2010 ASSESSMENT WORK REPORT- AN

AIRBORNE MAGNETIC-RADIOMETRIC SURVEY PROGRAM REPORT

ON KONG CLAIMS PROPERTY

AT FORT SELKIRK AREA

NTS Map Sheets No: 115I/12, 115I/13

Latitude: 62°44' N Longitude: 137°42' W

Whitehorse Mining District
YUKON TERRITORY

Work date: July 27, 2010 to December 06, 2010

Author: Wanjin Yang, Raymond Xie
Claims owner: Canadian Dehua International Mines Group Inc.
Address: #820-1130 West Pender Street Vancouver, BC, Canada V6E 4A4

Date: June 01, 2011

TABLE OF CONTENTS Page

Appendices

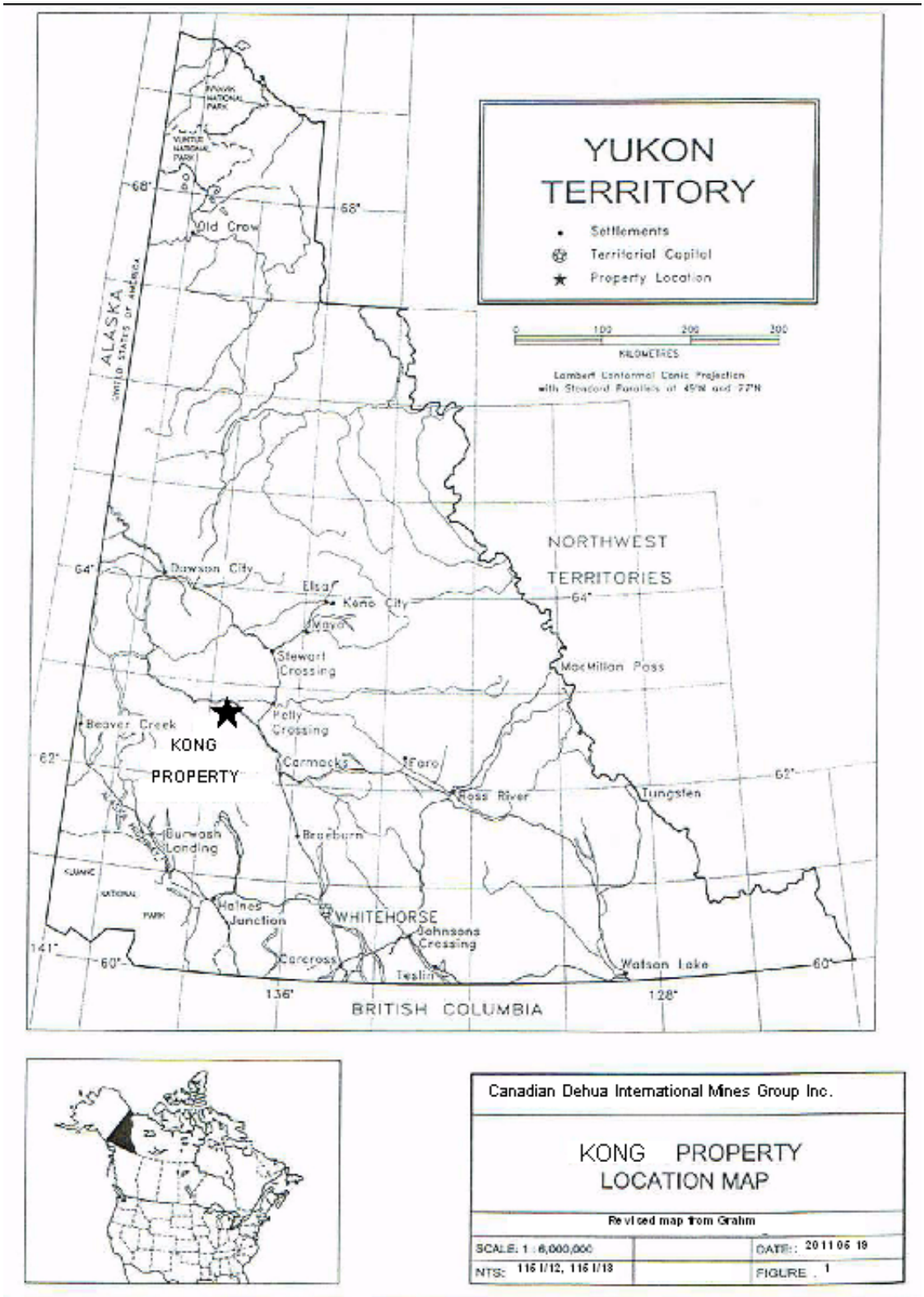
List of figures:

INTRODUCTIN

Kong Claims Group (Kong Property), including 748 claims, situated along the Yukon River, is located approximately 94 km northwest of Carmacks, and 35 km west of the Minto airstrip. NTS Map Sheets are 115I/12 and 115I/13, with an approximate area of 28500 hectares. The property is 100 % held by Canadian Dehua International Mines Group Inc. (Dehua Mines), located within Fort Selkirk area, in Whitehorse Mining District, Yukon Territory. Its Latitude and Longitude are 62°44' N, 137°42' W respectively. In 2010, an initial geophysical assessment program was employed in order to define any prospective mineral targets for further exploration aiming on porphyry or intrusion related Cu-Au-Mo mineralisation comparable with Minto Cu-Au-Mo mine and Carmacks Cu deposit, which are situated in same informally named copper belt (Yukon Geological Survey 2010 Report) of same geological setting. The airborne magnetic-radiometric survey operations and data processing actions taken during the geophysical survey flow over and thus the post geological and mineral exploration targeting interpretation work applied in Kong Claims Property in Yukon Territory. Airborne Geophysical survey and data procession were carried out by Precision GeoSurveys Inc. and the post geological interpretation and mineral targeting work have done by Aurora Geosciences Ltd (based in Yukon) and Mira Geosciences Inc (based in Vancouver). All the mentioned work completed in schedule during a period of July 27 to December 25, 2010.

Kong Property survey area itself is approximately 19 km by 15 km. A total of 2472 line kilometers of radiometric and magnetic data were flown for this survey, including tie lines and survey lines. The survey lines were flown at 100 m spacings at 045°/225° heading; the tie lines were flow at 1 km spacing at a heading of 135°/315°. Bell 206 BIII Jet Ranger mounted magnetometer; spectrometer and related AGIS equipment have being employed for this work being completion. Precision GeoSurveys Inc paid attention on quality control methods and thus any electric devices and software were equipped for the flown data collection and processing, as result the company supplies final magnetic and radiometric data sets in required formats ready for post geological and mineral exploration targeting interpretation.

Aurora Geosciences Ltd (based in Yukon) and Mira Geosciences Inc (based in Vancouver) on behalf of Dehua Mines have developed post geological and mineral targeting interpretation separately. As results, both companies produced mineral exploration targets that were prioritized referenced on interpretation geophysics, bedrock geology, stream sedimentary geochemistry, Yukon MINFILE occurrences and porphyry or intrusive related Cu-Au Mo mineralisation model (proposed by Holister 1976). These targets list as appendices behind for next stage field follow up investigation. Aurora has defined 21 targets and Mira 119 targets, most of all these targets are coincident with favorable geology of early Jurassic granodiorite plutonic unit that host known Minto Cu-Au-Mo Mine and Carmacks Cu deposit.



1.0 LOCATION AND ACCESS

The Kong property, situated along Yukon River, located at Fort Selkirk area, approximately 35 km west of Minto airstrip, and approximately 94 km northwest of Carmacks, of center northwest, Yukon Territory. Latitude and longitude coordinates are 62°44" N, 137°42" W respectively.

Access was by helicopter from Carmacks, Yukon. There is all weather road access to Minto, where it is approximately 35 km away east to Kong Property. Though trails access across the whole property but no main vehicle access to the property. Helicopter access service is generally available from Carmacks, Yukon.

2.0 PHYSIOGRAPHY

The claims lie within the east edge of unglaciated Dawson Range, Southwestern Yukon. The topography is moderate with long sinuous ridges incised by narrow valleys heading down varied directions to larger swampy creek valleys, as such Yukon River. Vegetation consists of moss, birch, poplar, and spruce with thick alder and buck brush. Elevations range from 430m to 1040 m generally.

