



ANNUAL REPORT 2009

CORPORATE DIRECTORY

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CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to report that the re-focusing of the Company's activities during the financial year is generating positive results and shareholder value. Your Company is now focused on the exploration of its extensive iron ore tenement portfolio in the Pilbara, Western Australia. The Pilbara tenements are highly prospective, underexplored and close to major iron ore mines and infrastructure.

Iron ore drill program: Reconnaissance and planning work during the 2008-09 financial year was followed-up with drilling programs between August and early October 2009 that are still in progress at the time of writing. These iron ore drill-targets were generated by our technical team and consultants and your board approved an exploration program which was largely funded by a placement to new investors.

Drilling of these targets has discovered evidence of substantial tonnages of hematite iron mineralisation in both hard rock layers of iron formations and in large "paleochannel deposits". Paleochannels are ancient drainage channels that have become filled with detrital fragments, and in places where these fragments are predominantly iron ore, large iron deposits can be found.

Commercial and corporate developments: During the year, directors worked with potential Chinese investors and joint venture partners, some of whom chose to participate in the July 2009 placement. The placement has been successful because it allowed the Company to fund the first stage of iron ore exploration in the Pilbara and this increased iron ore activity has been accompanied by an increase in the Company's share price. At the appropriate time, we remain interested in forming strategic alliances with parties that can accelerate the commercialisation of the Company's discoveries in a way that significantly enhances shareholder value even further.

Focus is iron-ore farm-out others: In addition to its significant iron ore holdings, your Company has a broad tenement portfolio in Western Australia, the Northern Territory and Victoria covering commodities which include, coal, coal seam gas, gold, base metals and uranium. My view is that it is not in the best interests of shareholders of emerging resource companies to be too diversified as it places significant financial, administration and technical stress on both management and the Board. Diversification can also discourage or confuse prospective investors. At this time in its history, Dynasty's focus must be clear in its purpose which is to add value for shareholders by progressing our iron ore holdings. Therefore, your Company is pursuing joint ventures or similar agreements on non-core, non-iron ore tenements so as to secure third party funding on which can unlock residual value whilst still retaining upside by way of a direct minority interest in the non-core assets.

The rationalisation of the tenement portfolio will allow management and the Board to review new iron ore opportunities. In this regard, your Company is considering several opportunities that may represent a logical fit with the current iron ore tenement portfolio or otherwise enhance Dynasty's iron ore asset base.

Outlook: we enter the 2009-10 financial year with a sense of optimism and an expectation of continued good results and subsequent definition of resources on your Company's iron ore tenements in the Pilbara.

On behalf of the Board and shareholders, I thank the Dynasty management and technical team for their professionally astute work and enthusiasm which have made the Company's projects increasingly valuable. A special thanks is due to our past Chairman, Richard Oh who began the refocusing of the business plan last year and who has kindly agreed to remain a Non-executive Director. Most importantly we thank our shareholders for their ongoing support for the Company's activities.



Ian Levy
Chairman
Dynasty Metals Australia Ltd
30 September 2009

REVIEW OF OPERATIONS

PROJECT PORTFOLIO

Dynasty’s core exploration focus is iron ore in the Pilbara Western Australia. The balance of its exploration project portfolio and its non-core exploration projects cover coal, coal seam gas, base metals, gold and uranium.

General Location Dynasty’s Tenement Portfolio

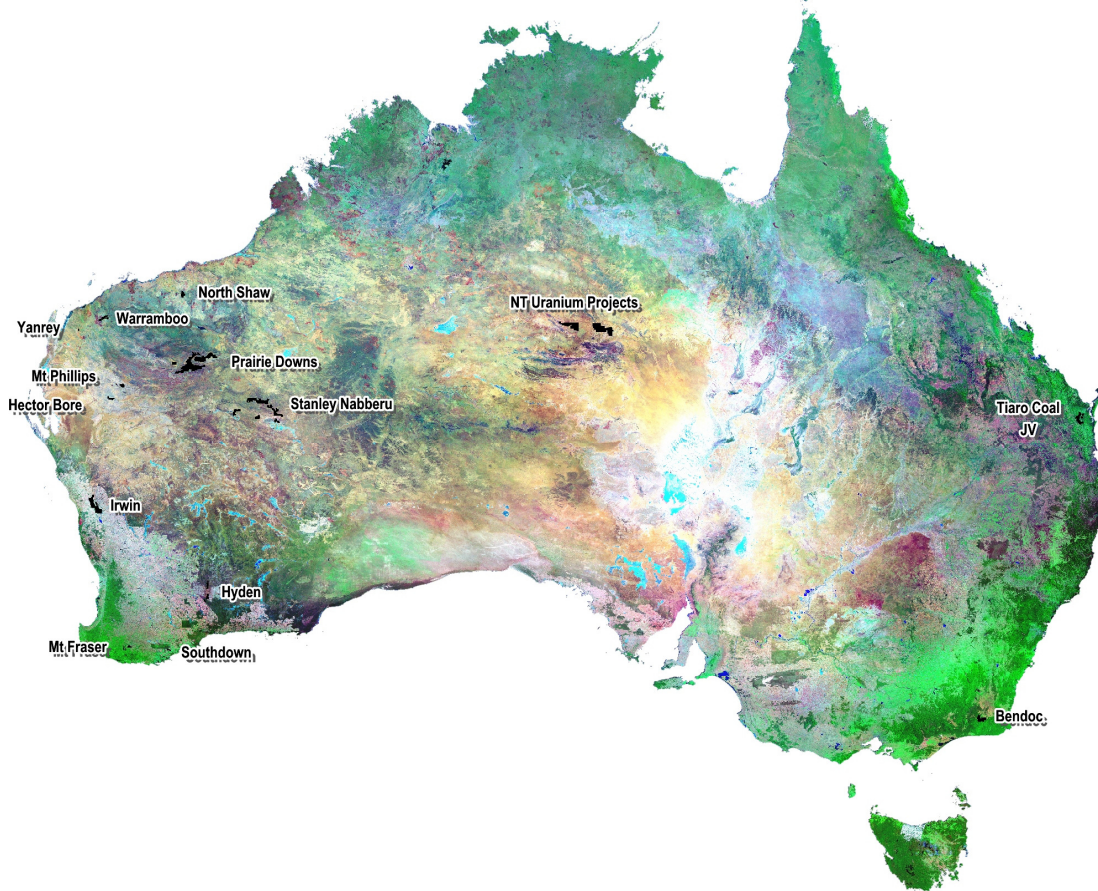


Figure 1 – Dynasty’s tenement locations - Australia

Iron Ore

During the 2008/2009 reporting period, in preparation for drilling, Dynasty completed reconnaissance exploration for iron ore and expanded its iron ore tenement holdings and tenements under application in the Pilbara region of Western Australia from 1,560km² to 4,143km².

Project	Location	Tenement Area	Target Commodity
WESTERN AUSTRALIA		Km ²	
Prairie Downs	East Pilbara	3,696	Iron, copper, base metals, uranium
Warrambo	West Pilbara	182	Iron
Abydos – Atlas JV	North Pilbara	189	Iron, gold, base metals
Mt Fraser	South West	45	Iron
Southdown	South West	31	Iron

Other Commodities

During the 2009 reporting period, Dynasty relinquished a number of tenements, secured a 15% direct equity in the Tiaro JV (Qld tenements EPC956 and 957) and applied for new areas in the Irwin River region of Western Australia. Dynasty's 'other commodity' tenement areas reduced from 10,562 km² to 8,933km² in the reporting period.

Project	Location	Tenement Area	Target Commodity
<u>WESTERN AUSTRALIA</u>			
		Km ²	
Irwin (EL's, ELA's & PEPA's)	Northern Perth Basin	2,381	Coal, coal seam gas
Hector Bore	Gascoyne	252	Uranium, Gold
Yanrey	Carnarvon Basin	456	Uranium
Stanley - Nabberu	Stanley-Nabberu Basin	1,965	Uranium
Mt Phillips	Gascoyne	340	Uranium
Hyden	Yilgarn	201	Gold, Nickel, Copper
Southern Cross	Yilgarn	8	Gold
<u>NORTHERN TERRITORY</u>			
Peaked Hill	Arunta	1,143	Uranium
Mt Weldon	Arunta	691	Uranium
Hanson River	Arunta	1,048	Uranium
Possum Creek	Arunta	47	Uranium
<u>VICTORIA</u>			
Bendoc	North Eastern Victoria	172	Gold
Bonang	North Eastern Victoria	229	Gold

IRON ORE

Key Points During Reporting Period

- Iron Ore emphasis on the Warramboos and Prairie Downs tenements, with the aim to define sufficient tonnage to support the development of a mine.
- Surface mapping and supporting geo-physics has confirmed geological concepts.
- Fieldwork confirms commercial grade iron mineralization and the presence of several drill targets with the potential for substantial tonnages.
- Rock chip sampling of surface out-crop has identified up to 64.99% FE high grade haematite in Bedded Iron Deposits and 58.84% FE in Channel Iron Deposits.
- \$830,000 raised to contribute to 8,000m drilling at Prairie Downs (5,000m) and Warramboos (3,000m).
- Drilling in the 2009/2010 reporting period designed to test the thickness and grade of the outcropping iron deposits, the distribution of iron mineralization and to drill beneath surface cover targeting possible hidden extensions of the deposits.
- Advanced discussions with Chinese Investors including several steel producers who could provide effective funding streams for the development of iron resources in these projects

Dynasty's principal iron ore projects located on granted tenements are **Prairie Downs** (40km south west of Mt Newman) and **Warramboos** (80km east of Onslow), see *Figure 2*.

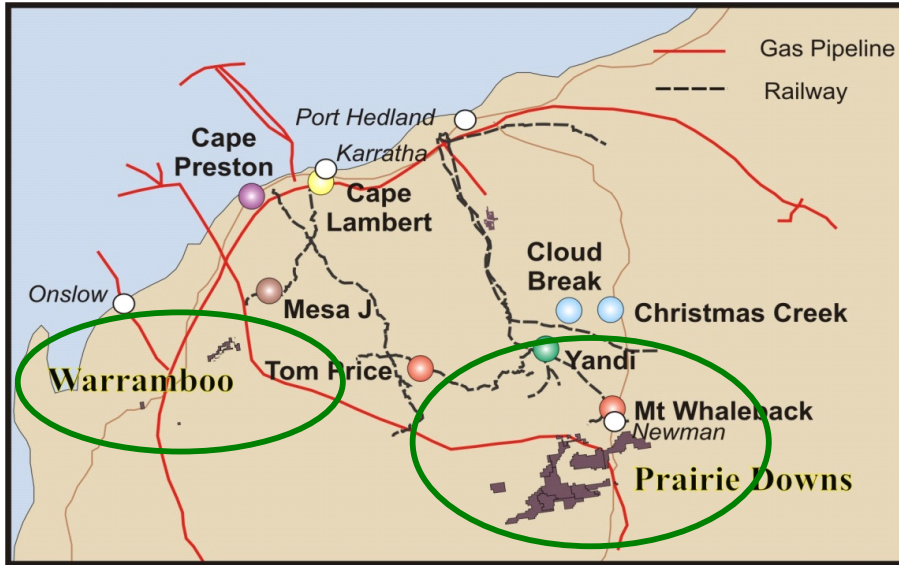


Figure 2 – location Dynasty’s key iron ore projects and infrastructure in the Pilbara Western Australia.

These projects are considered to have a high potential for the discovery of substantial deposits of iron ore.

Three styles of iron mineralization, currently being mined as Direct Shipping Ore (DSO), have been shown from exploration to occur on these tenements, namely; hard rock **Marra Mamba Formation, Channel Iron Deposits and Detrital Iron Deposits**, *surface examples of material from these deposits are illustrated in the Plates 1 and 2*. Two less common iron mineralized targets also exist on the tenements, namely; a vast Proterozoic conglomerate and an unnamed Archaen Banded Iron Formation.



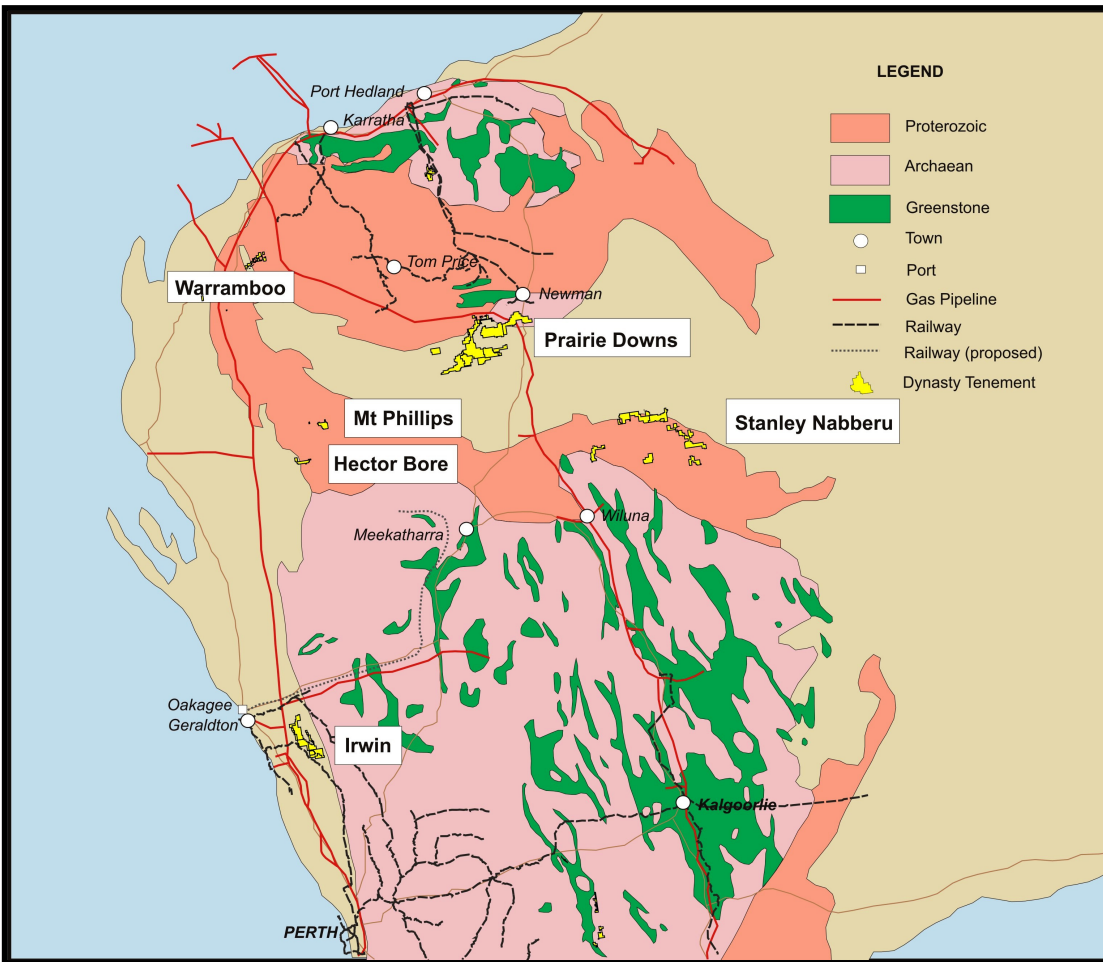
Plate 1 – Example, Marra Mamba Formation



Plate 2 – Example, Channel Iron Deposit

The strategic location of Dynasty’s Pilbara projects places them in close proximity to existing and planned operations in the Eastern Pilbara and Western Pilbara and gives them a high potential for early development following any exploration success, *see Figure 2A*.

Figure 2A – Location of Dynasty’s Western Australian Tenements and Regional Infrastructure



PRAIRIE DOWNS – IRON ORE PROJECT

Location

The Prairie Downs tenements cover an area of 3,696km² and are located on Prairie Downs Station and ~50km west of the rail head at Mt Newman (see Figure 2).

Geology

The geology of the area consists of the complex Hamersley formation which contains Brockman and Marra Mamba Iron Formations as well as an older unnamed iron formation. Brockman and Marra Mamba Iron Formations are mined at Mt Newman, Mt Whaleback, Mt Tom Price and Brockmans. **The Prairie Downs Fault**, a major regional structure, cuts the tenement in a north westerly direction and separates the Hamersley Formation from Bangemall Basin sediments, see Figure 4. These sediments have a coarse basal conglomerate consisting mainly of clasts of Hamersley iron formation rocks, or their equivalent. The broad stratigraphic relationship between the key lithological groups is illustrated in Figure 5.

Iron, gold and copper mineralisation are present in the region.

