

DYNASTY

RESOURCES LIMITED

ABN 80 110 385 709

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Contents

Corporate Information..... 3
Remuneration Report (Audited)..... 13
Auditors' Independence Declaration..... 19
Consolidated Statement of Profit or Loss and Other Comprehensive Income 20
Consolidated Statement of Financial Position 21
Consolidated Statement of Cash Flows 22
Consolidated Statement of Changes in Equity 23
Notes to Consolidated Financial Statements..... 24
Directors' Declaration 58
Independent Auditor's Report..... 59
Corporate Governance Statement..... 63
Additional Securities Exchange Information 64

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Corporate Information

Directors	Lewis Tay (Chairman and Managing Director) Bin Wang (Non-Executive Director) Bo Xin Dong (Alternate Director for Bin Wang) Kenneth Charteris (Non-Executive Director)
Company Secretary	Henry Kinstlinger
Company Particulars	Dynasty Resources Limited ACN 110 385 709 The Company is an exploration company with its securities listed only on the Australian Securities Exchange.
Registered Office and Principal Place of Business	83 Brisbane Street Perth WA 6000 Telephone: +61 8 6316 4414 Facsimile: +61 8 6316 4404
Email and Website	Email: admin@dynastyresources.com.au Website: www.dynastyresources.com.au
Auditor	BDO East Coast Partnership Level 11, 1 Margaret St Sydney NSW 2000 AUSTRALIA Telephone: +61 2 9251 4100 Facsimile: +61 2 9240 9821
Share Registrar	Security Transfer Registrars Pty Ltd Suite 1, Alexandria House 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233
Stock Exchange	Dynasty Resources Limited shares are listed on the Australian Securities Exchange (ASX:DMA).
Country of Incorporation	Australia
Corporate Governance Statement	www.dynastyresources.com.au within the Corporate > Corporate Governance section.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

The Board of Directors of Dynasty Resources Limited (the 'Company' or 'parent entity') present the following report together with the financial statements of the consolidated entity (referred to hereafter as the 'Group') consisting of the Company and the entities it controlled for the year ended 30 June 2017 ('the reporting period') and the auditor's report thereon.

The Company is a company limited by shares and is incorporated and domiciled in Australia.

Directors

The following persons were Directors of the Group during the financial year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Lewis Tay (Chairman and Managing Director)	
Bin Wang (Non-Executive Director)	
Bo Xin Dong (Alternate Director for Bin Wang)	
Kenneth Charteris (Independent Non-Executive Director)	Appointed 3 February 2017
Qingzhou Yuan (Non-Executive Director)	Resigned 3 February 2017

Principal activities

During the year the Company continued to explore and evaluate mineral licences. Exploration activity is being evaluated whilst the Company focuses on reviewing opportunities to fund future exploration.

The Company also has a 75% interest in a financial leasing company that operates in mainland China. The financial results of this entity form part of the Group.

The Review of operations and financial position provides more detail in relation to the Company's operations throughout the financial year.

Dividends

The Directors did not pay any dividends during the period. The Directors do not recommend the payment of a dividend in respect of the full year ending on 30 June 2017.

Review of Operations and Financial Results

The functional and presentation currency of the Company is Australian Dollars. The functional currency of U.S.A. NongBiao Purina Group is Hong Kong dollars and their financial statements have been converted into the functional currency of the Company.

The results of the Company's operations and the financial position are summarised below:

	Year ended 30 Jun 17	Restated Year ended 30 Jun 16
	\$	\$
Revenue	665,500	122,410
Loss after income tax	(718,618)	(556,043)
Basic and diluted loss per share (in cents)	(0.16)	(0.14)
Total assets	8,058,721	7,507,569
Total liabilities	565,132	1,265,721
Net current assets	6,993,025	5,157,670
Net assets	7,493,589	6,241,848

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Review of Operations and Financial Results (continued)

During the year exploration activities have focused on the North Shaw Lithium project with the completion of a regional drilling program in the north of the tenement. There has also been significant activity in the identification of projects for application or acquisition to enhance the exploration portfolio. This work resulted in the acquisition of a tenement prospective for cobalt in the Ashburton region (E08/2915). Further opportunities are continually being evaluated.

NORTH SHAW PROJECT

Dynasty owns tenement E45/2728-I that sits adjacent to significant lithium resources in the Pilgangoora Area of the East Pilbara region in Western Australia. During the year Dynasty completed an 82 hole, reverse circulation drilling program within the northern part of the tenement, which is within a few kilometres of the Pilgangoora resources.

A detailed heritage survey of the drilling sites was completed prior to the drilling program which commenced in late November. The drilling was designed to test for the continuation, along strike, of the large Pilgangoora Lithium resources on ground held by Altura Mining (AJM) and Pilbara Minerals (PLS). Reconnaissance mapping discovered extensive pegmatites within the mafic units of the Sulphur Springs Group and the sediments of the Gorge Creek Group. These units were interpreted to be present under cover in the north of the tenement.

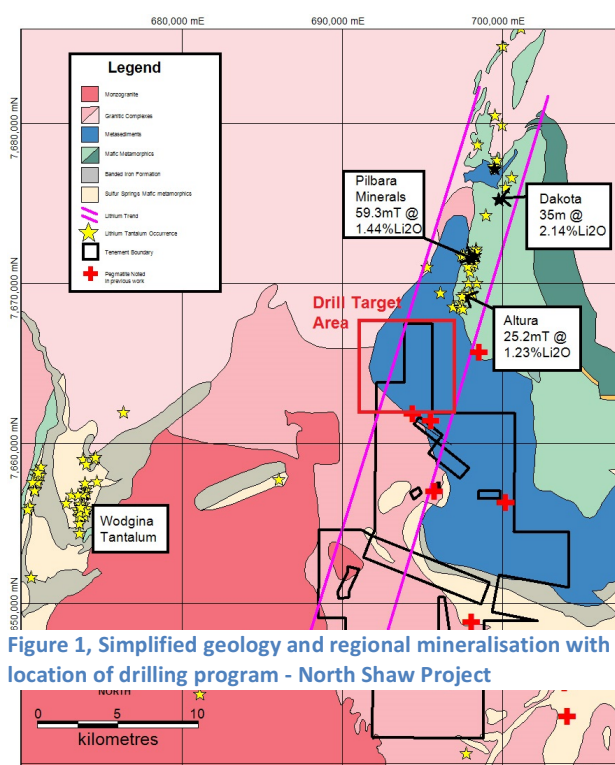


Figure 1, Simplified geology and regional mineralisation with location of drilling program - North Shaw Project

The drilling encountered significant pegmatite in several holes including a 56m pegmatite intersection on the northern-most line of drilling. However, no spodumene was observed and lithium results have been low. The team is evaluating other target zones for lithium prospects. The bedrock in the area is metamorphosed sediments, felsics and mafics. There is a large zone of felsic schist with zones of pegmatitic material of 2-20m width regularly present.

The spacing on the drilling was mostly 200m with 100m spacing on the northern most line only. There is potential for other significant pegmatite bodies to be present within the area and the geochemistry of the pegmatites intersected will be processed to determine if any of them show indications of fractionation. Dynasty will carefully review all the information from this program and evaluate other target zones.

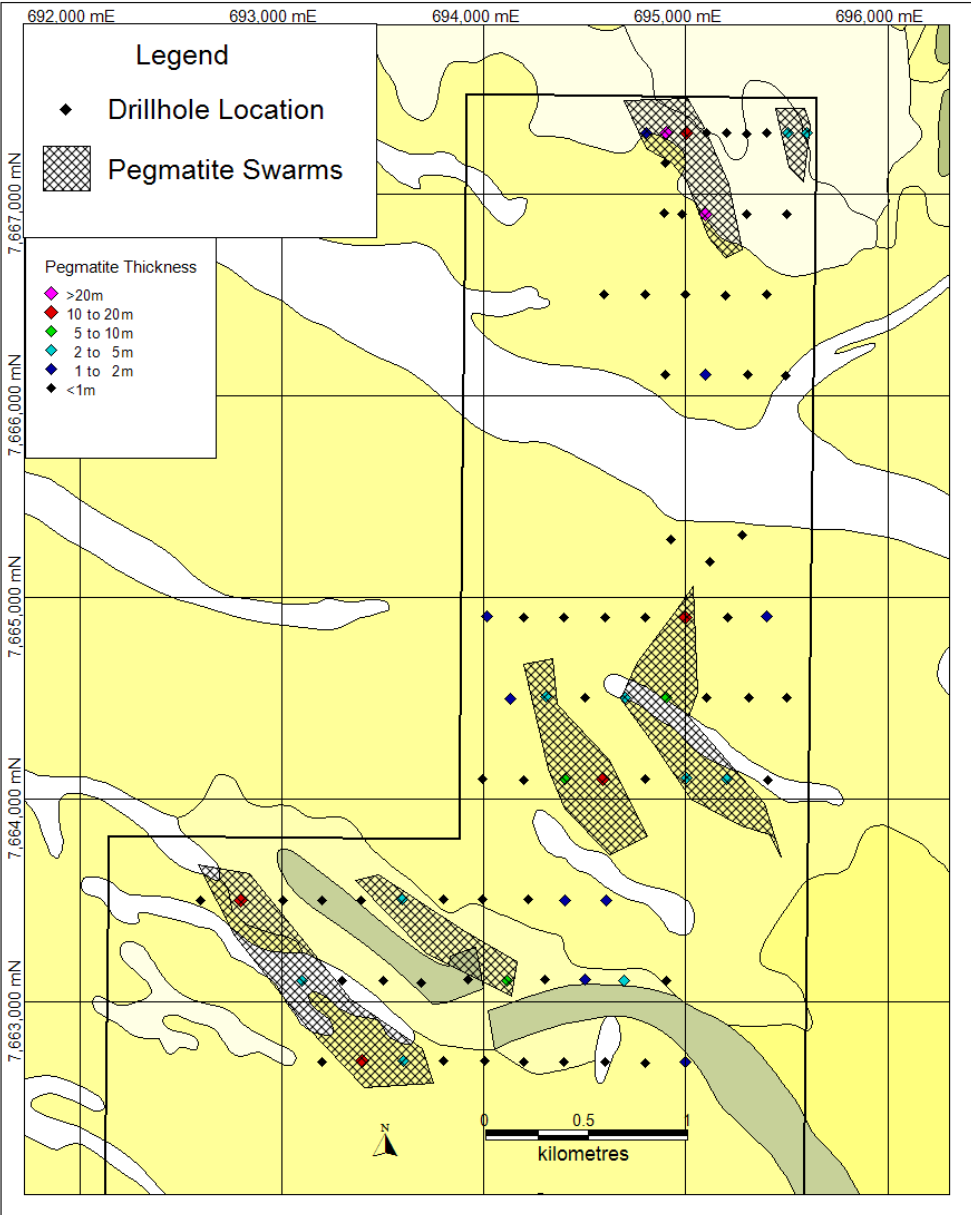


Figure 2, Drilling locations and results - based on pegmatite thickness intersected.

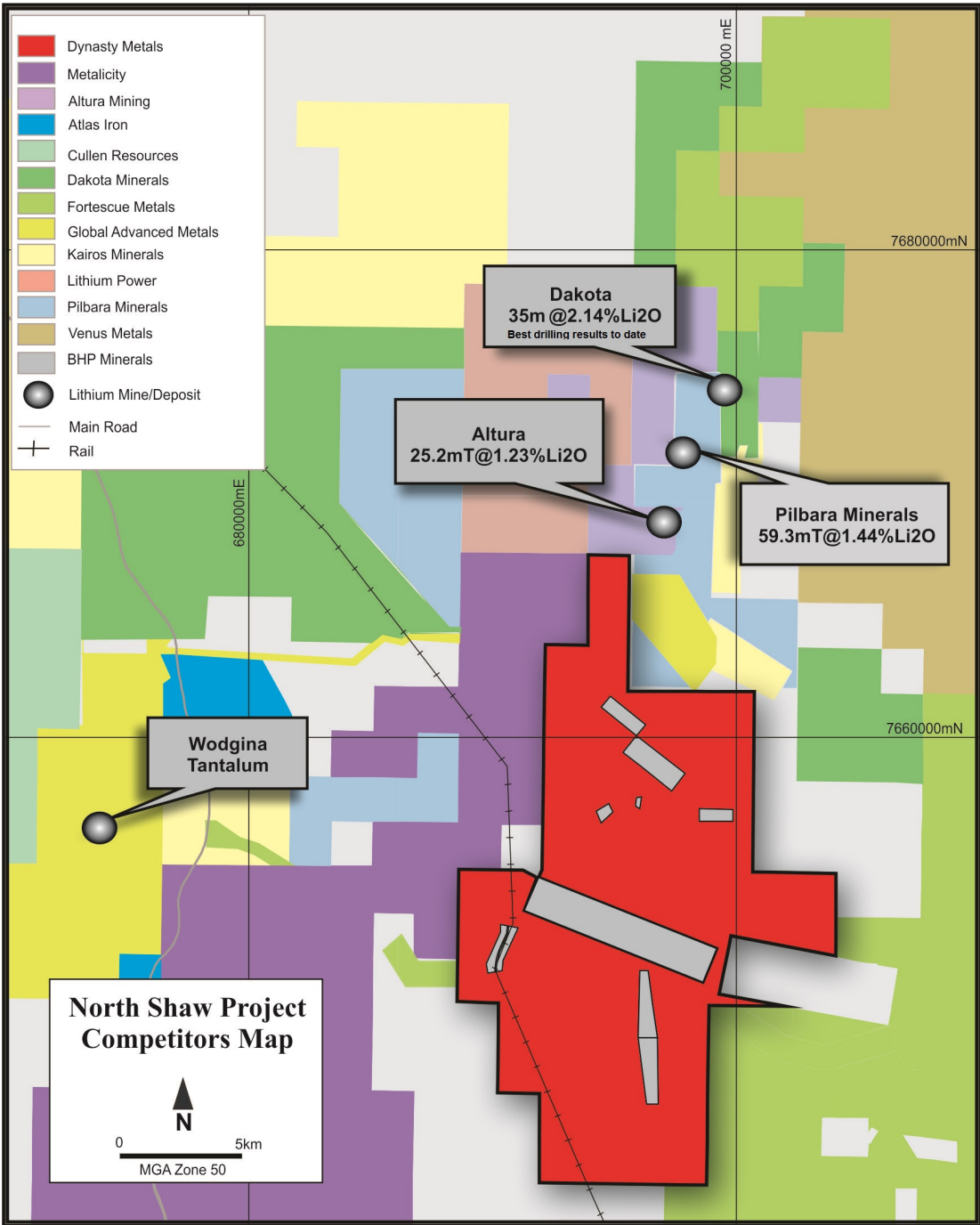


Figure 3, North Shaw Project regional competitor map

The tenement is surrounded by competitors actively searching for lithium. Figure 3 shows the location of the tenement with respect to the major lithium occurrences in the area, and the competitor activity.

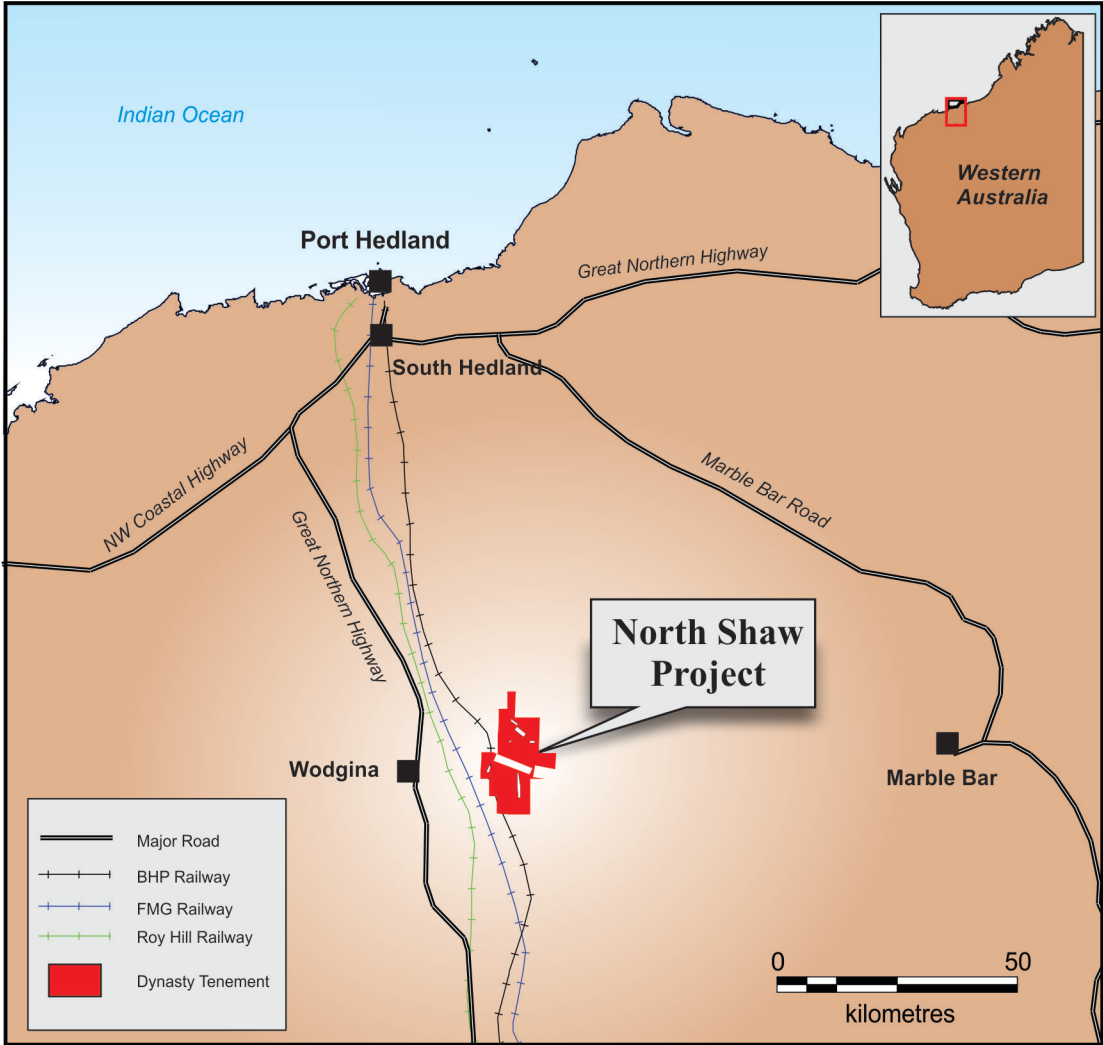


Figure 4, North Shaw - Project location

ASHBURTON COBALT

Dynasty has continued to review opportunities to acquire gold and base metal projects through purchase, investment or new applications. To date no projects available for purchase have fit the acquisition criteria.

The application for tenement E08/2915 was granted just after the end of the financial year on the 4th of July. It is approximately 42 km² and contains historical rock chip sampling by Newmont in the 1990's that returned up to 2840ppm Co. In addition to this, drilling in the region has returned anomalous base metals. The geology and anomalism is consistent with the potential for a sediment hosted base metal deposit with significant cobalt. The tenement was brought to Dynasty's attention by a private entity and they will retain a 5% free carried interest to BFS.

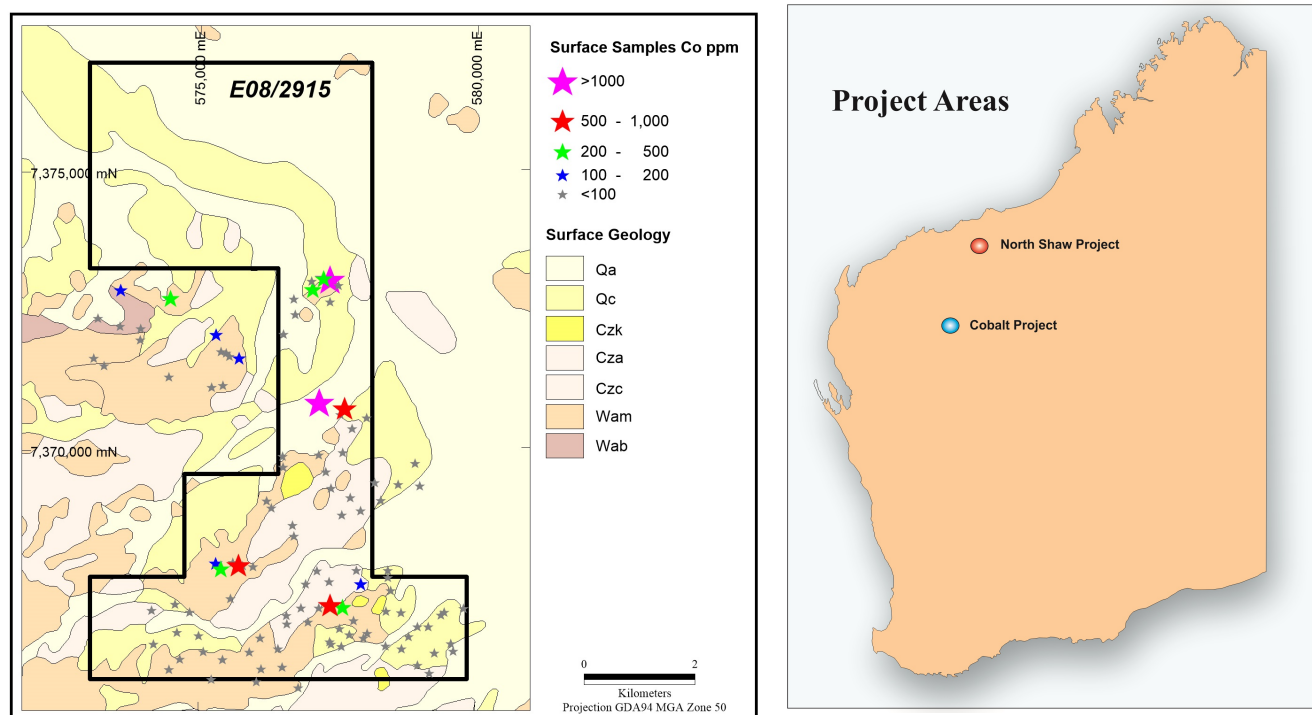


Figure 5, Ashburton cobalt tenement - previous exploration results

Aruma JV

Aruma Resources Limited (ASX: AAJ) withdrew from this JV during the year and the tenements have been relinquished.

Tenement Management

During the year the tenement portfolio was consolidated to the projects listed above to reduce ongoing costs of rent and management with E52/2464, E52/2024 and E38/2838 having been relinquished. An application E 47/3094 was sold prior to grant. During July, in addition to the cobalt project referred to above (E08/2915) being granted, a retention licence has been granted over the iron ore resources held under JV with Atlas at the North Shaw project. Dynasty retains a 2% royalty from any production from this lease.

Other Significant Investment Activities

In December 2015, the Company acquired all of the shares in U.S.A. Nongbiao Puruina Group Agricultural Holding Limited (Hong Kong) ('Nong Biao'). Nong Biao is the owner of 75% of the registered capital in a Shanghai registered company, Shanghai Chen Mao Finance Lease Co., Ltd ('Chen Mao'). Chen Mao holds a financial leasing licence granted by the relevant authorities in Shanghai, China. The Directors believe this investment will generate revenue for the Company, which will provide positive cashflow to support the Company's ongoing exploration activities.

The Group's consolidated results for the year include the financial results of Nong Biao.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Competent Persons Qualifying Statement

The information in this report that relates to exploration results and mineral resource calculations has been compiled by Mr David Jenkins, a full-time employee of Terra Search Pty Ltd, geological consultants engaged by Dynasty. Mr Jenkins is a Member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation and type of deposit under consideration and the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Jenkins consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Significant changes in state of affairs

On 8th December 2016, the ASX suspended the Company from official quotation after the ASX formed the view that the Company had breached Chapter 11 of the ASX Listing Rules. In accordance with ASX Listing Rule 11.1.3 the ASX has determined that the Company will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules. The Board will advise shareholders as the matter progresses.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event that has significantly affected or may significantly affect the Company's operations or results in future years, or the Company's state of affairs in future years.

Likely developments and expected results of operations

Other than as referred to in this report, further information as to likely future developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative only.

Environmental regulation and performance

In the course of exploration, the Company carries out sampling and drilling operations that have environmental implications both by way of in situ activities and also gaining access to sites. In such cases, rehabilitation of land and the elimination of any dangerous earthworks are a normal requirement. Apart from this, the Company is not subject to any particular or significant environmental regulation.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Information on directors

Director Name & Title	Lewis Tay
Special Responsibilities	Executive Chairman and Managing Director Chair of Audit & Risk Committee
Qualifications	Bachelor of Applied Science, Graduate Diploma of Applied Finance
Experience	Lewis has been actively involved in mining investment, corporate finance and mergers and acquisitions over the last 20 years across Australia, China and South East Asia, with a particular focus on Australian resource companies.
Direct interest in shares and options	4,159,302
Indirect interest in shares and options	Nil
Contractual rights	None
Other current public directorships	None
Former public directorships held in past 3 years	None

Director Name & Title	Bin Wang
Special Responsibilities	Member of Audit & Risk Committee
Qualifications	Master of International Finance & Business Management
Experience	Bin brings a wealth of experience in finance, acquisition and derivative investment in China, as well as extensive experience in capital raising and resource management across both private sector and public companies. Bin has held directorships with a number of companies listed on the Shanghai Stock Exchange. Bin's previous roles include CEO of Shanghai Hywood Capital Co Ltd and General Partner of Shanghai Gosun Venture Capital Fund.
Direct interest in shares and options	Nil.
Indirect interest in shares and options	2,000,000 (Indirect joint interest with Mr. Dong)
Contractual rights	None
Other current public directorships	None
Former public directorships held in past 3 years	None

Director Name & Title	Bo Xin Dong
Special Responsibilities	None
Qualifications	Master of Business (Banking & Finance)
Experience	Bo Xin is a professional venture capital investor with a specialist focus on the mining industry. He is the current president of Shanghai Hywood Capital. He has been Capital Structure Department manager for Huawei Technology, the largest telecommunications equipment provider in the world.
Direct interest in shares and options	13,026,996
Indirect interest in shares and options	2,000,000 (Indirect joint interest with Mr. Wang)
Contractual rights	None
Other current public directorships	None
Former public directorships held in past 3 years	None

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Information on directors

Director Name & Title	Kenneth Charteris
Special Responsibilities	Independent Director Member of Audit & Risk Committee
Experience	Ken has served as a strategic advisor and director to a number of listed and unlisted entities with a focus on change management and business development. His advisory and directorial experience spans a wide range of industries across the globe including FMCGs, resources, manufacturing, equipment hire, biotechnology and pharmaceuticals.
Direct interest in shares and options	Nil
Indirect interest in shares and options	Nil
Contractual rights	None
Other current public directorships	None
Former public directorships held in past 3 years	None

Company Secretary

Henry Kinstlinger was appointed as the company secretary on 3 February 2017. For the past thirty years he been actively involved in the financial and corporate management of many public companies and non-governmental organisations. Henry is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Louise Edwards resigned as company secretary on 3 February 2017.

Directors meetings

The number of meetings of the Board of Directors and Board Committee's held during the period were:

	Board Meetings		Audit and Risk Committee Meetings	
	Held	Attended	Held	Attended
Lewis Tay	14	14	2	2
Bin Wang	14	13	2	2
Bo Xin Dong (Alternate for B Wang)	14	13	2	2
Kenneth Charteris [^]	2	2	1	1
Qingzhou Yuan *	12	12	1	1

[^] appointed 3 February 2017

* resigned 3 February 2017

Resolutions passed by Circular Resolution of the Board are reported in the above table.

Retirement, election and continuation in office of directors

As the 2017 AGM will be the first AGM since Kenneth Charteris' appointment, he will retire at the 2017 AGM, and being eligible, will offer himself for re-election. In accordance with the rotational requirements of the Company's Constitution, Bin Wang will also retire at the 2017 AGM, and being eligible, will offer himself for re-election.

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The Company's Board comprises an Executive Chairman and Managing Director, two non-executive Directors and an alternate Director. The Company does not have any employees. Therefore, remuneration disclosures in this report relate to the remuneration of the directors. The disclosures below relate only to those directors who held office during the year.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share based compensation
- Additional information

Principles used to determine the nature and amount of remuneration

Given the size and nature of the Company and the Board, the Board has elected not to establish a Remuneration Committee and instead discharges such responsibilities usually delegated to a Remuneration Committee itself.

As the Company has not yet developed a reward framework, remuneration for certain individuals is not directly linked to the performance of the consolidated entity at the date of this report.

During the financial year ended 30 June 2017, no remuneration consultants were engaged.

Non-executive Directors' fees and payments are reviewed regularly by the Board in light of demands of the Directors from time to time and the financial condition of the Company. Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors do not receive share options or other incentives as part of fees paid for services provided.

The Company's Constitution provides that Directors may be paid such remuneration as is determined from time to time in a General Meeting. The Board Charter discloses the main corporate governance practices of the Board including a detailed definition of independence, a framework for the identification of candidates for appointment to the Board, requirements regarding conflicts of interest, and the role and responsibility of the board.

Superannuation contributions and insurance premiums are also paid by the Company in accordance with the law and the Company's Constitution. Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 24 July 2007, where the shareholders approved a maximum annual aggregate remuneration of \$200,000.

The remuneration is subject to a non-binding shareholders vote at the Company's annual general meeting. At the 2016 AGM, 92.86 % of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Remuneration Report (Audited) (continued)

Details of Remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. The directors and other key management personnel of the Company during or since the end of the financial year were:

Name	Position
Mr Lewis Tay	Executive Chairman and Managing Director
Mr Bin Wang	Non-Executive Director
Mr Bo Xin Dong	Alternate Director for Bin Wang
Mr Kenneth Charteris	Independent Non-Executive Director - appointed 3 February 2017
Mr Qingzhou Yuan	Non-executive Director - resigned 3 February 2017

In accordance with the requirements of the constitution, Directors' remuneration is fixed. The Board undertakes an annual review of compensation arrangements for executive and non-executive directors to ensure compensation arrangements are market competitive and adequately reflect the skills, expertise and time demands on directors.

Details of the nature and amount of each major element of remuneration of each director of the Company (as defined in section 300A of the *Corporations Act 2001*) are set out in the following tables:

	Short term benefits		Post-employment	Total
	Salary & fees	Other	Superannuation	
Year ended 30 June 2017	\$	\$	\$	\$
Lewis Tay	129,315	-	4,685	134,000
Bin Wang	24,000	-	-	24,000
Bo Xin Dong (1)	-	-	-	-
Kenneth Charteris (2)	10,000	-	-	10,000
Qingzhou Yuan (3)	16,000	-	-	16,000
	179,315	-	4,685	184,000
Year ended 30 June 2016				
Lewis Tay	126,000	-	-	126,000
Bin Wang	27,000	-	-	27,000
Bo Xin Dong (1)	-	-	-	-
Qingzhou Yuan (3)	27,000	-	-	27,000
Thomas Pickett (4)	15,000	-	-	15,000
	195,000	-	-	195,000

(1) Bo Xin Dong is an alternate Director for Bin Wang. No directors fees are payable to alternate directors.

(2) Appointed 3 February 2017.

(3) Appointed 22 July 2015. Resigned 3 February 2017.

(4) Resigned 24 September 2015.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Remuneration Report (Audited) (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration	
	2017	2016
Non-Executive Directors:		
Lewis Tay	100%	100%
Bin Wang	100%	100%
Bo Xin Dong	100%	100%
Ken Charteris	100%	-
ChingZhou Yuan	100%	100%

Contractual Arrangements with Executive KMP's

Component	Lewis Tay – Chairman and CEO
Fixed Remuneration	\$72,000 in his capacity as Chairman \$5,035 per month plus superannuation in his capacity as CEO
Contract Duration	Chairman - Contract commenced 1 September 2016 CEO – Contract commences 1 September 2016
Notice by the individual/Company	As CEO - 1 Month written notice by company and CEO
Termination of employment	On termination of employment the CEO will receive no more than 3 months remuneration

Share based compensation

Options and rights over equity instruments granted as compensation

During the past two years, or since the end of this reporting period, no options were issued to Directors as compensation. Total expenses arising from share-based payment transactions recognised during the year and prior year, as part of the employee benefit expense was \$nil (2016: \$nil).

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Remuneration Report (Audited) (continued)

Additional information

Directors' interest in shares and options

The numbers of ordinary shares in the Company held during the financial year by each Director the Company, including their personally related entities, are set out in the table below.

Year ended 30 June 2017	Opening Balance	Direct Holdings		Indirect Holdings		Closing Balance
		Purchases	Sales	Purchases	Sales	
Qingzhou Yuan (1)	1,062,347	106,235	-	-	-	1,168,582
Lewis Tay	3,959,302	200,000	-	-	-	4,159,302
Bin Wang	2,000,000 [^]	-	-	-	-	2,000,000
Bo Xin Dong	15,026,996	-	-	-	-	15,026,996
Kenneth Charteris (2)	-	-	-	-	-	-
	22,048,645	306,235	-	-	-	22,354,880
Year ended 30 June 2016						
Thomas Pickett (3)	7,500	-	(7,500)	-	-	-
Lewis Tay	3,859,302	100,000	-	-	-	3,959,302
Bin Wang	2,000,000 [^]	-	-	-	-	2,000,000
Bo Xin Dong	15,026,996 [^]	-	-	-	-	15,026,996
Qingzhou Yuan	-	1,062,347	-	-	-	1,062,347
	20,893,798	1,162,347	(7,500)	-	-	22,048,645

⁽¹⁾ Resigned 3 February 2017

⁽²⁾ Appointed 3 February 2017

⁽³⁾ Resigned 24 September 2015

[^] Relevant interest 2,000,000 held jointly by B Wang and B Dong. Previously only reported for B Dong within 15,026,996.

Loans from Key management personnel and their related parties

During the year ended 30 June 2017 the Company did not enter into loans with key management personnel or their related parties.

Transactions with related parties

There are no other related party transactions or balances during the year.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Remuneration Report (Audited) (continued)

Relationship between the remuneration and company performance

Summary of Company's performance and movements in Dynasty Resources Limited's share price over the last five years:

	2017	2016	2015	2014	2013
	\$	\$	\$	\$	\$
Revenue / Other income	726,616	200,915	24,110	195,490	941,555
Net loss before tax	(635,346)	(556,043)	(867,597)	(1,501,036)	(1,930,908)
Net loss after tax	(718,618)	(556,043)	(803,727)	(1,388,365)	(1,479,128)
Closing share price at reporting dates	0.0000*	0.0550	0.0080	0.0200	0.0400
Basic and diluted loss per share	(0.0016)	(0.0014)	(0.0064)	(0.0119)	(0.0139)
Dividends per share	-	-	-	-	-

* On 8th December 2016, the ASX suspended the Company from official quotation after the ASX formed the view that the Company had breached Chapter 11 of the ASX Listing Rules. In accordance with ASX Listing Rule 11.1.3 the ASX has determined that the Company will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules. As such the share prices as at 30 June 2017 is considered to be \$nil.

This concludes the remuneration report.

Unissued shares under option

As at the date of this report there are no unissued shares of the Company under option.

Shares issued on the exercise of options

During or since the end of the financial year, the Company has not issued any shares as a result of the exercise of options.

Indemnification and insurance of officers

The Company has agreed to indemnify the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnification and insurance of auditors

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Proceedings on behalf of the Company

No person has applied to the Court for leave under section 237 *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court.

Non-audit services

During the year, BDO, the Company's auditor (or by another person or firm on the auditor's behalf) has not performed any other services in addition to their statutory duties.

Officers of the Company who are former partners of BDO.

There are no officers of the Company who are former partners of BDO.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Auditor

BDO continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2) (a) of the *Corporations Act 2001*.

On behalf of the directors



Lewis Tay
Managing Director

Sydney
30 September 2017

Dynasty Resources Limited

Directors' Report

For year ended 30 June 2017

Auditors' Independence Declaration



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF DYNASTY RESOURCES LIMITED

As lead auditor of Dynasty Resources Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dynasty Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Gareth Few'.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 30 September 2017

Dynasty Resources Limited

Financial Statements

For year ended 30 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

As at 30 June 2017

	Note	2017 \$	Restated 2016 \$
Revenue			
Revenue	5	665,500	122,410
Cost of Sales		<u>(36,150)</u>	<u>(75,988)</u>
Gross Profit		629,350	46,422
Other income	6	61,116	78,505
Expenses			
Exploration expenses		(525,397)	(81,686)
Administration & occupancy expenses	7	(778,854)	(599,284)
Finance costs		<u>(21,561)</u>	<u>-</u>
Loss from continuing operations before income tax expense		(635,346)	(556,043)
Income tax expense	8	(83,272)	-
Loss after income tax expense for the year		<u>(718,618)</u>	<u>(556,043)</u>
Other Comprehensive Income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>(273,434)</u>	<u>(112,418)</u>
Total comprehensive loss for the year		<u>(992,052)</u>	<u>(668,461)</u>
Profit/(loss) for the year attributable to:			
Owners of the parent		(812,933)	(563,726)
Non-controlling interests		<u>94,315</u>	<u>7,683</u>
		<u>(718,618)</u>	<u>(556,043)</u>
Total comprehensive loss for the year attributable to:			
Owners of the parent		(1,022,598)	(676,144)
Non-controlling interests		<u>30,546</u>	<u>7,682</u>
		<u>(992,052)</u>	<u>(668,461)</u>
Earnings per share			
From continuing and discontinued operations			
Basic and diluted loss per share (cents)	17	(0.16)	(0.14)

The above statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Dynasty Resources Limited

Financial Statements

For year ended 30 June 2017

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 \$	Restated 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9	4,320,051	2,288,866
Trade and other receivables	10	3,121,585	3,927,546
Prepayments		-	2,898
Total Current Assets		7,441,636	6,219,310
Non-Current Assets			
Trade and other receivables	10	492,732	1,226,344
Financial assets	11	25,462	15,278
Property, plant and equipment	12	89,834	46,637
Deferred tax asset	8	9,057	-
Total Non-Current Assets		617,085	1,288,259
Total Assets		8,058,721	7,507,569
LIABILITIES			
Current Liabilities			
Trade and other payables	13	63,369	215,370
Financial liabilities	14	-	202,953
Tax payable	8	8,611	23,433
Deposits received	15	376,631	619,884
Total Current Liabilities		448,611	1,061,640
Non-Current Liabilities			
Deposits received	15	116,521	204,081
Total Non-Current Liabilities		116,521	204,081
Total Liabilities		565,132	1,265,721
Net Assets		7,493,589	6,241,848
EQUITY			
Issued capital	16	25,589,970	23,346,177
Foreign currency translation reserve	18	(325,569)	(115,904)
Other reserves	19	37,113	(2,632)
Accumulated losses		(19,878,287)	(19,035,545)
		5,423,227	4,192,096
Equity attributable to owners of the parent		5,423,227	4,192,096
Non-controlling interest		2,070,362	2,049,752
Total equity		7,493,589	6,241,848

The above statement of financial position should be read in conjunction with the accompanying notes.

Dynasty Resources Limited

Financial Statements

For year ended 30 June 2017

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

		2017	Restated
	Note	2017	2016
		\$	\$
Cash flow from operating activities			
Net leasing inflow / (outflow)		1,572,688	(4,052,218)
Payments to suppliers and employees		(1,486,976)	(742,342)
Interest received		50,932	30,849
Tax refund		(107,151)	(74,792)
GST refund		(17,059)	41,810
Finance costs		(21,561)	-
Net cash outflow from operating activities	20	(9,127)	(4,796,693)
Cash flow from investing activities			
Purchase of property, plant and equipment		(98,243)	-
Proceeds on sale of investment securities		-	22,482
Equity investment from non-controlling interest		-	2,042,071
Net cash (outflow) / inflow from investing activities		(98,243)	2,064,553
Cash flow from financing activities			
Proceeds from issue of share capital		2,301,483	4,258,109
Payment for share issue costs		(57,690)	(43,362)
Cash received from lease factoring		-	202,953
Repayment of lease factoring		(202,953)	-
Repayment of amount due to directors under purchase agreement		-	-
Net cash inflow from financing activities		2,040,840	4,417,700
Net increase in cash and cash equivalents		1,933,470	1,685,560
Cash and cash equivalents at beginning of period		2,288,866	617,851
Effects of exchange rate changes on cash		97,715	(14,545)
Cash and cash equivalents at the end of period	9	4,320,051	2,288,866

The above statement of cash flows should be read in conjunction with the accompanying notes.

Dynasty Resources Limited

Financial Statements

For year ended 30 June 2017

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Ordinary shares	Foreign Exchange Reserves	Other Reserves	Accumulated losses	Non- controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
2016 Restated						
Balance at 1 July 2015	18,861,430	-	349,987	(18,579,002)	-	632,415
Total profit/(loss) attributed to members of the Company	-	-	-	(563,726)	7,683	(556,043)
Other comprehensive income for the year	-	(112,418)	-	-	-	(112,418)
Total comprehensive income for the year	-	(112,418)	-	(563,726)	7,683	(668,461)
Transactions with owners in their capacity as owners:						
Recognition of non-controlling interest upon acquisition of Nong Biao and other transfers	-	-	-	-	2,042,208	2,042,208
Issue of shares	4,528,109	-	(270,000)	-	-	4,258,109
Capital raising costs	(43,362)	-	-	-	-	(43,362)
Option reserve	-	-	(79,987)	79,987	-	-
Acquisition Reserve	-	-	(137)	137	-	-
Statutory reserve adjustment	-	-	(2,495)	27,059	-	24,564
Foreign currency translation reserve	-	(3,486)	-	-	(139)	(3,625)
Balance at 30 June 2016	23,346,177	(115,904)	(2,632)	(19,035,545)	2,049,752	6,241,848
2017						
Balance at 1 July 2016	23,346,177	(115,904)	(2,632)	(19,035,545)	2,049,752	6,241,848
Total profit/(loss) attributed to members of the Company	-	-	-	(812,933)	94,315	(718,618)
Other comprehensive income for the year	-	(209,665)	-	-	(63,769)	(273,434)
Total comprehensive income for the year	-	(209,665)	-	(812,933)	30,546	(992,052)
Transactions with owners in their capacity as owners:						
Recognition of non-controlling interest upon acquisition of Nong Biao and other transfers	-	-	-	-	-	-
Issue of shares	2,301,483	-	-	-	-	2,301,483
Capital raising costs	(57,690)	-	-	-	-	(57,690)
Statutory reserve adjustment	-	-	39,745	(29,809)	(9,936)	-
Balance at 30 June 2017	25,589,970	(325,569)	37,113	(19,878,287)	2,070,362	7,493,589

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements

For the year ended 30 June 2017

1. General information

The financial statements cover Dynasty Resources Limited as a consolidated entity consisting of Dynasty Resources Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Dynasty Resources Limited's functional and presentation currency. Dynasty Resources Limited is a for profit listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office is: 83 Brisbane Street, Perth WA 6000.

A description of the nature of the consolidated entity's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2017.

Going Concern

The annual financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business for the foreseeable future. Financial information considered is set out below:

	Year ended 30 Jun 17	Restated Year ended 30 Jun 16
	\$	\$
Loss after income tax	(718,616)	(556,043)
Net cash outflow from operations	9,127	4,796,693
Cash and cash equivalents at 30 June	4,320,051	2,288,866
Net current assets	6,993,025	5,157,670
Net assets	7,493,589	6,241,848

The financial report has therefore been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, other than those disclosed below.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following amendments accounting standards and interpretations are most relevant to the Group:

- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The non-adoption of the above amendment was not considered to have a material impact on the financial statements.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Dynasty Resources Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Dynasty Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The determination of control is based on current facts and circumstances and is continuously assessed. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Company are presented as "non-controlling interests". The Company initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Changes in ownership interests

When acquiring additional interests of a financial asset (such that it becomes an associate, joint venture or subsidiary) or an investment in an associate or joint venture (such that it becomes a subsidiary), previously held interests are revalued to their current fair value and any gain or loss is immediately recognised in profit or loss. When increasing or decreasing the ownership interests of a subsidiary that remains a subsidiary afterwards, the consideration exchanged is recognised directly in equity.

Comparatives

Where necessary, comparative information has been restated to conform to changes in presentation in the current year.

Prior Period Error related to investment in Shanghai Chen Mao Finance Lease Co. Ltd

During the financial year ending 30 June 2016, Dynasty Resources Limited acquired 100% of U.S.A NongBiao Purina Group Agricultural Holding Limited (NongBiao). This subsidiary in turn had a 75% interest in the registered capital of Shanghai Chen Mao Finance Lease Co. Ltd (Chen Mao).

The error arose in the financial year ending 30 June 2016, where a proportion of the contributions made by the non-controlling interest of Chen Mao were classified as non-current borrowings. On review of further documentation made available to the auditors during the financial year ending 30 June 2017, it was determined that these contributions should have been accounted for as equity contributions by the non-controlling interest as at 30 June 2016.

Accordingly, the Group has restated the comparative balances as at 30 June 2016 to correct that error.

The restatement impacts the FY2017 opening balances for borrowings and the non-controlling interest reserve, but has no impact on retained earnings or cash flow for either FY2016 or FY2017. Additionally, this does not affect the profit/(loss) attributable to the owners of the parent for FY2016 or EPS due to the fact the registered shareholdings of 75:25 override the paid-up capital contributions.

All closing FY2016 figures (the earliest period impacted by the restatement) herein reflect the restatement of those opening balances, the details of which are set out in the table below.

The Group has restated closing balances for FY2016 comparative figures to correct the error in its Consolidated Statement of Financial Position (and elsewhere where impacted).

	30 June 2016 Unadjusted \$	Adjustments \$	30 June 2016 Adjusted \$
Non-controlling interest	702,615	1,347,137	2,049,752
Total liabilities	2,612,858	(1,347,137)	1,265,721
Net assets	4,894,711	1,347,137	6,241,848

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Business combinations

Business combinations are accounted for using the acquisition method. Cost is measured as the aggregate of the fair values (at the acquisition date) of assets acquired, equity instruments issued or liabilities incurred or assumed at the date of acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity, and those arising on borrowings are capitalised and included in interest expense using the effective interest method.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the acquisition date. The Company can elect, on a transaction-by-transaction basis, to measure NCI relating to ordinary shares either at fair value or at the NCI's proportionate share of the fair values of the identifiable assets and liabilities.

Segment reporting

Operating segments are identified on the basis of internal reports to management about components of the Company that are regularly reviewed by management who have been identified as the chief operating decision makers, in order to allocate resources to the segment and to assess its performance.

Information reported to management for the purposes of resource allocation and assessment of performance is comprising two reportable segments as disclosed in Note 4. Information about geographical segments is based on the financial information used to produce the Company's financial statements.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Finance lease income

Lease income is recognised over the term of the lease using the effective interest method, which reflects a constant rate of return.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

3. Summary of Significant Accounting Policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

Foreign currency translation

Items included in the financial statements of foreign operations are measured using the currency of the primary economic environment in which the foreign operation operates (the functional currency). The Company's and Group's financial statements are presented in Australian dollars (the presentation currency), which is also the Company's functional currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

The financial results and position of foreign operations, whose functional currency is different from the Company's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Cash and cash equivalents

Cash comprises cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Trade and other receivables

Receivables are recognised and carried at original costs less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Loans and receivables
- Financial assets at Fair Value Through Profit or Loss
- Held-To-Maturity investments; or
- Available-For-Sale financial assets

All financial assets except for those at Fair Value Through Profit or Loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

The Group's financial liabilities include borrowings, trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at financial assets at Fair Value Through Profit or Loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Investments

All investments are initially recognised at fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available for sale, are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which point the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Property, plant and equipment are reviewed for impairment at each reporting date. Historical cost includes expenditure directly attributable to the acquisition of the asset. Property, plant and equipment does not include assets leased out under financing leases.

The useful life of the assets have been set at the following levels to determine the depreciation rates:

- Plant and equipment: 2.5 to 20 years

The carrying amount of the property, plant and equipment are reviewed by the management to determine the adequacy of the depreciation charged at the end of each reporting period. Any excess or shortfall in depreciation charged is being adjusted in the income statement in the year in which such adjustments are being made as a reversal of the depreciation expense. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Financial liabilities

Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowing. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

Leases

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. All other leases are operating leases.

Where finance leases are granted to third parties, the present value of the lease receipts is recognised as a receivable and included in loan assets held at amortised cost. The difference between the gross receivable and the present value of the receivable is unearned interest income. Lease receipts are discounted using the interest rate implicit in the lease. Lease income is recognised over the term of the lease using the effective interest method, which reflects a constant rate of return.

Leases entered into by the Company as lessee are primarily finance leases.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Impairment

Loan assets are subject to regular review and assessment for possible impairment. A provision for impairment is recognised when there is objective evidence of impairment, and is calculated based on the present value of expected future cash flows, discounted using the original effective interest rate.

Investments in subsidiaries

Investments in subsidiaries are reviewed annually for indicators of impairment or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment's carrying amount exceeds its recoverable amount (which is the higher of fair value less costs to sell and value in use).

Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Earnings per share

Basic earnings per share is determined by dividing the Company operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share by taking into account amounts paid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. Summary of Significant Accounting Policies (continued)

Fair value measurement

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Company.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

In measuring fair value, the Company uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

Goods and Service Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) or value added tax (VAT), except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Recoverable and payables in the statement of financial position are shown inclusive of GST and VAT.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST and VAT component of investing and financing activities, which are disclosed as operating cash flows.

Exploration expenditure

Direct costs associated with Exploration and Evaluation activities are expensed to the profit and loss as incurred.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

2. New Accounting Standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI').

For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The consolidated entity will adopt this standard from 1 July 2018 and the Consolidated Entity is currently assessing the impact of the new requirements on the consolidated financial statements.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

The consolidated entity will adopt this standard from 1 July 2018 and the Consolidated Entity is currently assessing the impact of the new requirements on the consolidated financial statements.

AASB 16 Leases

AASB 16 will replace AASB 117 Leases. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. Lessor accounting would largely remain unchanged. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The Consolidated Entity will first apply AASB 16 in the financial year beginning 1 July 2019. The Consolidated Entity is currently assessing the impact of the new requirements on the consolidated financial statements.

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are expensed in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Leases

Initial recognition

Leases where the lessee has substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance leases. The lease payment receivable is treated by the lessor as repayment of principal and finance income to reimburse and reward the lessor for its investment and services.

The Group's China subsidiary, Shanghai Chen Mao Financial Lease Co Ltd 'Chen Mao', is in the business of providing finance leases in China. Chen Mao recognises assets held under a finance lease in the statements of financial position and present them as a receivable at an amount equal to the net investment in the lease.

Initial direct costs are incurred by Chen Mao include amounts such as commissions and internal costs that are incremental and directly attributable to negotiating and arranging a lease. They exclude general overheads such as those incurred by a sales and marketing team. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. The interest rate implicit in the lease is defined in such a way that the initial direct costs are included automatically in the finance lease receivable; there is no need to add them separately.

Subsequent measurement

A lessor aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the lessor's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

An asset under a finance lease that is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* shall be accounted for in accordance with that Standard.

Please see note 11 to the consolidated financial statements for further information on the lease receivable as at the balance sheet date.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

4. Operating segments

Identification of reportable operating segments

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Chief Operating Decision Maker (the Board) in allocating resources and have concluded that during the period, it has operated in two segments, being mineral exploration in Australia and financial leasing in China.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. Geographical segments are determined by distinguishable components whereby the risk and returns are different from the other segments. No operating segments have been aggregated.

Types of products and services

Exploration / Australia	The Exploration segment comprising Dynasty Resources Limited (the Company) is involved in exploration and evaluation of mineral licences.
Financial Lease / China	The Financial Leasing segment comprising U.S.A. Nongbiao Puruina Group Agricultural Holding Limited as the 75% shareholder of Shanghai Chen Mao Finance Lease Co., Ltd which is involved in providing financial leasing services in China

Intersegment transactions

Dynasty contributed funds totalling AUD\$3.71 million up to 30 June 2017 to Chen Mao (through Nong Biao) to support the ongoing development of its financial leasing business in China (2016 – AUD\$2.2 million).

Intersegment receivables, payables and loans

At 30 June 2017, there are no other intersegment receivables, payables or loans.

	Exploration	2017 Financial Lease	Total
	\$	\$	\$
Revenue			
Lease interest	-	665,500	665,500
Cost of sales	-	(36,150)	(36,150)
Interest income	23,283	27,649	50,932
Other	10,184	-	10,184
Total revenue	33,467	656,999	690,466
Earnings before interest, tax, depreciation and amortisation	(1,066,466)	434,174	(632,292)
Interest income	23,283	27,649	50,932
Finance costs	-	(21,561)	(21,561)
Depreciation and amortisation expense	(20,075)	(12,350)	(32,425)
Net profit/(loss) before income tax expense	(1,063,258)	427,912	(635,346)
Income tax expense	-	(83,272)	(83,272)
Net profit/(Loss) after income tax expense	(1,063,258)	344,640	(718,618)
Segment assets	1,823,612	6,235,109	8,058,721
Segment liabilities	60,127	505,005	565,132

Key Customers: On 20 Apr 2016, a contract RMB 10 million for Shanghai Peixin Bus Services Co. Ltd for lease term of 36 months. For the year ending 30 June 2017, revenue of A\$182,000 (RMB 935,000) was recognised. The contract was repaid early in full during March 2017.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued) For the year ended 30 June 2017

4. Operating segments (continued)

	Exploration	Restated 2016 Financial Lease	Total
	\$	\$	\$
Revenue			
Lease interest*	-	122,410	122,410
Cost of sales	-	(75,988)	(75,988)
Interest income	30,105	743	30,848
Profit from disposal of tenement	20,000	-	20,000
Other	-	47,657	47,657
Total revenue	50,105	94,822	144,927
Earnings before interest, tax, depreciation and amortisation	(548,068)	24,705	(523,363)
Finance costs	(8,311)	-	(8,311)
Depreciation and amortisation expense	(19,893)	(4,476)	(24,369)
Net profit/(loss) before income tax expense	(576,272)	20,229	(556,043)
Income tax expense	-	-	-
Net profit/(loss) after income tax expense	(576,272)	20,229	(556,043)
Segment asset	2,150,261	5,357,308	7,507,569
Segment liabilities	64,806	1,200,915	1,265,721

Key Customers: On 20 Apr 2016, a contract RMB 10 million for Shanghai Peixin Bus Services Co. Ltd for lease term of 36 months. At 30 June 2016, revenue of A\$74,919 (RMB 369,146) was recognised.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued) For the year ended 30 June 2017

5. Revenue	2017	2016
	\$	\$
Revenue - leasing in China	665,500	122,410
	665,500	122,410

6. Other income	2017	2016
	\$	\$
Interest income	50,932	30,848
VAT refund	-	27,589
Gains on foreign currency exchange	-	20,068
Gain on fair value of available for sale assets	10,184	-
	61,116	78,505

7. Administration and occupancy expenses	2017	2016
	\$	\$
Administrative expenses	142,571	72,061
Doubtful debts expense	16,704	20,060
Registry fee	39,056	27,663
Insurance expenses	53,712	36,612
Employee benefits expenses	266,676	224,588
Professional fees	212,533	189,097
Impairment on fair value of available for sale financial assets	-	8,754
Occupancy expenses	47,602	20,449
	778,854	599,284

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

8. Income Tax Expense

	2017	2016
	\$	\$
	<u> </u>	<u> </u>
The components of income tax expense comprise of:		
<i>Recognised in income statement:</i>		
Current tax	80,555	-
Deferred tax – origination and reversal of temporary differences	<u>2,717</u>	<u>-</u>
Aggregate income tax expense	<u>83,272</u>	<u>-</u>
 <i>Reconciliation of income tax expense to statutory income tax:</i>		
Loss before tax from continuing operations in Australia	(1,063,258)	(576,272)
Profit before tax from continuing operations in China	<u>427,912</u>	<u>20,229</u>
	<u>(635,346)</u>	<u>(556,043)</u>
 Prima facie tax on loss from ordinary activities before income tax at Australian tax rate 27.5% (2016: 30%)	(174,720)	(166,813)
Tax effect of:		
-Non-assessable income	(3,055)	-
-Prior year R&D Tax Concession	-	-
-Tax effect of different tax rates (China 25%)	(24,859)	1,012
-Deferred tax assets, arising from tax losses not recognised as recoverability is not probable	292,396	165,801
-Deferred tax assets, arising from timing differences not recognised as recoverability is not probable	-	-
-People's Republic of China Tax refund	<u>(6,490)</u>	<u>-</u>
Income tax expense	<u>83,272</u>	<u>-</u>
 <i>Unrecognised carried forward tax losses</i>		
Tax losses (Taxation Benefit)	<u>5,943,608</u>	<u>4,880,352</u>
 <i>Tax Payable</i>		
Provision for tax payable	<u>8,611</u>	<u>-</u>
 <i>Deferred Tax Asset</i>		
Arising from temporary timing differences	<u>9,057</u>	<u>-</u>

Carried forward tax losses have not been recognised because it is presently not considered probable that future taxable profit will be available in the jurisdictions against which the Company can utilise the benefits therein.

The Company is subject to the income tax law of Australia and its subsidiaries, U.S.A. Nongbiao Puruina Group Agricultural Holding Limited and Shanghai Chen Mao Finance Lease Co., Ltd are subject to the income tax law of Hong Kong (16.5%) and People's Republic of China (25%) respectively.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

9. Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank	4,320,051	2,288,866
	4,320,051	2,288,866

10. Trade and other receivables

	2017	2016
	\$	\$
<i>Current</i>		
Finance lease receivable	3,121,047	3,927,546
Other receivables	36,766	-
Provision for bad debts	(36,228)	(20,060)
	3,121,585	3,907,486
<i>Non-current</i>		
Finance lease receivable	492,732	1,246,504
	492,732	1,246,504
Total trade and other receivables	3,614,317	5,153,990

	2017	2016
	\$	\$
Gross investment in finance leases receivable:		
Less than one year	3,497,010	4,157,373
Between one and five years	505,533	1,344,232
Total gross investment	4,002,543	5,501,605
Unearned finance income	(388,764)	(327,655)
Net investment in finance leases	3,613,779	5,173,950

Present value of future minimum lease payments receivable:

Less than one year	3,121,047	3,927,546
Between one and five years	492,732	1,246,504
Total net investment	3,613,779	5,173,950

Impairment of receivables

The consolidated entity has recognised a loss of \$16,704 (2016: \$20,060) in profit or loss in respect of impairment of receivables for the year ended 30 June 2017.

The ageing of the impaired receivables provided for above are as follows:

	2017	2016
	\$	\$
0 to 3 months overdue	-	-
3 to 6 months overdue	-	-
Over 6 months overdue	36,228	20,060
	36,228	20,060

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

10. Trade and other receivables (continued)

	2017	2016
	\$	\$
Movements in the provision for impairment of receivables are as follows:		
Opening balance	20,060	-
Additional provisions recognised	16,704	20,060
Receivables written off during the year as uncollectable	-	-
Receivable recovered	(536)	-
Unused amounts reversed	-	-
Closing balance	36,228	20,060

11. Financial assets

	2017	2016
	\$	\$
Available for sale financial assets	25,461	15,277
Investment in Goldstone Resources Pty Ltd	1	1
	25,462	15,278

Available for sale financial assets are the Company's investment in equity of listed entities. These are measured at their fair value applying the closing market rate on the reporting dates. Investments at reporting date represent 2,585,000 ordinary equity shares in Argonaut Resources NL (2016: 2,585,000).

Reconciliation of the fair values of Available for sale financial assets at the beginning and end of the current and previous financial year are set out below:

	2017	2016
	\$	\$
Opening fair value	15,277	24,031
Additions	-	-
Disposals	-	-
Revaluation gain/(impairment)	10,184	(8,754)
Closing fair value	25,461	15,277

The investment in Goldstone Resources Pty Ltd is measured at fair value through profit and loss.

Information relating to the investment is set out below:

	Percentage interest	Percentage interest
	2017	2016
Goldstone Resources Pty Ltd	16.0%	17.7%

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

12. Property, plant and equipment

	2017	2016
	\$	\$
<i>Plant and equipment</i>		
At cost	268,162	167,920
Accumulated depreciation	(178,328)	(121,283)
	89,834	46,637
<i>Movement in carrying amount</i>		
Cost		
Balance bought forward	167,920	177,640
Additions	100,725	-
Disposals	-	(9,547)
Foreign exchange movement	(483)	(173)
Balance carried forward	268,162	167,920
Accumulated depreciation		
Balance bought forward	121,283	125,588
Charge for the year	57,068	(13,852)
Disposals	-	9,547
Foreign exchange movement	(23)	-
Balance carried forward	178,328	110,799
Net book value	89,834	46,637

13. Trade and Other Payables

	2017	2016
	\$	\$
<i>Current</i>		
Rental deposit	1,180	1,180
Other payables	62,189	214,190
	63,369	215,370

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

14. Financial Liabilities

	2017 \$	Restated 2016 \$
<i>Current</i>		
Factoring finance ¹	-	202,953
	-	202,953

¹Factoring finance balance \$Nil (RMB 1m at 30 June 2016). The factoring finance was fully repaid on 24 July 2016.

