

19 August 2009

Company Announcement Office
Australian Securities Exchange Limited

SHAREHOLDERS UPDATE

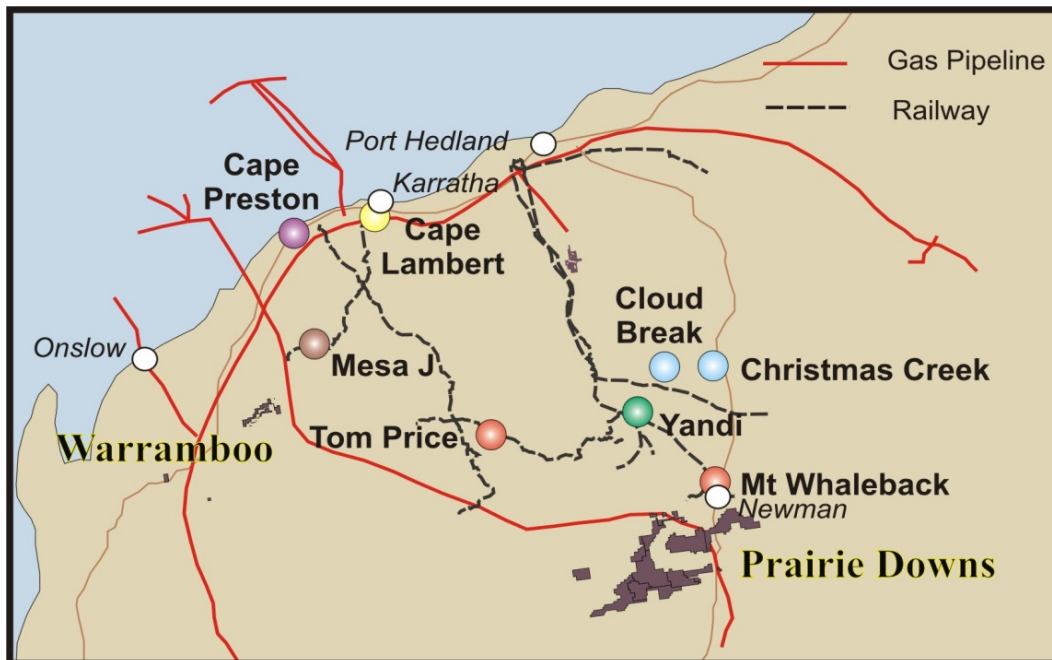


Figure 1 – Location, Dynasty's Pilbara iron ore tenements

- ***Drilling contractor secured, approvals obtained, drilling to commence at Warrambo within 14 days.***
- ***Site clearances for drilling at Prairie Downs obtained, Program of Work approvals being sought. Drilling to follow Warrambo program.***
- ***Dynasty has substantially increased its tenement holdings under application in the Prairie Downs area to a total of 3,589km².***
- ***Directors endorse issue of options subject to shareholder approval at a forthcoming General Meeting of shareholders.***
- ***Discussions continue with possible strategic investors, partners.***

Exploration – Iron Ore:

Dynasty has engaged Perth owner operator, NDRC Drilling to undertake its 8,000m drilling program which will be supervised by Dynasty personnel and its consultants Terra Search. This program is to commence at Warramboe where all clearances and approvals have been obtained. Field crews are on-site preparing access and drill pads.

Warramboe Drilling Program

It is expected the Warramboe 3,000m program will take approximately 15 to 20 days, at which time the drill rig and exploration team will transfer to Prairie Downs. Initial targets at Warramboe are at Snakewood Bore where there are identified outcrops of channel iron and at Eastern Valley where possible channel iron deposits are hidden by surface cover.