3.0 LEGAL DESCRIPTION

Kong Claims Group (Kong Property), including 748 claims, situated along the Yukon River, NTS Map Sheets are 115I/12 and 115I/13, with an approximate area of 28500 hectares. The property is 100 % held by Canadian Dehua International Mines Group Inc. (Dehua Mines), located within Fort Selkirk area, in Whitehorse Mining District, Yukon Territory. Its Latitude and Longitude are 62°44' N, 137°42' W. 30 months of work has been filed and, based on the acceptance of this report, will validate the claims to a new date following. A table showing pertinent claims date follows: Claims location refers to Claim location map Figure 2 The Kong Claims Location Map attached.

Claims list: Kong Claims (748)

CLAIM NAME	GRANT NUMBER	NUMBER OF CLAIMS	EXPIRED DATE
KONG 07	YD21147	1	*Sep 18, 2013
KONG 35- 58	YD21175-YD21198	24	*Sep 18, 2013
KONG 65- 74	YD21205-YD21214	10	*Sep 18, 2013
KONG 76	YD21216	1	*Sep 18, 2013
KONG 78	YD21218	1	*Sep 18, 2013
KONG 80	YD21220	1	*Sep 18, 2013
KONG 82	YD21222	1	*Sep 18, 2013
KONG 84	YD21224	1	*Sep 18, 2013
KONG 86	YD21226	1	*Sep 18, 2013
KONG 88	YD21228	1	*Sep 18, 2013

KONG 95- 104	YD21235-YD21244	10	*Sep 18, 2013
KONG 125- 134	YD21265-YD21274	10	*Sep 18, 2013
KONG 155- 168	YD21295-YD21308	14	*Sep 18, 2013
KONG 185- 204	YD21325-YD21344	20	*Sep 18, 2013
KONG 215- 234	YD21355-YD21374	20	*Sep 18, 2013
KONG 245- 264	YD21385-YD21404	20	*Sep 18, 2013
KONG 275- 298	YD21415-YD21438	24	*Sep 18, 2013
KONG 305- 308	YD21445-YD21448	4	*Sep 18, 2013
KONG 313- 316	YD21453-YD21456	4	*Sep 18, 2013
KONG 321- 324	YD21461-YD21464	4	*Sep 18, 2013
KONG 326	YD21466	1	*Sep 18, 2013
KONG 328- 514	YD21468-YD21654	187	*Sep 18, 2013
KONG 519- 542	YD21659-YD21682	24	*Sep 18, 2013
KONG 549- 574	YD21689-YD21714	26	*Sep 18, 2013
KONG 575- 583	YD21715-YD21723	9	*Oct 13, 2013
KONG 585- 604	YD21725-YD21758	20	*Sep 18, 2013
KONG 605- 618	YD21725-YD21758	14	*Oct 13, 2013
KONG 620	YD21760	1	*Sep 18, 2013
KONG 622	YD21762	1	*Sep 18, 2013
KONG 624- 652	YD21764-YD21792	29	*Sep 18, 2013
KONG 658- 660	YD21798-YD21800	3	*Oct 13, 2013
KONG 661- 664	YD61370-YD61373	4	*Nov 13, 2013
KONG 665- 684	YD21805-YD21824	20	*Oct 13, 2013
KONG 691- 692	YD21831-YD21832	2	*Sep 18, 2013
KONG 693- 716	YD21833-YD21856	24	*Oct 13, 2013
KONG 725- 726	YD21865-YD21866	2	*Sep 18, 2013
KONG 727- 746	YD21867-YD21886	20	*Oct 13, 2013
KONG 755- 756	YD21895-YD21896	2	*Sep 18, 2013
KONG 757- 776	YD21897-YD21916	20	*Oct 13, 2013
KONG 783- 804	YD21923-YD21944	22	*Oct 13, 2013
KONG 812- 832	YD21952-YD21972	21	*Oct 13, 2013
KONG 839- 858	YD21979-YD22998	20	*Oct 13, 2013
KONG 859- 878	YD21999-YD22018	20	*Oct 21, 2013
KONG 885- 902	YD22025-YD22042	18	*Oct 13, 2013
KONG 909- 926	YD22049-YD22066	18	*Oct 13, 2013
KONG 933- 944	YD22073-YD22084	12	*Oct 13, 2013
KONG 955- 963	YD22095-YD22103	9	*Oct 13, 2013
KONG 965	YD22105	1	*Oct 21, 2013
KONG 975- 982	YD22115-YD22122	8	*Oct 21, 2013
KONG 991- 998	YD22131-YD22138	8	*Oct 13, 2013
KONG 1005- 1007	YD22145-YD22147	3	*Oct 13, 2013
KONG 1009	YD22149	1	*Oct 13, 2013
KONG 1011	YD22151	1	*Oct 13, 2013
KONG 1017- 1018	YD22157-YD22158	2	*Oct 21, 2013
KONG 1027- 1028	YD22167-YD22168	2	*Oct 13, 2013
KONG 1035	YD22175	1	*Oct 13, 2013

Note: * Expiry date based on acceptance of this report.

4.0 HISTORY WORK

- 1974, Canadian Superior Exploration staked an anomaly claims area, which was filed by Yukon MINFILE database as MINFILE#151I 090. Mapping, soil sampling, and bulldozer trenching were carried out through the claims area. Trenching a weak copper anomaly explored unmineralised gneiss.
- 1977, Sinclair carried out geological mapping in the vicinity of the Minto deposit, as well as reconnaissance-level geochemical studies of intrusive rocks in the area.
- 1984, a 1:250 000-scale geological map of the Carmacks map sheet was published by Tempelman-Kluit.
- 2001, a low-level airborne magnetic and radiometric survey was flown over the entire Minto-Williams Creek area by the Geological Survey of Canada and the Yukon Geology Program (Shives et al., 2002). No geological interpretation of this new geophysical data set has yet been published.
- 2003, stream sedimentary analyses of this regional area from the Yukon Regional Geochemical Database (Yukon geological Survey) have done, which may privide some sight.

5.0 BEDROCK GEOLOGY

The bedrock geology is accurate at the 1:250000 scale. Here is brief geological setting summary of major lithologies appearing on the informally named Camarcks copper belt region, in which the Kong property is located.

5.1 Geological units list

Here studied the geology is covering an area that is limited within Camacks copper belt, northeastern part of Dawson Range Belt.

- Unit 1, (TQS) Quaternary deposits
- Unit 2, (uKC1) Late Cretaceous Carmacks group volcanic rocks and Late Jurassic to Cretaceous Tantalus Formation sedimentary rocks
- Unit 3, (MkgW) Early and mid-Cretaceous plutonic rocks
- Unit 4, (EJgA) Late Triassic-Early Jurassic plutonic rocks (granite batholith)
- Unit 5, (uTrP) Paleozoic (?) and /or Triassic (?) mafic volcanic rocks (located at northeast or east)
- Unit 6, (DMpW) Paleozoic metamorphic rocks (Yukon-Tanana Terrane)

5.2 Bedrock contacts

There are five main lithological units underlie the Carmacks copper belt, an informally named copper belt located at northeast aspect of southeastern end of Dawson Range gold belt that is characterized as a northwest trending recent years be emerging as gold belt (Yukon Geology Survey 2010 report). Intermediate to felsic intrusive and meta-intrusive rocks (unit 3) of the early Mesozoic Granite Batholith underlie much of this area and are

interpreted to be intrusive to the Yukon-Tanana Terrene (unit 6) (Gordey and Makepeace, 1999). The batholithic rocks are in fault and/or intrusive contact with an unnamed package of altered mafic volcanic rocks (unit 5) to the northeast, and are unconformably overlain by sedimentary rocks and volcanic flow rocks of the Late Cretaceous Tantalus Formation and Late Cretaceous Carmacks Group (unit 2), respectively. Early and mid-cretaceous plutonic rocks (unit 4) are identified in southwest of the belt suggested to be fault or intrusive contact with Granite Mountain batholith and Yukon-Tanana Terrane metamorphic rocks. Unit 1 Quaternary deposits composed of loose gravels, silt and sand covered mostly further northeast area.