15. Deposits received

	2017 \$	2016 \$
<i>Current</i>		
Security bond	376,631	619,884
	376,631	619,884
<i>Non-current</i>		
Security bond	116,521	204,081

16. Contributed equity

	2017		2016	
	Nos.	\$	Nos.	\$
Ordinary shares fully paid	506,326,341	25,589,970	460,296,673	23,346,177
<i>Movement of ordinary shares on issue:</i>				
Opening balance at the beginning of the period	460,296,673	23,346,177	164,985,783	18,861,430
Issue of shares ¹	-	-	221,310,890	2,053,109
Issue of shares ²	-	-	24,790,840	619,771
Issue of shares ³	-	-	24,209,160	605,229
Issue of shares ⁴	-	-	25,000,000	1,250,000
Issue of shares ⁵	14,438,189	721,909	-	-
Issue of shares ⁶	8,576,645	428,832	-	-
Issue of shares ⁷	23,014,834	1,150,742	-	-
Equity issue costs	-	(57,690)	-	(43,362)
Closing balance at the end of the year	506,326,341	25,589,970	460,296,673	23,346,177

¹ In July 2015 the Company issued shares at a price of \$0.01 per share

² In January 2016 the Company issued shares at a price of \$0.025 per share

³ In January 2016 the Company issue shares at a price of \$0.25 per share

⁴ In June 2016 the Company issued shares at a price of \$0.05 per share

⁵ On 22 July 2016 the Company issued shares to Applicants under Non-Renounceable entitlement issue 1-for-10 at \$0.05 per share

⁶ On 10 August 2016 the Company issued shares to Underwriter for Non-Renounceable entitlement issue 1-for-10 at \$0.05 per share

⁷ On 10 August 2016 the Company issued shares under a Private placement at a price of \$0.05 per share

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

16. Contributed equity (continued)

Ordinary shares participate in the dividends and proceeds on winding up of the Company in proportion to the number of shares held and are entitled to one vote per share at general meetings of the Company. In the event of winding up of the Company, ordinary shareholders rank after unsecured creditors.

As at 30 June 2017 and 2016:

- All shares are fully paid
- Company shares do not have a par value
- There are no treasury shares held
- No shares are reserved for issue under options or other contracts

Capital management policy

The Company's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The Company manages its contributed equity and reserves as part of its capital. The Company has no debt obligations and is not subject to any externally imposed capital requirements.

As is similar with many other exploration companies, the operational requirements of the Company are funded through equity raised in various tranches. The overall capital management policy of the Company remains unchanged and is consistent with prior years.

17. Earnings per share

	2017	2016
	\$	\$
Loss after income tax attributable to the owners of Dynasty Resources Limited	(812,933)	(563,726)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	502,033,571	408,737,809
Basic and diluted loss per share (cents)	(0.16)	(0.14)

18. Foreign currency translation reserves

	2017	2016
	\$	\$
Foreign currency translation reserve¹		
Balance at the beginning of the financial year	(115,904)	-
Exchange differences on translation of foreign operations net of tax	(209,665)	(115,904)
Balance at the end of the financial year	(325,569)	(115,904)

¹The foreign currency translation reserve represents exchange differences arising from translation of the parent entity's wholly owned subsidiaries functional currencies (HKD & RMB) into the presentation currency of the Group (AUD).

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

19. Other reserves

	2017	2016
	\$	\$
Statutory reserve		
Balance at the beginning of the financial year	-	-
Movement	39,745	-
Balance at the end of the financial year	39,745	-
Option reserve		
Balance at the beginning of the financial year	-	79,987
Option issued / lapsed	-	(79,987)
Balance at the end of the financial year	-	-
Share application reserve		
Balance at the beginning of the financial year	(137)	-
Share Application Reserve	-	(137)
Balance at the end of the financial year	(137)	(137)
Acquisition reserve		
Balance at the beginning of the financial year	(2,495)	-
Share Application Reserve	-	(2,495)
Balance at the end of the financial year	(2,495)	(2,495)
Total reserves	37,113	(2,632)

Statutory reserve

In China, 10% of the current year profits are required to be allocated to a statutory reserve annually up to a cap of 50% of the issued paid up capital. This reserve is non-distributable.

20. Reconciliation of profit after income tax to net cash flows from operating activities

	Consolidated	
	2017	2016
	\$	\$
Profit after income tax expense for the year	(718,618)	(556,043)
Adjustments for:		
Doubtful debts expense	16,704	20,060
Depreciation	57,045	25,415
Gain on disposal of assets	(2,000)	-
Revaluation of financial assets (gain)/loss	(10,184)	8,754
Foreign exchange differences	(371,149)	(108,101)
Change in operating assets & liabilities:		
Decrease/(increase) in trade and other receivables	1,522,869	(5,139,668)
Decrease/(increase) in other assets	2,898	(2,898)
(Decrease)/increase in trade and other payables	(152,001)	74,626
(Decrease)/increase in other liabilities	(330,812)	964,708
Decrease in taxation payable	(23,879)	(74,792)
Net cash outflow from operations	(9,127)	(4,796,693)

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

21. Commitments

Tenement commitments

In order to maintain an interest in the mining and exploration tenements in which the Company seeks to retain and does not intend to relinquish within the next 12 months, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the Company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report.

Outstanding exploration commitments for those tenements the Company does not intend to relinquish are as follows (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations):

	2017	2016
	\$	\$
Payable within one year	112,750	306,000
After one year but within five years	715,000	-
	827,750	306,000

Non-cancellable operating leases

	2017	2016
	\$	\$
Payable within one year	47,938	31,278
After one year but within five years	52,496	82,493
	100,434	113,771

Capital commitments

Leasing licence in China

A condition of the business licence held by ChenMao is that capital of US\$5 million be contributed by Nong Biao within 10 years of the grant date, namely by 5 September 2024 (licence granted on 5 September 2014). This is pursuant to the *Measures for the Administration of Foreign-funded Lease Industry* (by reference to cl.7 and 9 and terms set out in ChenMao's Articles). As at 30 June 2017, total capital contributions to Chen Mao made by Nong Biao are approximately US\$3.57 million (AUD: \$3.71 million). No such conditions apply to the non-controlling interest as they are not a foreign entity.

At 30 June 2017, the Company had no other capital commitments (2016: Nil).

22. Contingencies

At 30 June 2017, the Company had no contingencies (2016: Nil).

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

23. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The Board identifies and evaluates the risks and takes appropriate measures to minimise the risk

The consolidated entity holds the following financial instruments at the end of the financial year:

		2017	Restated 2016
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	10	4,320,051	2,288,866
Trade and other receivables ⁽ⁱ⁾	11	3,614,317	5,153,990
Available for sale financial assets		25,462	15,278
Total financial assets		<u>7,934,830</u>	<u>7,458,134</u>
Financial Liabilities			
Trade and other payables	14	63,369	-
Borrowings – current	15	-	202,953
Total financial liabilities		<u>63,369</u>	<u>202,953</u>

(i). The fair values are a close approximation of the carrying amounts on account of the short maturity cycle.

(ii). The fair values are close approximation of the carrying amounts as these deposits are interest bearing and are rolled over at short maturity.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair value measurement note

The carrying amounts of trade and other receivables and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

23. Financial risk management (continued)

Commodity price risk:

The Company is not currently exposed to the movement in market commodity prices as the Company continues to be an explorer.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is mainly exposed to fluctuations in Chinese Yuan and Hong Kong Dollar through its operations (both overseas and in Australia). The consolidated entity's foreign exchange risk is managed to ensure sufficient funds are available to meet both Australia and Chinese financial commitments in a timely and cost effective manner.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
Consolidated	Currency	Currency	Currency	Currency
Chinese Yuan	31,941,307	36,008,450	6,769,672	17,126,405
Hong Kong Dollar	-	-	-	-

Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2016: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been impacted, as set out below. A movement in the Chinese Yuan and Hong Kong Dollar of 10% is considered reasonably possible given recent movements and the current economic forecasts.

	2017		2016	
	Impact on profit/equity	Impact on profit/equity	Impact on profit/equity	Impact on profit/equity
	-10%	10%	-10%	10%
Accounts receivable				
Chinese Yuan	310,609	(310,609)	392,755	(392,755)
Cash and cash equivalents				
Chinese Yuan	221,726	(221,726)	10,545	(10,545)

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual realised foreign exchange loss for the year ended 30 June 2017 was \$nil (2016: \$nil).

Price risk

The consolidated entity is not exposed to any significant price risk.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

23. Financial risk management (continued)

Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the end of the financial year whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate instruments.

The financial instruments that primarily expose the Company to interest rate risk are borrowings, and cash and cash equivalents.

The Company's cash and term deposits with financial institutions are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Company's operations.

The Company in Australia is in the business of exploration of mineral resources. Earning interest income is not the primary objective of the business in Australia. The Company does not have any debt obligations. Hence the management does not closely monitor the movements in market interest rates as these do not have material impact on Company's business activities. The cash balances and term deposits are placed at the prevailing short term market interest rates with credit worthy financial institutions.

The Company, through its subsidiary Chen Mao, has the principal operation of financial leasing in China with the primary objective of earning interest income. Finance lease receivables are not subject to interest rate risk as they are fixed interest rate.

Consolidated	2017		2016	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	0.1%-0.3%	4,320,052	0.1%-0.3%	2,288,866
Borrowings	-	(794,519)	9.6	(202,953)
Net exposure to cash flow interest rate		<u>3,525,533</u>		<u>2,085,913</u>

A sensitivity of 0.5% increase and decrease in interest rates is considered reasonably possible given current economic indicators:

	2017	2016
	\$	\$
Impact on profit and equity - +0.5% movement	21,600	11,444
Impact on profit and equity - -0.5% movement	(21,600)	(11,444)

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

23. Financial risk management (continued)

Liquidity risk:

The Company's liquidity risks arise from potential inability of the Company to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds.

The Company is exposed to liquidity risk on account of trade and other payables.

The Company manages its liquidity risk through continuously monitoring the cleared funds position; and by utilising short term cash budgets.