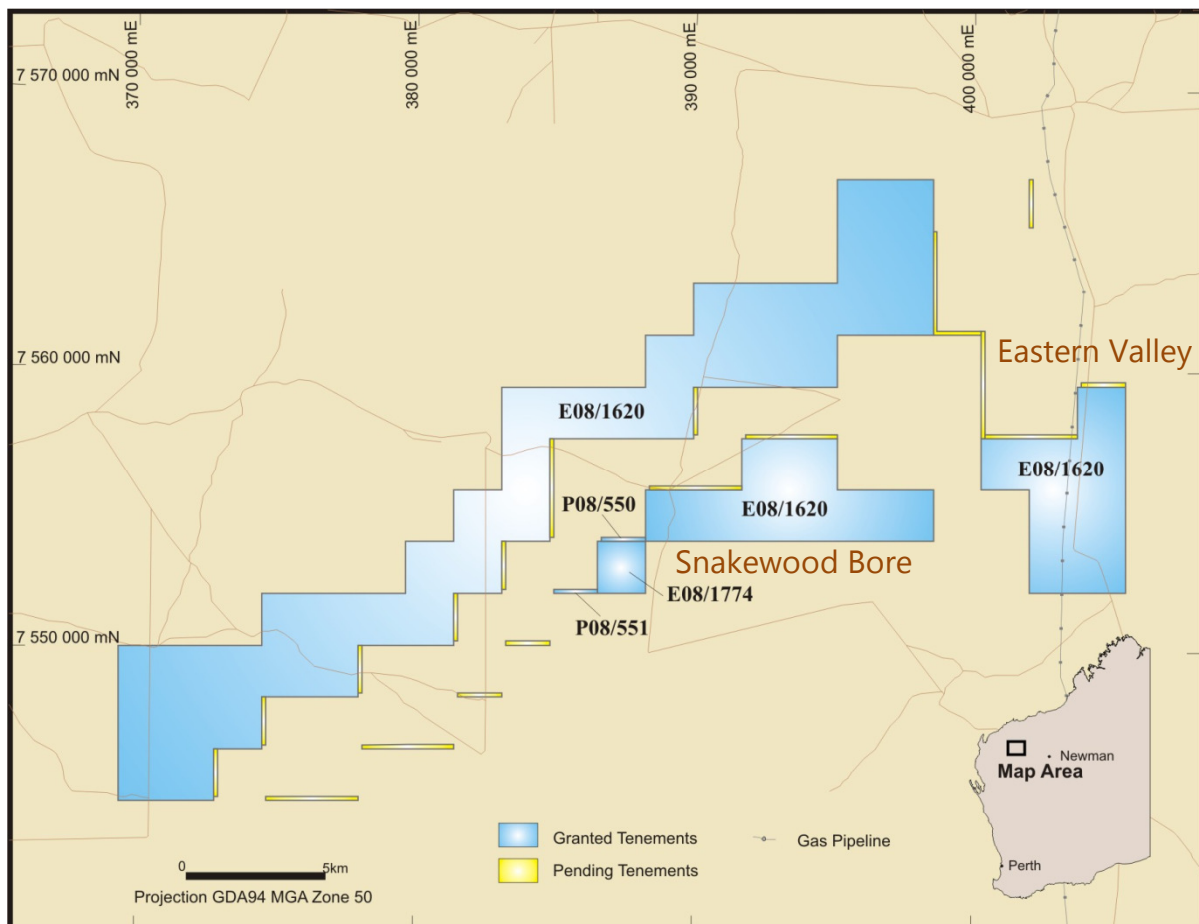


Figure 2 - Warramboe tenements and location of two prospects, Snakewood Bore and Eastern Valley.

The channels to be tested at Snakewood Bore have been identified by field mapping and sampling with the results illustrated in Figure 3 below.