Copper and gold mineralisation at Minto and Williams Creek are hosted by deformed and metamorphosed rafts and pendants of older intrusive rock units and supracrustal rocks are contained within the Granite Batholith. Regional structure is poorly understood because outcrop is very sparse (<1% exposure), and the area is unglaciated and deeply weathered. In addition, there is a lack of detailed geological mapping in this area. However, some significant steep faults have been recognized in the area (e.g., the DEF fault at Minto) (Reza Tafti and James K. Mortensen, MDRU, UBC 2004, Page 190-191)

6.0 MAGNETIC-RADIOMETRIC SURVEY

Dehua Mines has employed airborne magnetic-radiometric survey by qualified Precision GeoSurveys Ltd for field data information collecting through Bell 206 BIII jet Ranger.

6.1 Survey Operations

Precision GeoSurveys flew the Kong property using a Bell 206 BIII Jet Ranger. The survey lines were flown at a nominal line spacing of one hundred (100) meters and the tie lines were flown at 1 km spacing for both the spectrometer and magnetometer as they were acquired simultaneously. The average survey elevation was 32.4 meters vertically above ground. Refer to Figure 3, a Plan Showing Magnetic-Radiometric Survey Lines on Kong Property attached.

The base of operations for this survey was Minto airstrip located adjacent to the Klondike Highway approximately 62 km northwest of Carmacks, Yukon Territory. The Precision crew consisted of a total of three members:

Harmen Keyser – Pilot
Erik Keyser – Geophysical Operator
Jenny Poon – On-site geophysicist

The first day of survey took place on July 29, 2009, and the last day of surveying was August 10, 2010. The survey was completed without any interference from the weather or equipment issues.

6.2 Equipment

For this survey a magnetometer, spectrometer and a data acquisition system were required to carry out the survey and collect quality, high-resolution data.

6.2.1 AGIS

The Airborne Geophysical Information System (AGIS) is the main computer used in data recording, data-sensor synchronizing, and display of real-time QC data for the geophysical operator, and generation of navigation information for the pilot display system

The AGIS was manufactured by Pico Envirotec, therefore the system uses standardized Pico software and external sources are connected to the system via RS-232 serial communication cables. The AGIS data format is easily converted into Geosoft or ASCII file formats by a supplied conversion program called PEIView. Additional Pico software allows for post survey quality control procedures.

6.2.2 Spectrometer

The IRIS, or Integrated Radiometric Information System is a fully integrated, gamma radiation detection system containing two downward facing NaI detecting crystals for a total volume of 8.4 litres. The IRIS is equipped with upward-shielding high density RayShield® gamma-attenuating material to minimize cosmic and solar gamma noise. Real time data acquisition, navigation and communication tasks are integrated into a single unit that is installed in the rear of the aircraft as indicated below. Information such as total count, counts of various elements (K, U, Th, etc.), temperature, barometric pressure, atmospheric humidity and survey altitude can all be monitored on the AGIS screen for immediate QC. All the radiometric data are recorded at 1 Hz.

6.2.3 Magnetometer

The magnetometer used by Precision GeoSurveys is a Scintrex cesium vapor CS-3 magnetometer. The system was housed in a front mounted “stinger”. The CS-3 is a high sensitivity/low noise magnetometer with automatic hemisphere switching and a wide voltage range; the static noise rating for the unit is +/- 0.01 nT. On the AGIS screen the geophysical operator can view the raw magnetic response, the magnetic fourth difference and the survey altitude for immediate QC of the magnetic data. The magnetic data are recorded at 10 Hz. A magnetic compensator is also used to remove noise created by the movement of the helicopter as it pitches, rolls and yaws within the Earth’s geomagnetic field.

6.3 Data Processing

After all the data are collected after a survey flight, several procedures are undertaken to ensure that the data meet a high standard of quality. All data were processed using Pico Envirotec software, Geosoft Oasis Montaj geophysical processing software, and proprietary software.

6.3.1 Magnetic Processing

During aeromagnetic surveying noise is introduced to the magnetic data by the aircraft itself, movement in the aircraft (roll, pitch and yaw) and the permanent magnetization of the aircraft parts (engine and other ferric objects) are large contributing factors to this noise. To remove this noise a process called magnetic compensation is implemented. The magnetic compensation process starts with a test flight at the beginning of the survey where the aircraft flies in the four orthogonal headings required for the survey (050°/230° and 140°/320° in the case of this survey) at an elevation where there is no ground effect in the magnetic data. In each of the four cardinal survey headings roll, pitch and yaw maneuvers are performed by the pilot, these maneuvers provide the data that is required to calculate the necessary parameters for compensating the magnetic data with a resulting Figure of Merit of less than 3 nT. A computer program called PEIComp is used to create a model for each survey to remove the noise induced by aircraft movement; this model is applied to each survey flight so the data can be further processed.

A magnetic base station is set up before every flight to ensure that diurnal activity is recorded during the survey flights. Precision GeoSurveys uses a Scintrex Envi-Pro base station at a sample rate of 2 seconds. Base station readings were reviewed at regular intervals to ensure that no data were collected during periods with high diurnal activity (greater then 5 nT per minute). The base station was installed at a magnetically noise-free area, away from metallic items such as steel objects, vehicles, or power lines. The magnetic variations recorded from the stationary base station are removed from the magnetic data recorded in flight to ensure that the anomalies seen are real and not due to solar activity.

A Non Linear filter was used for spike removal. The 1D Non-Linear Filter is ideal for removing very short wavelength, but high amplitude features from data. It is often thought of as a noise spike-rejection filter, but it can also be effective for removing short wavelength geological features, such as signals from surficial features. The 1D Non-Linear Filter is used to locate and remove data that are recognized as noise. The algorithm is ‘non- linear’ because it looks at each data point and decides if that datum is noise or a valid signal. If the point is noise, it is simply removed and replaced by an estimate based on surrounding data points. Parts of the data that are not considered noise are not modified. The low pass filter simply smoothes out the magnetic profile to remove isolated noise by allowing low-frequency signals to pass and reduces the amplitude of signals with frequencies higher than the cut-off frequency.

A lag correction was applied to the total magnetic field data to compensate for the lag in the recording system as the magnetometer sensor flies 6.45 m ahead of the GPS antenna. Thus, a lag correction of 1.7 seconds was applied to the data.

6.3.2 Radiometric Processing

Radiometric data are processed by windowing the full spectrum to create channels for U, K, Th and total count. The data are then lightly filtered and corrected for survey altitude at standard temperature and pressure. Background radioactive contributions from the aircraft, cosmic radiation and atmospheric radon must also be removed. Finally the data are corrected by removing spectral overlap; this is done using the stripping ratios that have been calculated for the spectrometer by prior calibration, this breaks the corrected elemental values down into the apparent radioelement concentrations.

6.3.3 Final Data Format

The data files are provided in two (2) formats, the first is a ".GDB" file for use in Geosoft Oasis Montaj, the second format is a ".XYZ" file, this is a text file. Two separate files are provided for each format, one for the magnetics and one for the radiometrics. Data spatial coordinates are UTM zone 8N with datum of WGS84. Other parameters and Abbreviations involved refer to data sets specification of Precision GeoSurveys. Survey specification list in Table 2 below. Inducing magnetic parameter list in Table 3 below. Saw the General Magnetic Map attached as Figure 4. Figure 5 is Map Shows Radiametric Count on the Kong Property attached.

Table 2: Survey specifications to Kong Property

Survey acquisition	August 2010, by Precision Geosurveys Inc.
Data format	Geosoft GDB, ASCII
Flight Height	Radar altimeter, GPS (nominal flight height of 30m)
Coordinates	GPS Easting and Northing
Flight line spacing	100 meters traverse, 1000 tie lines
Line direction	045°/225° Kong Property
Data spacing	Approximately every 2 meters along flight track
Line kilometres	K Block = 2,472km
Data projection	WGS84 UTM zone 8N

Table 3: Inducing Magnetic Field Parameters to Kong Property

Parameters	Kong-Property
Latitude (degrees N)	62.7309
Longitude (degrees E)	-137.696
Mean Elevation (m)	789.449
Survey Date	Jul 27 – Aug 04, 2010
Magnetic Field Inclination (degrees)	77.300
Magnetic Field Declination (degrees)	22.817
Magnetic Field Magnitude (nT)	57378.1

6.4 Geological and Targeting Interpretation

Exploration target aimed post Magnetic-radiometric data processing have conducted by Aurora Geosciences and Mira Geosciences separately on behalf of Dehua Mines based on exploration targeting requirement.

