenic systems: the Central-Asian or Paleo-Tethyan, the Circum-Pacific and Tethys-Himalaya. Relevant to the Property area, the Tethys-Himalaya system in southwestern China is the product of subduction of the Pacific Ocean floor beneath China, and the indentation of the Indian continent into Eurasia. Fold belts are predominantly the products of subduction and accretion of oceanic complexes and were the focus of deformation in Paleozoic-Mesozoic cratonic collisions during final ocean closures.

Xinjiang Uygur Autonomous Region is underlain by the Altaid orogenic complex, situated in the south-central part of the Eurasian Plate, immediately north of the Himalayan collision zone and south of the Angara Craton that underlies eastern Russia. The region consists of several independent Precambrian continental blocks; Paleozoic accretionary complexes and extensional basins define the sutures between these blocks. Permian extensional tectonics formed deep basins, including the Tarim, within the Altaid orogenic complex.

The Tarim Basin is the largest inland basin in China and is the product of late Paleozoic rifting that led to passive-margin sedimentation through the Cambrian and Ordovician, as well as the accumulation of several kilometers of terrestrial sediments from the mid-Paleozoic through the Mesozoic.

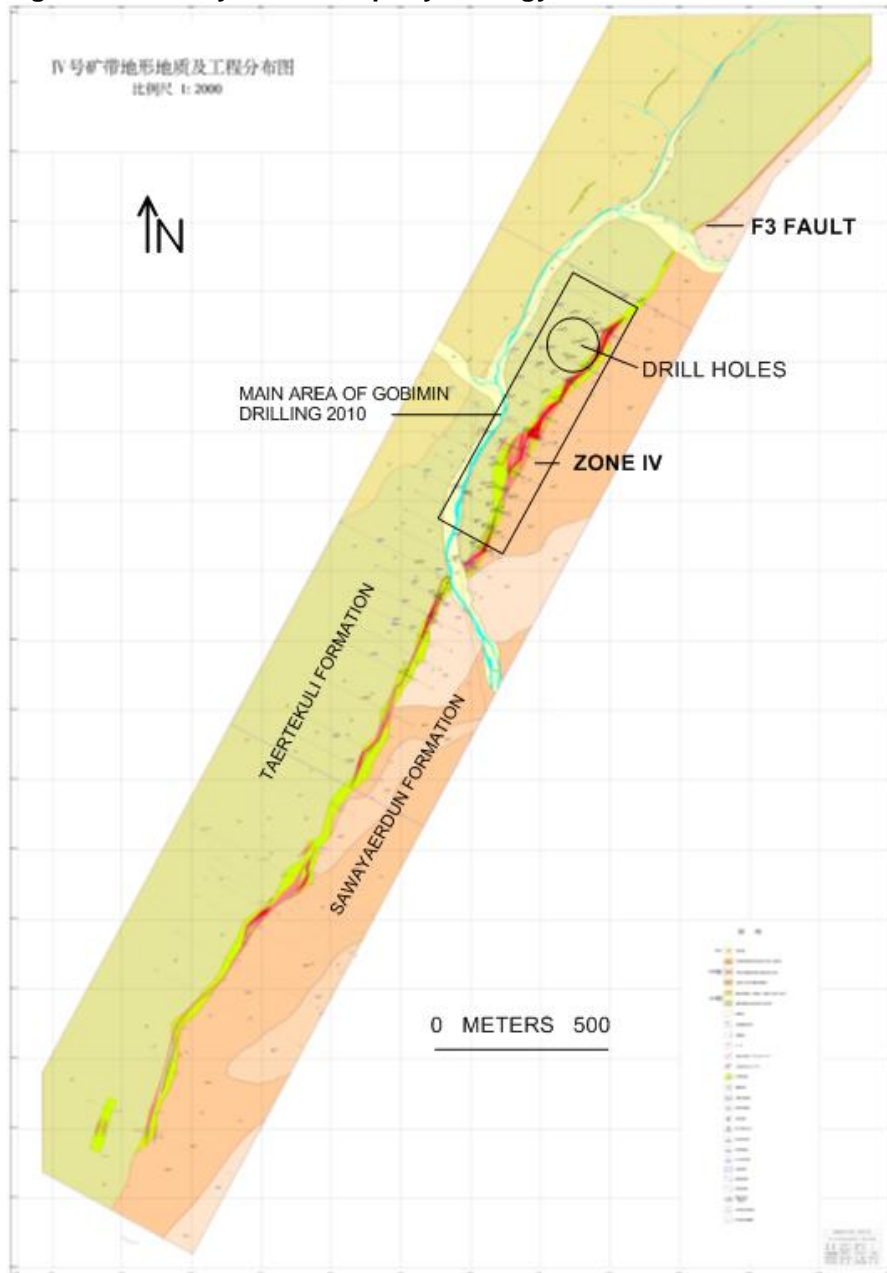
The Tian Shan mountain range, located immediately north of the Tarim Basin, is comprised of two partly-amalgamated Paleozoic sequences of allochthonous terranes, and forms the south-central portion of the Altaid orogenic zone.

7.2 PROPERTY GEOLOGY

7.2.1 STRATIGRAPHY

The Sawayaerdun Property is located in the eastern Kokshaal area of the southern Tian Shan Mountains. Gold mineralization is contained within fine-grained clastic metasedimentary rocks of Devonian age. (Figure 7.1) (Modified after GobiMin 2010)

Figure 7.1: Sawayaerdun Property Geology



The Silurian-age Taertekuli Formation is the oldest unit exposed within the Property. The Taertekuli Formation is comprised of sericite phyllite, metamorphosed sandstone, minor siliceous mudstone, carbonaceous siliceous phyllite, slate and calcareous breccia. This formation is of probable turbiditic origin.