Figure 4 – Tenements, Regional Geology

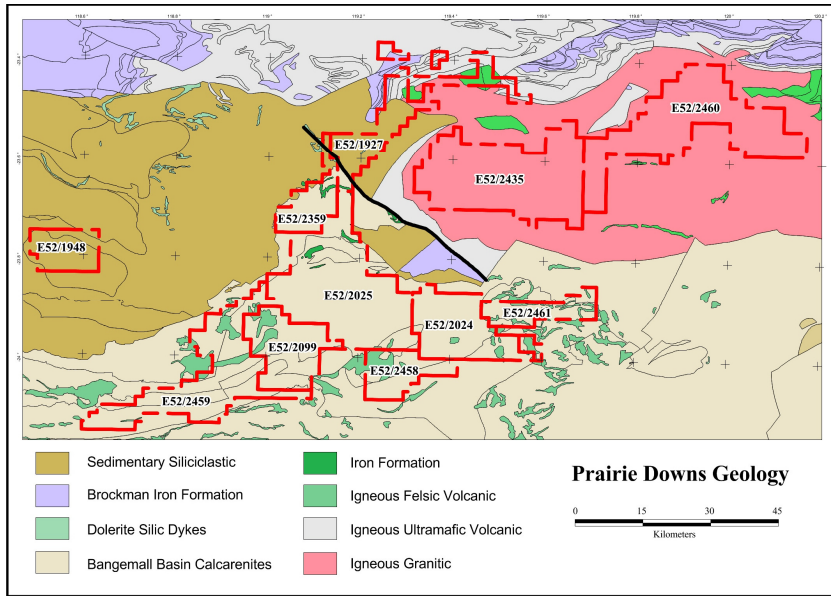


Figure 5 - Stratigraphy

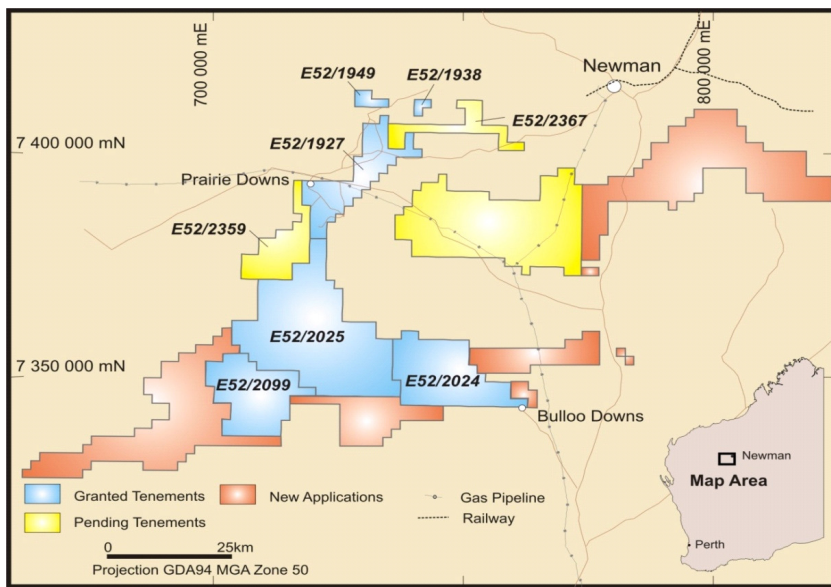
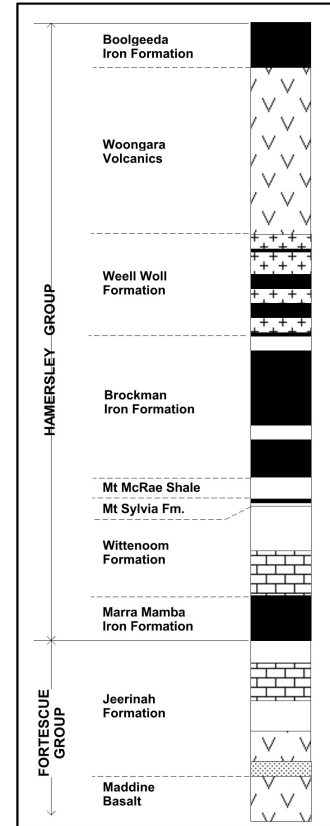


Figure 6 - Dynasty's current tenements at Prairie Downs.

Exploration and Project Summary

Dynasty's first priority target on Prairie Downs is a commercially viable deposit of Brockman and/or Marra Mamba Iron Formation. Outcropping Marra Mamba exists on the tenements and structures parallel to the Prairie Downs Fault suggest that blocks of Brockman and/or Marra Mamba Formation may have been faulted across into Dynasty's tenements and exist under cover.

The second priority iron target is ancient paleochannels containing **Detrital**¹ and **Pisolitic**² Channel Iron Deposits with high concentrations of iron in the form of haematite.

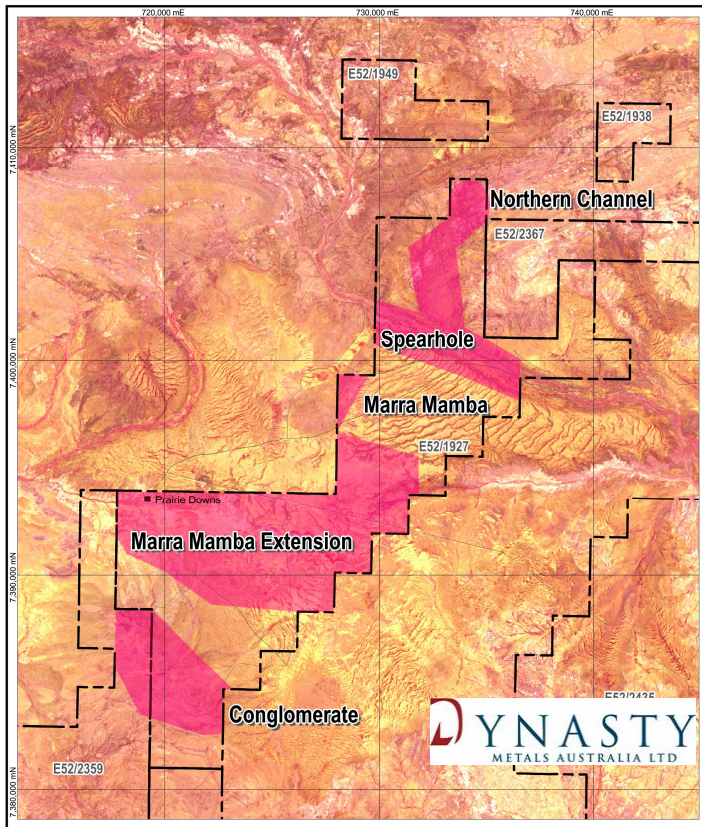
¹ **Detritus** (adjective *detrital*) is a geological term used to describe particles of rock derived from pre-existing rock through processes of weathering and erosion. These particles are often transported through sedimentary processes into depositional systems such as riverbeds, lakes or the ocean forming sedimentary successions and can be transformed into rock through cementation (in sedimentary iron deposits, the cement contains high concentration of iron).

² A **pisolite** is a sedimentary rock formed from pisoliths which are concretions spherical in shape, and comprise concentric layers reaching 5-8mm in diameter. The name derives from the Hellenic word for pea.

The third priority target is gold, base metals (copper, silver, lead and zinc) and uranium mineralization which is known to exist in the region in proximity to the Prairie Downs Fault.

Dynasty completed two programs in the 2009 reporting period and the information compiled has been used to plan a detailed drilling program which commenced after the reporting period. The 2008/2009 work also included reconnaissance exploration for gold and base metals in the southern area of the tenements.

In summary reconnaissance exploration determined that there are several targets on Dynasty's tenements shown in Figure 7 and which include:



- Outcropping Marra Mamba Formation
- Faulted blocks of buried Brockman and Marra Mamba Formation
- Detrital Channel Iron
- Channel Iron Deposits.
- Un-named Archaen Bedded Iron Formation
- A Proterozoic iron rich Conglomerate
- Copper mineralisation

Figure 7 – Prairie Downs Exploration Targets

Bedded Iron Formations – Prairie Downs

The Dynasty tenements cover the Brockman and Marra Mamba formations and an un-named iron formation. In the north east of the tenement, an enriched iron outcrop in which siliceous layers of the original bedded iron formation had been partially replaced by haematite/martite.

The Geology map in Figure 9 shows the iron formation forming a large syncline with the central part of this structure located to the north of Dynasty's tenement. The magnetic images in Figure 7 show that a substantial portion of the iron formations may cross into the Dynasty's tenements. Plate 3 shows an example of outcropping Marra Mamba formation on Dynasty's tenements.

Figure 7 – Regional Magnetics and Planned Drilling

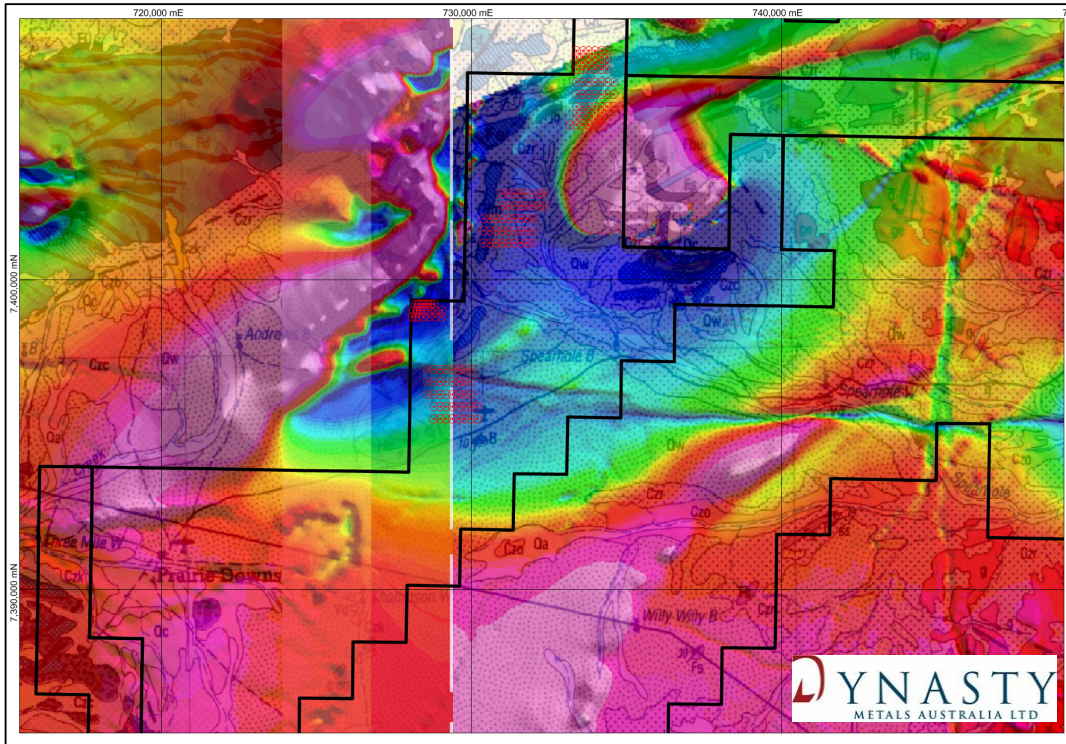


Figure 8 shows in more detailed the magnetic images associated with the Un-named Archaean Iron Formation in the North East of EL52/1927, also illustrated in the regional geology map, Figure 9.

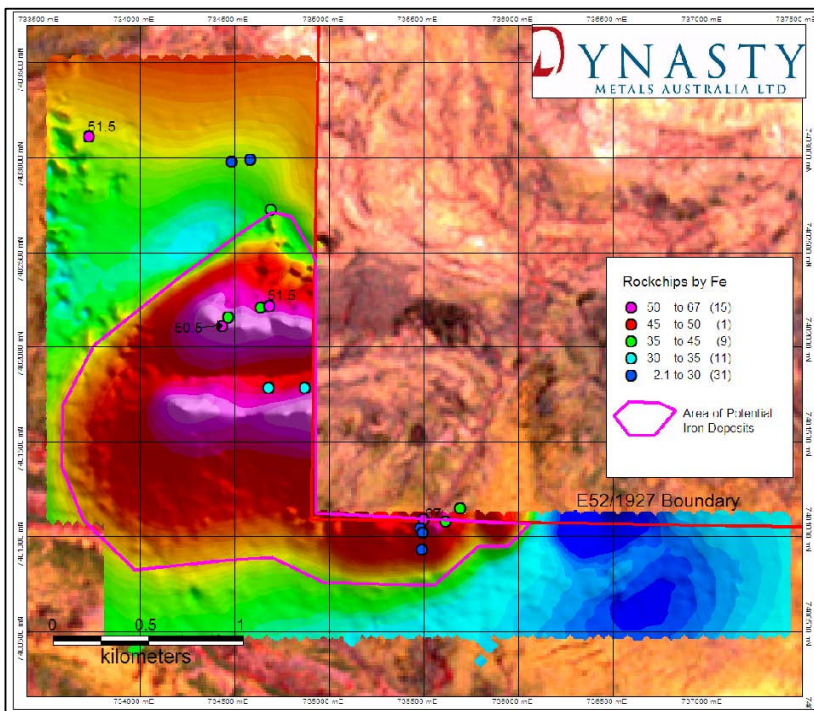


Figure 8 - North East Prairie Downs Un-named Archaean Iron Formation

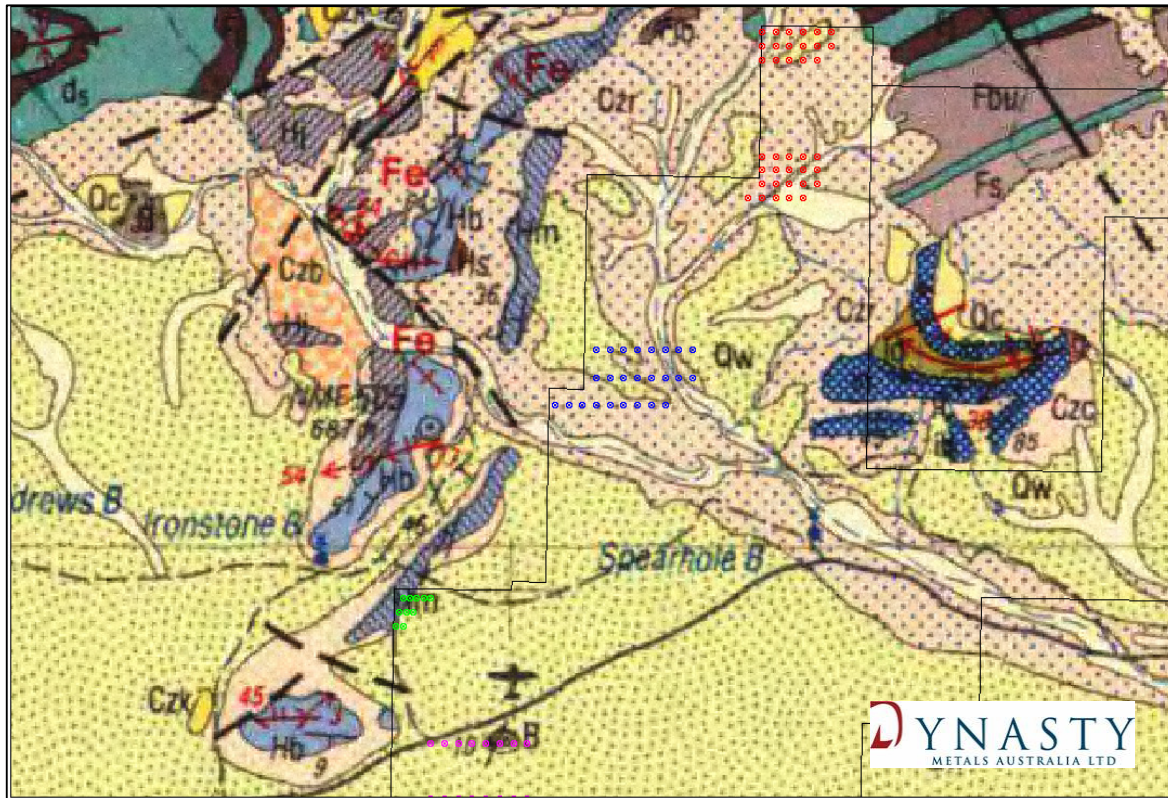
Plate 3 – Outcropping Marra Mamba Formation



Detrital and Pisolitic Channel Iron Deposits – Prairie Downs

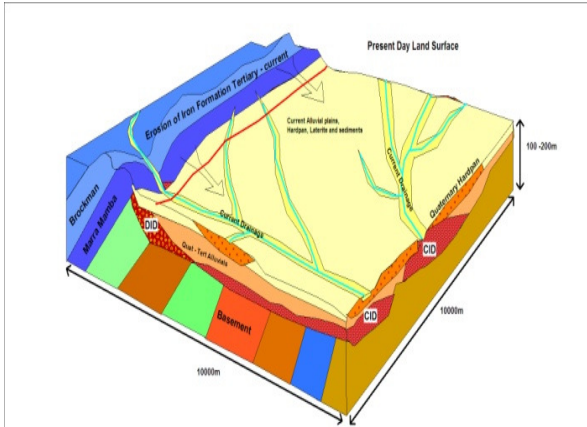
Within EL52/1927 is a substantial ancient and current drainage system extending over a distance of more than 8km. The channel system rises in a broad valley which lies within the northern part of EL52/1927 and drains outcropping Marra Mamba, Brockman and the Un-named Achaean banded iron formations. *Figure 9* shows the extent of current drainage systems within the northern part of the tenement. This current drainage system is considered to be relatively stable and to most likely reflect ancient drainage patterns.