6.4.1 Aurora Geosciences' post data processing

The data was interpreted using the procedures below:

1. All data was plotted in a digital map with each data set on a separate layer. Topographic data, regional bedrock geology and geochemical copper anomalies were used as underlays.
2. The total magnetic field (TMF) was gridded using a minimum curvature algorithm with a 25m cell size. Preliminary targets were based on magnetic highs occurring across the K Block. Targets not located within the Early Jurassic pluton unit (marked EJgA on the base map) were subsequently discarded as not conforming to the ideal target response for the region.
3. Frequency filtered grids were produced to highlight trends and targets obscured by regional magnetic trends. High pass frequency filtering was used to enhance the response from small-scale features on the order of a few hundred meters (a scale similar to that of the Minto deposit). The first vertical derivative (VD) is sensitive to steeply dipping structures and was used as an edge detector. A high pass filter was created by subtracting upward continued data (UCD - an effective low pass filter) from the original TMF. Several different heights were tested but the best results were obtained from upward continuation of 100 m and 1000 m. Another high pass filter was created by subtracting downward continued data (DCD) from original TMF. Downward continuation of 25 m allowed targets below magnetically quiet overburden to be emphasized.
4. Magnetic targets chosen were overlain on the radiometric results and compared with corrected values for potassium, uranium and thorium.
5. Final maps were prepared for each data channel showing the anomalies and targets identified during the previous steps

Target Response

The Kong property is located approximately 20 km northwest of the Minto Mine Site in the Whitehorse Mining District, Yukon Territory. Targets on the K Block were chosen based on similarities to Minto style deposits. Minto style copper and gold deposits are hosted in the intermediate to felsic Early Jurassic Minto pluton (Yukon Minfile #115I 021). Minto style magnetic targets tend to be rounded magnetic highs with 200 m to 300 m strike length. Mineralisation in Minto deposit occurs in weakly to strongly foliated granitoids that are hosted in massive undeformed granites. Post-mineralisation faulting may account for discontinuities within the mineralized zones (Hood, *et al.* 2008).

Targets ranking
Six target groups 21 targets were identified in the interpretation. Each consists of a set of targets with complementary geophysical responses which are consistent with expected responses from the target model and which in some cases are associated with known geochemical anomalies. The targets are ranked and described in order of decreasing certainty and potential. Targets result list in Appendix I Targets derived from Aurora Geosciences Inc. Figure 6 shows location of exploration targets.

6.4.2 Mira Geosciences' post data processing

Application of Knowledge-Driven Weights
Exploration criteria are geo spatial variables that may be related to mineralisation at the K-Block property. These criteria were defined based on the intrusive porphyry deposit style proposed by Holister (1976). The magnetic and radiometric data were interpreted according to the exploration criteria discussed in Section 3.3(refer to the original report). The interpretation of the geophysical datasets was converted to evidence layers for use in the targeting workflow. The evidence layers are:

- Distance to geologic contacts and bends in contacts
- Distance to faults, bends in faults, and fault intersections
- Distance to dikes and bends in dike
- Distance to Au stream drainage (Yukon Geological Survey geochemistry
- Distance to MINFILE mineral occurrences (Yukon Geological Survey reports)
- Distance to magnetic anomalies and changes in the shape of the anomalies (pinch outs)
- Distance to radiometric anomalies; potassium anomalies from K:Th ratio distance to intrusion (batholith)

Target creation
As result of exploration target generation requirement, a set of 119 targets has being created through a knowledge-driven weights method (details refers to original report). All targets with centroid UTM WGS 84 8zone coordinates attached listed in Appendix II Kong property targets derived by Mira Geosciences Inc. Ranked targets (Priority decreased by rank number increase) by mean weights score and number of cells (grid cell sizes as 200m cross). Appendix II lists all exploration targets derived by Mira Geosciences, and Figure 7 shows location of exploration targets.

7.0 CONCLUSIONS AND RECOMMENDATIONS

- Bell 206 BIII Jet Ranger mounted Magnetic-Radiometric survey successfully completed by Precision GeoSurveys on behalf of Dehua Mines, whole bunch data collected is quality controlled that is valuable for further data post processing aiming on mineral exploration targeting and geology and mineralisation interpretation.

- The targeting method used in this study by Mira Geosciences follows the intrusive-related porphyry deposit model proposed by Holister (1976). Therefore, Aurora Geosciences using a Minto Cu-Au-Mo mine derived targeting criteria.

- As further stage targeting investigation requirement, a set of 119 targets has being created and ranked through a knowledge-driven weights method by Mira Geosciences Inc. and Aurora Geosciences Ltd have generate 6 ranks 21 targets for next follow up field investigation.

- The geophysical post data interpretation review suggests that Kong Property is located in a highly prospective area for Cu-Au-Mo mineralisation. Nearby deposits in the Carmacks area, including the high-grade copper-gold Minto Mine and Carmacks Copper deposit, lie along the same informally named northwest-trending Carmacks copper belt as the Kong Property and is hosted by the same early Jurassic magmatic suite.

- In the Kong Property a region of strong potassium enrichment has been identified where basalts are interpreted on the NE portion of the property. Potassium enrichment is consistent with the alteration and whole rock geochemistry of alkaline volcanics around Kuroko deposits in ophiolitic basaltic sequences. It would be prudent to check this area for possible mineralisation. Whole rock geochemistry to map VMS alteration indices would be a practical method of follow-up.

- Geochemical sampling is recommended as a primary follow-up method in the target regions. Depending upon the size of the target area and the local morphology, either soil grids or stream sediment sampling can be used. Weathering and sediment transport should be analyzed with respect to the topography and watersheds. Geological traversing in the areas of high prospectivity identified in this work may also upgrade targets and solidify the ranking of targets on the basis of a more complete set of geological knowledge.

- Ground geophysics is an important next step to define drill targets. Induced Potential (IP) is an effective ground method for the prospection and characterization of mineral deposits, particularly Cu-Au porphyry deposits. Measured chargeability and apparent resistivity data have proven successful for detecting favorable Cu-Au mineralisation.

- Finally, the targeting criteria and exploration models produced in this study have ongoing value to Dehua Mines. Modifications to exploration criteria or target type, definition of training data, or simply the addition of new drilling or other data can all be used to update the existing model easily now that the investment in the model framework for the Carmacks area is complete.

Reference

- Energy, Mines and Resources of Yukon, Schedule of Representation Work & Quartz Grouping Guidelines, Quartz Mining Act Section 55 & 56 January 2010.
- K.E. MacFarlane, L.H. Weston and C. Relf, 2010, Yukon Exploration and Geology Overview 2010.Yukon Geological Survey, p. 19.
- Reza Tafti and James K. Mortensen, 2004, Early Jurassic porphyry (?) copper (-gold) deposits at Minto and Williams Creek, Carmacks Copper Belt, western Yukon, MDRU Earth and Ocean Science UBC, In: Yukon Exploration and Geology 2003, D.S. Emond and L.L. Lewis (eds.), Yukon Geological Survey, p. 290-191.
- Precision GeoSurveys Inc. Airborne Geological survey Report K-Block Property report, Aug 10, 2010.
- Aurora Geosciences Ltd. K Block Airborne Magnetic Interpretation Report. Oct 25, 2010.
- Mira Geosciences Ltd. Integrated Geologic, Magnetic and Radiometric Cu-Au-Mo Targeting on the G, K and O Block Properties near Carmacks, Yukon Territory, Canada. Dec 20, 2010.

Appendix I

Targets derived from data post processing by Aurora Geosciences Inc.