The Taertekuli Formation is overlain by the Devonian-age Sawayaerdun Formation. The Sawayaerdun Formation is subdivided into upper and lower units, both of which are turbiditic and are comprised of thin laminae of phyllite and siltstone. The phyllites of the upper member are carbonaceous and this member is the primary host for gold mineralization in the area

Quaternary deposits of fluvial outwash are distributed along the lower reaches of the Sawayaerdun River.

7.2.2 *STRUCTURE*

The predominant strike direction within the Property is northeast and most dips are to the northwest. Schistosity is commonly developed parallel to bedding. Existing mapping indicates that the disposition of formations is tectonically controlled. The Silurian-aged Taertekuli Formation structurally overlies the Devonian-age Sawayaerdun Formation and strikes about 040 degrees. The contact between the Taertekuli and Sawayaerdun Formations follows a prominent, northeast-trending fault (F3) with a strike of about 030 degrees that contains mineral Zone IV and obliquely truncates the Sawayaerdun Formation, and may also truncate the Taertekuli Formation.

The Sawayaerdun Formation is mapped as being folded into a broad anticline that strikes about 050 degrees, plunges gently to the northeast, and terminates to the southwest against the F3 fault. A parallel syncline is mapped to the southeast in the lower member of the formation. Most dips within the Sawayaerdun Formation are to the northwest, which suggests that these are overturned to the southeast.

The Sawayaerdun Formation is structurally underlain to the southeast by the northeast-dipping, Lower Carboniferous-age Bashisuygong Formation which is in turn structurally underlain to the southeast by the Middle Devonian-age Tuogemati Formation.

8.0 DEPOSIT TYPES

The deposit type that best represents gold mineralization known to occur within the Property is considered to be shear-hosted or fracture-controlled. In this deposit type, sulphides are relatively minor and mineralization is localized along major regional faults and related splays. Age and tectonic setting are highly variable. Mineralization is related to broad areas of fracturing in which gold and sulphides may be associated with quartz veinlet networks or simply contained within the fractures themselves.

Principal alteration mineralogy includes silicification, pyritization and potassium metasomatism, within broader zones of carbonate alteration including ferroan dolomite.

Two well-known Asian gold deposits, Muruntau and Kumtor are sediment-hosted gold deposits in the Tian Shan gold belt and are possibly similar to the Sawayaerdun deposit.

Wardrop has not verified the information contained in this section, and the following descriptions of mineralization at Muruntau and Kumtor are not indicative of mineralization at Sawayaerdun and do not imply any similarities between mineralization at those locations and at Sawayaerdun.

The Muruntau gold deposit, located in the Kyzyl Kum desert of Uzbekistan, was discovered in 1955, and is currently one of the largest open pit mines in the world. The total gold resource, including production, is estimated to be about 170 million ounces.

The deposit formed in early Permian time during a period of tectonic and magmatic activity related to the convergence of the Kazakhstan and Karakum-Tarim continental plates. Deposition of gold was controlled by three factors: a carbonaceous and sulphidic host rock, a fault system of regional extent, and an axial fold zone. The host rock is tectonically fractured phyllite. Gold occurs in sub-vertical quartz-sulphide veins and irregular quartz vein stockworks that cut hydrothermally altered clastic host rocks. Veining and stockworks are most intensely developed within a few hundred meters of the major northeast-trending Muruntau-Daugyztan strike-slip fault. Several large veins form the core of the mineralized zone and contain the highest gold grades. Syn-mineralization hydrothermal alteration, in the form of quartz, albite and biotite overprinting, is extensively developed at Muruntau.

The Kumtor gold deposit is located in the central Tian Shan Mountains of eastern Kyrgyzstan and contains proven reserves of about 80 million tonnes with an average grade of 3.6 grams per tonne gold. Mineralization occurs in the hangingwall of the Kumtor Fault, a splay of a regional-scale set of structures that extend from Uzbekistan to northern China, and with which the Muruntau deposit is also associated.

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Gold mineralization is hosted by greenschist-facies carbonaceous phyllite of Late Proterozoic age and is comprised of veins, stockworks and hydrothermal breccias with associated pervasive hangingwall alteration. Ore grades range from the lower economic limit of 1.2 grams per tonne gold to over 70 grams per tonne gold. Ore shoots are confined to areas with abundant hydrothermal features such as stockworks and hydrothermal breccias.

9.0 MINERALIZATION

Zone IV is contained within the upper member of the Sawayaerdun Formation, trends northeast, crosscuts stratigraphy at low angle, and dips steeply (60 to 80 degrees) to the northwest in conformity with the controlling structures. Mineralization is contained within the F3 fault that forms the contact between the upper Sawayaerdun Formation and the structurally overlying Taertekuli Formation. The controlling structure, and possibly the contained mineralization, continues to the northeast into Kyrgyzstan.

Gold mineralization in Zone IV occurs within the F3 fault. The hostrock is heavily-sheared carbonaceous, sericitic phyllite and interbedded siltstone of the upper member of the Sawayaerdun Formation. Previous exploration, primarily surface trenching, by XBGMR and drilling by Majestic, traced mineralization in this zone for over four kilometers, although mineralization is not continuous over that entire distance. The zone pinches and swells both along strike and down-dip from an apparent minimum thickness of about 15 meters to a maximum of more than 50 meters.

Pyrite is the most-widely distributed sulphide in the mineralized zones and is accompanied by minor amounts of arsenopyrite, pyrrhotite and stibnite. Within the sulphide zone, gold occurs as micron-size grains of electrum, either in association with arsenopyrite or as free particles. In the near-surface zone of oxidation, pyrite has been largely replaced by limonite.

Quartz, sericite, siderite, calcite and chlorite are commonly associated with gold.

10.0 EXPLORATION

During 2010, Tongyuan engaged the No.2 Brigade to carry out geological mapping, core drilling and underground development to acquire additional exploration data for Zone IV. This work was funded by GobiMin.

All the drilling (33 holes, 6,700 meters aggregate length) was done within the known limits of Zone IV to verify exploration results obtained by previous operators (XBGMR and Majestic). The underground development of two adits (3410 and 3450 meter levels) are intended to provide underground access to the zone but at the time of the site visit (October 1, 2010) neither had reached the anticipated location of the zone.