Figure 9 – Drainage System and Planned Drill Holes Prairie Downs EL52/1927



The Geological Model for Channel Iron

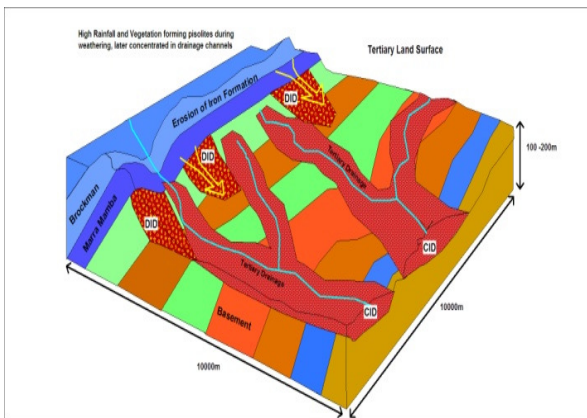
The northern area of the Prairie Downs project is dominated by an **alluvial valley**³ to the south east of a major outcrop of north westerly dipping Marra Mamba formation, overlain by Brockman Iron Formation (*see Schematic Figure A*). These formations represent the principal source of the direct shipping haematite rich bedded iron deposits in the Pilbara (e.g. Mt Whaleback, West Angeles, Cloud Break). There is an extension of the Marra Mamba within Dynasty’s tenement and rock chip sampling of this zone has returned many results over 60% iron (‘FE’).



Schematic Figure A – Conceptual Diagram of the current land surface

The geological model for Prairie Downs proposed the alluvial valley could contain Tertiary Pisolite Formations which are the principal source of channel iron deposits in the Pilbara, (e.g. Robe River Mesas and Yandicoogina). Therefore, the geological environment at Prairie Downs was considered to have scope to host substantial iron deposits.

Follow up field mapping confirmed the geological model, i.e. that is the presence of Tertiary Channel Iron (*Plate 3*) consistent with the conceptual model illustrated in the *Schematic Figure B*, and the results from ‘rock chip samples’ gave iron mineralisation results consistent with grades required for commercial deposits.



Schematic Figure B – Conceptual Diagram of Tertiary Land Surface

There is evidence of Tertiary Channel Iron deposits in outcrop, sub-crop and float EL52/1927, *example in Plate 3*.

³ **Alluvium** (from the Latin, *alluvius*, from *alluere*, "to wash against") is soil or sediments deposited by a river or other running water. Alluvium is typically made up of a variety of materials, including fine particles of silt and clay and larger particles of sand and gravel.

Proterozoic Conglomerate

Field observations in the southern part of EL52/1927 and EL52/2359 noted that the basal conglomerate of the Prairie Downs Formation, within the Bangemall Basin, contains zones of high Iron formation content represented by large clasts of Hamersley Iron Formation (or equivalent) within a ferruginous (haematitic) matrix, see *Plate 4*.

Plate 4 – Example of Proterozoic Conglomerate Outcrop.



The results of up to 62.6% iron ('FE') with low contaminants are encouraging. The variation of the clast content and the silica content in the haematite matrix are responsible for the variation in Fe content. Higher in the stratigraphy the chert clast content is significantly higher hence the lower Fe response. The higher grade outcrops may be related to structural controls or a particular horizon and further work is needed to clarify this.

This formation is mapped to have a large areal extent with dimensions of several kilometres and a depth and thickness of the higher grade material as yet unknown. Based on the observations to date, and rock chip samples, this basal conglomerate has the potential to contain a substantial iron deposit in zones of high concentrations of 'FE', see *Figure 10 and 11*.

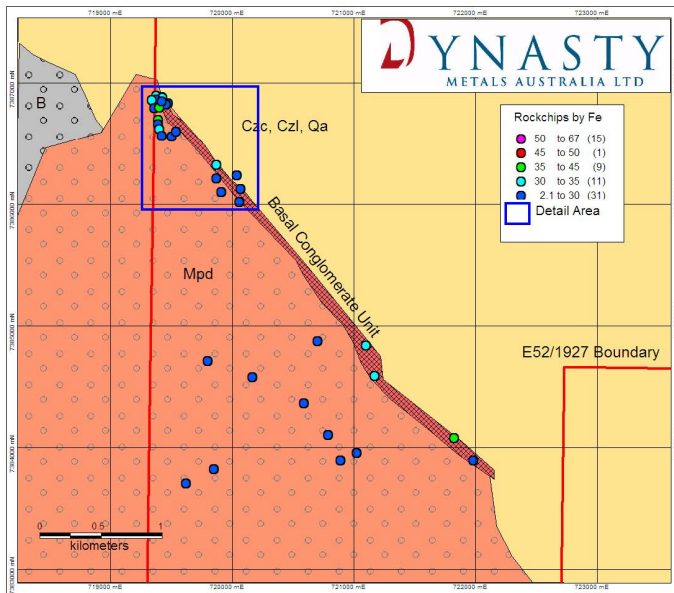
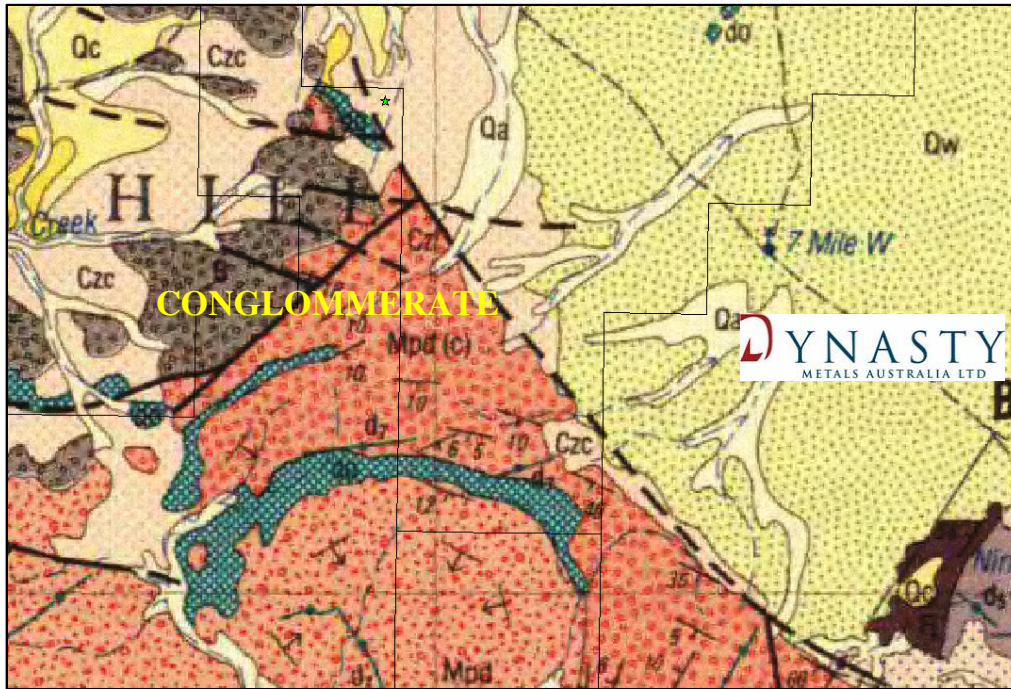


Figure 10 – The Conglomerate Target at Prairie Downs

Figure 10 – Conglomerate and Regional Geology within EL52/1927 and EL52/2359

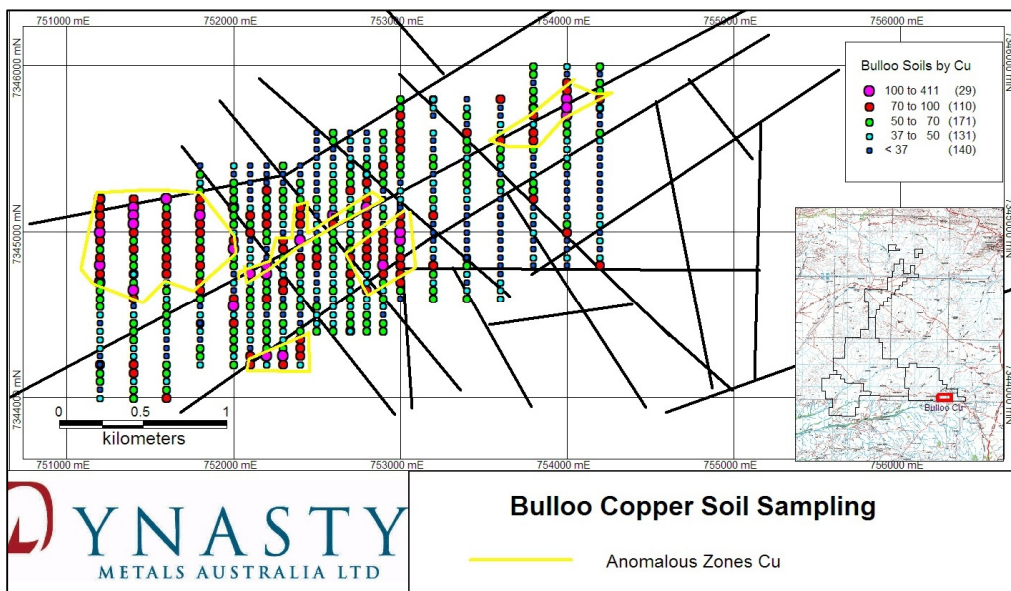


The conglomerate within Dynasty’s tenements is estimated to be ~40m thick and covers a vast area exceeding 100km².

Copper and Economic Minerals

Copper reported on a major north east structure in the south east of the tenements in EL52/2024 may be part of a larger system in a dolomitic siltstone unit which could represent a host for more significant mineralisation. Surface samples from this copper mineralisation returned 29.1% copper and 20.9g/t silver. Figure 11 shows the copper anomaly as identified by soil sampling at Bulloo.

Figure 11 – Bulloo Copper Anomaly



Immediately to the East of Dynasty's Prairie Downs' tenements near-to the Prairie Downs Fault, Prairie Downs Metals Limited has reported a silver-lead-zinc resource containing 4.7 million tonnes at 6.3% zinc, 18g/t silver and 1.8% lead.

Limited published geological data on the project, suggests this mineralisation is partly controlled by the Prairie Downs Fault which cuts through the Dynasty tenements and represents a target for further investigation.

The region could also contain significant uranium mineralisation in calcrete or as a paleochannel deposit with uranium sourced from the granites to the east.

Exploration – Prairie Downs Tenements

Results from the geological and geophysical reconnaissance during the reporting period have been evaluated and specific drilling defined to test the identified targets. The first stage drilling program commenced post 30 June 2009 with the following results.

Marra Mamba Iron Formation Confirmed

Dynasty has confirmed the presence of Marra Mamba Iron Formation⁴ in 12 drill holes drilled in tenement EL52/1927 (see Figure 2), with one drill hole intersecting a continuous 98 metres of the Formation. At this stage, the estimated average thickness of the deposit is 80 metres with a shallow depth to the West.

Dynasty will continue to explore using geophysics, for buried on strike and in possible east faulted blocks of Marra Mamba to the South East of the currently drilled Marra Mamba Deposit, within EL52/1927.

Three Detrital/Channel Iron Deposits Intersected

Dynasty has discovered three channel iron deposits in a wide-spaced drilling grid drilled in the northern part of EL52/1927. Channel iron deposits are accumulations of iron ore fragments, nodules and pisolites in ancient river channels.

The Spearhole detrital/channel iron deposit is over 1.6 kilometres wide with a maximum depth of approximately 35 metres and average depth of approximately 20 metres. The intersections show visual concentrations of iron in pisolitic material within several meters of Detrital and Channel Iron deposits. Some of the pisolites show high concentrations of haematite, *see example Figure 12*.



Figure 12 - concentrated haematite iron fragment in pisolite from Spearhole Channel Iron Deposit

Testing for up-stream and down-stream extensions (*see Figure 13*) of the Spearhole Channel and further definition of the Northern Channel is underway.

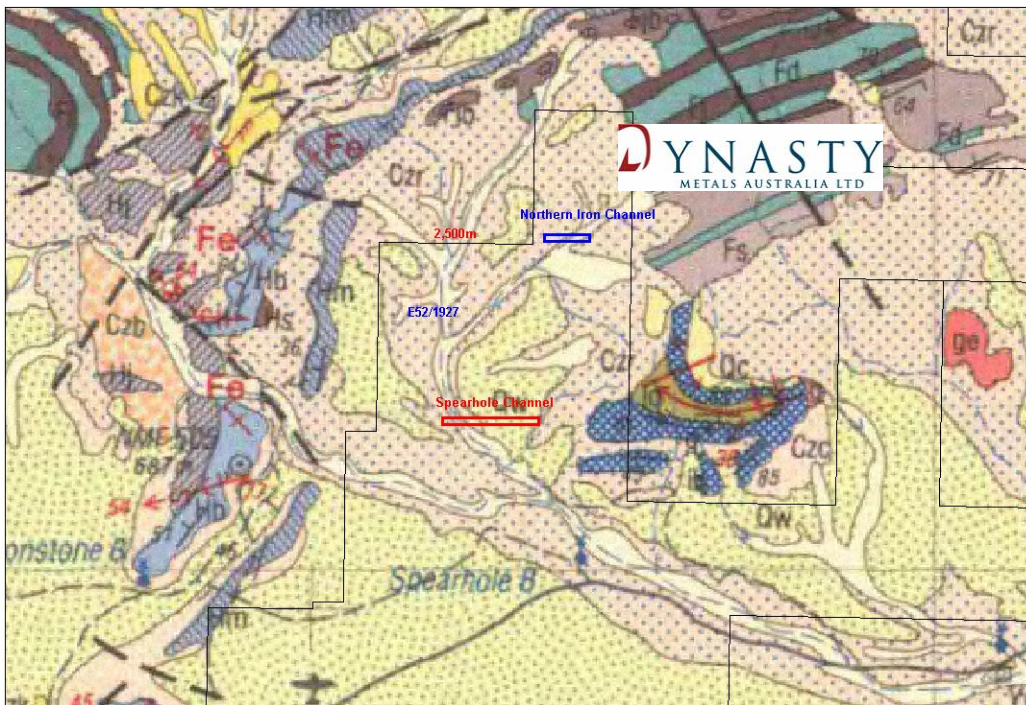
In addition to the extensive Spearhole paleochannel at least two other smaller channels up to 8m deep and over 400 to 600meters wide have been identified.

These channels are part of a substantial ancient and current drainage system over 8km long within Dynasty's tenements. The drainage system rises in a broad valley which lies within the northern part of EL52/1927 and drains outcropping Marra Mamba, Brockman and the Achaean banded iron formations.

⁴ **Marra Mamba Formation** is an important iron ore rock formation mined extensively for DSO in major iron ore mines of the Pilbara.

Figure 13 shows the extent of current drainage systems within the tenement, which are considered to most likely reflect ancient drainage patterns.

Figure 13 – Location of Spearhole and Northern Channels and the Drainage System.



In addition to the confirmation of Tertiary haematite pisolites in the drill cuttings, site geologist’s carried out further reconnaissance mapping and identified Channel Iron sub crop and float showing well preserved petrified wood fragments, see Plate 5.



Plate 5 - example of fragments of Channel Iron sub-crop, showing well formed pisolites and petrified wood fragments

The presence and size of the channels demonstrates that there is the potential for significant tonnes of Commercial Channel Iron Deposit (CID) in the area “if good grade is encountered”. Samples have been sent to the laboratory and results are expected to show the most prospective zones within the channel system to target further drilling.

The discovery of these significant detrital iron and channel iron systems represents a technical success and confirms the Dynasty and Terra Search technical team’s geological.

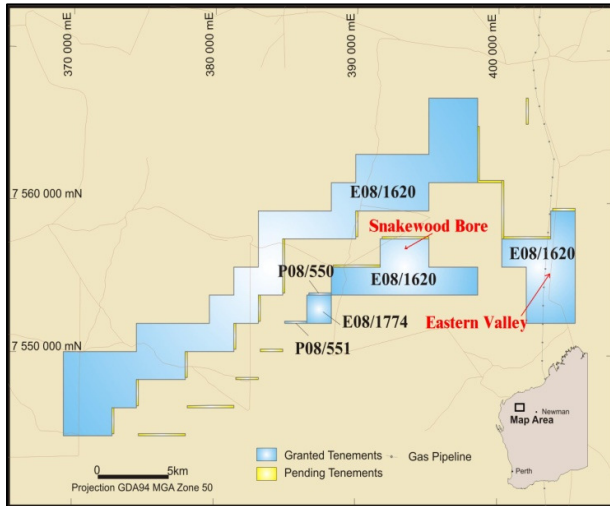
The majority of Dynasty’s iron ore tenements at Prairie Downs remain relatively under explored (>90% of the area) and the knowledge gained from the current drilling programs will prove essential in planning the next stage of exploration at Prairie Downs.

WARRAMBOO

Location

The Warramboo tenements covering an area of 160km² are located in the Pilbara on Red Hill station ~100km east of the Western Australian coastal township of Onslow and 50km south of the rail head at Robe River and 200km to the west-north-west the township of Paraburdoo, *see Figure 14*.

