



QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 31 DECEMBER 2008

This quarterly report is dated 30 January 2009 and is for the three months ending 31 December 2008.

Dynasty Metals Australia LTD (**Dynasty**) is an Australian exploration company that is listed on the Australian Securities Exchange with an ASX code DMA.

HIGHLIGHTS

- Coking coal and several working sections have been identified in diamond drill core on EPC956 and EPC957 which fall within the Dynasty : Tiaro Joint Venture.
- Channel Iron Deposits and Mt Marra Mamba iron deposits confirmed with field exploration and ground geophysics on Prairie Downs tenements.
- Desk top evaluation continues on our large tenement application areas at Stanley and Nabberu north of Wiluna, Western Australia.
- During the period, the company continued to review its projects and prepare exploration programs for 2009. The company is also in ongoing discussions with possible farm-in partners from India and China who are interested in our coal, coal seam gas and iron ore projects.

CORPORATE

Cash Position at 31 December 2008: \$2,877,000

Capital Structure

Quoted shares: 55,631,312

Unlisted options: 500,000 exercisable at \$0.30 expiring 31 December 2009

20,917,029 exercisable at \$0.35 expiring 28 February 2010

5,150,000 exercisable at \$0.20 expiring 30 November 2009

500,000 exercisable at \$0.20 expiring 1 September 2010

EXPLORATION – COAL – MARYBOROUGH QUEENSLAND

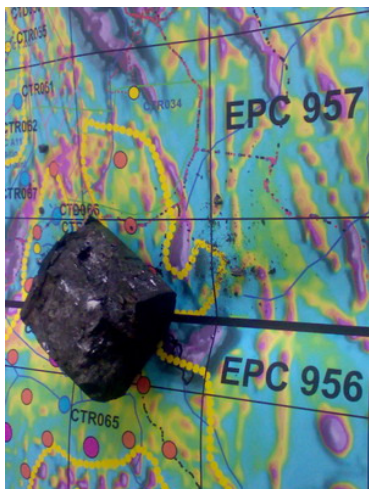


Figure showing portion of drill core containing coal with coking characteristics.

Dynasty has secured a 15% interest and has the right to earn up to 51% in the Tiaro Coal Joint Venture tenements EPC956 and EPC957. These tenements cover 516km² in the Maryborough Basin, SE Queensland.

Drilling undertaken during the quarter has identified several “working sections” within the coal measures some of which contain high CSN (swell) values indicative of metallurgical coals.

These results are considered very encouraging.

Further coal testing is being undertaken by the independent laboratory ACIRL. The results will be used to determine the geological continuity of the coal seams. This interpretation will determine the targets for the next phase of exploration drilling to be carried out in the first half of 2009.

EXPLORATION – IRON ORE AND BASE METALS – PRAIRIE DOWNS PROJECT

During the period, the Company’s geological consultants carried out surface mapping, sampling and ground magnetics on its Prairie Downs leases. The work was designed to enhance the understanding of the Iron potential of the Northern Iron and Conglomerate prospects and to carry out further reconnaissance for other prospects in the area.

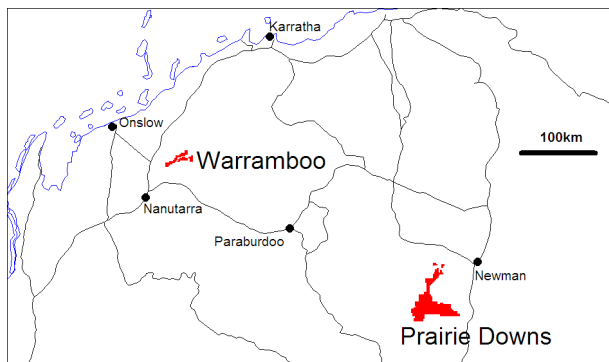


Figure 1 Project Location Map

The Prairie Downs tenements are a large group of tenements covering over 1300km² of ground. The northern tenements are situated 30km west of Newman. Access is via the Great Northern Highway and then along the main station access track or through Newman and along a back road to the station.

A ground magnetic survey was completed and delineated the target zones in the two prospects and generated some encouraging results in two new areas.

Mapping identified the potential for Channel Iron Deposits (CID) in the northern section of E52/1927 and in E52/1949 as well as confirming the potential for a Bedded Iron formation deposit in the Northern Iron prospect. The Conglomerate area was found to consistently have the highest Iron content in the Basal unit of the Bangemall basin, although the high grade (62% Fe) material appeared to have a limited extent and the overall grade of this basal unit may more likely be in the 30-40% range.

Drill ready targets were defined in the Northern Iron prospect and several areas were identified which would warrant reconnaissance drilling.

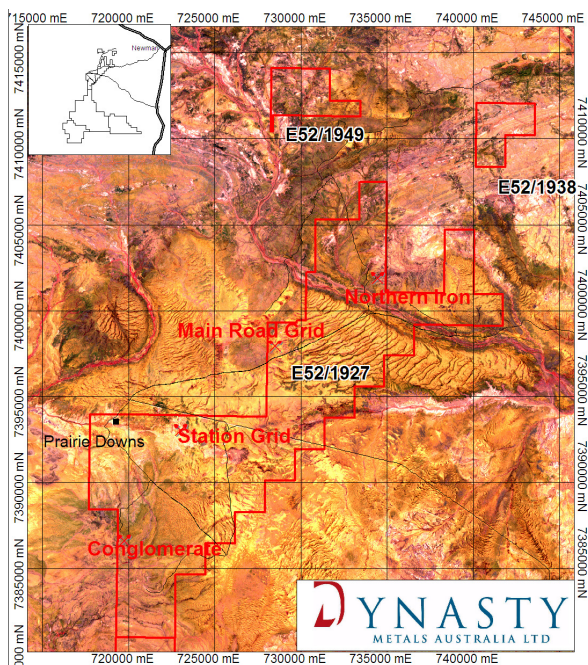


Figure 2 Tenement/ Prospect Location on ASTER imagery

The tenements examined during this phase of work were the large E52/1927 and the smaller E52/1938 and 1949 to the north of the main tenement. The tenements are non-contiguous and the ground between is held by BHPB under long standing lease arrangements which predate the current graticular system.

North East Iron Prospect

This prospect was identified from the 1:250000 geological map showing an Archaean ironstone unit partially within the E52/1927 tenement. Initial field evaluation identified a prospective BIF unit and the area is considered prospective for Bedded Iron Formation deposits. During these traverses several BIF units with strong magnetite and haematite content were encountered with up to 51.5% Fe returned. Float of strongly haematitic material which may represent a more recessive unit returned 67% Fe.

Ground magnetics delineated the unit and showed that they continue under cover to the west well into Dynasty tenements (figure 3). The target in this area would be a significant thickness of the enriched Haematitic unit with sufficient tonnage of DSO grade.

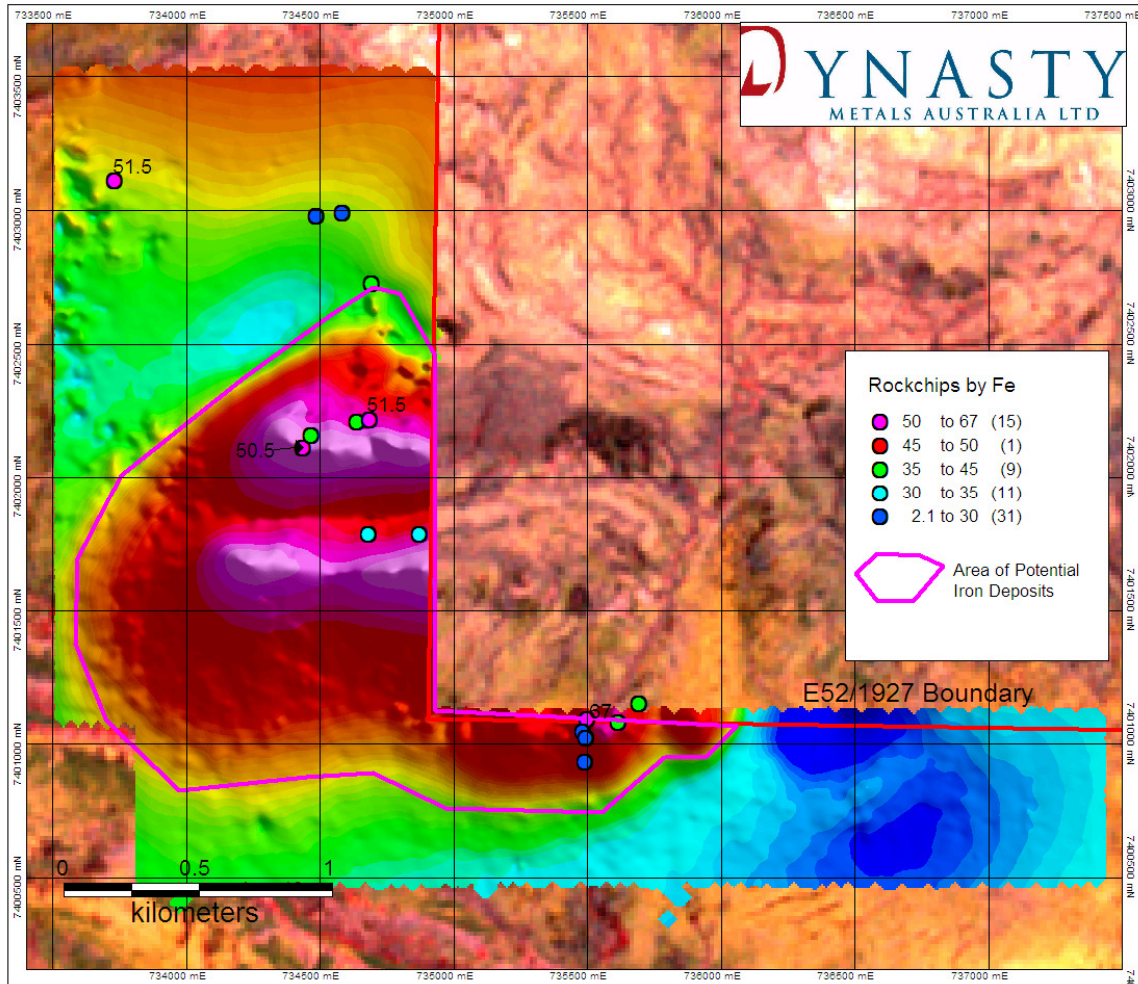


Figure 3 - RTP Ground Magnetics with rock chip sampling overlain on the ASTER imagery



A zone of low grade Channel Iron Deposit (CID) was encountered in one of the gullies (see Plate 1). The Fe content of this particular unit was not of economic grade but there is significant potential for a high grade, large tonnage CID resource across much of the northern section of tenement E52/1927 and E52/1949.

Conglomerate Iron Prospect

Field work completed in August identified the basal conglomerate of the Bangemall Basin sediments as a potential iron rich deposit. These Conglomerates were dominated by Banded Iron formation and chert clasts within a silica haematite matrix. The clasts were mostly in the 10-20cm range and there appeared to potentially be some secondary iron enrichment either as a Surficial effect or similar to the alteration of Banded Iron Formation to Bedded Iron Formation with the replacement of siliceous material with haematite. Four samples were taken from the outcrop returning 48.5 % Fe and 62.9% Iron from the BIF dominant conglomerates and 20.8% Fe and 36.9% Fe from the more Chert rich.

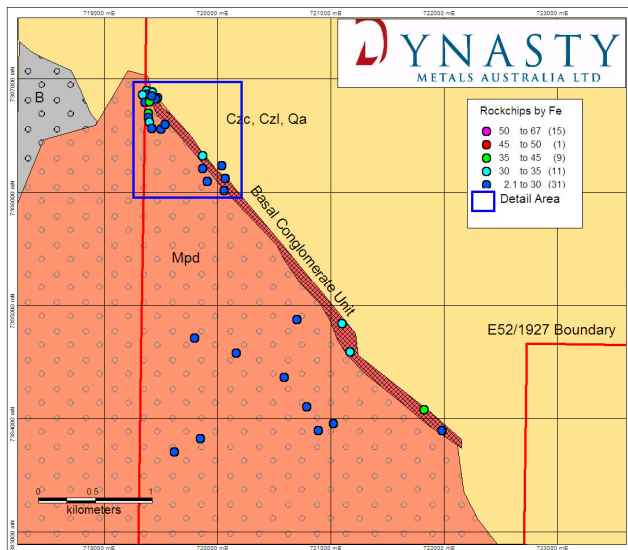


Figure 4 Conglomerate Project Geology and sampling - basal conglomerate unit crosshatched

This phase of work consisted of several traverses from the edge of the Basin to the south to ascertain the extent of the more iron rich zones. A total of 34 rockchips were collected by taking a representative channel sample across each outcrop attempting to get a sample in proportion to the BIF and chert clasts and the matrix. The ratio of BIF clasts to Chert clasts was found to vary from 90:10 to 20:80 across the formation with the basal unit having the stronger ratios averaging around 50:50. The matrix of the conglomerate was also seen to have variable iron content with the most haematitic coming from the basal unit. Overall the unit strikes east west and dips to the south at around 20 degrees. The edge of the basin

appears to be controlled partly by the Prairie Downs fault and this may be controlling the haematite content in the matrix.

Table 1 Conglomerate Best Geochem results

| Sample | Amg_E | Amg_N | Fe | P | SiO2 | Al2O3 | K2O | LOI |
|---------|--------|---------|------|-------|------|-------|-------|-------|
| 3010620 | 719508 | 7386944 | 62.6 | 0.031 | 7.77 | 1.84 | 0.05 | 0.63 |
| 3010618 | 719509 | 7387019 | 48.5 | 0.06 | 29.9 | 0.38 | 0.01 | 0.1 |
| 3010647 | 719410 | 7386847 | 40.3 | 0.022 | 40.6 | 0.83 | 0.066 | 0.45 |
| 3010666 | 721828 | 7384083 | 37.7 | 0.035 | 44.7 | 0.57 | 0.025 | 0.46 |
| 3010619 | 719505 | 7387019 | 36.9 | 0.034 | 46.5 | 0.45 | 0.01 | <0.08 |
| 3010651 | 719397 | 7386702 | 36.2 | 0.091 | 46.5 | 0.57 | 0.039 | 0.59 |
| 3010668 | 721176 | 7384592 | 34.4 | 0.047 | 50.3 | 0.28 | 0.023 | 0.05 |
| 3010649 | 719342 | 7386865 | 34.2 | 0.038 | 49 | 0.7 | 0.093 | 0.63 |

Marra Mamba formation sampling

The old and pre-existing BHPB tenements in the area cover the main zones of this highly prospective stratigraphy. Geological examination of these outcrops and sampling indicated the high grade nature of this unit with much of the material returning over 60% Fe consistently supported by the following results.

Table 2 Marra Mamba results from within Dynasty Ground

| Sample | Amg_E | Amg_N | Fe | P | SiO2 | Al2O3 | K2O | LOI |
|---------|--------|---------|------|-------|------|-------|-------|------|
| 3010630 | 730143 | 7404650 | 59.9 | 0.053 | 8.07 | 1.16 | 0.004 | 4.57 |
| 3010678 | 728308 | 7398900 | 59.7 | 0.151 | 2.86 | 1.19 | 0.042 | 9.47 |



Plate 2 - Typical Basal conglomerate with around 60% BIF clasts -38.5% Fe

Terra Search concluded that the presence of such extensive zones of high grade (60%+ Fe) source material along the north western edge of the tenement is highly encouraging for the potential of a significant CID in the area. The current drainage pattern drains from west to east and the presence of low grade CID draining the Northern Iron Prospect indicates that the formation of these units could be widespread. Tertiary or more recent paleochannels may have acted as effective traps for the weathered portions of the Marra

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Mamba and other iron formations and either pisolite rich or conglomeratic accumulations may occur.

The iron potential of the Prairie downs tenements has been significantly enhanced by this phase of work.

The northern iron prospect returned surface results of 50%+ Fe in outcrop and 67% Iron in float. The magnetics indicate the target is of a significant size and is worthy of follow up. The high grade Marra Mamba formation to the west of the project would be a good source (through weathering and transportation) of potential CID throughout the northern portion of E52/1927. This area would be the best target for a very large high grade Iron deposit in the project area. Extensions of this zone under cover in the Dynasty tenements has not been confirmed by the work to date, and there is still some potential for this to occur.

The Conglomerate Prospect was found to have good continuity and potential for significant tonnes, but at a lower grade where beneficiation would be required to make the prospect economic. This would be a lower priority target compared to the above.

By order of the Board:

Malcolm Carson

Technical Director

For further information please contact either Messrs:

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Qualifying statement

Malcolm Carson has compiled the information in this report from information supplied by Dynasty Metals Australia Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results. Mr Carson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.