The work carried out in 2010 is considered by Wardrop to have been carried out in a manner consistent with industry standards and the results obtained are considered to be reliable. The results are also considered to be consistent with and to confirm earlier interpretations of the nature and extent of Zone IV.

11.0 DRILLING

GobiMin drilled 33 holes (6,700 aggregate meters) in Zone IV, mostly in the northeastern portion of the zone which, on the basis of earlier drilling, is where the zone is widest. (Figure 7.1) Holes were drilled to the southeast, perpendicular to strike and generally at 60-meter intervals along the strike of the zone and generally two or three holes were drilled on each section so as to intersect the zone at progressively greater depths down-dip. The dip of the holes ranged from 60° to 90°; most were drilled at dips between 75° and 85°. Holes were surveyed at 50-meter intervals as well as at the pierce points of the zone.

The holes penetrated the zone at a range of oblique angles so that the intercept thickness is in all cases greater than the true thickness. However, the relatively large number of drill hole intercepts through the zone permits a good understanding of its morphology and the relationship between true and apparent thickness can be clearly demonstrated.

12.0 SAMPLING METHOD AND APPROACH

Core was logged at the drill site and was then transported to the project camp site for sampling. Only intervals of presumed mineralization were sampled: where the core was competent it was sawn in half; fractured intervals were sampled by hand. Half the core was bagged and submitted for analysis and half was retained on site for reference.

Intervals to be sampled were identified on the basis of alteration and mineralization. Primary indicators were the presence of one or more of pyrite, arsenopyrite, stibnite, silicification, sericitization, carbonatization and chloritization.

A total of 2,673 samples were collected from the core drilled in 2010. Because the gold mineralization is contained within a fault zone, much of the core is fractured. However, recovery was high and Wardrop considers it improbable that any significant sample bias would have been introduced by loss of fine-grained material or other circumstance introduced by the fractured nature of the core. The resultant assays are considered representative of the mineralization that was tested.

Core was sent to the laboratory of the No. 2 Brigade in Kashgar (Kashi), Xinjiang.

13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

In China the use of quality-assurance / quality-control (QA/QC) measures such as standards, blanks and duplicates when collecting core samples is neither customary nor required. Consequently, GobiMin did not employ any QA/QC measures when sampling the Sawayaerdun drill core.

It is, however, required that the assay lab perform duplicate analyses on about 10% of the samples and further that about 5% of the same samples be sent to an outside laboratory for check sampling. The primary assaying was done at the laboratory of the No. 2 Brigade, located in Kashgar (Kashi). Samples were analyzed only for gold. Analyses were done by titration using quinhydrone.

Check assays of five percent (5%) of the samples were done by the Urumqi Mineral Resources Supervision and Assay Center of the Land and Resources Ministry of China in Urumqi, Xinjiang.

It is necessary that the means of the primary and check assay populations do not differ by a statistically significant amount (t-test).

The Urumqi Mineral Resources Supervision and Assay Center is ISO9001 certified and as well is accredited by the China National Accreditation Center for Conformity Assessment. The laboratory of the No. 2 Brigade has not applied for ISO certification but does have a provincial certification.

Wardrop considers the sampling, sample preparation, security and analytical procedures to be adequate for the purpose of the resource estimate that follows.

14.0 DATA VERIFICATION

GobiMin did not use any QA/QC measures. As mentioned in Section 13.0 above, the primary and check assay laboratories performed duplicate analyses on about 10% and 5% respectively, of the sample population as required by government regulations, and in order for the analyses to meet government requirements the differences between duplicate means must be statistically insignificant.

Wardrop did not collect any verification samples during the 2010 site visit but the author visited the site in 2005 at which time verification samples were collected. GobiMin is the third entity to collect and analyze a substantial number of samples from the Property. Results obtained by all three operators are similar, a circumstance that lends credibility to all the assays.

15.0 ADJACENT PROPERTIES

There are no adjacent properties the description of which would enhance the current understanding of the Sawayaerdun Property.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Xinjiang Minerals Research Institute conducted metallurgical testing of Sawayaerdun mineralization during 1996 and 1997. A composite sample weighing 1,160 kilograms with an average grade of about 3.15 grams per tonne gold was collected from five trenches within Zone IV. The material was subjected to various recovery methods including alkali pre-treatment, roasting, arsenic-acid treatment and floatation, all followed by cyanidation. Recovery rates of gold from about 72% to 78% were achieved by these methods. Acid leaching without cyanidation also produced similar rates of recovery, but over much longer periods.

In 2005, Majestic collected a 678 kilogram sample comprised of two groups of material, one from surface trenches and the other comprised of coarse drill core reject material. The sample was submitted to Process Research Associates (PRA) in Vancouver, Canada for testing.

PRA made composites of the surface and drill core material, and each was subjected to cyanide leach, carbon-in-pulp extraction, and flotation plus cyanide extraction. Trench material was variably oxidized, core material was essentially unoxidized. The results of these tests are not known.

There have been no metallurgical tests since 2005.

17.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

17.1 EXPLORATORY DATA ANALYSIS

17.1.1 ASSAYS

Wardrop received electronic data files for trench and drill hole locations, downhole surveys and gold assays. GobiMin also provided a topographic map of the Property in electronic format.