Six target groups 21 targets were identified in the interpretation. Each consists of a set of targets with complementary geophysical responses which are consistent with expected responses from the target model and which in some cases are associated with known geochemical anomalies. The targets are ranked and described in order of decreasing certainty and potential. (Note: More details cite to K Block Airborne Magnetic Interpretation Report compiled by Aurora Geosciences. Oct 25, 2010)

1. **Target Group A: Minto Style with Geochem Anomalies**

Targets 22, 23, 24 and 25 form Group A. Each is a small rounded 45 nT to 85 nT magnetic high. These targets are located upstream from a 20 ppm copper anomaly. Figure 6 shows this target group the best. The targets are described below in A.

2. **Target Group B: Minto Style without Geochem**

Targets 28, 29, 30, 31, 32, and 33 form Group B. Each is a small rounded 35 nT to 90 nT magnetic high. Targets 30, 31, 32 and 33 are in a region of high potassium, uranium and thorium values (Figure 6). The targets are described below in B.

3. **Target Group C: Mafic related Geochem Anomalies**

Targets 17 and 19 are hosted in the mafic suite of the Early Jurassic plutonic unit. They are both larger than the ideal Minto style targets. 18 ppm copper anomalies next to these magnetic highs increase their priority in the target list. Figure 6 shows this target group clearly. The targets are described below C.

4. **Target Group D: Non-magnetic Geochem Anomalies**

Upstream of copper anomalies, targets 34 and 35 are broad zones without distinct magnetic features. Figure 6 shows a possible magnetic high connecting the two stream heads, which area is within potassium high. The targets are described below D.

5. **Target Group E: Large Magnetic Highs**

Targets 12, 13, 26 and 27 are hosted in the target bedrock unit, however they are much larger than Minto style targets. Targets 12 and 13 are 160 nT and 190 nT magnetic highs that appear to be part of a larger structural unit. Targets 26 and 27 are 50 nT magnetic highs. The targets are described below in E.

6. **Target Group F: Magnetic Dipoles**

Targets 7, 8 and 9 are small magnetic dipoles. Magnetic dipoles although not part of the Minto style magnetic model could represent areas of interest. Targets 8 and 9 are along the boundary between the Early Jurassic plutonic unit and the Tertiary mafic volcanic unit to the east. Moderate magnetic highs connect all three targets suggesting a structurally relationship between the magnetic dipoles. The targets are described below in F.

Target List

Rank	**Target Number**	**Easting**	**Northing**	**Orientation** Strike	**Length (m)**	**Width (m)**	**Magnetic High (nT)**
A	22	362450	6961275	~160/340	175	115	85
	23	363575	6861790	~120/300	215	130	45
	24	363650	6961330	~85/265	415	182	45
	25	364950	6960810	~178/348	275	220	55
B	28	366100	6957280	~0/180	215	180	90
	29	366165	6958085	~0/180	245	170	60
	30	358690	6963680	~0/180	150	130	35
	31	357710	6963500	~80/260	285	150	35
	32	356830	6963450	~0/180	220 200		45
	33	356385	6963465	~120/300	385	135	45
C	17	369100	6963500	~90/270	850	350	890
	19	368925	6961630	~0/180	300	275	505
D	34	359700	6961600				25 Cu ppm
	35	358300	6961750				15 Cu ppm
E	12	364810	6959000	~160/340	450	135	190
	13	364800	6958100	~110/290	210	200	165
	26	363610	6958750	~115/295	600	300	50
	27	365600	6957550	~135/315	575	475	50
F	7	365350	6958700	~170/350	350	225	
	8	367030	6957957	~60/240	220	200	
	9	367433	6957887	~54/234	460	150	

Appendix II

Kong Property targets derived based on data post processing by Mira Geosciences Inc.

Ranked (Priority decreased by rank number increase) by mean score and number of cells (grid cell sizes as 70m by 70m by 30m). (Note: More details refer to the report of Integrated Geologic, Magnetic and Radiometric Cu-Au-Mo Targeting on the G, K and O Block Properties near Carmacks, Yukon Territory, Canada compiled by Mira Geoscience. Dec 20, 2010.)

Target List

Rank (based on Mean then size)	X (m)	Y (m)	Z (m)	Target_ Mean_ Score	Number of Cells in region
1	355276	6958557	658	0.497619	24
2	359931	6959488	715	0.495238	24
3	361585	6955795	871	0.485714	6
4	361200	6956215	957	0.473469	3
5	367080	6953625	771	0.473469	1
6	365283	6958636	786	0.470748	27
7	356205	6960669	580	0.470554	77
8	358780	6958228	740	0.465306	28
9	356752	6959561	798	0.465306	20
10	367336	6952558	792	0.465306	20
11	362563	6958674	849	0.465306	15
12	357933	6958578	846	0.465306	12
13	362688	6957312	974	0.465306	12
14	367668	6952463	766	0.465306	10
15	356354	6959972	738	0.465306	9
16	358150	6959075	763	0.465306	7
17	361030	6958025	798	0.465306	7
18	358610	6958840	695	0.465306	6
19	357140	6958817	851	0.465306	6
20	360943	6958280	771	0.465306	6
21	357784	6959323	743	0.465306	5
22	363902	6958007	840	0.465306	5
23	364980	6957475	780	0.465306	5
24	357508	6959400	787	0.465306	4
25	365348	6957178	767	0.465306	4
26	359427	6958922	749	0.465306	3
27	367745	6956460	668	0.465306	2
28	356510	6960205	690	0.465306	1
29	356650	6960135	681	0.465306	1
30	361900	6958595	765	0.465306	1
31	361200	6957755	860	0.465306	1
32	363020	6957405	991	0.465306	1
33	363230	6954045	928	0.465306	1
34	363818	6955926	1005	0.463678	454
35	355310	6960590	593	0.460408	20
36	366598	6955989	822	0.453515	9
37	366450	6954395	901	0.453515	9
38	361690	6955550	835	0.457143	2

39	361340	6955655	854	0.457143	1
40	364945	6954780	997	0.45102	4
41	358069	6956473	931	0.438002	29
42	354956	6961416	538	0.437877	75
43	366951	6954427	922	0.432025	13
44	357484	6960100	659	0.430427	22
45	361585	6962515	589	0.428571	2
46	360091	6960380	842	0.421482	38
47	362008	6960260	705	0.421398	33
48	354865	6963635	511	0.420408	2
49	364373	6955398	1029	0.416327	3
50	355986	6959546	690	0.409694	56
51	361870	6956050	874	0.40933	14
52	359621	6961846	694	0.408466	27
53	364210	6956915	927	0.408163	1
54	367019	6952636	823	0.406122	8
55	359573	6958018	868	0.406122	4
56	365684	6954756	979	0.403695	74
57	368198	6959010	819	0.402464	401
58	357057	6957908	852	0.397032	22
59	361101	6960114	850	0.395918	27
60	358855	6961420	722	0.395918	22
61	360535	6960415	875	0.395918	12
62	359963	6960998	795	0.395918	3
63	358575	6962375	677	0.395918	2
64	357910	6961885	640	0.395918	1
65	357770	6961745	627	0.395918	1
66	357770	6959715	703	0.395918	1
67	356524	6959267	780	0.394286	5
68	365960	6958999	737	0.393651	9
69	351489	6958442	904	0.391837	58
70	359532	6961216	807	0.391837	18
71	357893	6959873	639	0.391837	4
72	358295	6960135	668	0.391837	2
73	362775	6959575	757	0.391837	2
74	357630	6961745	602	0.391837	1
75	356860	6960765	610	0.391837	1
76	358540	6959855	651	0.391837	1
77	358400	6959365	700	0.391837	1
78	363790	6958595	906	0.391837	1
79	358610	6959225	667	0.389796	4
80	368900	6961780	530	0.387755	6
81	355292	6963677	441	0.387755	5
82	362775	6959785	757	0.387755	2
83	365820	6959155	732	0.387755	1
84	366217	6956075	806	0.383674	15
85	368491	6954508	772	0.383673	13
86	361025	6955585	887	0.383673	10
87	369188	6961722	547	0.383673	9
88	366205	6954220	844	0.383673	4
89	369087	6951408	717	0.383673	3
90	361585	6962725	589	0.383673	2
91	361270	6962480	579	0.383673	2

