DYNASTY METALS AUSTRALIA LTD

QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 30 JUNE 2009

This quarterly report is dated 31 July 2009 and is for the three months ending 30 June 2009.

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

HIGHLIGHTS

- At Warramboo, fieldwork completed with the results reported during the quarter and drill targets defined in preparation for a program in the September quarter. Native Title clearances obtained, Government approvals being sought.
- At Prairie Downs, fieldwork completed with the results reported during the quarter and drill targets defined in preparation for a program in September quarter. Native Title clearances obtained, Government approvals being sought. Landholdings increased with new applications.
- The Tiaro Joint Venture drilling program completed and results reported by Tiaro Coal showing presence of coal seams some with metallurgical coal characteristics.
- Discussions with various parties on potential joint ventures on Dynasty's coal, gold and uranium tenements progressed.
- Rebecca revised offer to invest by way of farm-in to iron ore properties was rejected as not in the best interests of shareholders, reported 1st July 2009.
- Placement to professional investors raising $830,000 completed on the 13th July 2009.

CORPORATE

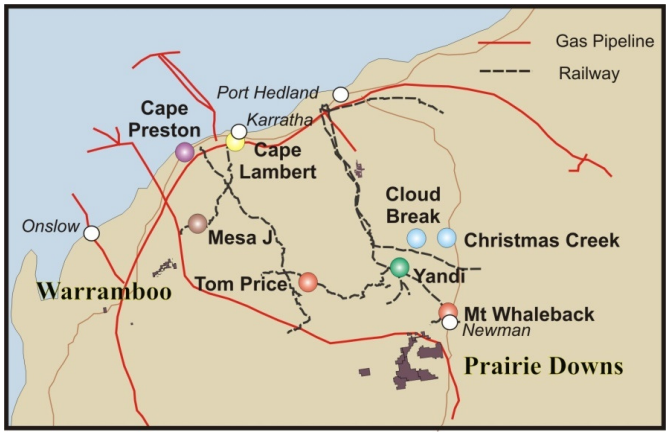
Cash Position at 30 June 2009: $2,958,000

Capital Structure

Quoted shares: 63,931,312

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 – IRON ORE PROJECTS



Dynasty has two strategically located iron ore projects, Warramboo in the Western Pilbara 80km east of Onslow and south west of Robe River's Mesa J project and Prairie Downs to the south west of Mt Newman and BHBP's Mt Whaleback mine as shown in **Figure 1**.

Figure 1 – Location of Dynasty's Prairie Downs and Warramboo Iron Ore Projects

Level 7, 175 Macquarie Street
Sydney NSW 2000 Australia

Telephone +61 2 9229 2702
www.dynastymetals.com.au

Key points Pilbara iron ore exploration during quarter:

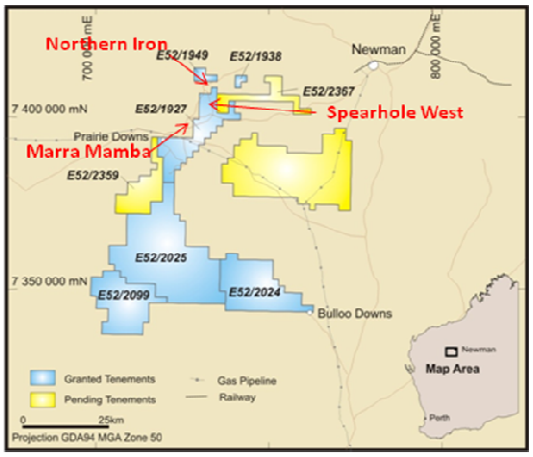
- *Field work and surface rock chip sampling has confirmed geological concepts and identified high grade haematite and CID's up to 64.99% Fe and 58.84% Fe respectively,*
- *Strategy to focus on iron ore has been reaffirmed by keen interest from Chinese investors and clarification of access to port and rail infrastructure issues.*
- *Field work in preparation for drilling at Warramboo and Prairie Downs has supported geological concepts, confirming the potential presence of substantial channel iron and haematite iron mineralisation, for example:*

  Warramboo – results show presence of commercial grade CID's covering in the Snakewood Prospect.