The data files included both current (2010) and historic (XBGMR and Majestic) data and therefore are assumed to represent as complete a record of assays from the Property as documentation permits. The file includes 12,594 assays with sources as follows: 33 XBGMR trenches (1,487 assays); 51 Majestic trenches (1,639 assays); 24 XBGMR trenches (707 assays); 56 Majestic drill holes (5,947 assays) and 33 GobiMin drill holes (2,673 assays); 17 XBGMR adits (141 samples) and an unknown number of XBGMR pits (707 samples). Descriptive statistics for the total assay population and individual sub-populations are presented below in Table 17.1:

Table 17.1: Sawayaerdun Assay Descriptive Statistics

STATISTIC	ALL ASSAYS		MAJESTIC DRILLHOLES		GOBIMIN DRILLHOLES		MAJESTIC TRENCHES	
	LENGTH	AU G/T	LENGTH	AU G/T	LENGTH	AU G/T	LENGTH	AU G/T
Mean	1.00	0.724	0.99	0.48	1.00	0.95	1.00	0.59
Standard Error	0.00	0.011	0.00	0.01	0.00	0.03	0.00	0.03
Median	1.00	0.180	1.00	0.04	1.00	0.30	1.00	0.13
Mode	1.00	0.003	1.00	0.01	1.00	0.06	1.00	0.00
Standard Deviation	0.14	1.237	0.17	0.98	0.10	1.54	0.01	1.09
Sample Variance	0.02	1.531	0.03	0.95	0.01	2.37	0.00	1.19
Kurtosis	948.85	33.089	853.99	26.00	209.48	19.52	1648.00	184.00
Skewness	17.28	4.043	18.87	4.03	7.59	3.59	-40.60	9.14
Range	9.00	26.000	9.00	14.17	3.54	17.30	0.50	26.00
Minimum	0.00	0.000	0.00	0.00	0.25	0.00	0.50	0.00
Maximum	9.00	26.000	9.00	14.17	3.79	17.30	1.00	26.00
Sum	12557.62	9111.774	5894.77	2846.72	2681.15	2541.87	1647.50	974.02
Count	12605	12594	5947	5947	2675	2673	1648	1639
STATISTIC	XBGMR TRENCHES		XBGMR PITS		XBGMR ADITS			
	LENGTH	AU G/T	LENGTH	AU G/T	LENGTH	AU G/T		
Mean	1.01	1.19	0.99	1.00	0.96	1.96		
Standard Error	0.00	0.03	0.00	0.05	0.01	0.13		
Median	1.00	0.80	1.00	0.42	1.00	1.77		
Mode	1.00	0.05	1.00	0.05	1.00	1.89		
Standard Deviation	0.13	1.28	0.13	1.42	0.17	1.59		
Sample Variance	0.02	1.65	0.02	2.02	0.03	2.52		
Kurtosis	8.31	8.72	8.35	15.91	4.48	2.15		
Skewness	-0.25	2.30	-0.68	3.08	-0.64	1.36		
Range	1.36	12.62	1.20	14.17	1.20	7.48		
Minimum	0.20	0.00	0.30	0.00	0.30	0.06		
Maximum	1.56	12.62	1.50	14.17	1.50	7.54		
Sum	1496.48	1762.34	701.72	710.43	136.00	276.39		
Count	1487	1487	707	707	141	141		

17.1.2 CAPPING

The distribution of assay grades was examined for the existence of statistical outliers; i.e rare high assay values that are atypical of the assay population which if included in the resource estimate would distort the character of the sample population through the disproportionate contribution of the few high values. A population that contains such outliers is termed ‘nuggety’ and is typical of quartz-vein gold occurrences. In such a case it is standard practice to cap the high values at some lower level that minimizes their potentially distorting effect.

A decile analysis of Sawayaerdun assay values shows that about 50% of the aggregate gold values reside in the top 10% of the sample population when the values are ranked from lowest to highest. When the top decile is subdivided into percentiles, the top percentile contains about 20% of the aggregate gold values. (Table 17.2) These proportions are characteristic of a nugget population; however in this case, the distribution of values is smoothly progressive from lowest to highest with no extreme steps in the grade distribution. The gold assay population is therefore not considered to be nuggety and no capping was applied.

Table 17.2: Sawayaerdun Gold Assay Decile and Percentile Analysis

DECILE	FROM	TO	SUM	PCT	MAXIMUM
1	2	1262	3.79	0.04	0.01
2	1263	2522	12.88	0.14	0.02
3	2523	3783	32.65	0.36	0.04
4	3784	5043	73.81	0.81	0.09
5	5044	6304	158.93	1.74	0.18
6	6305	7564	334.57	3.67	0.38
7	7565	8825	686.46	7.53	0.73
8	8826	10085	1213.06	13.31	1.23
9	10086	11346	2033.52	22.32	2.08
10	11347	12606	4562.10	50.07	26.00
				100.00	
PERCENTILE	FROM	TO	SUM	PERCENT	MAXIMUM
90	11347	11461	246.96	5.41	2.21
91	11462	11575	260.57	5.71	2.36
92	11576	11690	280.56	6.15	2.52
93	11691	11804	299.41	6.56	2.72
94	11805	11919	326.55	7.16	2.95
95	11920	12033	351.58	7.71	3.20
96	12034	12148	384.72	8.43	3.50
97	12149	12262	420.92	9.23	3.91
98	12263	12376	486.00	10.65	4.54
99	12377	12491	586.56	12.86	5.74
100	12492	12606	918.27	20.13	26.00
				100.00	

17.1.3 COMPOSITES

Samples are composited (combined to a uniform length) to overcome the influence of variable sample length and thereby to make the influence of all samples comparable on the basis of length. About 95% of the Sawayaerdun samples are one meter in length or less (11,963 of a total of 12,605); therefore all samples were composited to one meter.