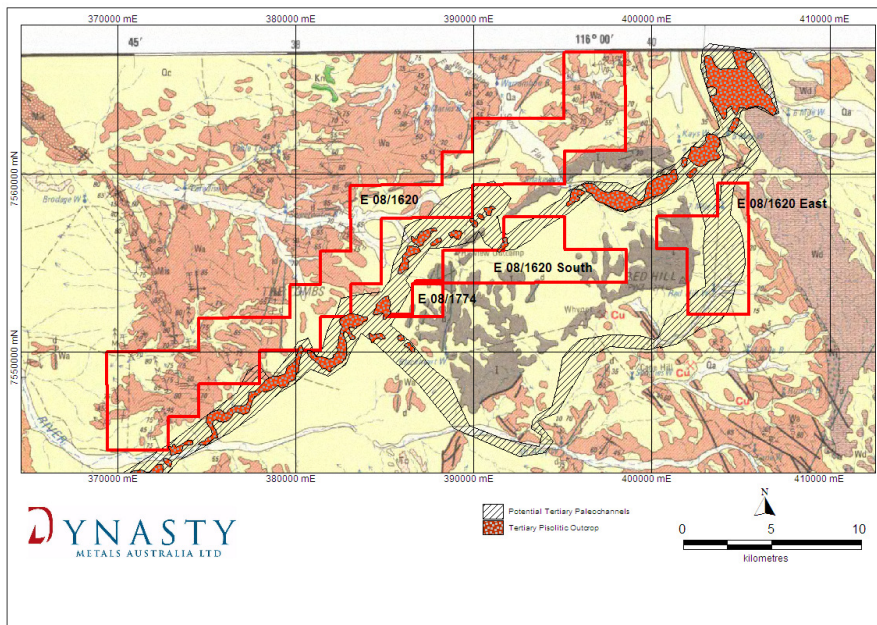
Figure 14 – Warramboo Tenements



Geology

The Geology of the tenements is dominated by Proterozoic arenites, shales and siltstones of the Ashburton formation, with valleys covered in recent alluvium (*see Figure 15*). The southern tenements also contain sandstones and conglomerates of the Mount Minnie Group which are strongly lateritised in parts. Tertiary Pisolitic conglomerates known as the Robe Pisolite (Tp) are also present within the area and are the main mineralisation target of the region.

Figure 15 - Geology Warramboo (Wyloo 1:250 000 Geology Map)



Dynasty's iron exploration targets are the Channel Iron Deposit style of deposits which are currently mined at Rio Tinto's Robe River Mesa J Deposit, *see Figure 2* approximately 60km from Warrambo and which are reported as being present on adjacent tenements held by Mineralogy Limited.

Exploration and Project Summary

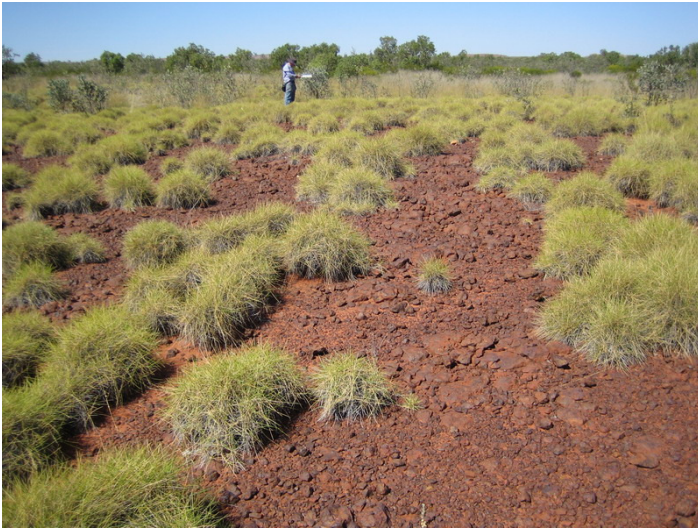
The primary target on the Warrambo tenements is iron ore concentrated in paleochannels comprising Tertiary Pisolite, referred to as Channel Iron Deposits.

Base metals mineralisation (copper, lead and zinc) associated with shear zones is a secondary target.

Exploration within the Dynasty Tenements has consisted of regional geophysics and geological mapping. Surface exploration over an area of Tertiary pisolitic conglomerate covered by Dynasty tenements (*see example Plate 6*), returned several results in the 50-60% Fe range.

During the 2009 reporting period mapping, sampling and a ground radiometric survey were completed in preparation for drilling.

Plate 6 – Photograph Warrambo Sub-crop



After 30 June 2009 and Dynasty completed a short reconnaissance drilling program.

Channel iron deposits were confirmed at Warrambo to a maximum depth of 14m and an average thickness up to 3m. A new program will be required to test for deeper parts of the channels and unexplored areas on the tenements.

Exploration programs in the 2010 reporting period will consist of follow-up drilling, gravity surveys, ground radiometrics and mapping with a view to determining the length, depth and grade of the Channel Iron Deposits in the paleochannels.

URANIUM

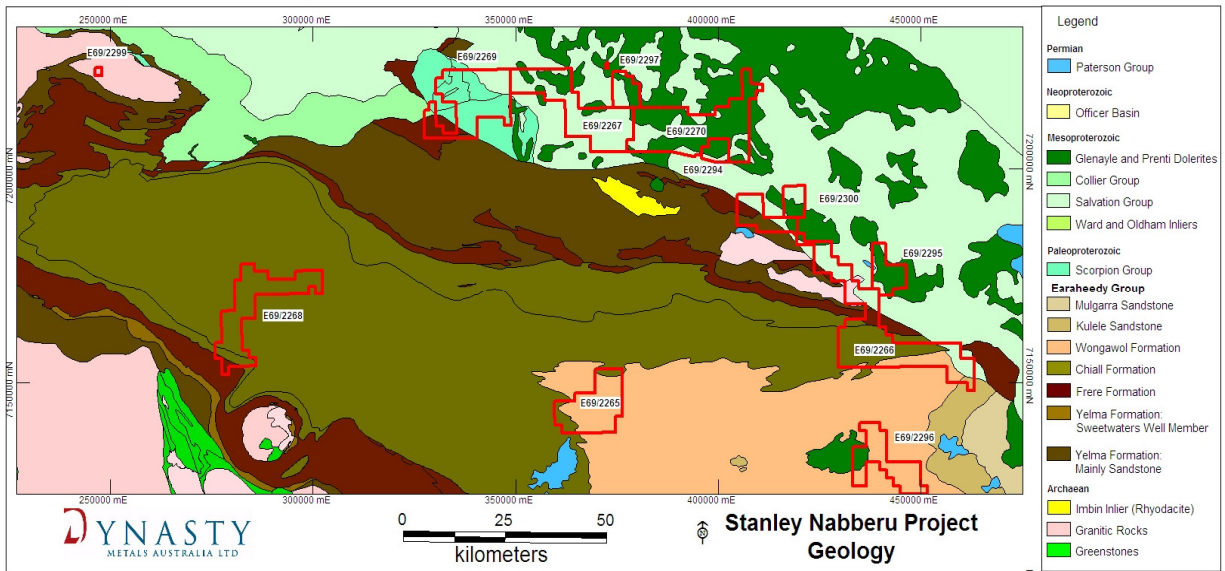
Stanley Nabberu

During the reporting period a large area of tenements was granted in the Stanley Nabberu area ~200km north east of Wiluna in Western Australia.

These tenements are considered prospective for uranium, base metals and gold. Desk top studies were undertaken during the period and exploration is planned for the 2010 reporting period.

The area has some interesting uranium targets shown from regional radiometric data in the northern part of Dynasty's tenements.

Figure 16 – Regional Geology Stanley Nabberu



Other Uranium Projects

Dynasty holds a number of tenements in Western Australia and in the Northern Territory (see Schedule in the Attachments). Desk top studies were undertaken in the reporting period with a view to designing exploration programs; together with to assist in discussions with potential joint venture partners.

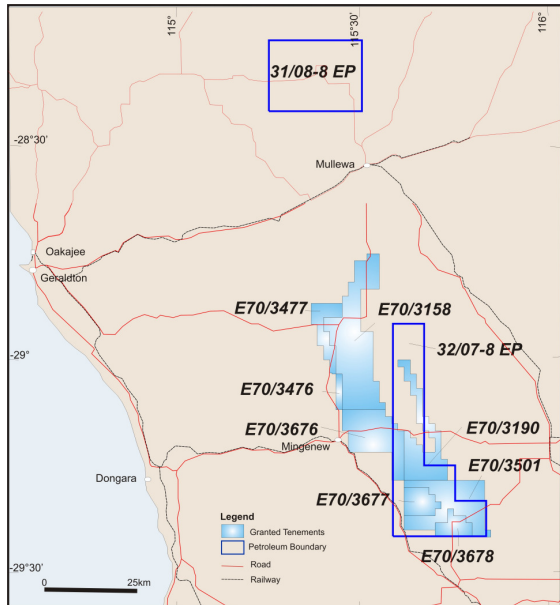
COAL AND COAL SEAM METHANE

Location

Dynasty has two granted exploration licences and six applications covering 1,046km² in the northern Perth basin, east of Dongara and Geraldton.

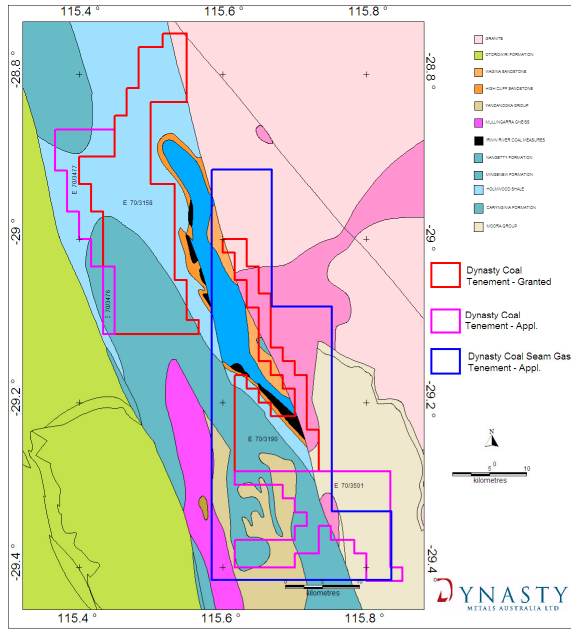
In addition to the EPL's, Dynasty has also applied for two Petroleum Exploration Licenses over part of these areas covering 1.338km², see Figure 17.

Figure 17 – Dynasty's Irwin River Coal Tenements and Applications



Dynasty is exploring these areas for coal and coal seam methane. The tenements are well located with respect to major resource development projects, existing gas reticulation infrastructure, the proposed port at Oakajee north of Geraldton and regional road, rail and gas reticulation infrastructure, see Figure 15 and 2A.

Oil and gas exploration in this part of the Perth Basin has been undertaken over the past 40 years and has resulted in a number crude oil and gas discoveries in various geological units ranging from Late Permian to Late Jurassic in age.



There is also a major Coalfield immediately adjacent and to the east of Dynasty’s tenements, see Figure. 18. Dynasty’s target is shallow coal seams in the up-dip portion of the Coalfield.

Figure 18 – Irwin River Leases, Regional Geology and The Irwin River Coalfield⁵

Exploration has resulted in the development of a number of natural gas production wells which supply natural gas to Perth domestic and industrial customers. Coal exploration in the region has also been ongoing over the past 100 years and has delineated a number of coal seams which historically were not deemed commercially viable.

Exploration targeting coal seam methane has not been undertaken in the area although oil and gas explorers have reported gas flows when drilling the Irwin River Coal Measures, see Table 1.

Table 1 – Source Rocks Oil and Gas – Irwin River

NAME	TYPE
Permian Irwin River Coal Measures	Potential gas condensate source
Lower Triassic Kockatea Shale	Primary oil source
Lower Jurassic Cockleshell Gully Fm	Gas and condensate source
Mid Jurassic Cadda Shale	Gas, condensate source at Warro #1
Mid to Upper Jurassic Yarragadee Fm	Gas source at Warro #1

The Dongara Gas Field produces principally from the basal Triassic Sandstone, and also from the Permian Irwin River Coal Measures and the Permian Carynginia Formation. Some oil occurs in the Basal Triassic Sandstone. The same formation also produces gas at the Yardarino and Mondarra Fields (non-commercial oil is present at Yardarino). The Gingin and Walyering Fields have historically produced commercial gas flows with minor condensate from the Cattamarra Coal Measures of the Lower Jurassic Cockleshell Gully Formation which overlies the Irwin River Coal Measures, see Table 2.

⁵ Figure 18 does not show recent coal lease applications illustrated in Figure 17.

Table 2 – Reservoir Source Rocks

NAME	TYPE
Lower Permian Highcliff sandstone	contains gas and oil at Arrowsmith #1
Irwin River Coal Measures	contains gas and oil at Arrowsmith #1
Lower Permian Carynginia Formation	oil at Arrowsmith and Yardarino
Lower Permian Carynginia Limestone	gas at Woodada.
Lower Permian Wagina Sandstone	contains oil at Mondarra.
Basal Triassic Dongara Sandstone	produces gas and oil at Dongara-Yardarino
Kockatea Shale	sand lenses contain oil at many sites, including Mt Horner, Arrowsmith, Mt Adams and North Erregulla.
Upper Triassic Lesuer Formation	excellent reservoir but overlying seal is lacking, no accumulation yet found
Lower Jurassic Cockleshell Gully Fm	produced gas at Gingin, and Walyering.
Middle Jurassic Cadda Formation	gas influx into Warro #1 from thin sands caused suspension of the well and side-tracking.
Middle-Upper Jurassic Yarragadee Fm	contains non commercial gas at Warro #1

Coal Potential and Targets

Field studies and drilling from previous exploration in the area’ indicate that the coal resources of the Irwin River Coal Field lie in a moderately complex geological setting (see Figure 19) and consist of a low rank black coal.

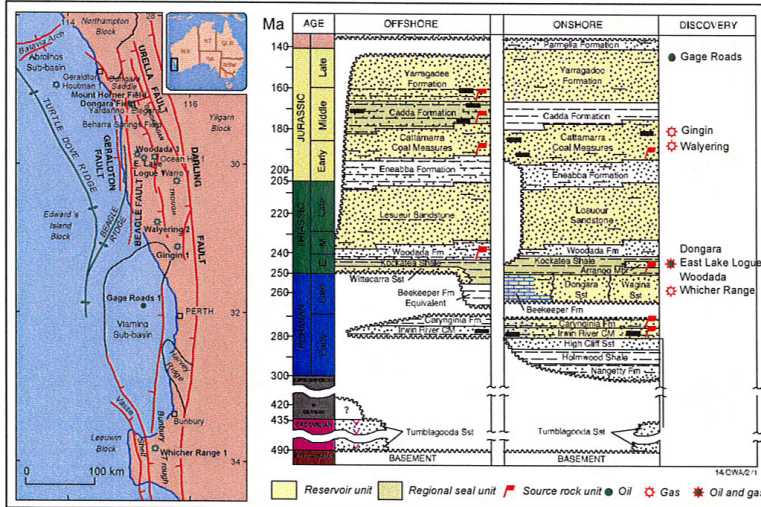


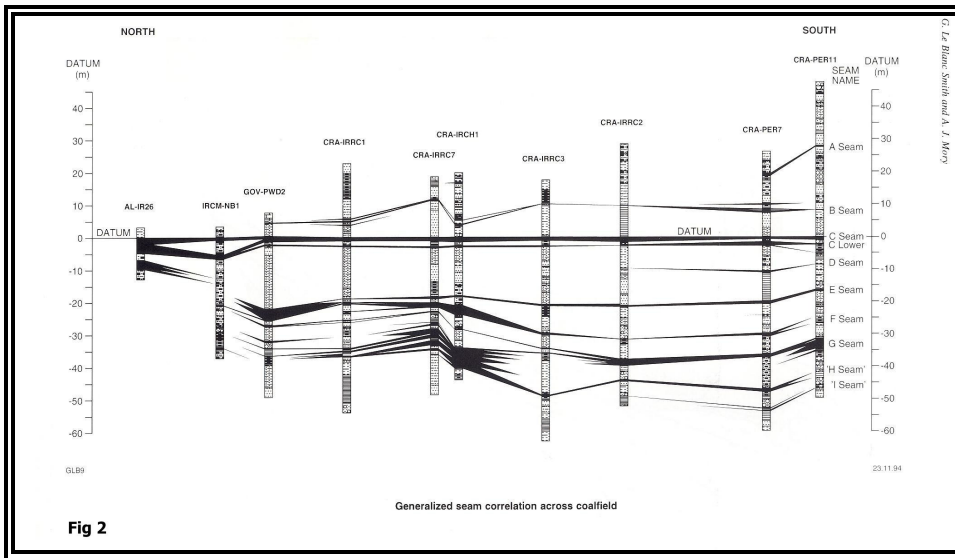
Figure 19 – Stratigraphy showing Irwin River and Cattamarra Coal Measures

The coalfield, which covers an area of approximately 170km² and which is located east of and adjacent to Dynasty’s tenements outcrops intermittently over a strike length of about 44 km, see Figure 18.

CRA in 1986 estimated a substantial Inferred Resource of circa 1B tonnes based on widely spaced drilling data (~4km centers) comprising of narrow seams many of which were deemed non-recoverable at the time (GSWA Report 44 pg 29, Le Blanc and Mory 1996).

There are nine principal seams in the coalfield, each of which locally exceeds 0.5 metres in thickness. These are (from the top): seams A, B, C, C lower, D, E, F, G and H. The stratigraphic relationships are shown in Figures 19 and 20.

Figure 20 – Coal Seams of the Irwin River Coal Measures



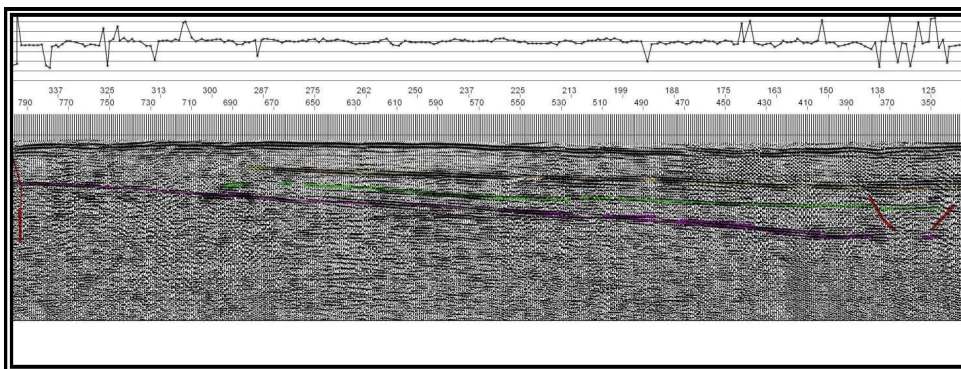
Seams exceeding 1.5 m in thickness include C Seam, F Seam, and G Seam.

