

DYNASTY

METALS AUSTRALIA LTD

QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 30 SEPTEMBER 2009

This quarterly report is dated 30 October 2009 and is for the three months ending 30 September 2009.

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

HIGHLIGHTS

- During the quarter, 8,000m of drilling on Dynasty's Pilbara Iron Ore projects at Warrambo, Prairie Downs commenced in late August and completed on the 26th October 2009
- At Prairie Downs, drilling confirmed the presence of thick sequences of Marra Mamba Formation in the **Marra Mamba Prospect**, Detrital Channel Iron and Channel Iron Deposits in the **Spearhole Prospect** and the **Northern Channel Prospect**, which are all consistent with geological models
- Assay results from the Marra Mamba Prospect reported during the quarter show the presence of DSO grade material. Analysis of the Channel Iron drill cuttings is in progress
- At Prairie Downs there are substantial near-surface contiguous deposits **representing several hundred million tonnes and containing concentrations of iron** which may be beneficiated to competitive market grades with very low phosphorous and easy mining conditions
- The assay results will be interpreted when received and further exploration at Prairie Downs during the 2009/2010 season will be designed to gain a more detailed understanding of these prospects and the potential for development
- Exploration at Prairie Downs included collection of bulk samples from the substantial iron rich basal conglomerate with haematite clasts, referred to as the **Homestead Prospect**
- Warrambo results proved as expected, the presence of Channel Iron Deposits and further follow-up work is planned for the 2009/2010 season
- At a corporate level, Directors visited China and attended the two important mining conferences the 9th China International Steel and Raw Materials Conference in Qingdao City during 15th - 17th October www.ironoreconference.com and the 11th China Mining Conference in Tianjin City during 20th -22nd October www.chinaminingti.org during which Dynasty received strong interest from various steel mills and mining giants for its iron ore projects

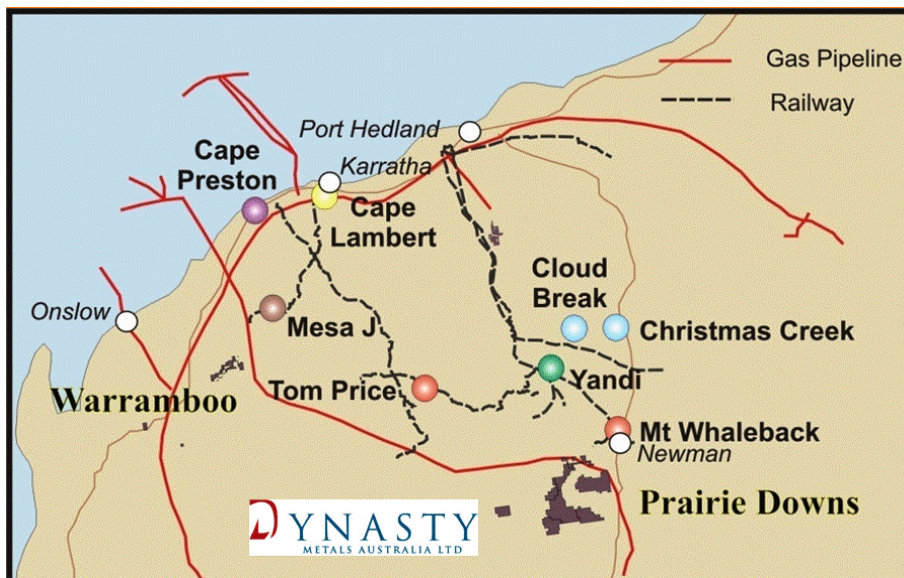


Figure 1 - Strategic Location of Dynasty's Pilbara Iron Ore Projects

EXPLORATION – PRIORITIES – PRAIRIE DOWNS

The Prairie Downs prospects represented the focus of Dynasty’s exploration efforts during the quarter. In addition the company applied for new areas to increase its ground position, west, south west, south and south east of Mt Newman by a further 1,000km² to 3,591km², see **Figure 2**. Drilling was targeted to test the Marra Mamba Formation in outcrop and predicted iron rich channels on E52/1927 as described in various announcements during the period. Substantial tonnages of iron rich material were identified during the drilling program in these prospects on Prairie Downs. Four prospect areas were defined, see **Figure 2**.