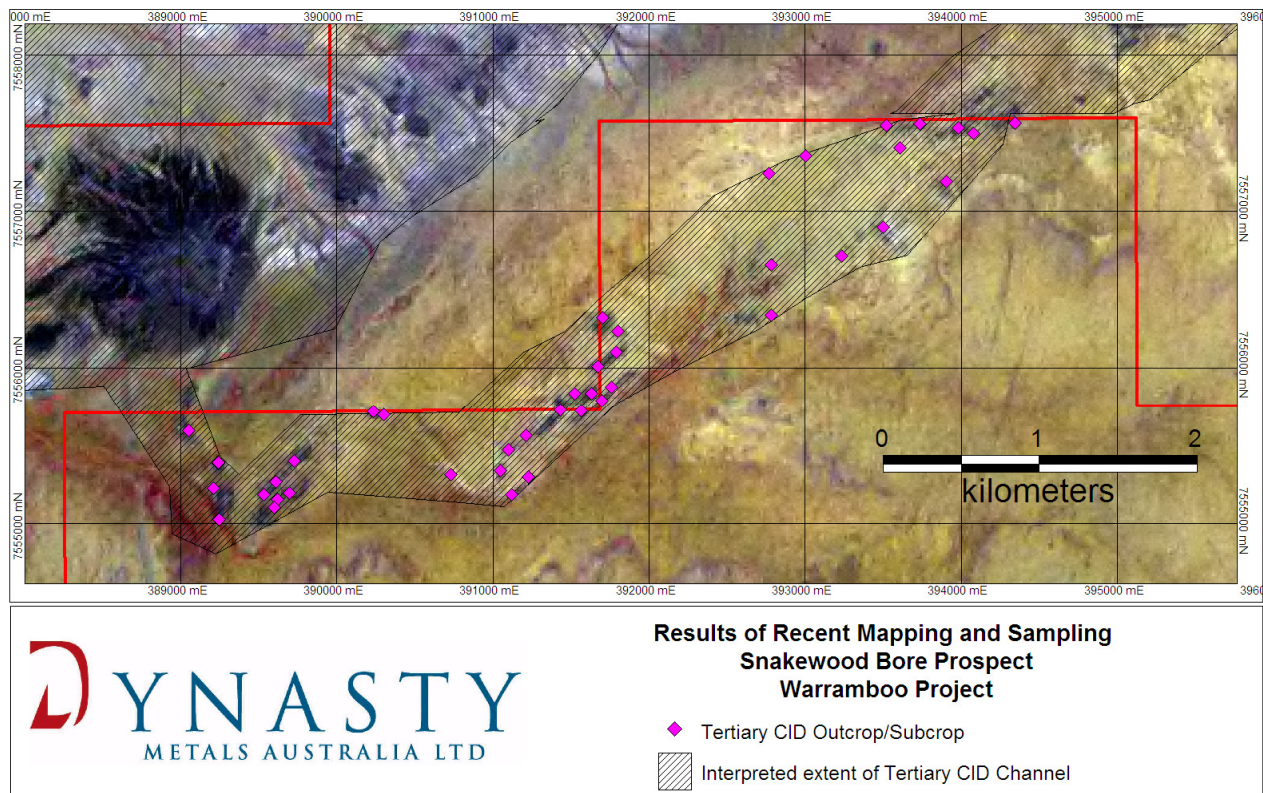


Figure 3 - results of recent mapping and rock chip sampling field programs.

Dynasty's drilling program at Warrambo is designed to evaluate the targets shown in Figure 5 with the following objectives:

- Identify the thickness and grade of the channel at Snakewood Bore
- Identify the presence and extent, thickness and grade of any buried channel iron deposit in the Eastern Valley project.
- Evaluate the most promising areas of potential buried channel iron deposit and detrital iron deposits from the geophysical surveys and geological mapping

Prairie Downs Drilling Program

The Prairie Downs 5,000m drilling program will investigate four targets, two Marra Mamba and two channel iron. Two of these drill targets are located on outcropping Marra Mamba and channel iron and the other two are buried targets identified from mapping and geophysical surveys. The drilling program at Prairie Downs is designed to evaluate the targets with the following objectives:

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

Prairie Downs Expanded Tenement Position

Dynasty has expanded its Prairie Downs tenements situated south and south-west of Mt Newman with new applications.

During this quarter's drilling program, Dynasty will carry out some reconnaissance field work; together with data compilation on this extended tenement holding as shown in **Figure 4**.