  Prairie Downs – results show presence of commercial grade CID's and Marra Mamba formation in the Northern Iron Prospect and the Marra Mamba Prospect covering an area respectively.
- *Dynasty is preparing to commence drilling Warramboo and Prairie Downs in August/September.*
- *Native title and government approvals to commence drilling being finalised.*

EXPLORATION – IRON ORE – PRAIRIE DOWNS PROJECT

The Prairie Downs granted tenements and tenements under application cover ~2,329km^2. The northern tenements are situated 30km south west of the township of Newman and the Mt Whaleback iron ore mine.



During the period, the work on the Northern tenements E52/1927 completed the identification of drilling targets through geological mapping, geophysical surveys and rock chip sampling. Selected Rock chip sample results presented in **Table 1 to 3** and a complete set of results in **Table 5.**in the attachments.

Figure 2 - Prairie Downs granted tenements and tenements under application showing priority target areas

Four targets have been identified for the September quarter first phase drilling and illustrated in Figure 3.

Native title clearances obtained, Program of Works submitted to Government for approval and new applications were lodged during the period, shown in yellow in Figure 2.

The two northern areas (Northern Channel Iron Prospect and Spearhole West Prospect) represent channel iron targets which are to be drill tested. The Northern Channel Iron Prospect target is outcropping Tertiary pisolite. The Spearhole West Prospect has been defined from geophysical and satellite image interpretation.

There are two haematite targets represented by the Marra Mamba Prospect, comprising outcropping Marra Mamba formation and the Marra Mamba South Prospect by a magnetic anomaly adjacent to an east west trending fault in a logical position for faulted and offset Marra Mamba Formation up dip from the outcrop, see **Figure 3** below.

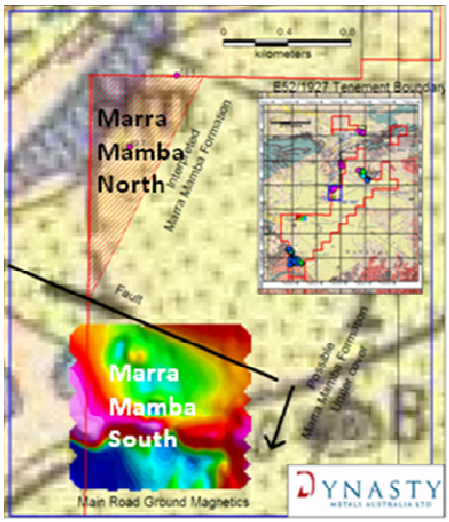
Marra Mamba Prospect

A detailed geological mapping and sampling program was carried out over an area of 1.5km^2 in the North West of the prospect and rock chip samples were taken at 50 meter intervals over any outcropping units. Samples taken over an area of 700m by 500m in the Marra Mamba unit in the North West, returned grades between up to 64.99% Fe, see **Table 1** and **Table 5** in the attachments.

Table 1 - Selected Rock Chip results Marra Mamba Prospect

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI
3004747	728404	7399060	60.63	3.87	1.75	0.069	7.45
3004748	728241	7399060	60.40	6.12	2.00	0.033	5.06
3004749	728206	7398937	60.92	3.46	1.47	0.059	7.76
3004750	728253	7398946	64.99	2.58	0.72	0.048	3.02
3004754	728202	7398868	60.11	7.78	1.65	0.021	4.46

Marra Mamba South Prospect:



A ground magnetic survey was also carried out at 3km by 50m spacing over an area spanning 12.15km^2 which identified a number of prospective rock units below alluvial cover and representing future drill targets in the south of the area surveyed, see **Figure 3**.

Figure 3 - location of Marra Mamba South magnetic anomaly to be drill tested which may represent offset and buried Marra Mamba Formation.

Spearhole West Channel Iron Prospect

A ground magnetic survey was positioned over the most prospective areas in the west of Spearhole Bore. The survey identified a number of potential Channel Iron deposits to the south of the area covered and one to the north. It also identified some possible detrital iron in the central west of the surveyed ground.

A ground radiometric survey was positioned over the Spearhole West prospect on north-south oriented lines 50m apart over an area of 5.4 km^2. The geophysics identified two channel iron channels occurrences which warrant drill testing.