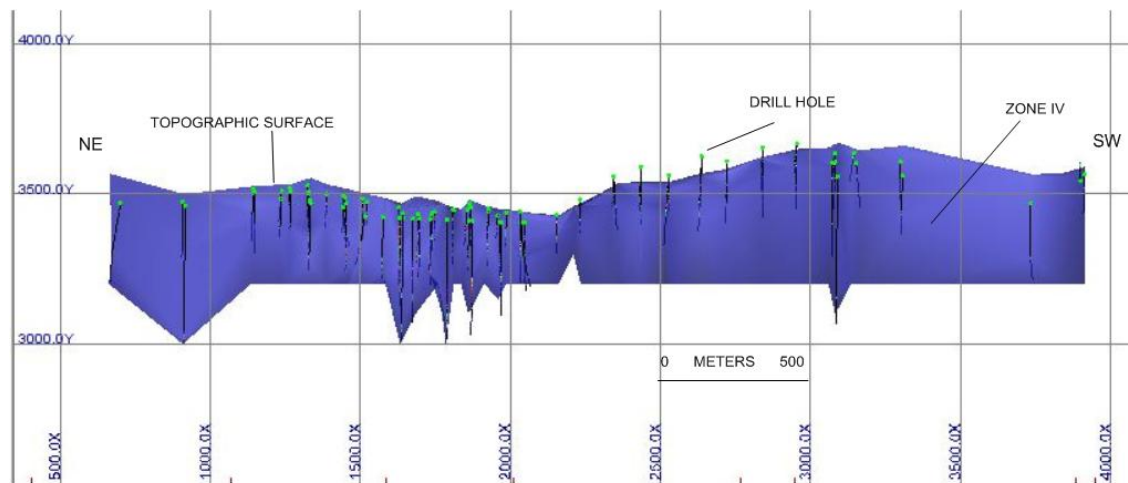
17.2 BULK DENSITY

GobiMin made 35 density measurements on samples collected from trenches and drill core. The average of these measurements was 2.9 grams/centimeter³. This value was used in the resource estimate.

17.3 GEOLOGICAL INTERPRETATION

Zone IV is interpreted as a continuous fracture zone that strikes northeast and dips to the northwest at about 70°. The zone is about 20 to 30 meters wide throughout most of its explored strike length but in the area in which GobiMin has conducted most of their drilling during 2010, the zone is inferred to be 50 meters or more thick.

Figure 17.1: Sawayaerdun Zone IV Geological Long Section



LONG SECTION VIEW ZONE IV LOOKING SOUTHEAST

The geological solid used in the resource estimate was drawn as a 1.0 g/t gold grade shell; the outer boundary of the zone was drawn to include as many as reasonable of the assays that equal or exceed 1.0 g/t gold. Although the fault that contains the gold no doubt continues along strike beyond the modeled limits of the zone, the geological solid was terminated to the northeast and southwest at the last drill intercept that could reasonably be

assumed to be part of the zone. Vertically, the zone was generally extrapolated to an elevation of 3,200 meters above sea level unless a drill hole on a given section had penetrated the zone at a depth greater than that.

17.4 SPATIAL ANALYSIS

Variography was carried out on the Sawayaerdun assay data set using Sage 2001 software. This program is designed to estimate the orientation and range of maximum, intermediate and minimum continuity of gold grades. These parameters are used for interpolation by kriging and are also used to establish the orientation and dimensions of the search ellipse used for all interpolations. These parameters are tabulated below (Table 17.3)

Table 17.3: Sawayaerdun Variogram and Search Ellipse Parameters

VARIOGRAM SAWAYERDUN ALL ASSAYS							
STRUCTURE	WEIGHT	C1			C2		
		ORIENTATION	RANGE (m)		ORIENTATION	RANGE (m)	
C0	0.568	AZIMUTH	300	100	AZIMUTH	2	25
C1	0.374	DIP	-50	25	DIP	-25	450
C2	0.058	AZIMUTH	30	50	AZIMUTH	320	1000
MODEL	Two structure spherical						
C0	Nugget						
C1	First Structure						
C2	Second Structure						
LAG	25 meters						
PAIRS MINIMUM	350						
RANGE IN METERS							
SEARCH ELLIPSE	AXIS		AXIS	INDICATED RANGE	INFERRED RANGE		
	AZIMUTH	300	X	200	300		
	DIP	-60	Y	20	20		
	AZIMUTH	120	Z	400	700		

17.5 RESOURCE BLOCK MODEL

Table 17.4 summarizes the block model parameters.

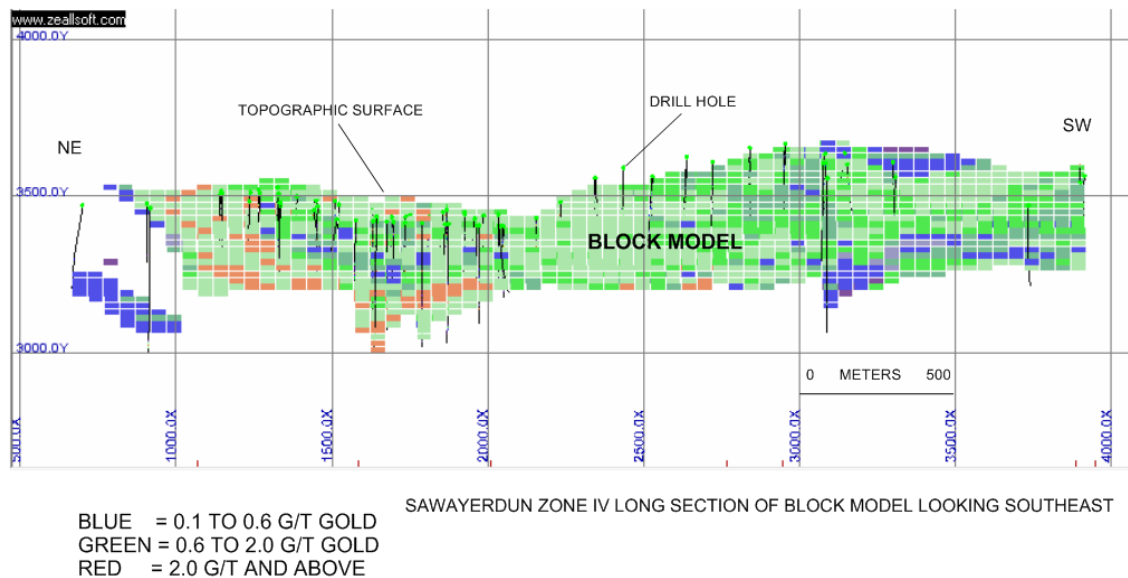
Table 17.4: Sawayaerdun Block Model Parameters

ORIGIN	CORDINATES	DIMENSIONS	NUMBER	SIZE (m)	ROTATION
X	438873	COLUMNS	75	50	60
Y	4437496	ROWS	90	5	
Z	3700	LEVELS	35	20	

17.6 INTERPOLATION PLAN

Resources were interpolated using Kriging, Inverse Distance Squared (ID^2) and Inverse Distance to the Fifth Power (ID^5). Kriging is mathematically the least biased and is taken as the 'best' estimate. ID^2 interpolation commonly produces results similar to kriging and is used as a test of reasonableness of the kriged estimate. ID^5 interpolation places nearly all the weight on the nearest sample to the block being interpolated which typically gives greater weight to higher values, i.e. there is less blending, and for that reason is a reasonable facsimile of polygonal estimation.

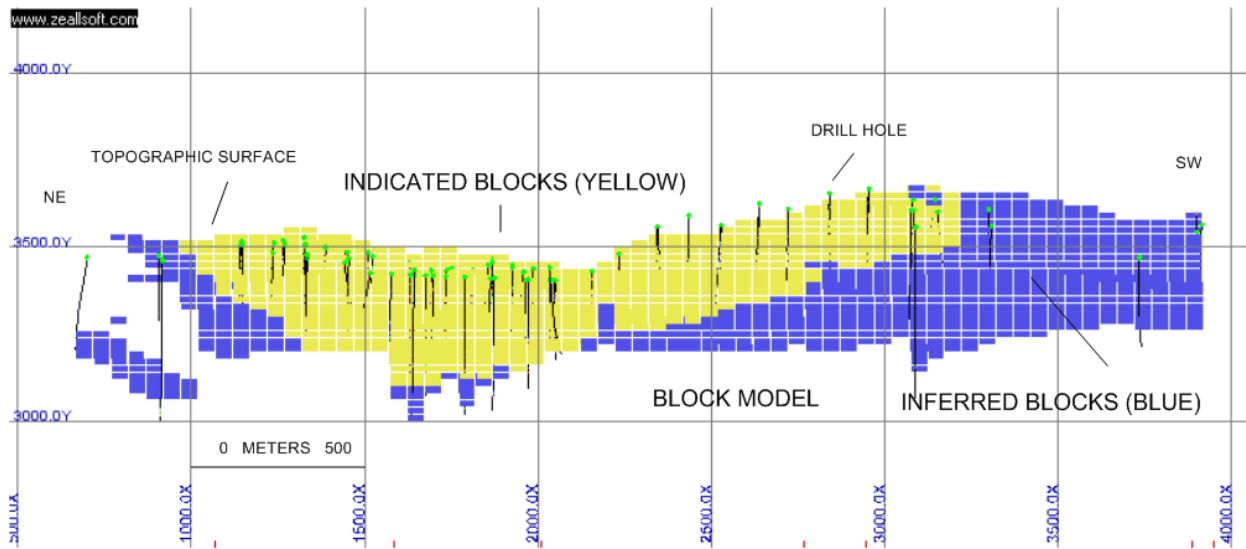
Figure 17.2: Sawayaerdun Zone IV Block Model Long Section showing gold grades



17.7 MINERAL RESOURCE CLASSIFICATION

Interpolation was carried out in two passes: the first pass was classed as Indicated, used the Indicated search ellipse and required a minimum of eight (8) and a maximum of 12 samples within the range of the search ellipse with a maximum of one sample from a single drill hole or trench. The second pass was classified as Inferred used the larger Inferred search ellipse and required a minimum of two (2) and a maximum of 12 samples within the range of the search ellipse with a maximum of one sample from a single drill hole or trench.

Figure 17.3 Sawayaerdun Zone IV Block Model Resource Classification



SAWAYERDUN ZONE IV BLOCK MODEL LONG SECTION LOOKING SOUTHEAST

17.8 MINERAL RESOURCE TABULATION

The three estimates, Kriged, ID² and ID⁵, are tabulated below. The resource at a grade threshold of 0.5 g/t gold is highlighted as the base case.