Historical Exploration

Dynasty has recorded approximately 100km of 2D seismic over its Irwin River area. The results from this work interpreted by Dynasty’s geophysical consultants have delineated two areas which the company believes warrant further exploration.

Examples from the southern area seismic results show coal seams at >400m in depth which represents depths where coal seam methane can be generated and stored within the seams, *see Figure 21.*

Figure 21 – Example, Southern Seismic Section



The second area made up of six blocks, is part of the northern portion of the tenement area. The 2007 seismic survey shows a significant section which appears to be coal seams at a relatively shallow depth. This puts the coals within that window where coal seam methane (if present in the coals) can be easily tested by a shallow drilling program, *see Figure 22*

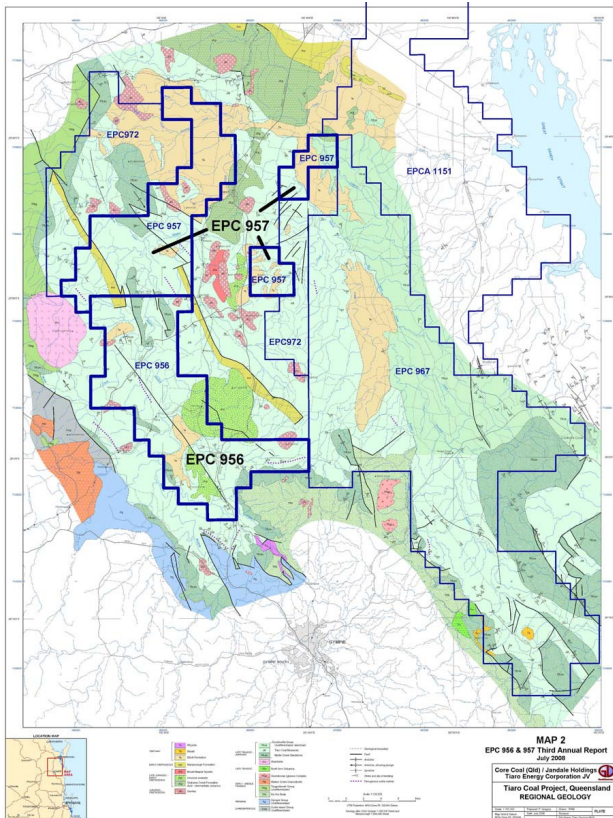


Figure 24 – Tiaro Coal Joint Venture Tenements, Geology

Regional Geology

The area incorporates most of the accessible area of the Jurassic Tiaro Coal Measures. Coking, PCI and thermal coals have been described from the coal measures over widespread areas. The Maryborough Basin developed closer to an active continental margin and had a higher heat flow than the intracratonic Moreton and Surat Basins.

The Maryborough Basin also has younger intrusive rocks that have caused localised heating (and deformation) of the coal.

Stratigraphy

The EPC area incorporates primarily the Jurassic Tiaro Coal Measures, which occur within the lower part of the Jurassic-Cretaceous Maryborough Basin, see Figure 24.

Exploration and Project Summary

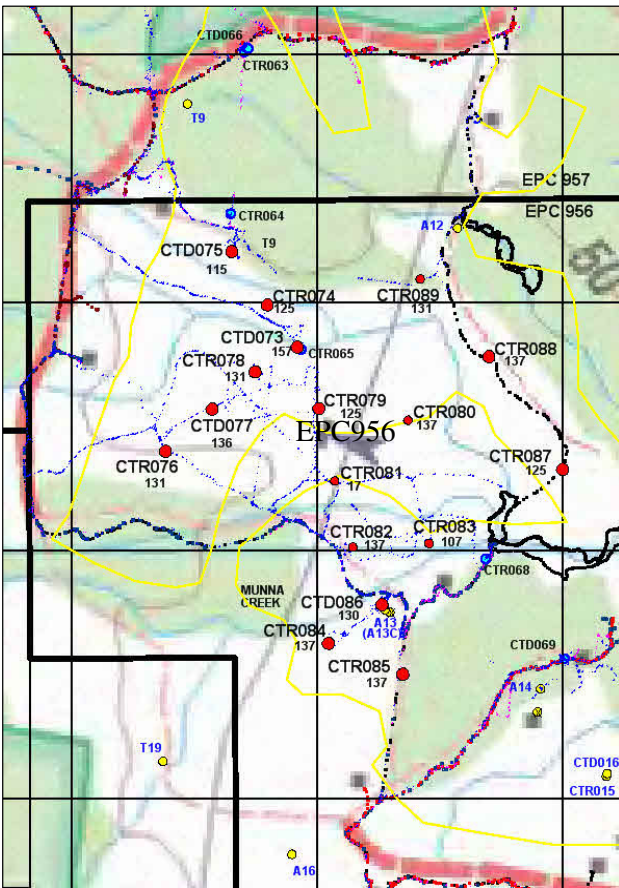
A stratigraphic drilling program, co-funded by the Queensland Government under the Collaborative Drilling Initiative was completed on EPC957 in May 2009 with the objective to obtain intersections of full thickness of Tiaro Coal Measures and Burrum Coal Measures.

Within EPC956 over the T9/Munna Creek target zone 2,113m was drilled in 17 holes including A drilling program designed to test the thickness and continuity of coal seams was completed during the reporting period, *see Figure 25*. 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.

Figure 25 – Location of EPC956 Drill Holes



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 were sent to the laboratory for 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 confirmed 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%.

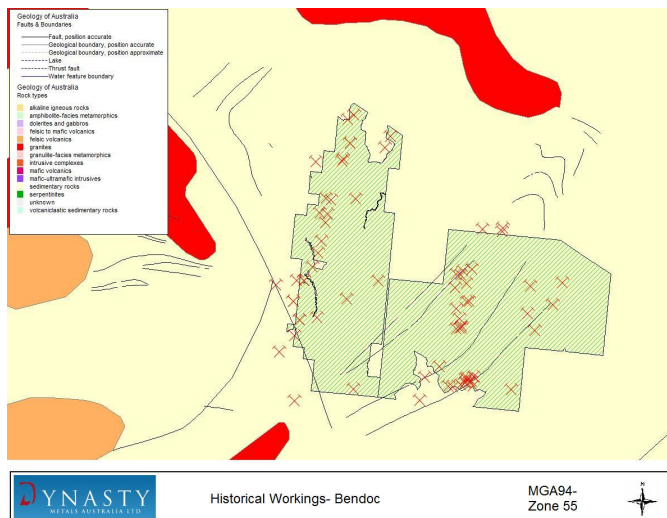
Other coal intervals in this hole had higher raw ash, and yields of only about 30% for 10% ash, and with CSNs of about 8. Initial indications from the T9 area are that at least one seam of good quality occurs, interspersed with several seams of moderate quality.

Future programs will be designed from the review of final results and the interpretations of coal seam correlation and working section continuity.

GOLD PROJECTS

Bendoc and Bonang – Victoria

Figure 26 – Historical Workings Bendoc



Location

Bendoc (EL4799) and Bonang (EL4824) are located in eastern Victoria on the NSW boarder, 100 km north of Orbost. Combined, these tenements cover a total area of approximately 400 km². Bendoc is a town of less than 200 residents supported by logging, saw milling and intensive agriculture. The majority of the services are provided by the town of Delegate which is located 5 km north of the Victorian border in NSW.

Exploration and Project Summary

Historically, this area has been particularly active by both alluvial and primary reef miners. Gold grades recovered from quartz reefs are reported to average 57 g/t gold. Over 40,000 ounces are reported to have been produced from the Bendoc and Bonang mineral fields from numerous workings, see Figure 27.

Figure 27 – Mineralised Zones Bendoc

Modern exploration has used a combination of geochemistry and geophysics to identify suitable anomalies for drilling. A substantial drill programme was undertaken by Zephyr Minerals between 1994 to 1996 and was designed to test a region of elevated geochemical anomalism and primary vein-hosted historical workings. The drilling returned anomalous results which were interpreted by Zephyr to fall in several mineralized zones or shoots, see Figure 27 and 28.

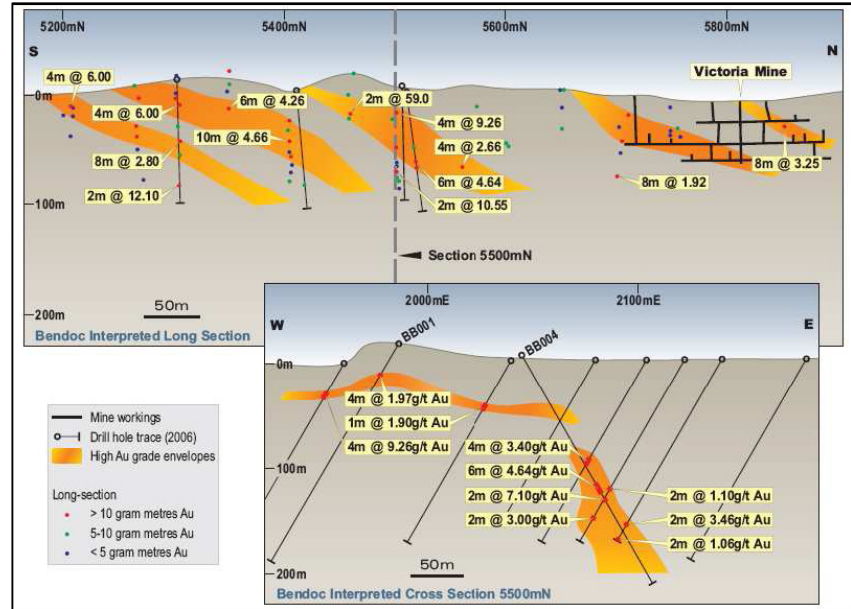
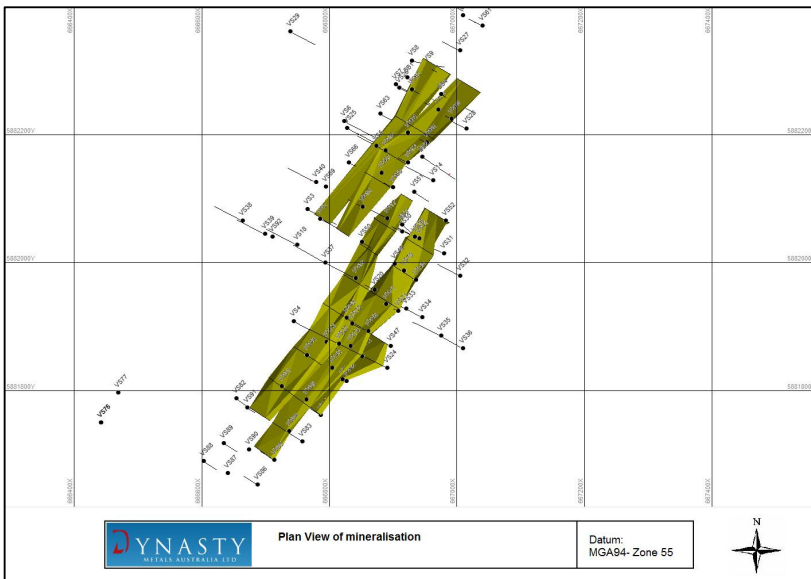


Figure 28 – Interpreted Mineralised Shoots Bendoc



Dynasty Exploration

Throughout the Bendoc Bonang tenements, a total of 252 geochemical samples (both rock chip and sediment samples) were collected. The majority of these samples were taken near existing workings. Peak values are recorded from rock chip sampling recorded in excess of 10g/t gold and ten samples contained grades >1g/t gold. These results from these samples represent significant exploration targets to be followed up by further drilling.

Dynasty Metals conducted a drilling campaign around the Victoria Star area comprising four diamond drill holes each of which reached a depth greater than 120 m. Drill hole BB4 recorded numerous significant intercepts with broad scale mineralization from 57.4m to 81.5 m (i.e. 24.1 m) having an average grade of over 2 g/t Au. This zone included 6m @ 4.64g/t Au from 71m and 2m @ 7.19 g/t Au from 79.5m.

The drilling confirmed the existence of pervasive mineralisation in shoots which has the potential to be commercially viable.

Future Exploration

Dynasty’s exploration targeted previously known mineralized areas which had been historically worked. The majority of the tenement remains under explored. Future exploration will employ detailed geophysics and multi-element geochemistry with the aim to generate significant primary targets. Parallel structures identified in regional mapping also represent prospective structural targets.

Hyden – Western Australia

Location

The Hyden tenements are located approximately 90 km east of Hyden and approximately 350 km south east of Perth. They surround the Forrestania Gold mine and can be accessed by traveling east along the East Hyden Bin Road from the township of Hyden and continuing east along the adjoining Hyden Norseman Road until turning south at the intersection of Forrestania Southern Cross Road. The tenement area can be accessed by tracks off to the east approximately 20 kilometers south along the Forrestania Southern Cross Road.

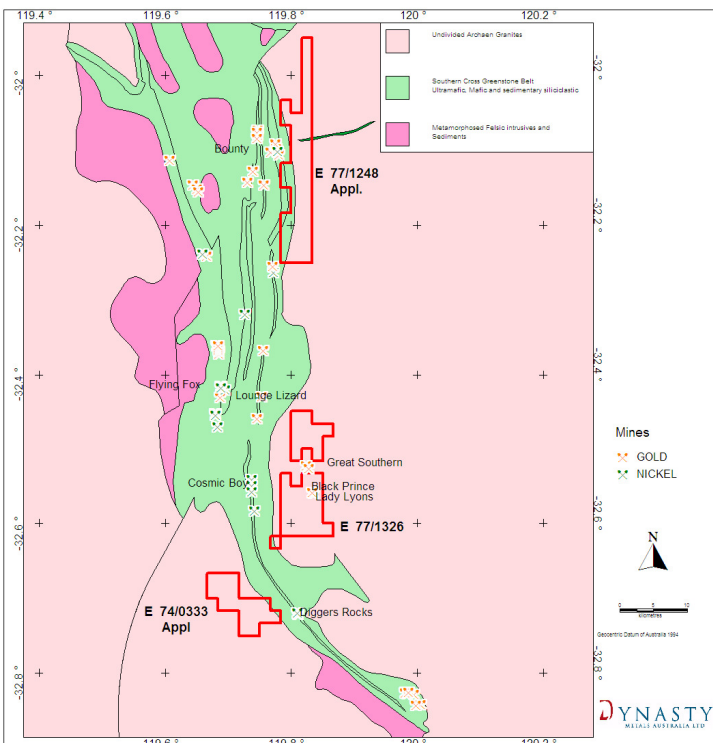
Geology

The main Tenement area are to the east of the margin of the Forrestania Greenstone Belt which is the southern extension of the Southern Cross Greenstone Belt and approximately 35 km of the southern termination of the belt. The tenement area is underlain by late Archaean granitoids which form a sheared contact with the greenstone belt.

Mafic amphibolite, crops out in the Forrestania Greenstone Belt. Serpentinite and talc-carbonate-tremolite schist units also form part of the belt within this area. Only minor outcrops of granite occur adjacent to the tenement area. The area is known for its ridges of banded iron formation (BIF); e.g. at Iron Cap.

A favourable feature of the zone in which the tenement is located is that it is close to a deviation in the regional strike orientation of the greenstone belt and consequently, may have been associated with a heterogeneous stress field and associated dilational and compressional zones during the time of gold mineralization. Quaternary regolith consisting of white to yellow sand and playa lakes and related sediments overlying a Tertiary laterite crust covers most of the tenement area, see Figure 29.

Figure 29 – Geology and Hyden Tenements



Exploration and Project Summary

The region has had extensive exploration efforts for both nickel and gold mineralisation. There has been limited work on the tenements. There are two small abandoned mines located on the southern portion of tenement E77/1326 (Black Prince and Lady Lyons). This tenement surrounds the historic Great Southern Gold Mine and is near the Flying Fox and Cosmic Boy Nickel Mines. E77/1248 is next to the Bounty Gold Mine and the southern E74/0333 is to the west of the Diggers Rocks Nickel mine.

The gold occurs in quartz vein hosts in shears and nickel in Komatiite flows within greenstones.

The Southern Cross region contains several >1 million ounce deposits and is considered highly prospective.

Future Exploration

Compilation of any previous work in the area is the first priority followed by identification of structurally and geologically prospective targets using available geophysical and geological datasets. Following this, ground geophysics, surface geochemistry and RAB drilling will be completed to evaluate the prospects.

COMPETENT PERSON 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.

DIRECTORS' REPORT

The Directors present the following report for the financial year ended 30 June 2009.