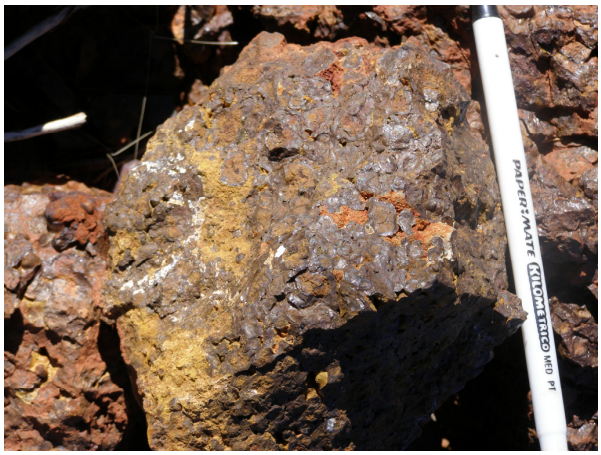
Geological traverses across this area found limited outcrop. There was some float of CID found in the area which returned 58% Fe (3004742) but the origin of this material is not known. Another sample of strongly Heamatitic material in subcrop returned over 60% Fe (3004741) and this may represent a detrital iron deposit or a faulted block of Hamersley Iron Formation.

Table 2 - Selected rock chip results Spearhole West Channel Prospect

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI
3004740	731254	7403972	60.22	4.95	2.44	0.011	5.12
3004741	731994	7402735	60.98	3.36	0.87	0.009	6.82
3004742	731970	7402715	58.77	4.68	3.23	0.028	7.15

Northern Channel Iron Prospect

A number of prospective areas were identified using a regional Aster map. These areas were the main focus of the field mapping carried out. This prospect was followed up from CID float in one of the creeks.



The creek was followed up to an area of potential CID found in the ASTER. Mapping traverses were designed to ascertain the extent of the more iron rich zones and a number of samples were taken (see Figure 4) and results presented in Table 3.

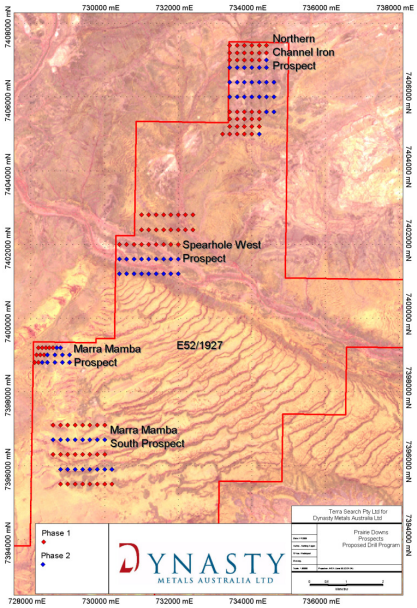
Figure 4 – rock fragment Tertiary CID

Tertiary Channel Iron was identified in outcrop and extended sub-crop over a consistent area of 300m by 150m. Further sub-crop of CID was also found some 2km north and also to the west of this zone. Rock chip samples returned grades of between 43.82% and 58.84% Fe (see **Table 3**).

Table 3 - Selected Rock-chips Northern Channel Iron Prospect

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI
3004736	733830	7405233	58.55	6.44	2.30	0.060	7.02
3004737	733865	7405374	47.79	8.36	9.15	0.027	13.01
3004738	733846	7405535	43.82	12.58	12.00	0.017	11.41
3004739	733246	7405535	58.84	4.54	5.00	0.027	4.55
3004781	733572	7405150	53.80	9.98	1.48	0.218	10.30
3004782	733767	7405029	40.90	18.00	9.16	0.027	10.55

The work completed during this phase of work has significantly enhanced the prospectivity of the Prairie Downs tenements and the scope to identify commercial quantities of direct shipping ore in channel iron deposits and Marra Mamba deposits.



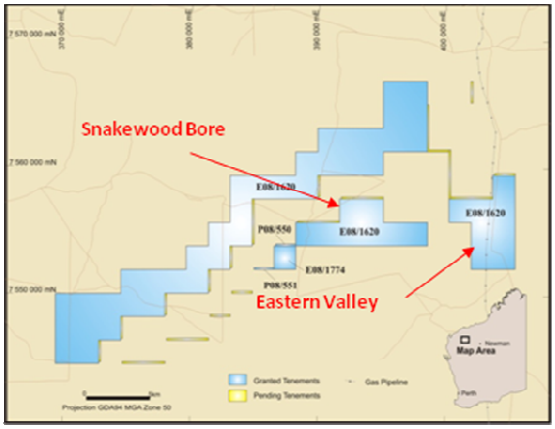
Dynasty has prepared a drilling program and is seeking final approvals with the aim to evaluate the targets shown in **Figure 5** with the following objectives:

- Thickness and grade of the Marra Mamba Formation
- Identify any southern extension of the Marra Mamba
- Identify the extent, thickness and grade of channel iron deposit in the Northern area
- Evaluate the most promising areas of potential buried channel iron deposit and detrital iron deposits from the geophysical surveys and geological mapping

Figure 5 – Prairie Downs drill targets and sites

EXPLORATION – IRON ORE – WARRAMBOO PROJECT

Dynasty holds tenements covering channel iron outcrop in the western Pilbara 80km west of Onslow. Recent field work has identified two targets for drill testing and referred to as Snakewood Bore and Eastern Valley Prospects, see **Figure 6**.