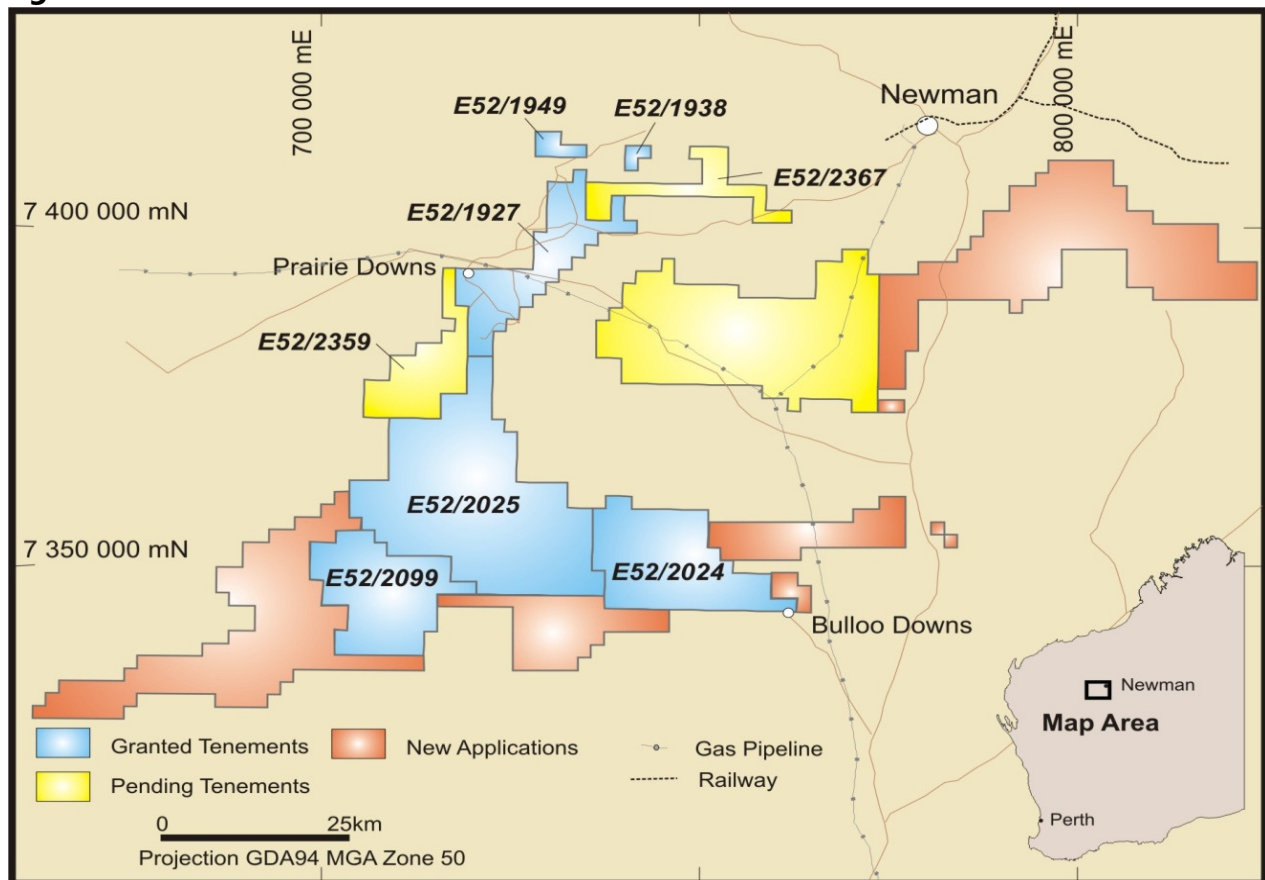


Figure 4 – Dynasty's granted tenements and tenements under application at Prairie Downs (3,589km²)

Issue of Options

The Board of Dynasty Metals Australia Ltd advises that at a General Meeting of shareholders to be held in late September 2009 it will be seeking shareholder approval for the issue of options to Directors and consultants under the following general terms:

It is proposed to issue a total of 11,500,000 Incentive Options to the Directors to acquire one ordinary share in the capital of the Company at an exercise price of twenty cents and expiring two years from date of issue. These options will be allocated as follows:

Mr Ian Levy	Chairman	1,000,000
Mr Lewis Tay	Executive Director	5,000,000
Mr Malcolm Carson	Technical Director	2,500,000
Mr Richard Oh	Non-Executive Director	2,000,000
Mr Graham Anderson	Non-Executive Director	1,000,000

Consultants

It is proposed to issue a total of 6,500,000 to various consultants to acquire one ordinary share in the capital of the Company at an exercise price of twenty cents and expiring two years from date of issue.

Further details will be provided to shareholders in the notice of meeting and explanatory memorandum which will be distributed to shareholders shortly.

Evaluation of new opportunities

Dynasty is actively exploring with potential investors opportunities for these parties to farm-in to Dynasty's non-core exploration assets and the Company is also evaluating various farm-in opportunities and alliances whereby Dynasty has the scope to increase its iron ore assets.

With regard to new iron ore projects, Dynasty is reviewing assets which are close to existing transport and shipping infrastructure.

Shareholders will be informed of the specifics of these transactions when the directors consider any such opportunity will present tangible benefits to the Company, either through the funding of exploration on its non-core tenements or enhanced exposure to expanded iron ore assets.

For further information please contact either Messrs:

Malcolm Carson (Technical Director) on 02 9229 2702

Lewis Tay (Executive Director) on 02 9229 2710

Ian Levy (Chairman) on 02 9229 2710

Qualifying statement

Malcolm Carson has compiled the information in this report from information supplied by Dynasty Metals Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation, the types of deposit under consideration and to the activity that he is undertaking, qualifies 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.