DIRECTORS

The Directors at any time during or since the end of the year are:

Ian Levy (Non-Executive Chairman) BSc. MSc. DIC, FAIG, FAusIMM – Director since 1 August 2009

Ian has had more than 30 years experience in both mining geology and mineral exploration including 12 years with Western Mining Corporation Limited (WMC) and 11 years experience in mining business development positions. Ian has worked in development roles for mining-exploration companies including Pancontinental Mining and Gympie Gold Limited. Between 2005 and 2007 he was Chief Executive Officer of nickel mine developer Allegiance Mining NL.

Ian has served as a Director of Gloucester Coal Ltd (from 6 April 2004 to 30 June 2009) and is currently Chairman of D'Aguilar Gold Limited (from August 2003). Mr Levy has been Federal President of the Australian Institute of Geoscientists and was a member of the Joint Ore Reserve Committee (JORC) for 10 years including four years as Vice Chairman.

Malcolm Carson (Technical Director) BSc (Geology) MSc (Nat Res Mgt) UWA – Director since 28 August 2008

Mr Carson has broad qualifications and experience in the mining sector. His formal qualifications include a BSc (Geology) and an MSc in Natural Resource Management (economics, resource management and environment). Since 1970, Mr Carson has worked in many aspects across the mineral resource industry including exploration, mining, environmental approvals, business development commercial evaluation, manufacturing, banking and finance, corporate and government. He has a depth of experience in all these areas and worked in Australia, Africa and Asia.

Mr Carson commenced his career as an exploration geologist focusing on coal, nickel and gold. As an exploration geologist he contributed to the discovery of coal, nickel and gold deposits in Australia and Africa which were developed into long term profitable working mines.

After working as an exploration geologist Mr Carson spent several years as a senior executive in the public sector responsible for the facilitation of resources development and in the investment banking sector in project and corporate finance and treasury.

Lewis Tay (Executive Director) BSc. DipAF – Director since 17 January 2008

Lewis Tay has a Bachelor of Science Degree and also holds a Graduate Diploma of Applied Finance. He has been actively and successfully involved in property development, commodity trading, and share market investment particularly in Australian resource companies over the last 15 years. In that time he has established some healthy and useful business relationships with various Australian, Chinese and Japanese companies. These relationships together with his extensive contacts could be invaluable to the company's future fortunes.

Richard Oh (Non-Executive Director) CA. MAICD – Director since 29 October 2007

Richard has been a Chartered Accountant with 35 years experience including being a stock broker principal for more than 12 years. He was a founding shareholder and director of two boutique stock broking firms in Perth and held positions of executive director and managing director in these firms. As a stockbroker he was instrumental in the listing of numerous companies including resources exploration companies. He has also previously held positions of chairman, director and company secretary at various times in resources, property and industrial listed and unlisted public companies.

Richard was formerly the non-executive Chairman of Accent Resources NL, an ASX listed company. He is also a member of the Australian Institute of Company Directors and a foundation member of the West Australian Chinese Chamber of Commerce.

Graham Anderson (Non-Executive Director/Company Secretary) BBus, DipFP, CA- Director since 6 August 2004

Graham Anderson is a Chartered Accountant who operates his own specialist accounting and management consultancy practice. From 1990 to 1997 he was an audit partner of Duesburys and from 1997 to 1999 he was an audit partner at Horwath Perth. He is a Chairman and Company Secretary of APA Financial Services Ltd, Director and Company Secretary of Echo Resources Limited, Pegasus Metals Limited, Mamba Minerals Limited and Catalpa Resources Limited. Graham was appointed as Chairman of Dynasty Metals Australia Limited on 6 September 2007.

Garry Hemming (Non-Executive Director) – Resigned on 15 August 2008

Garry Hemming was appointed on the 29 October 2007 and resigned on 15 August 2008

Low Hock Peng (Non-Executive Director) – Resigned on 2 July 2009

Low Hock Peng was appointed on the 18 November 2008 and resigned on 2 July 2009

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

As at the date of this report the relevant interest of each Director in the shares and options of the Company are:

	Shares		Options	
	In own name	In other names	In own name	In other names
Ian Levy	–	–	–	–
Richard Oh	–	–	–	–
Lewis Tay	3,088,409	–	2,211,820	–
Graham Anderson	–	1,000,000	–	500,000
Malcolm Carson	–	21,686	500,000	–
Low Hock Peng	–	500,000	–	–

PRINCIPAL ACTIVITY

The principal activity of the Company is exploration for mineral resources.

REVIEW OF OPERATIONS AND RESULTS

Details of the operations of the Company are set out in the Review of Operations on pages 4 to 28.

The Group incurred an after tax operating loss of \$2,508,855 (2008: \$2,987,487).

DIVIDENDS

No dividend is recommended for the current year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the year under review not disclosed in this report or in the financial statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the end of the Financial Year, the Company:

- Raised an additional \$30,000 through the issue of 300,000 new ordinary shares at an issue price of \$0.10 per share.

No other matters have arisen since 30 June 2009 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2009, of the Company; or
- the results of those operations; or
- the state of affairs, in financial years subsequent to 30 June 2009, of the Company.

DIRECTORS' REPORT (continued)

MEETINGS OF DIRECTORS

The following table sets out the number of meetings the Directors held during the year ended 30 June 2009.

There were a total of four Directors' Meetings held during the year.

Director	Number Eligible to Attend	Number Attended
Ian Levy	-	-
Richard Oh	4	4
Lewis Tay	4	4
Graham Anderson	4	4
Malcolm Carson	4	4
Garry Hemming (Resigned on 15 August 2008)	-	-

AUDIT COMMITTEE

The Company has established an Audit Committee that comprises the full Board of the Company. The Audit Committee did not meet during the year.

ENVIRONMENTAL ISSUES

The Company's policy is to comply with all relevant legislation and best practice conventions in respect of its exploration and mining activities on the tenements it holds.

DIRECTORS' BENEFITS

Since the date of the last Directors' Report, no Director has received, or become entitled to receive, (other than a remuneration benefit included in Note 16 to the financial statements), a benefit because of a contract that:

- (a) the Director; or
- (b) a firm of which the Director is a member; or
- (c) an entity in which the Director has a substantial financial interest; has made (during the year ended 30 June 2009, or at any other time) with the Company; or
- (d) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive, the benefit (if any).

REMUNERATION REPORT (AUDITED)

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

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

DIRECTORS' REPORT (continued)

A Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive rewards satisfy the following key criteria for good reward governance practises:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency and capital management

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Board has established a remuneration committee which provides advice on remuneration and incentive policies and practises and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Directors' fees

The current base remuneration was last reviewed with effect from 17 January 2008. The Chairman's and other non-executive directors remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$200,000 per annum and was approved by shareholders at the General Meeting on 24 July 2007.

B Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of the Group are set out in the following tables:

DIRECTORS' REPORT (continued)

B Details of remuneration (continued)

Directors & Highest Paid Executives Remuneration									
Directors	PRIMARY			POST EMPLOYMENT		EQUITY	Other benefits	Remuneration Consisting of Options	TOTAL
	Salary, Fees & Superannuation	Other services	Non-Monetary	Superannuation	Retirement Benefits	Options			\$
Richard Oh - Non Executive Director									
2009	60,000	48,375	-	-	-	-	-	-	108,375
2008	34,000	34,030	577	-	-	-	-	-	68,607
Lewis Tay - Executive Director									
2009	120,000	-	-	-	-	-	-	-	120,000
2008	50,000	-	1,905	-	-	174,800	-	78%	226,705
Graham Anderson - Non Executive Director/Company Secretary									
2009	36,000	68,750	-	-	-	-	-	-	104,750
2008	42,750	59,850	1,162	-	-	39,515	-	29%	143,277
Malcolm Carson - Technical Director									
2009	86,000	35,900	-	-	-	19,250	-	14%	141,150
2008	24,000	14,048	322	-	-	-	-	-	38,370
Garry Hemming - Non Executive Director (Appointed 27 October 2007 and resigned 15 August 2008)									
2009	1,500	-	-	-	-	-	-	-	1,500
2008	24,000	21,240	383	-	-	-	-	-	45,623
Low Hock Peng – Non Executive Director (Appointed 18 November 2008 and resigned 2 July 2009)									
2009	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-
Total Remuneration Directors									
2009	303,500	153,025	-	-	-	19,250	-	-	475,775
2008	229,083	223,432	7,000	3,150	-	375,284	-	-	837,949

Summary of non-executive Directors and key management personnel compensation in the following categories are as follows:

	2009	2008
Short-term employee benefits	303,500	229,083
Non-monetary benefits	-	7,000
Other fees	153,025	223,432
Post employment benefits	-	3,150
Share based payments	19,250	375,284
	475,775	837,949

DIRECTORS' REPORT (continued)**C Key Management Personnel Equity Holdings**

Ordinary Shares Held at 30 June 2009	Balance 1 July 08	Granted as remuneration	On exercise of options	Net change other*	Balance 30 June 09
Richard Oh	-	-	-	-	-
Lewis Tay	2,877,512	-	-	210,897	3,088,409
Graham Anderson	1,000,000	-	-	-	1,000,000
Malcolm Carson	-	-	-	-	-
Low Hock Peng	-	-	-	500,000	500,000
Garry Hemming	-	-	-	-	-
	<u>3,877,512</u>	<u>-</u>	<u>-</u>	<u>710,897</u>	<u>4,588,409</u>

Ordinary Shares Held at 30 June 2008	Balance 1 July 07	Granted as remuneration	On exercise of options	Net change other*	Balance 30 June 08
Richard Oh	120,000	-	-	(120,000)	-
Lewis Tay	2,877,512	-	-	-	2,877,512
Graham Anderson	500,000	-	-	500,000	1,000,000
Malcolm Carson	-	-	-	-	-
Garry Hemming	-	-	-	-	-
	<u>3,497,512</u>	<u>-</u>	<u>-</u>	<u>380,000</u>	<u>3,877,512</u>

Options Held at 30 June 2009	Balance 1 July 08	Granted as per shareholders approval	Options exercised	Net change other	Balance 30 June 09
Richard Oh	-	-	-	-	-
Lewis Tay	2,211,820	-	-	-	2,211,820
Graham Anderson	500,000	-	-	-	500,000
Malcolm Carson	-	500,000	-	-	500,000
Garry Hemming	-	-	-	-	-
	<u>2,711,820</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>3,211,820</u>

Options Held at 30 June 2008	Balance 1 July 07	Granted as per shareholders approval	Options exercised	Net change other	Balance 30 June 08
Richard Oh	-	-	-	-	-
Lewis Tay	100,000	2,211,820	-	(100,000)	2,211,820
Graham Anderson	500,000	500,000	(500,000)	-	500,000
Malcolm Carson	-	-	-	-	-
Garry Hemming	-	-	-	-	-
	<u>600,000</u>	<u>2,711,820</u>	<u>(500,000)</u>	<u>(100,000)</u>	<u>2,711,820</u>

* All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

D Other transactions and balances with non-executive Directors and key management personnel

During the year, the Group paid Richard Oh & Co \$48,375 for consulting services provided to Dynasty Metals Australia Limited. Mr Richard Oh is a Director of Richard Oh & Co.

The Group paid GDA Corporate \$68,750 for company secretarial, accounting and administration services provided to Dynasty Metals Australia Limited. Mr Graham Anderson is a Director of GDA Corporate.

The Group paid Minerals Resources Consultants Pty Ltd \$35,900 for consulting services provided to Dynasty Metals Australia Limited. Mr Malcolm Carson is a Director of Minerals Resources Consultants Pty Ltd.

DIRECTORS' REPORT (continued)

E Service Agreements

The details of service agreements of the key management personnel of Dynasty Metals Australia Limited and the Group are as follows:

Mr Malcolm Carson – Technical Director

- Appointment commencing 1st September 2008
- A remuneration of \$10,000 per month plus 500,000 unlisted options exercisable at \$0.20 each expiring 1 September 2010.
- A minimum of one month notice is required in the event of termination.

There are no other service agreements in place.

F Share-based compensation

Options granted to Directors' and officers of the Company

During the year, Malcolm Carson received 500,000 unlisted options exercisable at \$0.20 each expiring 1 September 2010.

G Additional Information

Options and rights over equity instruments granted as compensation

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the past two years and details of options that were vested during the past two years are as follows:

Directors	Number of options granted	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date	Number of options vested
Lewis Tay	2,211,820	16/05/08	\$0.079	\$0.35	28/02/10	2,211,820
Graham Anderson	500,000	16/05/08	\$0.079	\$0.35	28/02/10	500,000
Malcolm Carson	500,000	28/11/08	\$0.038	\$0.20	1/09/10	500,000

The fair value of the share options granted during the financial year ended 30 June 2009 using the Black Scholes option valuation methodology was 3.85 cents each or a total of \$19,250 for the 500,000 options issued to Mr Malcolm Carson. The material assumptions used in valuing the options were a share price of 10 cents, an exercise price of \$0.20, a risk free interest rate of 5.25%, an expiry date of 1 September 2010 and a volatility factor of 150%. The derived figure per share option was discounted by 30% to reflect that the options are unlisted and 'out of the money'.

The fair value of the options is recognised as an expense over the period from grant to vesting date. The amount recognised as part of share-based payments expense during the year was \$19,250.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

- The value of options granted in the year is the fair value of the options calculated at grant date using a Black Scholes option valuation methodology. The total value of the options granted is included in the table above.
- The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.
- The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes Options Valuation model with no adjustments for whether the performance criteria have or have not been achieved.

DIRECTORS' REPORT (Continued)**G Additional Information (continued)***Options outstanding*

Unissued ordinary shares of Dynasty Metals Australia Limited under option at the date of this report are as follow:

Date options granted	Expiry date	Issue price of shares	Number under option
30 January 2007	31 December 2009	\$0.30	200,000
30 January 2007	31 December 2009	\$0.30	300,000
20 May 2008	28 February 2010	\$0.35	20,917,029
15 September 2008	30 November 2009	\$0.20	5,150,000
28 November 2008	1 September 2010	\$0.20	500,000
			27,067,029

INDEMNIFICATION

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as such an officer.

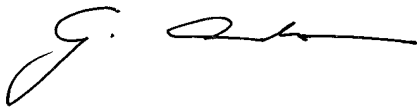
NON-AUDIT SERVICES

During the year PKF Chartered Accountants, the Company's Auditor, has not performed any other services in addition to their statutory duties. Auditors' remuneration is disclosed in Note 24.

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 40.

Signed in accordance with a resolution of the Directors

Dated 30 September 2009



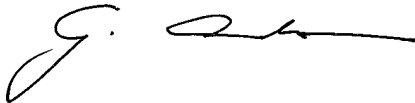
GRAHAM ANDERSON
Director

DIRECTORS' DECLARATION

- 1) In the directors' opinion:
- (a) the financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) Complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) Giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and
 - (b) 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
 - (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2; and
 - (d) the audited remuneration disclosures set out on pages 31 to 36 of the directors' report comply with Accounting Standards *AASB 124 Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



GRAHAM ANDERSON
Director

Perth, Western Australia
Dated 30 September 2009



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DYNASTY METALS AUSTRALIA LTD

Report on the financial report

We have audited the accompanying financial report of Dynasty Metals Australia Ltd which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both Dynasty Metals Australia Ltd (the company) and the consolidated entity. The consolidated entity comprises both the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Chartered Accountants
& Business Advisers

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of Dynasty Metals Australia Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 36 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Dynasty Metals Australia Ltd for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PKF
Chartered Accountants

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 30th day of September 2009.



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead engagement partner for the audit of Dynasty Metals Australia Ltd for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dynasty Metals Australia Ltd and the entities it controlled during the year.

A stylized, handwritten signature of the letters 'PKF' in black ink.

PKF
Chartered Accountants

A handwritten signature in black ink that reads 'Chris Nicoloff'.

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 30th day of September 2009.