Recent field work comprising mapping, sampling and a ground radiometric surveys, was completed during May 2009 by Dynasty's consultants Terra Search. The main target was Iron mineralisation of Channel Iron Deposit type (CID).

Figure 6 – Location Snakewood Bore and Eastern Valley Prospects

Field work confirmed the presence of Tertiary channels in the Snakewood Bore Prospect and rock chip results produced iron mineralisation consistent with grades required for commercial deposits (see selected results in **Table 4** and full set of results in Table 6 in the attachments).

Table 4 - selected rock chip results - Warramboo

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI
3004704	393232	7556716	54.37	7.15	3.48	0.014	11.36
3004705	392781	7556337	53.30	10.67	3.22	0.022	9.92
3004707	392782	7556657	53.18	8.44	3.09	0.011	11.54
3004709	393004	7557353	50.94	12.49	3.10	0.035	10.92
3004713	389618	7555154	56.50	5.52	2.91	0.045	10.98
3010692	389243	7555024	56.25	4.53	1.69	0.038	12.62
3010693	389242	7555390	50.84	11.69	3.01	0.104	11.27
3010697	393981	7557537	53.01	7.78	3.61	0.019	11.78
3010698	393734	7557562	51.64	10.11	3.58	0.014	11.47
3010699	393520	7557548	52.27	9.39	2.87	0.032	12.14

Two areas were investigated within the eastern blocks of E08/1620 and referred to as the Snakewood and Eastern Valley Prospects were investigated.

The ground radiometric survey was completed over the Snakewood prospect totalling 165 line km. Mapping within the Snakewood prospect confirmed the presence of the interpreted Tertiary Paleochannel which from field observations and interpretation of Aster images, appears to have an aerial extent of greater than 3 km^2.

Mapping was also carried out on the Eastern Valley prospect and channel iron deposits were observed there is considered to be potential for channel iron deposits over an area of 8km^2 under alluvials. Rock chip samples (see **Table 4** above) show the presence of commercial grades of iron mineralisation in these deposits. The company is preparing to drill specific targets in the Snakewood Prospect and to undertake reconnaissance drilling in the Eastern Valley Prospect in the September quarter.

Drill targets were identified through geological mapping, rock chip sampling and radiometric surveys.

An example of radiometric imaging results and interpretation is presented in **Figure 7**.

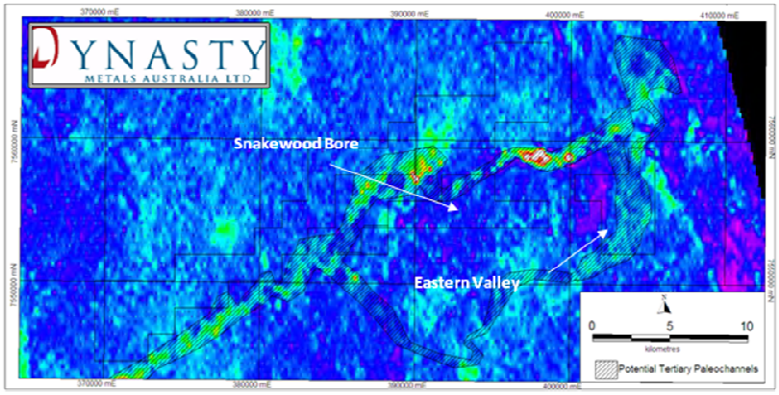


Figure 7 – Radiometric image and location of Snakewood Bore and Eastern Valley interpreted paloechannels

EXPLORATION – COAL – MARYBOROUGH REGION QUEENSLAND

Dynasty has a 15% interest in the Tiaro Coal Joint Venture tenements EPC956 and EPC957. These tenements cover 516km^2 in the Maryborough Basin, SE Queensland see **Figure 8**.