92	364595	6959225	770	0.383673	2
93	367255	6954675	917	0.383673	2
94	361060	6962655	591	0.383673	1
95	364980	6958875	743	0.383673	1
96	362530	6955515	810	0.383673	1
97	362670	6955375	820	0.383673	1
98	362530	6955375	808	0.383673	1
99	366170	6954745	979	0.383673	1
100	364770	6954745	975	0.383673	1
101	368130	6954185	774	0.383673	1
102	367570	6954185	837	0.383673	1
103	368270	6954115	743	0.383673	1
104	368340	6953975	729	0.383673	1
105	369927	6956920	780	0.379592	15
106	366575	6959835	646	0.379592	14
107	366009	6960471	668	0.379592	10
108	368923	6956845	791	0.379592	9
109	364012	6962632	675	0.379592	6
110	359128	6963663	586	0.379592	5
111	365666	6960751	693	0.379592	5
112	367413	6960818	603	0.379592	4
113	365645	6960485	651	0.379592	2
114	364665	6959365	764	0.379592	2
115	370335	6956705	776	0.379592	2
116	370300	6956460	741	0.379592	2
117	361760	6963355	585	0.379592	2
118	367920	6957965	714	0.379592	1
119	365750	6952645	970	0.379592	1

Appendix III

Statement of Expenditure for Kong Property Claims Group

1. Kong Claims Group Property airborne Magnetic-Radiometric Survey flew by Precision GeoSurveys Inc. in period of July 27 to August 5, 2010. Subtotal cost: $**155,185.63**.

2. Kong Property Magnetic and Radiometric Interpretation and Targeting by Mira Geosciences, Oct 31 to Nov 30 contract cost subtotal: $**32,040.00**.

3. Kong Property Magnetic Interpretation by Aurora Geosciences Ltd, Sep 20 to Dec 10, 2010. Cost subtotal: $**8,706.88**.

Total Expenditure Applied for Kong Property Assessment: **$ 196831.00**

Appendix IV

Statement of Qualifications

I, Wanjin Yang, do hereby certify that:

I am a geologist with more than twenty years of geological working experience. First 9 years' experiences gained through Chinese mining company in China and the last 11 more years geological experiences gained through mineral and geology activities in China governed by Canadian international mining incorporations, as Minco Metals and Ivanhoe Mines.

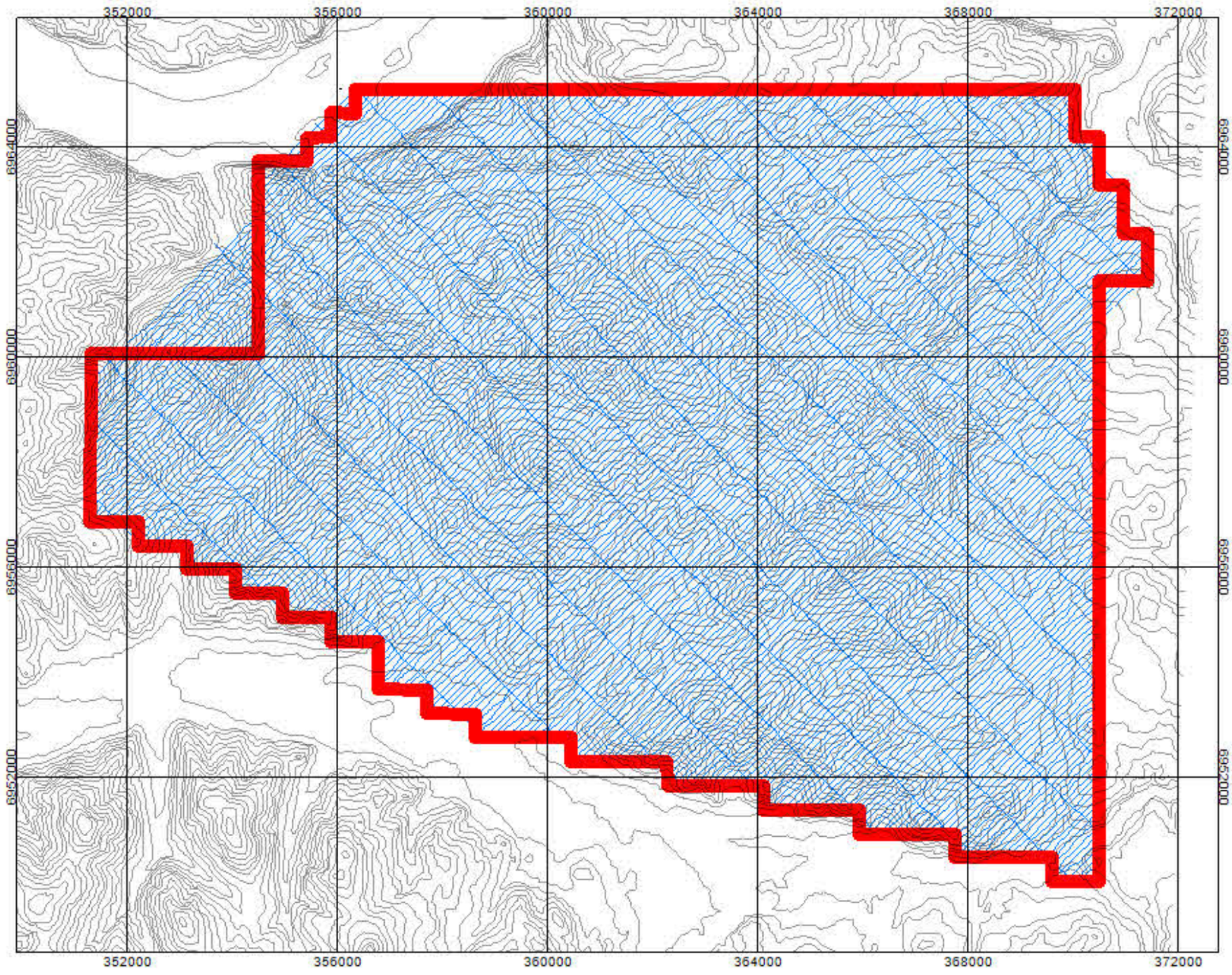
I graduated from China University of Geoscience (Wuhan), China with B. Sc. Degree in Geochemistry Exploration in 1990.

I am an international experienced geologist, holding China Government Engineering System Senior Geologist title; Applied for Professional Geoscience in BC, application case is during processing (submit the application document in GPEGBC office in February this year).

I am an employee as a geologist of Canadian Dehua International Mines Group Inc. I have worked with Raymond Xie, who is the project manager, viewed the data and compiled the Assessment Work Report of 2010 in May this year; furthermore, carrying out 2011-year field soil sample program and geophysical survey program with follow up investigation, on those exploration targets were delineated through Magnetic Radiometric survey program.

_____

Wanjin yang
Field Geologist
Canadian Dehua International Mines group Inc
Yukon Project



Flight Path of K-Block

August 26, 2010

Created by: Precision GeoSurveys Inc.