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**INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Interest received		216,755	301,437	216,755	301,437
Other income	3	101,364	-	101,364	-
Sale of tenements		-	475,000	-	475,000
Exploration expenses	4	(1,721,163)	(2,444,177)	(1,721,163)	(2,444,177)
Occupancy expenses		(35,325)	(29,724)	(35,325)	(29,724)
Share based payments		(127,803)	(383,360)	(127,803)	(383,360)
Administration expenses		(700,042)	(906,663)	(697,357)	(896,009)
Impairment in available for sale assets		(364,628)	-	(364,628)	-
(Loss) from ordinary activities before related income tax expense		<u>(2,630,842)</u>	<u>(2,987,487)</u>	<u>(2,628,157)</u>	<u>(2,976,833)</u>
Income tax benefit	5	121,987	-	121,987	-
(Loss) after Income Tax		<u>(2,508,855)</u>	<u>(2,987,487)</u>	<u>(2,506,170)</u>	<u>(2,976,833)</u>
Earnings/(loss) per share					
Basic (cents per share)	18	(4.509)	(6.388)	(4.505)	(6.388)
Diluted (cents per share)	18	(4.509)	(6.388)	(4.505)	(6.388)

The accompanying notes form part of these financial statements

**BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	6	2,958,663	4,743,757	2,957,774	4,742,687
Trade and other receivables	7	205,697	199,952	219,684	209,984
Total Current Assets		3,164,360	4,943,709	3,177,458	4,952,671
Non-Current Assets					
Other financial assets	8	998,530	2,537,518	998,694	2,537,682
Plant and equipment	9	6,953	36,838	6,953	36,838
Total Non-Current Assets		1,005,483	2,574,356	1,005,647	2,574,520
Total Assets		4,169,843	7,518,065	4,183,105	7,527,191
Current Liabilities					
Trade and other payables	10	279,297	912,214	279,463	911,818
Total Current Liabilities		279,297	912,214	279,463	911,818
Total Liabilities		279,297	912,214	279,463	911,818
Net Assets		3,890,546	6,605,851	3,903,642	6,615,373
Equity					
Contributed equity	11	10,111,253	9,311,253	10,111,253	9,311,253
Accumulated losses	12	(7,214,523)	(4,705,668)	(7,201,184)	(4,695,014)
Available for sale assets reserve	13	284,636	1,585,550	284,636	1,585,550
Share option reserve	14	708,937	413,584	708,937	413,584
Foreign currency translation reserve	15	243	1,132	-	-
Total Equity		3,890,546	6,605,851	3,903,642	6,615,373

The accompanying notes form part of these financial statements

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Interest received		252,974	220,449	252,974	220,449
Payments to suppliers and employees		(2,964,302)	(2,603,405)	(2,960,168)	(2,594,443)
Net cash flows (used in) operating activities		(2,711,328)	(2,382,956)	(2,707,194)	(2,373,994)
Cash flows from investing activities					
Proceeds from sale of tenements		-	75,000	-	75,000
Proceeds from sale of property, plant and equipment		19,750	-	19,750	-
Payments for equity investments		-	(300,000)	-	(300,000)
Loan to subsidiary		-	-	(3,953)	(10,032)
Payments for property, plant and equipment		(2,069)	(16,219)	(2,069)	(16,219)
Net cash flows (used in) investing activities		17,681	(214,219)	13,728	(251,251)
Cash flows from financing activities					
Payments of cost of share issues		-	(132,222)	-	(132,222)
Proceeds from issue of shares		908,553	3,429,537	908,553	3,429,537
Net cash flows from/(used in) financing activities		908,553	3,297,315	908,553	3,297,315
Net increase in cash and cash equivalents		(1,785,094)	673,140	(1,784,913)	672,070
Cash and cash equivalents at beginning of the period		4,743,757	4,070,617	4,742,687	4,070,617
Cash and cash equivalents at end of the period	6	2,958,663	4,743,757	2,957,774	4,742,687

RECONCILIATION OF OPERATING LOSS AFTER INCOME TAX TO NET CASH FLOWS USED IN OPERATING ACTIVITIES

Operating (loss) after tax	(2,508,855)	(2,987,487)	(2,506,170)	(2,976,833)
Non-cash items				
Depreciation and amortisation	12,400	12,538	12,400	12,538
Share based payment expense	127,803	383,360	127,803	383,360
Profit on disposal of assets	(1,783)	-	(1,783)	-
Interest reinvested in bank guarantee	(1,738)	(1,353)	(1,738)	(1,353)
Proceeds from sale of tenement	-	(400,000)	-	(400,000)
Impairment in available for sale assets	364,628	-	364,628	-
Other non-cash items	56,866	-	61,708	-
Proceeds from sale of tenement not classified as operating activities	-	(75,000)	-	(75,000)
Tax benefit recognised in equity	(121,987)	-	(121,987)	-
Changes in operating assets and liabilities, net of effects from purchase of controlled entities				
(Increase)/decrease in receivables	(5,745)	(111,252)	(9,700)	(121,285)
(Decrease)/increase in payables	(632,917)	796,238	(632,355)	804,579
Net cash flows (used in) operating activities	(2,711,328)	(2,382,956)	(2,707,194)	(2,373,994)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Issued Capital	Available for Sale Assets Reserve	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total Equity
CONSOLIDATED						
Balance at 30 June 2007	6,013,938	460,500	30,224	-	(1,718,181)	4,786,481
Issue of share capital	3,429,537	-	-	-	-	3,429,537
Share capital raising costs	(132,222)	-	-	-	-	(132,222)
Gain/Loss on available for sale investments	-	1,125,050	-	-	-	1,125,050
Recognition of share based payments	-	-	383,360	-	-	383,360
Recognition on foreign exchange	-	-	-	1,132	-	1,132
Loss for the year	-	-	-	-	(2,987,487)	(2,987,487)
Balance at 30 June 2008	9,311,253	1,585,550	413,584	1,132	(4,705,668)	6,605,851
Issue of share capital	800,000	-	-	-	-	800,000
Issue of options	-	-	167,550	-	-	167,550
Gain/Loss on available for sale investments	-	(1,178,927)	-	-	-	(1,178,927)
Tax effect of revaluation	-	(121,987)	-	-	-	(121,987)
Recognition of share based payments	-	-	127,803	-	-	127,803
Recognition on foreign exchange	-	-	-	(889)	-	(889)
Loss for the year	-	-	-	-	(2,508,855)	(2,508,855)
Balance at 30 June 2009	10,111,253	284,636	708,937	243	(7,214,523)	3,890,546

	Issued Capital	Available for Sale Assets Reserve	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total Equity
COMPANY						
Balance at 30 June 2007	6,013,938	460,500	30,224	-	(1,718,181)	4,786,481
Issue of share capital	3,429,537	-	-	-	-	3,429,537
Share capital raising costs	(132,222)	-	-	-	-	(132,222)
Gain/Loss on available for sale investments	-	1,125,050	-	-	-	1,125,050
Recognition of share based payments	-	-	383,360	-	-	383,360
Loss for the year	-	-	-	-	(2,976,833)	(2,976,833)
Balance at 30 June 2008	9,311,253	1,585,550	413,584	-	(4,695,014)	6,615,373
Issue of share capital	800,000	-	-	-	-	800,000
Issue of options	-	-	167,550	-	-	167,550
Gain/Loss on available for sale investments	-	(1,178,927)	-	-	-	(1,178,927)
Tax effect of revaluation	-	(121,987)	-	-	-	(121,987)
Recognition of share based payments	-	-	127,803	-	-	127,803
Loss for the year	-	-	-	-	(2,506,170)	(2,506,170)
Balance at 30 June 2009	10,111,253	284,636	708,937	-	(7,201,184)	3,903,642

The accompanying notes form part of these financial statements

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1 CORPORATE INFORMATION

The financial report of Dynasty Metals Australia Ltd (the Company) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 30 September 2009.

The Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company is exploration for mineral resources. The company's exploration projects are represented by an extensive portfolio of uranium tenements in Western Australia and Northern Territory together with iron ore and base metals tenements in Warramboe and Prairie Downs in Western Australia and gold leases in Bendoc Victoria. Also included are coal seam gas interests in the Irwin River area in Western Australia together with a Coal Joint Venture Agreement in the Queensland Maryborough Coal Basin.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including the Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

b) Adoption of New and Revised Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the Company's assessment of these is set out below:

Reference	Title	Details	Application date of Standard	Impact on the Group	Applica-tion date for Group
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

b) New Accounting Standards and Interpretations (continued)

AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group does not have share-based payment arrangements that may be affected by these amendments.	1 July 2009
AASB 3 (revised)	Business Combinations	The revised standard introduces a number of changes to the accounting for business combinations, the most significant of which allows entities a choice for each business combination entered into – to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Group has no current plans to enter into any business combinations during the next financial year. The Group has not yet assessed the impact of early adoption, including which accounting policy to adopt.	1 July 2009
AASB 2008 - 5	Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Makes amendments to 25 different Standards and is equivalent to the IASB Standard <i>Improvements to IFRSs</i> issued in May 2008. The IASB's annual improvements project provides a vehicle for making non-urgent but necessary amendments to Standards. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	1 January 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

b) New Accounting Standards and Interpretations (continued)

AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process	Makes amendments to Australian Accounting Standards AASB 1 <i>First-time Adoption of Australian Equivalents to International Financial Reporting Standards</i> and AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> . These amendments are additional to those in AASB 2008-5 <i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> .	1 January 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009
AASB 2008 - 7	Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	<p>This Amending Standard:</p> <ul style="list-style-type: none"> • amends AASB 127 <i>Consolidated and Separate Financial Statements</i> to remove the definition of the 'cost method' and to require the separate financial statements of a new parent formed as the result of a specific type of reorganisation to measure the cost of its investment in the previous parent at the carrying amount of its share of the equity items of the previous parent at the date of the reorganisation • removes from AASB 118 <i>Revenue</i> the requirement to deduct dividends declared out of pre-acquisition profits from the cost of an investment in a subsidiary, jointly controlled entity or associate. Therefore, all dividends from a subsidiary, jointly controlled entity or associate are recognised by the investor as income • implements consequential amendments to AASB 136 <i>Impairment of Assets</i>, introducing a new indicator of impairment for investments in subsidiaries, jointly controlled entities and associates where a dividend has been recognised • allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous GAAP to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. 	1 January 2009	These amendments are not expected to have a material impact on the Group's financial report.	1 July 2009

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

b) New Accounting Standards and Interpretations (continued)

Amendments to International Financial Reporting Standards	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to IAS 27 deleting the 'cost method' and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	Recognising all dividends received from subsidiaries, jointly controlled entities and associates as income will likely give rise to greater income being recognised by the Company after adoption of these amendments. In addition, if the Group enters into any group reorganisation establishing new parent entities, an assessment will need to be made to determine if the reorganisation meets the conditions imposed to be effectively accounted for on a 'carry-over basis' rather than at fair value.	1 July 2009
Amendments to International Financial Reporting Standards	Improvements to IFRSs	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part I deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009 except for amendments to IFRS 5, which are effective from 1 July 2009.	The Group has not yet determined the extent of the impact of the amendments, if any.	1 July 2009

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

c) Interest in Joint Venture Operations

The Company's interest in joint venture operations is accounted for by recognizing the Company's assets and liabilities from the joint venture, as well as expenses incurred by the Company's share of income earned from the joint venture, in the financial statements.

d) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Plant and equipment is depreciated on the straight-line method at the rate of 22.5% - 40%.

Motor vehicles is depreciated on the straight-line method at the rate of 22.5%.

Impairment

The carrying values of plant and equipment are viewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

d) Property, Plant and Equipment (continued)

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. 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.

An item of property, plant and equipment is recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition 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 recognised.

e) Exploration and Evaluation Expenditure

The Company has adopted the policy of expensing all exploration and evaluation expenditure in relation to its mineral tenements as incurred.

f) Recoverable Amount of 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 asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 group 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the assets (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease (refer note 2(d)).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase (refer note 2(d)).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

g) Financial Assets

All investments are initially recognised at cost, being the 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 balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is subsequently the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

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 Group commits to purchase the asset.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

h) Financial Instruments Issued by the Company

Financial liabilities are classified as either financial liabilities “at fair value through profit or loss” or other financial liabilities.

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

i) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statements, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects come or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expenses relating to any provision is presented in the income statement net of any reimbursement.

k) Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

l) Revenue

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Interest Income

Interest income is recognised as it accrues.

m) Income Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for 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 combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 the unused tax assets and unused tax losses can be recognised:

- Except where the deferred income tax asset relating to the deductible temporary difference 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; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized; and
- A deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 utilized.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

n) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits.

o) Share-based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

p) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

q) Significant accounting judgments, estimates and assumptions

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recovery of deferred assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilize those temporary differences.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a black and scholes model, using the assumptions detailed below. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using a black and scholes formula taking into account the terms and conditions upon which the instruments were granted.

r) Basis of consolidation

The consolidated financial statements comprise the financial statements of Dynasty Metals Australia Limited (“Company”) and its subsidiaries (“Group”). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

s) Comparatives figures

Comparative figures have been restated when necessary.

t) Foreign currency translations

Transactions in foreign currencies are translated to the functional currencies of group entities at the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the fair value was determined.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 3. OTHER INCOME				
Deposit pursuant to Henan Rebecca Holdings offer	100,000	-	100,000	-
Foreign currency gains	1,364	-	1,364	-
	<u>101,364</u>	<u>-</u>	<u>101,364</u>	<u>-</u>

NOTE 4. EXPLORATION AND EVALUATION EXPENDITURE

Exploration/evaluation expenditure written off	1,721,163	2,444,177	1,721,163	2,444,177
	<u>1,721,163</u>	<u>2,444,177</u>	<u>1,721,163</u>	<u>2,444,177</u>

NOTE 5. INCOME TAX

The prima facie tax on operating (loss) is reconciled to the income tax provided in the financial statements as follows:

Prima facie tax on operating (loss) at 30%	(789,253)	(896,246)	(788,447)	(893,050)
Permanent differences:				
Capital raising costs	(26,790)	(26,784)	(26,790)	(26,784)
Non deductible	39,632	1,931	39,632	1,931
Share based payment	38,340	115,008	38,340	115,008
Income tax benefit not brought to account	860,058	806,091	859,252	802,895
Income tax expense/benefit	<u>121,987</u>	<u>-</u>	<u>121,987</u>	<u>-</u>
Deferred Tax Assets				
Capital raising costs	-	73,867	-	73,867
Blackhole deduction	22,156	-	22,156	-
Provisions	-	5,116	-	5,116
Impairment in investments	109,388	-	109,388	-
Non deductible accruals	3,916	-	3,916	-
Unused tax losses	2,091,079	1,434,858	2,090,274	1,431,662
	<u>2,226,539</u>	<u>1,513,841</u>	<u>2,225,734</u>	<u>1,510,645</u>
Deferred Tax Liabilities				
Unrealised gain on investments	-	475,665	-	475,665
Accrued Interest	12,503	23,891	12,503	23,891
Net recognised deferred tax balances	<u>2,214,036</u>	<u>1,014,285</u>	<u>2,213,231</u>	<u>1,011,089</u>

The benefit of tax losses will only be obtained pursuant to the Company meeting the requirements of the Income Tax Assessment Act.

NOTE 6. CASH AND CASH EQUIVALENTS
Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash at bank	1,448,663	1,454,931	1,447,773	1,453,861
Term deposit	1,510,000	3,288,826	1,510,000	3,288,826
	<u>2,958,663</u>	<u>4,743,757</u>	<u>2,957,773</u>	<u>4,742,687</u>

NOTE 7. TRADE AND OTHER RECEIVABLES

Other Receivables	100,800	45,480	114,787	55,512
Prepayments	5,659	6,604	5,659	6,604
Accrued Interest	41,677	79,635	41,677	79,635
GST receivable	57,561	68,233	57,561	68,233
	<u>205,697</u>	<u>199,952</u>	<u>219,684</u>	<u>209,984</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 7. TRADE AND OTHER RECEIVABLES (continued)

Receivables

These amounts generally arise from transactions during usual operating activities of the consolidated entity and are non-interest bearing. These amounts do not contain any impaired receivables, and are not considered overdue.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 8. OTHER FINANCIAL ASSETS				
Term deposits for bank guarantee	24,207	22,468	24,207	22,468
Available for sale financial assets	971,495	2,515,050	971,495	2,515,050
Investment in subsidiaries (refer Note 25)	-	-	164	164
Other	2,828	-	2,828	-
	<u>998,530</u>	<u>2,537,518</u>	<u>998,694</u>	<u>2,537,682</u>

The fair value of the available for sale financial assets have been assessed at closing bid price on reporting date.

The investment in listed companies at fair value relate to an agreement with Atlas Iron Ltd, whereby Atlas Iron Ltd has acquired the iron ore rights on the North Shaw project tenement E45/2728. Dynasty received 500,000 Atlas Iron Ltd shares and retained a 2% of gross sales revenue royalty. Dynasty holds 0.17% (2008: 0.17%) of the ordinary share capital of Atlas Iron Ltd. The Directors of Dynasty do not believe that the Company is able to exert significant influence over Atlas Iron Ltd. As at 29 September, Dynasty holds 501,800 shares in Atlas Iron Ltd with a market value of \$840,515.

The investments in listed companies at fair value also relates to 227,978 shares received by Poseidon Nickel Limited as part of a consideration received for the sale of the Laverton Nickel tenements. Dynasty holds 0.14% (2007: 0.14%) of the ordinary shares capital of Poseidon Nickel Ltd. The Directors of Dynasty do not believe that the Company is able to exert significant influence over Poseidon Nickel Ltd. The market value at 29 September 2009 for Poseidon Nickel Ltd is \$69,533.

Dynasty invested \$300,000 in Fairstar Resources Limited for 2,000,000 ordinary shares with 1,000,000 free options attached. Dynasty holds 0.54% (2007: 0.54%) of the ordinary shares capital of Fairstar Resources Limited. The Directors of Dynasty do not believe that the Company is able to exert significant influence over Fairstar Resources Limited. The 1,000,000 options expired on 31 August 2009 and were not taken up. The market value at 29 September 2009 for Fairstar Resources Limited is \$74,000.

