

18 September 2015

ASX Announcement

HEADS OF AGREEMENT WITH NONG BIAO LTD

Dynasty Resources Limited (**Dynasty**) is delighted to announce that it has entered into a heads of agreement which enables Dynasty to invest in the financial market in China through the acquisition of 100% of the issued capital in Hong Kong registered Company Nong Biao Ltd (**Nong Biao**) for a sum of A\$10,000 (**Transaction**).

Nong Biao holds 75% of the issued capital in a Shanghai registered company, Shanghai Chen Mao Finance Lease Co., Ltd (**Chen Mao**), which has been granted a financial leasing licence by the relevant authorities in Shanghai. Neither of Nong Biao nor Chen Mao has generated material revenue or profit since their incorporation and neither holds any material assets other than the financial leasing licence held by Chen Mao.

Financial leasing (or capital leasing) is a type of leasing arrangement under which a lessor leases an asset to a lessee, in consideration for the lessee paying fixed installments for a fixed term, during which the lessor retains legal title to the asset. At the end of the lease term, the lessee may generally return the asset, purchase the asset for its present value or extend the lease and retain possession of the asset while continuing to make fixed installments.

According to the China Daily (21/07/2015), the China's financial leasing market is expected to hit 5 trillion RMB (~A\$1.1 trillion) during the first half of 2016 to become the world's largest, surpassing that of the United States; the sector is expected to maintain an annual growth rate of 30 percent during the next five years. The surge in financial leasing activities is partly fueled by listed Chinese firms tapping the service for cheap credit. The 21st China Business Herald has reported that "listed firms in the telecom, agriculture, pharmaceutical, energy and equipment manufacturing sectors have waded into leasing territory by increasingly used sale leaseback", the practice of renting assets sold earlier which enable the firms to obtain financing as much as 10% cheaper than bank loans.

The Transaction was introduced to the Dynasty board by its new major shareholder, who recently invested about A\$2m in Dynasty. The Transaction is conditional upon Dynasty completing due diligence investigations in respect of Nong Biao, Chen Mao and their respective businesses and Dynasty receiving all requisite shareholder and regulatory approvals. The Transaction also permits Dynasty to acquire the remaining 25% issued capital in Chen Mao.

The Dynasty board will commence due diligence investigations in relation to this opportunity and will provide updates to the market in respect of this process. The Dynasty board hopes the Transaction will provide Dynasty with an opportunity to become cash flow positive, to assist in better funding its existing mineral exploration business.

Enquiries:

Lewis Tay
Managing Director
+61 8 6316 4414