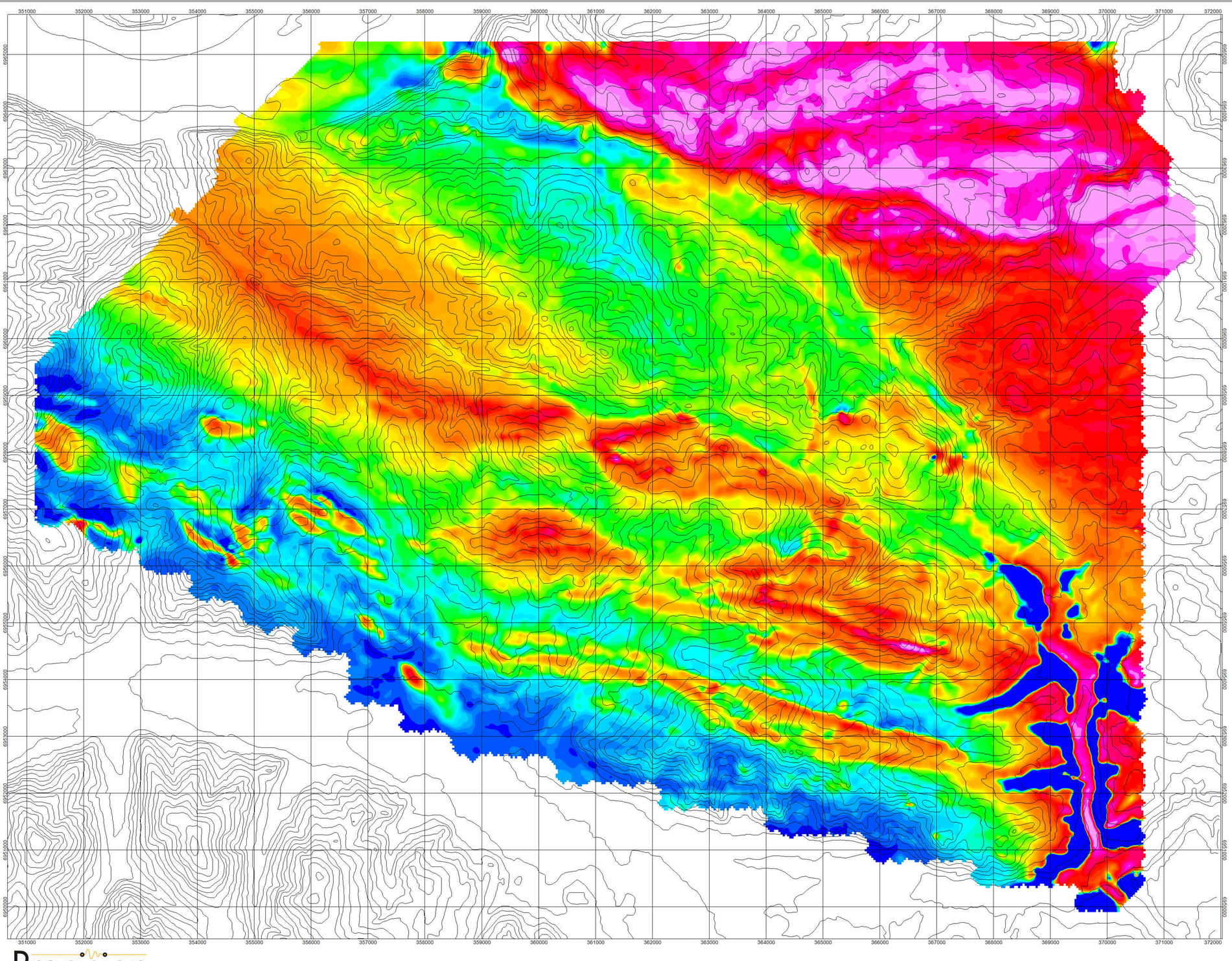
1000 0 1000 2000 3000

(meters)

WGS 84 / UTM zone 8N

N

Precision GeoSurveys Inc.



58192.5
58061.8
57950.2
57839.0
57719.5
57641.8
57593.9
57553.7
57510.2
57474.7
57448.2
57429.3
57413.8
57401.8
57390.5
57380.7
57372.8
57365.3
57359.3
57353.5
57347.9
57342.8
57338.1
57334.0
57330.1
57326.5
57322.9
57319.2
57314.8
57309.7
57304.0
57297.8
57290.9
57282.7
57273.4
57264.1
57255.5
57240.0

Total Magnetic Intensity (nT)

Survey and Equipment:
-Survey Flown from July 27, 2010 to August 4, 2010.
-Survey Base: Minto Airstrip, Yukon
-Scintrex CS-3 cesium vapor magnetic sensor used to sample the Earth's magnetic field at 10Hz.
-All radiometric data sampled at 1Hz by 8.4L of NaI synthetic crystal
- Topography from Geogratis.

Scale 1:25000

Precision GeoSurveys Inc.

Canadian Dehua International Mines Group Inc.

K-Block
Total Magnetic Intensity (nT)
Created By: Precision GeoSurveys Inc.
August 12, 2010

351000 352000 353000 354000 355000 356000 357000 358000 359000 360000 361000 362000 363000 364000 365000 366000 367000 368000 369000 370000 371000

6967000 6966000 6965000 6964000 6963000 6962000 6961000 6960000 6959000 6958000 6957000

535.3
499.7
478.8
464.2
452.0
441.6
432.6
424.4
416.8
410.1
403.7
397.3
391.0
384.5
378.1
371.8
365.5
359.2
352.7
346.3
339.7
333.1
326.7
320.4
314.1
307.9
301.4
294.5
287.5
280.1
272.0
263.8
254.7
244.7
233.3
220.1
203.9
180.7

Total Count (cps)

Survey and Equipment:
-Survey Flown from July 27, 2010 to August 4, 2010.
-Survey Base: Minto Airstrip, Yukon
-Scintrex CS-3 cesium vapor magnetic sensor used to sample the Earth's magnetic field at 10Hz.
-All radiometric data sampled at 1Hz by 8.4L of NaI synthetic crystal
- Topography from Geogratis.

N

Scale 1:25000

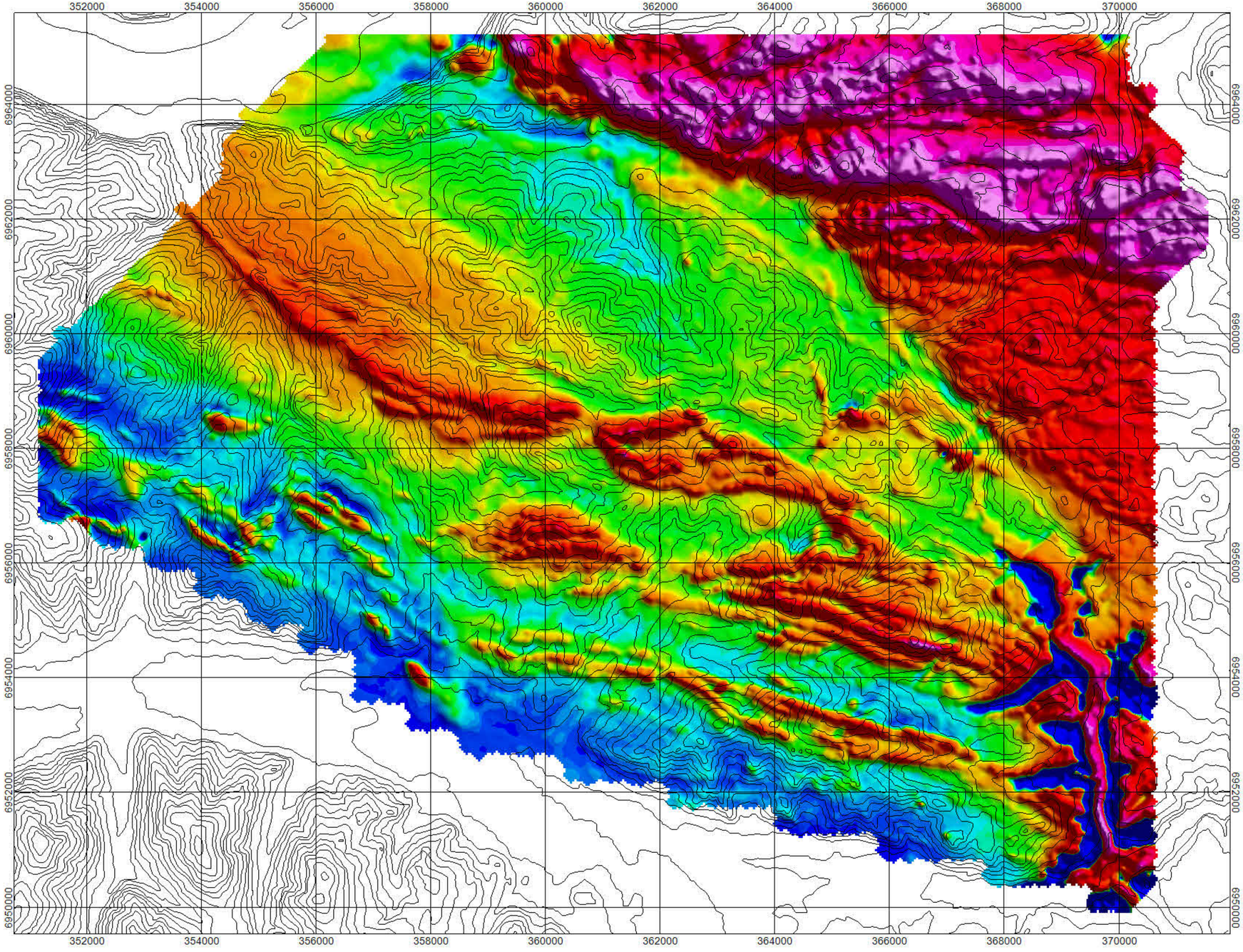
500 0 500 1000 1500

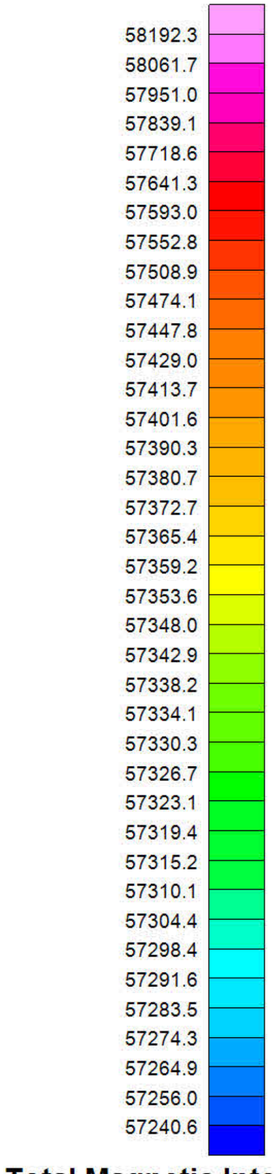
(meters)
WGS 84 / UTM zone 8N

Precision GeoSurveys Inc.

Canadian Dehua International Mines Group Inc.

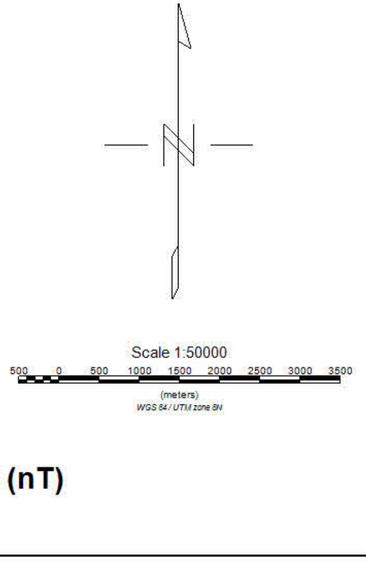
K-Block
Total Count (cps)
Created By: Precision GeoSurveys Inc.
August 12, 2010





Total Magnetic Intensity (nT)

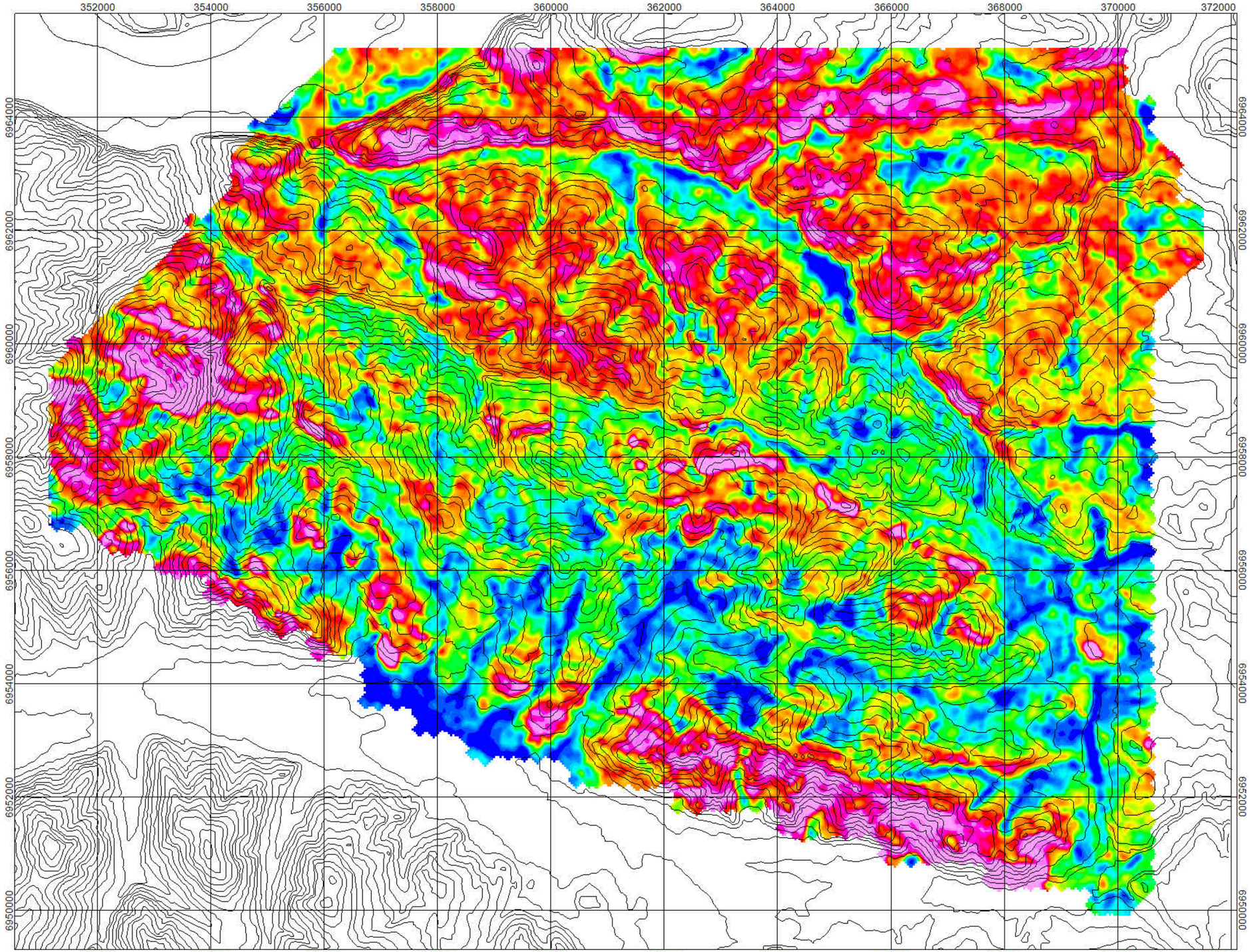
Survey and Equipment:
-Survey Flown from July 27, 2010 to August 4, 2010.
-Survey Base: Minto Airstrip, Yukon
-Scintrex CS-3 cesium vapor magnetic sensor used to sample the Earth's magnetic field at 10Hz.
- Topography from Geogratis.



Precision GeoSurveys Inc.

Canadian Dehua International Mines Group Inc.

K-Block
Total Magnetic Intensity (nT)
Created By: Precision GeoSurveys Inc.
August 5, 2010



535.3
499.7
478.8
464.2
452.0
441.6
432.6
424.4
416.8
410.1
403.7
397.3
391.0
384.5
378.1
371.8
365.5
359.2
352.7
346.3
339.7
333.1
326.7
320.4
314.1
307.9
301.4
294.5
287.5
280.1
272.0
263.8
254.7
244.7
233.3
220.1
203.9
180.7

Total Count (cps)

Survey and Equipment:
-Survey Flown from July 27, 2010 to August 4, 2010.
-Survey Base: Minto Airstrip, Yukon
-Scintrex CS-3 cesium vapor magnetic sensor used to sample the Earth's magnetic field at 10Hz.
-All radiometric data sampled at 1Hz by 8.4L of NaI synthetic crystal
- Topography from Geogratis.

Scale 1:50000

500 0 500 1000 1500 2000 2500 3000 3500

(meters)

WGS 84 / UTM zone 8N

Precision GeoSurveys Inc.

Canadian Dehua International Mines Group Inc.

K-Block
Total Count (cps)
Created By: Precision GeoSurveys Inc.
August 12, 2010