NOTE 9. PLANT AND EQUIPMENT

	Computer Equipment at cost	Motor Vehicle at cost	Office Equipment at cost	Total
	\$	\$	\$	\$
CONSOLIDATED				
<i>Gross carrying amount</i>				
Balance at 30 June 2007	5,933	29,800	2,700	38,433
Additions	16,218	-	-	16,218
Write off	(128)	-	-	(128)
Balance at 30 June 2008	22,023	29,800	2,700	54,523
Additions	-	-	2,069	2,069
Write off	-	-	(2,700)	(2,700)
Sale	(5,607)	(29,800)	-	(35,407)
Balance at 30 June 2009	16,416	-	2,069	18,485
<i>Accumulated depreciation/recognized and impairment</i>				
Balance at 30 June 2007	(1,417)	(3,353)	(506)	(5,276)
Depreciation expense	(5,225)	(6,704)	(608)	(12,537)
Write off	128	-	-	128
Balance at 30 June 2008	(6,514)	(10,057)	(1,114)	(17,685)
Depreciation expense	(8,582)	(3,352)	(466)	(12,400)
Write off	4,030	13,409	1,114	18,553
Balance at 30 June 2009	(11,066)	-	(466)	(11,532)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

NOTE 9. PLANT AND EQUIPMENT (CONTINUED)

	Computer Equipment at cost \$	Motor Vehicle at cost \$	Office Equipment at cost \$	Total \$
CONSOLIDATED				
<i>Net book value</i>				
As at 30 June 2008	15,509	19,743	1,586	36,838
As at 30 June 2009	5,350	-	1,603	6,953
COMPANY				
<i>Gross carrying amount</i>				
Balance at 30 June 2007	5,933	29,800	2,700	38,433
Additions	16,218	-	-	16,218
Write off	(128)	-	-	(128)
Balance at 30 June 2008	22,023	29,800	2,700	54,523
Additions	-	-	2,069	2,069
Write off	-	-	(2,700)	(2,700)
Sale	(5,607)	(29,800)	-	(35,407)
Balance at 30 June 2009	16,416	-	2,069	18,485
<i>Accumulated depreciation/recognized in and impairment</i>				
Balance at 30 June 2007	(1,417)	(3,353)	(506)	(5,276)
Depreciation expense	(5,225)	(6,704)	(608)	(12,537)
Write off	128	-	-	128
Balance at 30 June 2008	(6,514)	(10,057)	(1,114)	(17,685)
Depreciation expense	(8,582)	(3,352)	(466)	(12,400)
Write off	4,030	13,409	1,114	18,553
Balance at 30 June 2009	(11,066)	-	(466)	(11,532)
<i>Net book value</i>				
As at 30 June 2008	15,509	19,743	1,586	36,838
As at 30 June 2009	5,350	-	1,603	6,953

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 10. TRADE AND OTHER PAYABLES				
Trade payables	250,645	144,601	250,645	144,601
Accruals	11,998	766,559	12,000	766,000
Other payables	16,654	1,054	16,818	1,217
	<u>279,297</u>	<u>912,214</u>	<u>279,463</u>	<u>911,818</u>

The average credit period on purchase of goods is within 30 days.

NOTE 11. CONTRIBUTED EQUITY

Issued Capital				
63,631,312 fully paid ordinary shares (2008: 55,631,312)	10,552,406	9,752,406	10,552,406	9,752,406
Prospectus Costs	(24,831)	(24,831)	(24,831)	(24,831)
Capital Raising Costs	(416,322)	(416,322)	(416,322)	(416,322)
	<u>10,111,253</u>	<u>9,311,253</u>	<u>10,111,253</u>	<u>9,311,253</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

NOTE 11. CONTRIBUTED EQUITY (CONTINUED)

	Consolidated		Company	
	No	\$	No	\$
Balance at beginning of financial year	55,631,312	9,311,253	55,631,312	9,311,253
Share issue	8,000,000	800,000	8,000,000	800,000
Balance at 30 June 2009	63,631,312	10,111,253	63,631,312	10,111,253

Movements in listed share options

	Consolidated No	Company No
Balance at beginning of financial year	-	-
Balance at 30 June 2008	-	-

Unlisted Share Options

At 30 June 2009, the Company had on issue 27,067,029 unlisted options. The options carry no rights to dividend and no voting rights. The details of the unlisted options are:

- 500,000 options exercisable at \$0.30 expiring 31 December 2009
- 20,917,029 options exercisable at \$0.35 expiring 28 February 2010
- 5,150,000 options exercisable at \$0.20 expiring 30 November 2009
- 500,000 options exercisable at \$0.20 expiring 1 September 2010

Movements in unlisted share options

Balance at beginning of financial year	21,417,029	21,417,029
Issued to consultants during the year (exercise price of \$0.20 expiring 30 November 2009)	5,150,000	5,150,000
Issued to Malcolm Carson during the year (exercise price of \$0.20 expiring 1 September 2010)	500,000	500,000
Balance at 30 June 2009	27,067,029	27,067,029

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
NOTE 12. ACCUMULATED LOSSES				
Accumulated losses at beginning of year	(4,705,668)	(1,718,181)	(4,695,014)	(1,718,181)
Net loss	(2,508,855)	(2,987,487)	(2,506,170)	(2,976,833)
Accumulated losses at end of year	(7,214,523)	(4,705,668)	(7,201,184)	(4,695,014)

NOTE 13. AVAILABLE FOR SALE ASSETS

RESERVE

Balance at beginning of year	1,585,550	460,500	1,585,550	460,500
Revaluation increments/(decrements)	(1,178,927)	1,125,050	(1,178,927)	1,125,050
Tax effect of revaluation	(121,987)	-	(121,987)	-
Balance at end of year	284,636	1,585,550	284,636	1,585,550

The recognised gain reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively recognised in the income statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the income statement.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
NOTE 14. SHARE OPTION RESERVE				
Balance at beginning of year	413,584	30,224	413,584	30,224
Recognition of share based payment expense	295,353	383,360	295,353	383,360
Balance at end of year	708,937	413,584	708,937	413,584

The share option reserve is used to recognise the fair value of options issued to the consulting geologist and to related parties.

NOTE 15. FOREIGN CURRENCY TRANSLATION RESERVE

Balance at beginning of year	1,132	-	-	-
Recognition of foreign currency translation	(889)	1,132	-	-
Balance at end of year	243	1,132	-	-

NOTE 16. COMMITMENTS FOR EXPENDITURE
(a) Exploration Commitments

In order to maintain an interest in the mining and exploration tenements in which the company is involved, the company is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. 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 and are payable.

Outstanding exploration commitments 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 and, in certain circumstances, Native Title negotiations):

within one year:	1,884,700	1,567,860	1,884,700	1,567,860
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(b) Operating Lease Commitments

The Company has no operating lease commitments.

NOTE 17. SHARE-BASED PAYMENTS
(a) Recognised share-based payment expense

The expense recognised for employee and consultant services during the year is shown in the table below:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Expense arising from equity-settled share-based payment transactions	127,803	383,360	127,803	383,360
	127,803	383,360	127,803	383,360

(b) Types of share-based payment plans

During the year, Mr Malcolm Carson received 500,000 unlisted options exercisable at \$0.20 each expiring 1 September 2010. In addition, 5,150,000 unlisted options exercisable at \$0.20 each expiring 30 November 2009 were issued to consultants during the year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

NOTE 17. SHARE-BASED PAYMENTS (continued)

(c) Summary of options granted

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year:

	2009	2009	2008	2008
	No	WAEP	No	WAEP
Outstanding at the beginning of the year	3,211,820	0.34	500,000	0.20
Granted during the year	5,650,000	0.20	5,211,820	0.34
Exercised during the year	-	-	(250,000)	(0.20)
Lapsed during the year	-	-	(2,250,000)	(0.30)
Outstanding at the end of the year	8,861,820	0.25	3,211,820	0.34

(d) Weighted average of remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2009 is 1.7 years (2008: 2.7 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the years was \$0.20-\$0.35 (2008: \$0.25-\$0.40).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.20 (2008: \$0.34).

(g) Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes model taking into account the terms and conditions upon which the options were granted.

Using the Black Scholes option valuation, the fair value of the options issued during the year was calculated. The model takes into account share price volatilities and the risk that the Company is not listed. The following inputs were used:

Strike price	\$ 0.20
Stock price	\$ 0.10
Valuation date	28/11/08
Expiry date	1/09/10
Volatility	150%
Risk free rate	5.25%
Discount	30%
Value per option	\$0.0385
Number of options	500,000
Value of options	\$19,250

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 18. EARNINGS PER SHARE

	Consolidated		Company	
	2009	2008	2009	2008
Basic loss per share (cents per share)	4.509	6.388	4.505	6.388
Amount used in the calculation of basic EPS	(2,508,855)	(2,987,487)	(2,506,170)	(2,987,487)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	55,631,312	46,767,973	55,631,312	46,767,973

The options of the Company are not considered dilutive for the purpose of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit per share nor increase the net loss per share. Consequently, diluted earnings per share is the same as basic earnings per share.

NOTE 19. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out under the policies approved by the Board of Directors. The Board identifies and evaluates the risk and takes appropriate measures to minimize the risk.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,958,663	4,743,757	2,957,774	4,742,688
Trade and other receivables	205,697	193,348	219,684	203,381
Available-for-sale financial assets	971,495	2,515,050	971,495	2,515,050
Other financial assets	27,035	22,468	27,199	22,468
	4,162,890	7,474,623	4,176,152	7,483,587
Financial liabilities				
Trade and other payable	279,297	162,214	279,463	161,819
	279,297	162,214	279,463	161,819

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally in Botswana and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar and Pula (Botswana currency).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities dominated in a currency that is not the entity's functional currency and net investments in foreign operations. The functional and presentation currency of Dynasty Metals Australia Limited is Australian Dollar.

Transactions in Botswana are minimal and the exposure to foreign exchange risk is limited.

Group and parent sensitivity

Based on the financial instruments held at 30 June 2009, had the Australian dollar weakened/strengthened by 10% against the Pula with all other variables held constant, there would be no material impact on the Group's and parent's income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Equity price risk

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. Neither the Group nor the parent entity is exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

All of the Group's and parent entity's equity investments are publicly traded and are included in the Australian Securities Exchange.

The table below summarises the impact of increases/decreases of these investments on the Group's and the parent entity's equity. As all investments held by the Group and parent entity is classified as available-for-sale, there will be no impact on the post-tax profit of the Group and the parent entity. The analysis is based on the assumption that the equity indexes had increased/decreased by 9% (2008 – 9%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Impact on equity (2009)		Impact on equity (2008)	
	Consolidated	Parent	Consolidated	Parent
	\$	\$	\$	\$
Available-for-sale investments	87,434	87,434	226,355	226,355

Equity would further increase/decrease as a result of gains/losses on equity securities classified as available-for-sale. The price risk for the unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

iii) Cash flow and fair value interest rate risk

The Group and the parent entity do not have any borrowings and therefore do not have any exposure to cash flow and fair value interest rate risk in terms of borrowings. The Group and the parent entity's only exposure to cash flow and fair value interest rate risk are on the interest rates on the term deposits.

Sensitivity analysis

If the interest rates had weakened/strengthened by 1% at 30 June 2009, there would be no material impact on the income statement. There would be no effect on the equity reserves other than those directly related to income statement movements.

(b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company or the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks. The Group's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company and the Group considers the credit standing of counterparties when making deposits to manage the credit risk. Considering the nature of the business at current, the Group believes that the credit risk is limited.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

NOTE 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity Risk

Maturities of financial liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade and other payables				
Within 3 months	279,297	162,214	279,463	161,819

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(e) Interest Rate Risk Exposure

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity.

Consolidated 30 June 2009

	Floating Interest	Non Interest	Total
	\$	Bearing	\$
		\$	
Financial Assets			
Cash and cash equivalents	2,958,663	-	2,958,663
Receivables	-	205,697	205,697
	2,958,663	205,697	3,164,360
Weighted Average Interest Rate	3.66%	-	
	2,958,663	205,697	3,164,360
Financial Liabilities			
Trade and other payables	-	(279,297)	(279,297)
Net Financial Liabilities	-	(279,297)	(279,297)
Net Financial Assets/(Liabilities)	2,958,663	(73,600)	2,885,063

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

NOTE 19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Company 30 June 2009

	Floating Interest	Non Interest Bearing	Total
	\$	\$	\$
Financial Assets			
Cash and cash equivalents	2,957,774	-	2,957,774
Receivables	-	219,684	219,684
	<u>2,957,774</u>	<u>219,684</u>	<u>3,177,458</u>
Weighted Average Interest Rate	3.66%	-	
	<u>2,957,774</u>	<u>219,684</u>	<u>3,177,458</u>
Financial Liabilities			
Trade and other payables	-	(279,463)	(279,463)
Net Financial Liabilities	-	(279,463)	(279,463)
Net Financial Assets/(Liabilities)	<u>2,957,774</u>	<u>(59,779)</u>	<u>2,897,995</u>

NOTE 20. SEGMENT INFORMATION

The Company currently operates in one industry and two geographical segments, namely the mining industry in Australia and Botswana.

	2009	2008
Revenue		
Australia	318,119	776,437
Botswana	-	-
	<u>318,119</u>	<u>776,437</u>
Expenditure		
Australia	2,581,648	3,003,270
Botswana	2,684	10,654
	<u>2,584,332</u>	<u>3,013,924</u>

NOTE 21. CONTINGENT LIABILITIES

The Company has received a Statement of Claim from a drilling company previously contracted to provide drilling services in 2008 claiming an amount of \$247,141 for services allegedly provided to the company, plus interest and costs. The Company will be defending this claim.

NOTE 22. INTERESTS IN JOINT VENTURE

On the 10 July 2008, Dynasty paid \$750,000 as part of the first initial payment to the Tiaro Coal Joint Venture to acquire up to 51% interest in EPC 956 and EPC 957.

NOTE 23. SUBSEQUENT EVENT

On 14 July, the Company raised \$30,000 through the issue of 300,000 new ordinary shares at an issue price of \$0.10 per share. Subsequent to year end, the Company sold 190,000 and purchased 191,800 Atlas Iron Ltd Shares. As at 29 September, the Company holds 501,800 shares in Atlas Iron Ltd.

	Consolidated		Company	
	2009	2008	2009	2008
NOTE 24. AUDITOR'S REMUNERATION	\$	\$	\$	\$
Audit services	21,080	26,000	21,080	26,000
Independent Accountants Report	-	-	-	-
	<u>21,080</u>	<u>26,000</u>	<u>21,080</u>	<u>26,000</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)**

NOTE 25. CONTROLLED ENTITIES

	% Owned		Book value of shares held		Contribution to consolidated loss	
	2009	2008	\$	\$	\$	\$
	2009	2008	2009	2008	2008	2007
<i>Parent entity</i>						
Dynasty Metals Australia Limited						
<i>Entities controlled by Parent</i>						
Scorpion Resources Ltd	100%	100%	2	2	-	-
Dynasty Botswana Ltd	100%	100%	2	2	-	-
Dunblane Enterprise Pty Ltd	100%	100%	160	160	-	-

Scorpion Resources Ltd and Dynasty Botswana Ltd is incorporated in Australia. Dunblane Enterprise Pty Ltd is incorporate in Botswana.

NOTE 26. RELATED PARTY TRANSACTIONS

During the year, the Group paid Richard Oh & Co \$48,375 for consulting services provided to Dynasty Metals Australia Limited. Mr Richard Oh is a Director of Richard Oh & Co.

The Group paid GDA Corporate \$68,750 for company secretarial, accounting and administration services provided to Dynasty Metals Australia Limited. Mr Graham Anderson is a Director of GDA Corporate.

The Group paid Minerals Resources Consultants Pty Ltd \$35,900 for consulting services provided to Dynasty Metals Australia Limited. Mr Malcolm Carson is a Director of Minerals Resources Consultants Pty Ltd.

The parent entity, Dynasty Metals Australia Ltd, has made loans to its controlled entities. These loans are interest free, unsecured and as at call:

	Company	
	2009 \$	2008 \$
Loan to Dunblane Enterprise Pty Ltd	13,986	9,539

TENEMENT SCHEDULE AS AT 29th SEPTEMBER 2009

Project	Lease	Commodity	Holder	Shares	Locality	Status
West. Australia Tenements						
WARRAMBOO	E08/1620-I	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	GRANTED
YANREY	E08/1699	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	E08/1774	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
UAROO	E08/1817	Uranium and Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
MT PHILLIPS	E09/1337	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
MT PHILLIPS	E09/1338	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
HECTOR BORE	E09/1339	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1927-I	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1938-i	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1948	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1949	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/2024	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/2025	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/2099	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2265	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2266	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2267	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
NABBERU	E69/2268	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
NABBERU	E69/2269	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2270	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2294	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2295	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2296	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2297	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2300	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
IRWIN	E70/3476	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	GRANTED
IRWIN	E70/3477	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	GRANTED
HYDEN	E74/333	Gold and Nickel	Dynasty Metals Australia Ltd	100	WA	GRANTED
HYDEN	E77/1248	Gold and Nickel	Dynasty Metals Australia Ltd	100	WA	GRANTED

Project	Lease	Commodity	Operator	Shares	Locality	Status
HYDEN	E77/1326	Gold and Nickel	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	P08/550	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	P08/551	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	p08/564	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3533	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3534	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3535	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3536	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
ATLAS	E45/2728	Gold, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
West. Australia Applications						
WARRAMBOO	E08/2050	Iron	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2359	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2367	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2435	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2458	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2459	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2460	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2461	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2464	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3158	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3190	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3501	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3667	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3668	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3669	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3670	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3671	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3672	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION

Project	Lease	Commodity	Operator	Shares	Locality	Status
IRWIN	E70/3676	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3677	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3678	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/566	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	P08/567	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/568	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/569	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/570	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/571	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	P08/572	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/573	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/574	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/575	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/576	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	P08/577	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/578	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/579	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/580	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/581	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/582	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	EP 31/07-8	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	EP 32/07-8	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	APPLICATION
Victoria						
BENDOC	E1 4799	Gold	Dynasty Metals Australia Ltd	100	VIC	GRANTED
BENDOC	E1 4824	Gold	Dynasty Metals Australia Ltd	100	VIC	GRANTED
Northern Territory						
PEAKED HILL	E125624	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED
MT WELDON	EL25626	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED
HANSON RIVER	E125627	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED
POSSUM CREEK	E125628	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED