



ABN 80 110 385 709

Half-Year Financial Report

For the half-year ended 31 December 2017

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CORPORATE INFORMATION

Company Particulars	Dynasty Resources Limited ACN 110 385 709 The Company has diversified operations which include a financial leasing business which operates in mainland China, and the exploration and evaluation of mineral licenses. Its securities are listed only on the Australian Securities Exchange.
Registered Office	83 Brisbane Street Perth WA 6000 Telephone: +61 8 6316 4414 Facsimile: + 61 8 6316 4404 Email: admin@dynastyresources.com.au Website: www.dynastyresources.com.au
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
Auditor	BDO 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, Alexandra House 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9513 2333 Facsimile: + 61 8 9315 2233

DYNASTY RESOURCES LIMITED

Directors' Report

For the half-year ended 31 December 2017

The directors of Dynasty Resources Limited (the 'Company' or 'parent entity') present their report, together with the financial statements of the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of the Company and the entities it controlled at the end of the half-year ended 31 December 2017 ('the reporting period') and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the reporting period are:

Lewis Tay (Chairman/Managing Director)
Bin Wang (Non-Executive Director)
Bo Xin Dong (Alternate Director for Bin Wang)
Kenneth Charteris (Non-Executive Director)

Review of operations and financial results

During the half-year ended 31 December 2017, the main activity of the Company was the operation of a financial leasing business in mainland China.

The Company also continues to carry out the exploration and evaluation of mineral licences. In the past 6 months the Company has focussed primarily on assessing those tenements with potential for lithium resources, in particular the North Shaw Project in Western Australia.

	Half-year ended	
	31 Dec 17	31 Dec 16
	\$	\$
Loss after income tax	(126,136)	(499,235)
Basic and diluted loss per share (in cents)	(0.04)	(0.11)
Total assets	8,537,310	9,529,519
Total liabilities	922,268	1,606,080
Net assets	7,615,042	7,923,439

Matters Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in future financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 5 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



Lewis Tay
Executive Chairman
Sydney
13 March 2018

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

As lead auditor for the review of Dynasty Resources Limited for the half-year ended 31 December 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 review; and
 2. No contraventions of any applicable code of professional conduct in relation to the review.
- 1.

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



Gareth Few

Partner

BDO East Coast Partnership

Sydney, 13 March 2018

DYNASTY RESOURCES LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	Notes	31-Dec-17 \$	31-Dec-16 \$
Revenue	3	440,559	429,599
Cost of sales	3	(32,848)	(9,906)
Gross profit	3	407,711	419,693
Other income	3	11,228	44,035
Exploration expenses		(33,637)	(426,707)
Administrative & occupancy expenses		(422,570)	(514,376)
Finance costs		-	(21,880)
Loss from continuing operations before income tax	3	(37,268)	(499,235)
Income tax expense	3	(88,868)	-
Loss after tax for the period		(126,136)	(499,235)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Unrecognised gain on financial assets		98,841	10,184
Exchange differences on translating foreign operations		118,383	(70,518)
Total comprehensive income for the year		91,088	(559,569)
Profit for the year attributable to:			
Owners of the parent		(191,997)	(561,953)
Non-controlling interests		65,861	62,718
		(126,136)	(499,235)
Total comprehensive income for the year attributable to:			
Owners of the parent		25,227	(622,287)
Non-controlling interests		65,861	62,718
		91,088	(559,569)
Earnings per share			
From continuing and discontinued operations			
Basic and diluted loss per share (cents)		(0.04)	(0.11)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes and the annual report for the year ended 30 June 2017.

DYNASTY RESOURCES LIMITED
Consolidated Statement of Financial Position
as at 31 December 2017

	Notes	31-Dec-17 \$	30-Jun-17 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,420,566	4,320,051
Trade and other receivables	7	5,400,724	3,121,585
Prepayments		4,780	-
Total Current Assets		7,826,070	7,441,636
Non Current Assets			
Trade and other receivables	7	499,382	492,732
Financial assets	4	131,301	25,462
Property, plant and equipment	5	71,268	89,834
Deferred tax assets		9,289	9,057
Total Non Current Assets		711,240	617,085
Total Assets	3	8,537,310	8,058,721
LIABILITIES			
Current Liabilities			
Trade and other payables		48,094	63,369
Tax liability		65,222	8,611
Deposits received		684,528	376,631
Total Current Liabilities		797,844	448,611
Non Current Liabilities			
Deposits received		124,424	116,521
Total Non Current Liabilities		124,424	116,521
Total Liabilities	3	922,268	565,132
Net Assets		7,615,042	7,493,589
EQUITY			
Issued capital	6	25,589,970	25,589,970
Foreign currency translation reserve		(207,186)	(325,569)
Other reserves		166,319	37,113
Accumulated losses / Retained earnings		(20,070,284)	(19,878,287)
Equity attributable to owners of the parent		5,478,819	5,423,227
Non-controlling interest		2,136,223	2,070,362
Total equity		7,615,042	7,493,589

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the annual report for the year ended 30 June 2017.