Cash and cash equivalents at the reporting date:

	Consolidated	
	2017	2016
	\$	\$
Cash and cash equivalents	4,320,052	277,389

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

The contractual maturity analysis of Company's financial instruments are noted below:

	Weighted average interest rate %	< 6 months \$	6-12 months \$	1-3 years \$	Total \$
Consolidated - 2017					
Non-derivatives:					
Non-interest bearing					
-Trade and other payables	-	63,069	-	-	63,069
Total non-derivatives		63,069	-	-	63,069

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

23. Financial risk management (continued)

	Weighted average interest rate %	< 6 months \$	6-12 months \$	1-3 years \$	Total \$
Consolidated - 2016					
Non-derivatives					
Non-interest bearing					
-Trade and other payables	-	(64,806)	-	-	(64,806)
Interest bearing – variable interest rate					
-Factoring liability	9.60	(215,293)	-	-	(215,293)
		<u>(280,099)</u>	<u>-</u>	<u>-</u>	<u>(280,099)</u>

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

23. Financial risk management (continued)

Equity price risk:

Equity price risk is the risk that movement in fair value of Company's financial instruments will be affected by changes in market prices of equity instruments. The Company is exposed to this risk on account of its available-for-sale financial assets.

The Company's objective is to invest surplus cash in time deposits in order to remain highly liquid in preparation for future activities on its core tenements.

The sensitivity of the available for sale financial assets to a 10% change in market prices are noted below:

	2017	2016
	\$	\$
Interest bearing cash and term deposits	4,320,051	2,288,866
Impact on profit and equity - +1% movement	432,005	22,889
Available for sale financial assets	25,461	15,277
Impact on profit and equity - +10% movement	2,546	1,528
Impact on profit and equity - -10% movement	(2,546)	(1,528)

Fair value of financial instruments:

The following tables detail the entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2017	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Available for sale assets	25,461	-	-	25,461
Total assets	25,461	-	-	25,461
2016	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Available for sale assets	15,277	-	-	15,277
Total assets	15,277	-	-	15,277

There were no transfers between levels during the financial year.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

24. Auditors' remuneration

During the financial year, the following fees were paid or payable for services provided by the auditors of the Group:

	2017	2016
	\$	\$
Audit and review of the consolidated financial statements by BDO East Coast Partnership	70,000	91,000
Audit and review of the subsidiary financial statements by BDO China Shu Lun Pan CPAs LLP	59,688	47,515
	129,688	138,515

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

25. Related Party Transactions

Parent entity

Dynasty Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel compensation

Disclosures relating to key management personnel are set out below and in the remuneration report included in the directors' report.

Compensation

The aggregate compensation made to key management personnel of the consolidated entity is set out below:

	2017	2016
	\$	\$
Short term employee benefits	179,315	195,000
Post-employment employee benefits	4,685	-
Total benefits	<u>184,000</u>	<u>195,000</u>

Loans from key management personnel and their related parties

During the year ended 30 June 2017 the Company did not enter into loans with key management personnel or their related parties.

Transactions with related parties

The following transactions occurred with related parties:

	2017	2016
	\$	\$
<i>Consolidated Group</i>		
Repayment amount due to the directors (Nong Biao)*	-	8,393

*payment of amount due to directors from Nong Biao (2016: HKD 48,298)

There are no other related party transactions or balances during the year.

Balances due to directors for fees and charges at 30 June 2017 was \$nil (2016: \$nil).

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

26. Parent Information

Set out below is the supplementary information about the legal parent entity, Dynasty Resources Limited.

	Parent	
	2017	2016
	\$	\$
Statement of financial position		
Current assets	1,798,150	2,102,825
Non-current assets	3,735,462	2,257,436
Total assets	5,533,612	4,360,261
Current liabilities	60,127	64,806
Non-current liabilities	-	-
Total liabilities	60,127	64,806
Net assets	5,473,485	4,295,455
Equity		
Issued capital	25,589,970	23,346,177
Accumulated losses	(20,113,853)	(19,048,090)
Reserves	(2,632)	(2,632)
Total equity	5,473,485	4,295,455
Statement of profit or loss and other comprehensive income		
Loss after income tax expense	(1,063,258)	(576,272)
Other comprehensive income	-	3,486
Total comprehensive income	(1,063,258)	(572,786)

Guarantees

No guarantees have been entered into by the parent entity in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016.

Capital commitments

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017 and 30 June 2016.

The parent entity has commitments of \$nil relating to minimum exploration expenditure on tenements. Refer Note 21 for further details.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for investments in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

Dynasty Resources Limited

Financial Report

For year ended 30 June 2017

Notes to Consolidated Financial Statements (continued)

For the year ended 30 June 2017

27. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Entity	Principal place of business	Ownership interest held by the Group	
		2017 %	2016 %
U.S.A. Nongbiao Puruina Group Agricultural Holding Limited ('Nong Biao')	Hong Kong	100	100
Shanghai Chen Mao Finance Lease Co., Ltd ('Chen Mao')	Shanghai, China	75	75

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Financial information in relation to Chen Mao (the Controlled Entity) is identical to the information disclosed in the financing leasing segment in China (refer to Note 2).

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

28. Non-controlling Interest

Information about Chen Mao's material Non-Controlling Interest Shareholder:

Name of shareholder	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		2017 %	2016 %	2017 %	2016 %
Shanghai Hengyao Optical Technologies Ltd. Co. No.: 310226001082090 (Hengyao)	Shanghai, China	75	75	25	25

29. Events after the reporting period

No matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the Company's operations or results in future years, or the company's state of affairs in future years.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Group will be able to meet any obligations or liabilities to which they are, or may become, subject.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Lewis Tay
Managing Director

30 September 2017

Independent Auditor's Report



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Dynasty Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dynasty Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report (continued)



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition - Treatment of finance lease income

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 2 of the financial report, the revenue recognition policy surrounding the treatment of finance lease income within the subsidiary Chen Mao required considerable auditor attention due to the complexities in applying AASB 117 - <i>Leases</i>. Income recognised from the leases amounted to \$665,500 for the year ended 30 June 2017. This is material to the financial statements.</p>	<p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> • Developed an understanding of each lease contract and ensuring recognition is in accordance with AASB 117; • Performed a review of all lease contracts to ensure that they were correctly categorised as finance leases; • Re-calculated of a sample of leases to ensure that interest income was recorded in accordance with AASB 117 and the closing lease receivable balance was materially correct; • Performed cut-off testing to ensure income was recognised in the correct period; and • Reviewed the accounting policy for compliance with AASB 117.

Ownership structure of subsidiary - Shanghai Chen Mao Finance Lease Co

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>We consider the ownership structure of Shenghai Chen Mao Finance Lease Co. Ltd to be a key audit matter due to the significance of the subsidiary on the Group financial statements.</p> <p>As disclosed in note 2 of the financial report, a prior period error was identified in respect of the investment in Shanghai Chen Mao Finance Lease Co. Ltd, making this a key audit matter.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewed the audit procedures and group reporting pack prepared by the component auditors in Shanghai; • Obtained a confirmation from the minority interest of Shanghai Chen Mao Finance Lease Co. Ltd confirming the ownership structure; • Obtained copies of original director nominations and appointment to the board of Shanghai Chen Mao Finance Lease Co. Ltd; • Reviewed the constitution of Shanghai Chen Mao Finance Lease Co. Ltd;

Independent Auditor's Report (continued)



- Obtained a legal confirmation with regards to the constitution of Shanghai Chen Mao Finance Lease Co. Ltd; and
- Obtained representation from the Directors of Dynasty Resources Limited with regards to the ownership structure of Shanghai Chen Mao Finance Lease Co. Ltd.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Independent Auditor's Report (continued)



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Dynasty Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Gareth Few'. Above the signature, the letters 'BDO' are written in a cursive, handwritten style.

Gareth Few
Partner

Sydney, 30 September 2017

Corporate Governance Statement

For the year ended 30 June 2017

The Board of Directors of Dynasty Minerals Limited are responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Corporate Governance Statement and the Appendix 4G Statement have been released to the ASX and can be found on the Company's website at www.dynastyresources.com.au within the Corporate > Corporate Governance section.

Dynasty Resources Limited
Financial Report
For the year ended 30 June 2017

Additional Securities Exchange Information

Additional information required by the Australian Securities Exchange Limited listing rules and not disclosed elsewhere in this report is set out below as at 2017:

1. Substantial Shareholders

The number of shares held by Substantial Shareholders and their associates are set out below:

Substantial shareholders	No. shares held	% of issued shares
Cyberstore Technology Ltd	203,899,300	40.27%

2. Distribution of shareholders

No. of shares held	No. of holders within category
1 – 1000	45
1,001 – 5,000	64
5,001 – 10,000	102
10,001 – 100,000	362
100,001 and over	151
Total	724

At 14 September 2017, there were 146 shareholders holding less than a marketable parcel of ordinary shares.

3. Classes of shares and voting rights

There is only one class of shares on issue and all shares carry equal voting rights.

4. Twenty largest shareholders

The twenty largest registered shareholders of the Company as at 14 September 2017 were:

	No. of shares held	Percentage of Issued shares
CITICORP NOMINEES PTY LIMITED	233,486,891	46.11%
BNP PARIBAS NOMINEES PTY LTD	16,074,743	3.17%
MR BO XIN DONG	13,026,996	2.57%
HEBEI XINGHUA IRON & STEEL	11,652,197	2.30%
MR CHUNG CHIANG WU	10,000,000	1.98%
MR HAIRONG YUAN	9,901,827	1.96%
PERSHING AUSTRALIA NOMINEES	9,600,000	1.90%
MR ZHIFANG ZHANG	9,121,736	1.80%
MR XINGBAI CUI	8,450,400	1.67%
CHENYI WANG	8,024,000	1.58%
MR LIAN XIE	8,000,000	1.58%
MR YAOMIN CHEN	8,000,000	1.58%
MR CHUNG JYE SU	7,100,000	1.40%
XIAOHUI XUE	7,000,000	1.38%
MS JIANHUI ZHU	5,750,000	1.14%
HSBC CUSTODY NOMINEES	5,500,000	1.09%
CHIU LAM	5,000,000	0.99%
MR JEN YU FU	5,000,000	0.99%
MR TSAN HSI WU	5,000,000	0.99%
NEW CENTURY INTERNATIONAL	4,292,000	0.85%
Top 20 Total	389,980,790	77%
Balance of Register	116,345,551	23%
Grand Total	506,326,341	100%

Dynasty Resources Limited
Financial Report
For the year ended 30 June 2017

Registry

Share registry functions are maintained by Boardroom Limited and their details are as follows:

Security Transfer Registrars Pty Ltd
Suite 1, Alexandria House
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Stock Exchange Listing

Dynasty Resources Limited shares are listed on the Australian Securities Exchange (ASX: DMA). As at the date of this report trading in the Company's shares is suspended pending re-compliance with Chapters 1 and 2 of the ASX Listing Rules.