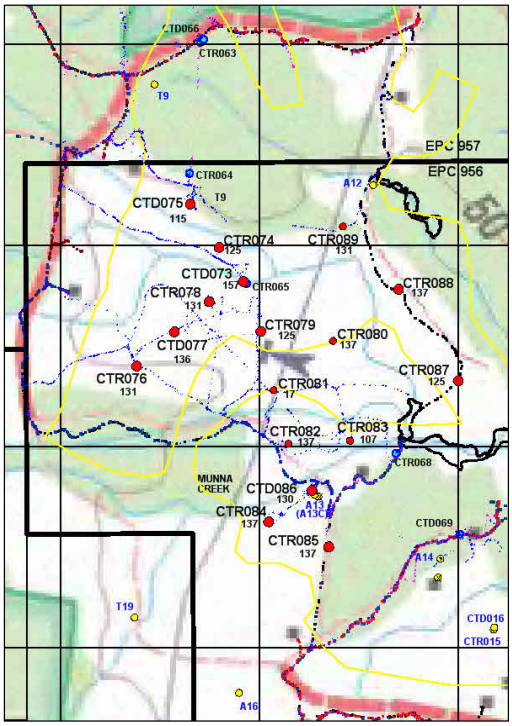


Figure 9 – recent drill sites in EPC956, marked red

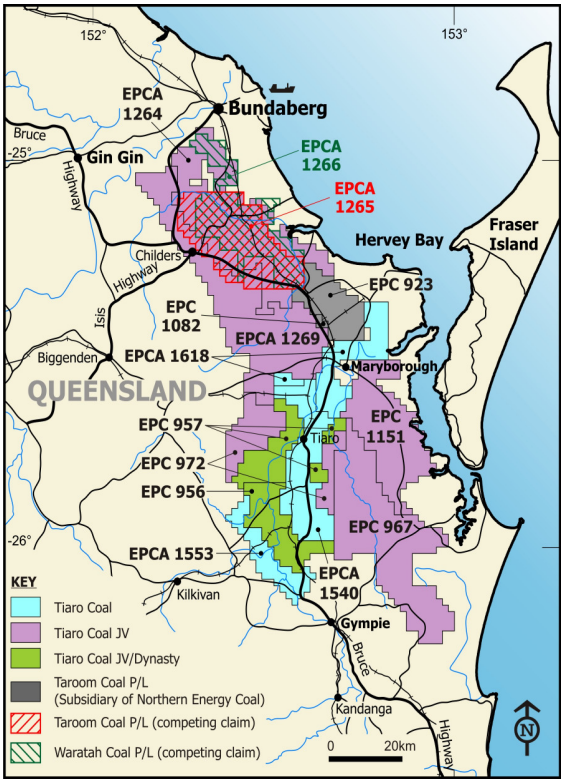


Figure 8 – Location EPC956 and EPC957

A drilling program designed to test the thickness and continuity of coal seams was completed during the quarter, see **Figure 9**. Coal was intersected in all holes drilled in the program.

However, the thickness and quality of the coal bands is quite variable based on the initial assessment of geological and geophysical logging. At least 10 of the holes show one or more good coal intervals at least 1 to 2m or more thick. Several holes indicate thick coal intervals at shallow depth, and may represent the oxidised component of shallow seams of economic interest.

Assessment of all drilling results, surface mapping data, and coal quality analyses (when available) is being undertaken, in order to interpret the depositional and structural environment of the coal deposits, and to determine possible seam correlations and continuity.

A total of 115 samples were selected for laboratory analyses from both core and RC samples collected from all holes. These comprise:

- An initial batch of 30 samples (27 core, 3 RC) from CTD073 and CTR074 (see comments below).

- A final batch of 85 samples (44 core and 41 RC) from holes CTD075 to CTR089 are undergoing raw coal analyses with additional testing to be confirmed when initial raw coal results from these holes are received.

The initial coal quality results received from holes CTD 073 and CTR 074 indicate the following results:

- Confirmation of high CSN (6.5 or greater) indicating coking coal potential over a broader area (Munna Creek to T9).

- One coal interval in particular (31.35-32.46 in CTD073) gave the best raw coal results yet received, with raw ash below 20%.

- Other coal intervals in this hole had higher raw ash, and yields of only about 30% for 10% ash, but still with CSNs of about 8. Initial indications from the T9 area are that at least one seam of very good quality occurs, interspersed with several seams of moderate quality.

ENDS

Malcolm Carson

Technical Director

For further information please contact either Messrs:

Malcolm Carson (Technical Director) on 0417692849

Lewis Tay (Executive Director) on 0433166818

Richard Oh (Chairman) on 0411697249

Qualifying statement

Malcolm Carson has compiled the information in this report from information supplied by Dynasty Metals 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.

Table 5 – rock chip sample results – Prairie Downs (all results) (E52/1927)

Sample ID	East	North	Fe	SiO_2	Al_2O_3	P	LOI	Lithology
3004736	733830	7405233	58.55	6.44	2.30	0.060	7.02	PIST
3004737	733865	7405374	47.79	8.36	9.15	0.027	13.01	PIST
3004738	733846	7405535	43.82	12.58	12.00	0.017	11.41	PIST
3004739	733246	7405535	58.84	4.54	5.00	0.027	4.55	SDST
3004740	731254	7403972	60.22	4.95	2.44	0.011	5.12	SDST
3004741	731994	7402735	60.98	3.36	0.87	0.009	6.82	CHRT
3004742	731970	7402715	58.77	4.68	3.23	0.028	7.15	FEST
3004743	728520	7399335	60.25	3.08	1.99	0.050	8.63	FEST
3004744	728543	7399250	48.88	15.32	3.17	0.087	10.58	FEST
3004745	728215	7399150	55.48	7.66	3.13	0.041	3.50	FEST
3004746	728344	7399140	56.05	7.84	1.52	0.057	9.60	FEST
3004747	728404	7399060	60.63	3.87	1.75	0.069	7.45	FEST
3004748	728241	7399060	60.40	6.12	2.00	0.033	5.06	FEST
3004749	728206	7398937	60.92	3.46	1.47	0.059	7.76	FEST
3004750	728253	7398946	64.99	2.58	0.72	0.048	3.02	FEST
3004751	728318	7398949	44.02	29.53	1.93	0.046	5.38	FEST
3004752	728353	7398864	59.67	2.94	0.99	0.073	9.85	FEST
3004753	728267	7398858	57.85	5.88	1.25	0.064	9.35	FEST
3004754	728202	7398868	60.11	7.78	1.65	0.021	4.46	FEST
3004755	728284	7398769	60.10	1.95	1.03	0.085	10.68	FEST
3004756	728472	7398745	59.43	2.76	1.02	0.109	10.35	FEST
3004757	728462	7398650	59.69	3.16	1.57	0.102	9.42	FEST
3004758	728427	7398650	26.29	56.67	0.81	0.056	4.22	FEST
3004759	728775	7398150	58.48	5.03	1.66	0.062	8.72	CHRT
3004760	728771	7398104	2.15	96.08	0.26	0.060	0.11	CHRT
3004761	728243	7397746	32.60	52.68	0.20	0.033	0.49	CHRT
3004762	728357	7397640	8.65	86.19	0.20	0.051	0.59	CHRT
3004763	728169	7397542	36.13	46.59	0.53	0.078	0.54	CHRT
3004764	728229	7397551	20.80	69.01	0.61	0.045	0.88	CHRT
3004765	728333	7397553	18.38	72.12	0.49	0.080	1.11	CHRT
3004766	728395	7397550	2.75	95.61	0.33	0.102	0.17	CHRT
3004767	728716	7397550	4.79	85.32	5.03	0.050	1.78	SDST
3004768	728348	7397438	5.06	90.27	1.28	0.057	0.53	CHRT
3004769	728230	7397468	25.62	62.91	0.45	0.045	0.25	CHRT
3004770	728347	7397355	22.02	67.50	0.50	0.049	0.45	CHRT
3004771	733290	7408487	57.71	4.39	2.57	0.040	10.37	FEST
3004772	733327	7408425	38.19	32.97	2.99	0.038	8.77	FEST
3004773	733309	7408260	4.39	91.97	0.40	0.097	0.85	CHRT
3004774	733447	7407527	19.85	66.54	0.27	0.045	3.72	CHRT
3004775	733691	7407010	47.57	16.20	4.52	0.033	9.89	PIST
3004776	733929	7407030	57.66	6.22	3.26	0.012	7.04	PIST
3004777	734330	7407550	51.28	7.60	5.13	0.022	11.91	PIST
3004778	734017	7407590	58.69	8.49	1.70	0.015	4.50	PIST
3004779	732638	7404773	48.08	9.38	8.37	0.042	11.94	CHRT
3004780	733040	7404783	47.61	5.07	5.11	0.064	6.53	PIST
3004781	733572	7405150	53.80	9.98	1.48	0.218	10.30	PIST
3004782	733767	7405029	40.90	18.00	9.16	0.027	10.55	PIST
3004783	734782	7405371	51.11	11.69	2.73	0.308	11.14	PIST

Table 6 –rock chip sample results – Warramboo all results (E08/1620)

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI	Lith
3004701	393904	7556591	19.26	56.28	9.09	0.051	5.37	Tp
3004702	393904	7557190	30.04	38.03	10.73	0.027	6.81	Tp
3004703	393502	7556900	33.13	40.86	2.72	0.030	7.87	Tp
3004704	393232	7556716	54.37	7.15	3.48	0.014	11.36	Tp
3004705	392781	7556337	53.30	10.67	3.22	0.022	9.92	Tp
3004706	392725	7555793	32.42	37.42	7.34	0.025	8.21	SDST
3004707	392782	7556657	53.18	8.44	3.09	0.011	11.54	Tp
3004708	392766	7557243	35.63	37.46	2.43	0.033	8.52	Tp
3004709	393004	7557353	50.94	12.49	3.10	0.035	10.92	Tp
3004710	389608	7555267	41.30	27.29	1.45	0.080	9.87	Tp
3004711	389729	7555402	48.77	17.72	1.92	0.055	9.51	Tp
3004712	389533	7555185	45.64	22.75	1.95	0.046	9.84	Tp
3004713	389618	7555154	56.50	5.52	2.91	0.045	10.98	Tp
3004714	389697	7555194	41.20	26.30	4.19	0.043	9.59	Tp
3004715	391700	7555790	40.79	27.46	3.35	0.029	9.44	Tp
3004716	391757	7555878	36.32	38.35	1.19	0.033	7.68	Tp
3004717	391633	7555837	49.28	16.35	2.82	0.025	10.44	Tp
3004718	391565	7555720	44.56	23.19	2.79	0.025	10.00	Tp
3004719	391522	7555835	49.72	8.57	8.60	0.025	11.77	Tp
3004720	391670	7556007	37.83	30.28	4.53	0.029	9.21	Tp
3004721	391790	7556099	37.75	34.61	2.08	0.023	8.55	Tp
3004722	391802	7556235	32.78	38.66	6.08	0.029	6.91	Tp
3004723	391702	7556319	37.03	26.96	10.13	0.023	8.81	Tp
3004724	391432	7555728	48.88	15.98	2.65	0.017	10.41	Tp
3004725	391209	7555566	38.75	31.62	2.24	0.019	9.16	Tp
3004726	391227	7555295	47.05	17.47	3.64	0.023	10.82	Tp
3004727	391119	7555187	38.38	32.82	2.17	0.030	8.91	Tp
3004728	391050	7555338	34.52	38.68	3.00	0.028	7.74	Tp
3004729	391101	7555472	38.76	32.59	2.11	0.026	8.58	Tp
3004730	390730	7555314	48.42	17.55	2.09	0.017	10.02	Tp
3004731	390301	7555698	44.79	22.20	2.64	0.023	10.37	Tp
3004732	390233	7555717	44.68	23.01	2.22	0.034	9.51	Tp
3004733	389600	7555103	46.47	18.84	3.35	0.064	10.95	Tp
3004734	389242	7555386	45.53	21.99	1.79	0.051	9.92	Tp
3004735	394870	7556889	6.13	84.90	2.76	0.052	1.86	SDST
3010691	389210	7555227	42.88	21.01	1.92	0.059	11.56	CID
3010692	389243	7555024	56.25	4.53	1.69	0.038	12.62	CID
3010693	389242	7555390	50.84	11.69	3.01	0.104	11.27	CID
3010694	389053	7555596	46.70	20.33	2.72	0.050	9.74	CID
3010695	394346	7557564	38.08	32.03	3.29	0.029	9.38	Tp
3010696	394078	7557499	46.96	16.54	4.55	0.016	10.33	Tp
3010697	393981	7557537	53.01	7.78	3.61	0.019	11.78	Tp
3010698	393734	7557562	51.64	10.11	3.58	0.014	11.47	Tp
3010699	393520	7557548	52.27	9.39	2.87	0.032	12.14	Tp
3010700	393608	7557405	35.72	36.48	2.39	0.029	8.50	Tp