DYNASTY RESOURCES LIMITED
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2017

	31-Dec-17	31-Dec-16
	\$	\$
Cash Flows from Operating Activities		
Net leasing outflow	(1,556,118)	(245,615)
Payments to suppliers and employees	(464,023)	(564,776)
Tax paid	(32,489)	(17,903)
GST refund/(paid)	17,060	(20,171)
Finance costs	-	(21,880)
Net Cash Outflow from Operating Activities	(2,035,570)	(870,345)
Cash Flow from Investing Activities		
Purchase of property, plant and equipment	(1,775)	(1,744)
Purchase of financial assets	(6,999)	-
Interest received	11,228	13,242
Net Cash Inflow from Investing Activities	2,454	11,498
Cash Flow from Financing Activities		
Proceeds from issue of share capital	-	2,301,483
Payment for share issue costs	-	(60,323)
Repayment of lease factoring	-	(219,629)
Net Cash Inflow from Financing Activities	-	2,021,531
Net (Decrease) / Increase in Cash and Cash Equivalents	(2,033,116)	1,162,684
Cash and Cash Equivalents at beginning of period	4,320,051	2,288,866
Effects of exchange rate changes on cash holdings in foreign currencies	133,631	33,701
Cash and Cash Equivalents at the end of period	2,420,566	3,485,251

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes and the annual report for the year ended 30 June 2017.

DYNASTY RESOURCES LIMITED

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

	Ordinary Shares	Exchange Reserves	Other Reserves	Accumulated losses	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2016	23,346,177	(115,904)	(2,632)	(19,035,545)	2,049,752	6,241,848
Total loss attributed to shareholders of the Company	-	-	-	(561,953)	62,718	(499,235)
Other comprehensive income for the half-year	-	(70,518)	10,184	-	-	(60,334)
Total comprehensive income for the half-year	-	(70,518)	10,184	(561,953)	62,718	(559,569)
Transactions with owners in their capacity as owners, and other transfers:						
Issue of shares	2,301,483	-	-	-	-	2,301,483
Capital raising costs	(60,323)	-	-	-	-	(60,323)
Balance at 31 December 2016	25,587,337	(186,422)	7,552	(19,597,498)	2,112,470	7,923,439
Balance at 1 July 2017	25,589,970	(325,569)	37,113	(19,878,287)	2,070,362	7,493,589
Total loss attributed to shareholders of the Company	-	-	-	(191,997)	65,861	(126,136)
Other comprehensive income for the half-year	-	118,383	98,841	-	-	217,224
Total comprehensive income for the half-year	-	118,383	98,841	(191,997)	65,861	91,088
Transactions with owners in their capacity as owners, and other transfers:						
Statutory reserve adjustment	-	-	30,365	-	-	30,365
Balance at 31 December 2017	25,589,970	(207,186)	166,319	(20,070,284)	2,136,223	7,615,042

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes and the annual report for the year ended 30 June 2017.

DYNASTY RESOURCES LIMITED

Notes to Financial Statements

For the half-year ended 31 December 2017

1. Corporate Information

The financial statements of Dynasty Resources Limited ('Company' or 'parent entity') and its subsidiaries ('the Group') for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 13 March 2018.

Dynasty Resources Limited is the Group's ultimate parent company, and is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company during the half-year was exploration and evaluation of mineral licences in Australia.

The Registered Office of the Company is at 83 Brisbane Street, Perth, WA, 6000.

2. Summary of Significant Accounting Policies

(a) Statement of compliance

The half-year financial report is prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report of the Company as at 30 June 2017 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

(b) Basis of Preparation

For the purposes of preparing the financial statements, the Company is a for-profit entity.

The interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

(c) New standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

During the period a number of Standards and Interpretations were issued but not yet effective. Management have not yet assessed the potential aspects however do not expect them to have a significant impact.

DYNASTY RESOURCES LIMITED

Notes to Financial Statements

For the half-year ended 31 December 2017

3. Segment information

Identification of reportable operating segments

Management has determined that the Company has two reportable geographical 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.