Table 17.5: Sawayaerdun Zone IV Resource Estimate Summary

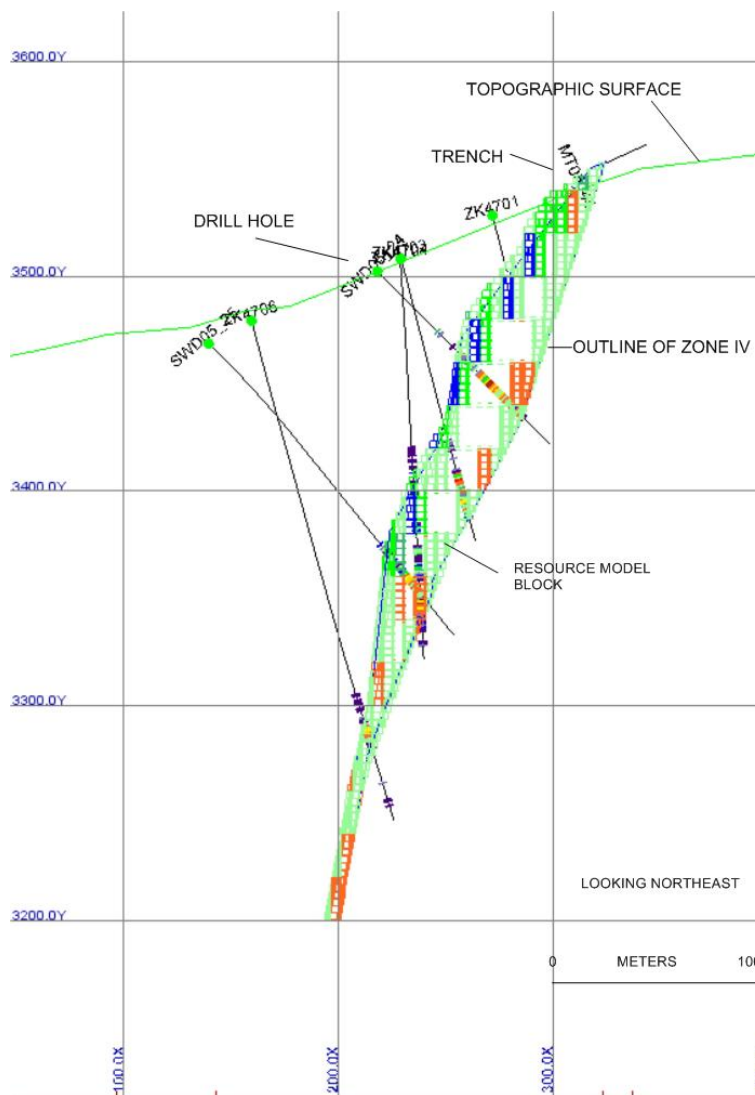
SAWAYERDUN ZONE IV RESOURCE ESTIMATE SUMMARY									
KRIGED					ID ²		ID ⁵		
THRESHOLD	TONNES	GOLD	GOLD	GOLD	TONNES	GOLD	TONNES	GOLD	
INDICATED		GRAMS/TONNE	TONNES	TROY OZ	INDICATED	G/T	INDICATED	G/T	
10.00 G/T	0	0.00	0.00	0	0	0.00	55,924	11.56	
5.00 G/T	0	0.00	0.00	0	194,368	6.74	385,916	7.19	
2.50 G/T	579,371	2.77	1.61	51,668	2,014,196	3.44	3,127,740	3.74	
1.00 G/T	22,693,876	1.48	33.55	1,078,610	18,857,993	1.70	15,908,024	2.00	
0.75 G/T	30,676,419	1.32	40.64	1,306,678	25,030,661	1.49	20,569,271	1.75	
0.50 G/T	34,064,490	1.26	42.86	1,378,015	30,043,202	1.35	25,498,380	1.53	
0.25 G/T	34,279,652	1.25	42.96	1,381,037	32,964,380	1.27	29,686,475	1.37	
THRESHOLD	TONNES	GOLD	GOLD	GOLD	TONNES	GOLD	TONNES	GOLD	
INFERRED		GRAMS/TONNE	TONNES	TROY OZ	INFERRED	G/T	INFERRED	G/T	
10.00 G/T	0	0.00	0.00	0	0	0.00	0	0.00	
5.00 G/T	0	0.00	0.00	0	2,900	5.02	7,981	5.90	
2.50 G/T	66,123	2.64	0.17	5,617	163,200	3.26	286,251	3.57	
1.00 G/T	5,406,875	1.31	7.06	227,040	4,537,531	1.44	4,720,901	1.54	
0.75 G/T	10,072,066	1.10	11.11	357,132	8,824,240	1.16	7,785,958	1.28	
0.50 G/T	13,481,933	0.98	13.25	426,152	12,569,610	1.01	11,485,886	1.07	
0.25 G/T	14,124,421	0.96	13.52	434,723	13,861,547	0.95	13,257,434	0.98	

17.9 BLOCK MODEL VALIDATION

The block model was validated both visually and by comparison of the outcomes of the three interpolation methods. Figure 17.4 below demonstrates the goodness-of-fit of the block model with respect to both the modeled geological solid of Zone IV, but also of the geological solid with the mineralized intercepts of the drill holes.

The outcomes of the three interpolation methods, kriging, ID² and ID⁵, display the expected relationship of diminishing tonnage and increasing grade from the kriged to the ID⁵ estimation. (See Table 17.5)

Figure 17.4: Sawayaerdun Zone IV Cross-section showing drill holes and block model



18.0 OTHER RELEVANT DATA & INFORMATION

There is no other relevant data or information.

19.0 INTERPRETATION AND CONCLUSIONS

Trenching and drilling by GobiMin during 2010 has confirmed the nature and extent of gold mineralization within Zone IV as defined by earlier exploration programs.

The current level of exploration supports the classification of resources within Zone IV as Indicated and Inferred, the Indicated portion is largely that which GobiMin has tested during 2010.

This portion of the deposit also appears to contain more high-grade mineralization than the remaining portions of the zone but that may be more a reflection of data density than distribution of mineralization.

This portion of Zone IV also appears to be the thickest portion of the zone and therefore may represent a flexure or dilation zone within the F3 fault that contains Zone IV.

Additional drill-testing of the balance of Zone IV at a density and pattern similar to that carried out during 2010 would upgrade a significant portion of the Inferred resource into the Indicated category.

The use of field duplicates, standards and blank samples should be included as an integral part of the Quality Assurance / Quality Control (QA/QC) measures of any future sampling program.

Underground exploration of the deposit would permit upgrading those portions explored underground into the Measured category.

Underground exploration would also provide information regarding ground conditions relative to mine design as well as material for metallurgical testing.

Wardrop considers that the 2010 GobiMin exploration program was successful in confirming previous exploration results and in providing a higher level of assurance for the resources in the thickest portion of the Zone that had previously existed.

At a 0.5 g/t lower threshold, Zone IV is currently estimated to contain kriged Indicated resources of approximately 34 million tonnes with an average grade of 1.3 g/t gold and Inferred resources of 13.5 million tonnes with an average grade of 1.0 g/t gold. (Table 19.1)

Table 19.1: Sawayaerdun Zone IV Resource Estimate

SAWAYERDUN ZONE IV RESOURCE ESTIMATE SUMMARY										
KRIGED					ID2		ID5			
THRESHOLD	TONNES	GOLD	GOLD	GOLD		TONNES	GOLD		TONNES	GOLD
INDICATED		GRAMS/TONNE	TONNES	TROY OZ		INDICATED	G/T		INDICATED	G/T
10.00 G/T	0	0.00	0.00	0		0	0.00		55,924	11.56
5.00 G/T	0	0.00	0.00	0		194,368	6.74		385,916	7.19
2.50 G/T	579,371	2.77	1.61	51,668		2,014,196	3.44		3,127,740	3.74
1.00 G/T	22,693,876	1.48	33.55	1,078,610		18,857,993	1.70		15,908,024	2.00
0.75 G/T	30,676,419	1.32	40.64	1,306,678		25,030,661	1.49		20,569,271	1.75
0.50 G/T	34,064,490	1.26	42.86	1,378,015		30,043,202	1.35		25,498,380	1.53
0.25 G/T	34,279,652	1.25	42.96	1,381,037		32,964,380	1.27		29,686,475	1.37
THRESHOLD	TONNES	GOLD	GOLD	GOLD		TONNES	GOLD		TONNES	GOLD
INFERRED		GRAMS/TONNE	TONNES	TROY OZ		INFERRED	G/T		INFERRED	G/T
10.00 G/T	0	0.00	0.00	0		0	0.00		0	0.00
5.00 G/T	0	0.00	0.00	0		2,900	5.02		7,981	5.90
2.50 G/T	66,123	2.64	0.17	5,617		163,200	3.26		286,251	3.57
1.00 G/T	5,406,875	1.31	7.06	227,040		4,537,531	1.44		4,720,901	1.54
0.75 G/T	10,072,066	1.10	11.11	357,132		8,824,240	1.16		7,785,958	1.28
0.50 G/T	13,481,933	0.98	13.25	426,152		12,569,610	1.01		11,485,886	1.07
0.25 G/T	14,124,421	0.96	13.52	434,723		13,861,547	0.95		13,257,434	0.98

20.0 RECOMMENDATIONS

The following program of exploration is recommended in order to upgrade the Inferred resource and to obtain a fuller understanding of the mining and metallurgical characteristics of the mineralization:

- 1. Core drilling: 10,000 meters @US\$125/meter.....1,250,000
- 2. Underground development: 6,750 meters@ US\$275/meter.....1,850,000
- 3. Assaying and Metallurgy..... 100,000

TOTAL US\$3,200,000

All future sampling programs should incorporate the use of field duplicates, standards and blanks into the QA/QC program.

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22.0 CERTIFICATE OF QUALIFIED PERSON

I, Gregory Zale Mosher of North Vancouver British Columbia, do hereby certify that as the author of this **TECHNICAL REPORT ON THE SAWAYAERDUN PROPERTY, XINJIANG UYGUR AUTONOMOUS REGION, CHINA**, dated March 18, 2011, I hereby make the following statements:

- I am a Senior Geologist with Wardrop A Tetra Tech Company with a business address at 800-555 West Hastings Street, Vancouver, British Columbia, Canada.
- I am a graduate of Dalhousie University, (B.Sc. Hons., 1970) and McGill University (M.Sc.Applied, 1973).
- I am a member in good standing of the Association of Professional Engineers and Geoscientists of Association of Professional Engineers and Geoscientists of British Columbia (License # 121151).
- I have practiced my profession continuously since graduation.
- I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that, by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purpose of NI 43-101.
- My relevant experience with respect to polymetallic deposits includes over 30 years of exploration for and evaluation of a variety of basemetal deposit types in a broad range of geological settings. In addition, I have carried out resource estimates of a variety of mineral deposits on a regular basis over the past five years.
- I am responsible for the preparation of all portions of this technical report titled “Technical Report on the Beishiquan Property, Xinjiang Uygur Autonomous Region, China “, dated October 20, 2010. In addition, I visited the Property on October 31, 2010.
- I have no prior involvement with the Property that is the subject of the Technical Report.
- As of the date of this Certificate, to my knowledge, information and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

WARDROP

- I am independent of the Issuer as defined by Section 1.4 of the Instrument.
- I have read National Instrument 43-101 and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

Signed and dated this 18th day of March, 2011 at Hong Kong, China

“Greg Z. Mosher”

Greg Mosher, P.Geol.
Wardrop, a Tetra Tech Company

CERTIFICATE OF QUALIFIED PERSON

I, Gregory Zale Mosher of North Vancouver British Columbia, do hereby certify that as the author of this **TECHNICAL REPORT ON THE SAWAYAERDUN PROPERTY, XINJIANG UYGUR AUTONOMOUS REGION, CHINA**, dated March 18, 2011, I hereby make the following statements:

- I am a Senior Geologist with Wardrop A Tetra Tech Company with a business address at 800-555 West Hastings Street, Vancouver, British Columbia, Canada.
- I am a graduate of Dalhousie University, (B.Sc. Hons., 1970) and McGill University (M.Sc.Applied, 1973).
- I am a member in good standing of the Association of Professional Engineers and Geoscientists of Association of Professional Engineers and Geoscientists of British Columbia (License # 121151).
- I have practiced my profession continuously since graduation.
- I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that, by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purpose of NI 43-101.
- My relevant experience with respect to polymetallic deposits includes over 30 years of exploration for and evaluation of a variety of basemetal deposit types in a broad range of geological settings. In addition, I have carried out resource estimates of a variety of mineral deposits on a regular basis over the past five years.
- I am responsible for the preparation of all portions of this technical report titled “Technical Report on the Beishiquan Property, Xinjiang Uygur Autonomous Region, China “, dated October 20, 2010. In addition, I visited the Property on October 31, 2010.
- I have no prior involvement with the Property that is the subject of the Technical Report.
- As of the date of this Certificate, to my knowledge, information and belief, this Technical Report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.
- I am independent of the Issuer as defined by Section 1.4 of the Instrument.

WARDROP

- I have read National Instrument 43-101 and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

Signed and dated this 18th day of March, 2011 at Hong Kong, China

“Greg Z. Mosher”

Greg Mosher, P.Geol.
Wardrop, a Tetra Tech Company