Types of products and services

Australia	The Exploration segment comprising Dynasty Resources Limited (the Company) is involved in exploration and evaluation of mineral licences.
China/Hong Kong	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 has contributed funds totalling A\$3.71 million up to 31 December 2017 to Chen Mao (through Nong Biao) to support the ongoing development of its financial leasing business in China (30 June 2017: A\$3.71 million).

Intersegment receivables, payables and loans

At 31 December 2017, there are no intersegment receivables, payables or loans (30 June 2017: \$nil).

Operating segment information

Consolidated - 31 December 2017

	Exploration	Financial Lease	Total
	\$	\$	\$
Revenue			
Sales	-	440,559	440,559
Cost of sales	-	(32,848)	(32,848)
Gross profit	-	407,711	407,711
Earnings before interest, tax, depreciation and amortisation	(373,327)	345,172	(28,155)
Interest Income	8,579	2,649	11,228
Depreciation and amortisation expense	(10,042)	(10,299)	(20,341)
Profit/(loss) before tax expense	(374,790)	337,522	(37,268)
Income tax expense	-	(88,868)	(88,868)
Profit/(Loss) after tax expense	(374,790)	248,654	(126,136)
Segment assets	1,491,631	7,045,679	8,537,310
Segment liabilities	4,098	918,170	922,268

DYNASTY RESOURCES LIMITED

Notes to Financial Statements

For the half-year ended 31 December 2017

Consolidated - 31 December 2016

	Exploration	Financial Lease	Total
	\$	\$	\$
Revenue			
Sales	-	429,599	429,599
Cost of sales	-	(9,906)	(9,906)
Gross profit	-	419,693	419,693
Earnings before interest, tax, depreciation and amortisation	(736,176)	229,132	(507,044)
Interest Income	12,326	31,709	44,035
Finance costs	-	(21,880)	(21,880)
Depreciation and amortisation expense	(10,032)	(4,314)	(14,346)
Profit/(loss) before tax expense	(733,882)	234,647	(499,235)
Income tax expense	-	-	-
Profit/(Loss) after tax expense	(733,882)	234,647	(499,235)
Segment assets	2,464,191	7,065,328	9,529,519
Segment liabilities	369,926	1,414,686	1,784,612

4. Other Financial Assets

	31-Dec-17	30-Jun-17
	\$	\$
Available for sale financial assets	131,300	25,461
Investment in Goldstone Resources Pty Ltd	1	1
	131,301	25,462

Available for sale financial assets are the Company's investment in equity of listed entities. These Level 1 assets are measured at their fair value applying the closing market rate on the reporting dates. Investments at reporting date represent 3,751,467 ordinary equity shares in Argonaut Resources NL (30 June 2017: 2,585,000).

5. Property, Plant and Equipment

	31-Dec-17	30-Jun-17
	\$	\$
Plant and equipment		
At cost	270,458	268,162
Accumulated depreciation	(199,190)	(178,328)
	71,268	89,834
Movement in net carrying amount		
Balance at the beginning of the period	89,834	46,637
Additions / Disposals	1,775	100,725
Depreciation for the period	(20,341)	(57,068)
Foreign exchange movement	-	(460)
Balance at the end of the period	71,268	89,834

DYNASTY RESOURCES LIMITED

Notes to Financial Statements

For the half-year ended 31 December 2017

6. Contributed Equity

	31 December 2017	
	Nos.	\$
<i>Movement of ordinary shares on issue:</i>		
Balance at the beginning of the period	506,326,341	25,589,970
Issue of shares	-	-
Equity issue costs	-	-
Balance at the end of the half-year	506,326,341	25,589,970

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.

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.

7. Trade and Other Receivables

	31-Dec-17	30-Jun-17
	\$	\$
Current receivables		
Lease receivable	5,438,555	3,121,047
Other receivable	-	36,766
Provision for bad debts	(37,831)	(36,228)
	5,400,724	3,121,585
Non current receivables		
Lease receivable	499,382	492,732
	499,382	492,732

8. Commitments and Contingencies

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 the Company's tenements are \$152,000 (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations).

Capital commitments and Contingencies

Since the last annual reporting date, there have been no material changes to any capital commitments and contingencies.

DYNASTY RESOURCES LIMITED

Notes to Financial Statements

For the half-year ended 31 December 2017

9. Events After Reporting Date

No subsequent disclosing transactions or events have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in future financial periods.

Directors' Declaration

For the half-year ended 31 December 2017

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Lewis Tay
Managing Director

13 March 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynasty Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Dynasty Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Gareth Few'. Above the signature is a small, stylized 'BDO' logo.

Gareth Few
Partner

Sydney, 13 March 2018