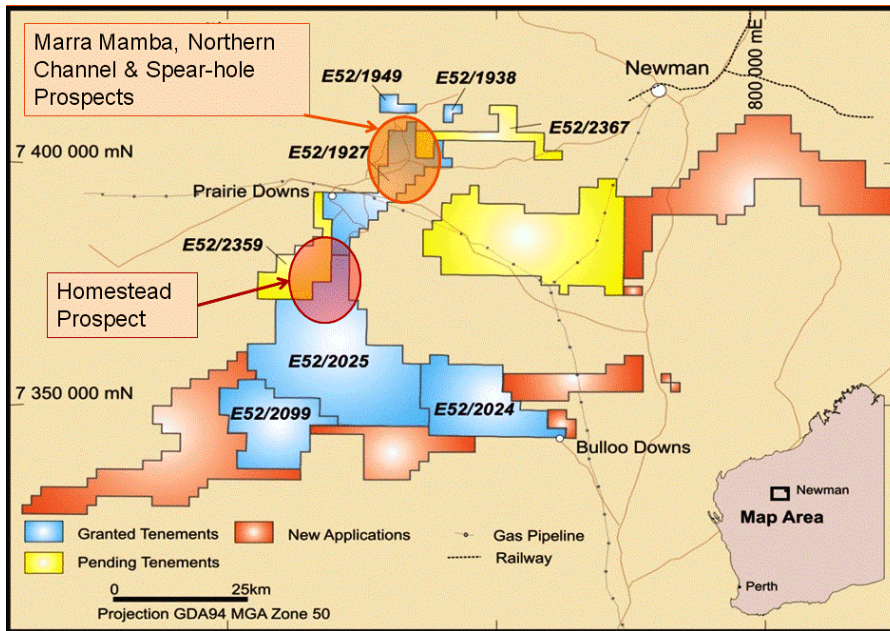


Figure 2 – Dynasty’s Prairie Downs Tenements and location of key prospects, identified during quarter

Marra Mamba Prospect

Key results from the Stage 1 Reverse Circulation (RC) drill holes, MMRC001 to MMRC015 targeted to test for Marra Mamba Formation on Prairie Downs Tenement (E52/1927) are summarised in **Table 1**. These results which were reported during the quarter, confirm that the intercepts of Marra Mamba Iron Formation to date have been iron-rich with calcined in-situ grades ranging from 55% Fe to 62% Fe, and showing low concentrations of phosphorous, typically 0.04% to 0.07% P.



Drilling Marra Mamba Prospect, Prairie Downs E52/1927

The results demonstrate Dynasty’s early exploration success by confirming with drilling the presence of strongly mineralised sections of the important Marra Mamba Iron Formation. These results provide confidence for future exploration for Marra Mamba on Dynasty’s tenements.

TABLE 1: Key Results Marra Mamba Project - Summarised

Hole MMRC	Intersection Length	Fe %	CaFe ¹ %	Including	Fe %	CaFe ¹ %
003	27 metres	53.1%	58.7%	10 metres & 7 metres	52.0% 58.5%	59.0% 64.2%
004	58 metres	56.2%	61.3%	11 metres & 24 metres	60.5% 59.1%	65.5% 64.1%
005	56 metres	50.5%	55.1%	41 metres	54.0%	58.9%
006	6 metres	58.0%	61.8%			
007	42 metres	54.7%	60.5%	18 metres	57.2%	63.0%
009	14 metres	50.9%	54.8%			
010	47 metres	54.1%	58.9%	33 metres	56.3%	61.1%
011	60 metres	50.1%	55.1%	43 metres	51.9%	57.4%
012	10 metres	52.8%	57.5%			
015	43 metres	50.9%	55.2%	14 metres	59.5%	64.0%

¹ CaFe = “calcined or LOI-free grades” calculated as $(Fe * 100) / (100 - LOI)$

Further to the drilling of outcropping Marra Mamba in the Marra Mamba Prospect, Dynasty has commenced a review of regional geophysics with a view to identifying possible buried deposits of Marra Mamba on the tenements. This analysis together with ground geophysics will be undertaken to define drill targets for testing during the 2009/2010 field season.

Spear-hole and Northern Channel Iron Prospects

To date, drilling has intersected several Tertiary Channel Iron deposits (CID) which were based on sub-crop of Channel Iron and a very large area of younger, Detrital Channel Iron (DID) with thicknesses from surface ranging from 15 to 35m. The DID deposit appears to be thickening to the east and south east along the Spear-hole drainage system.

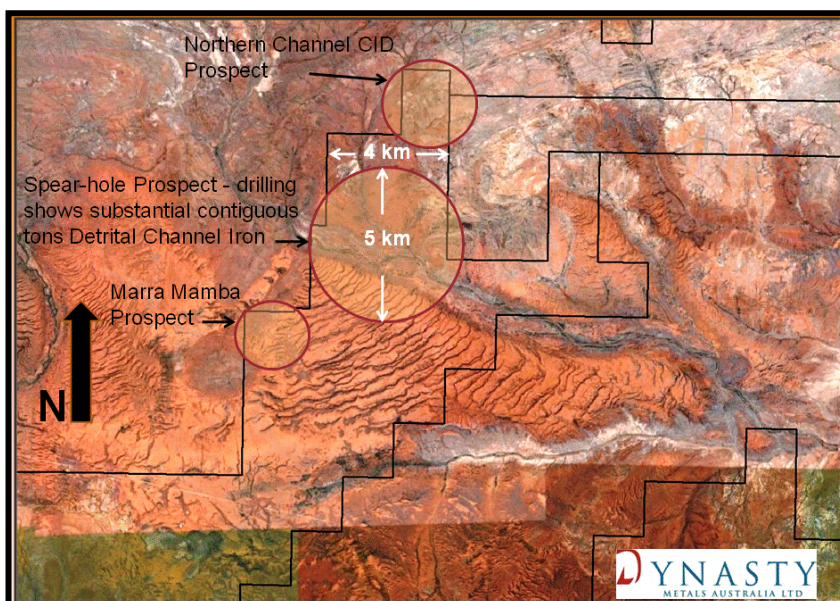
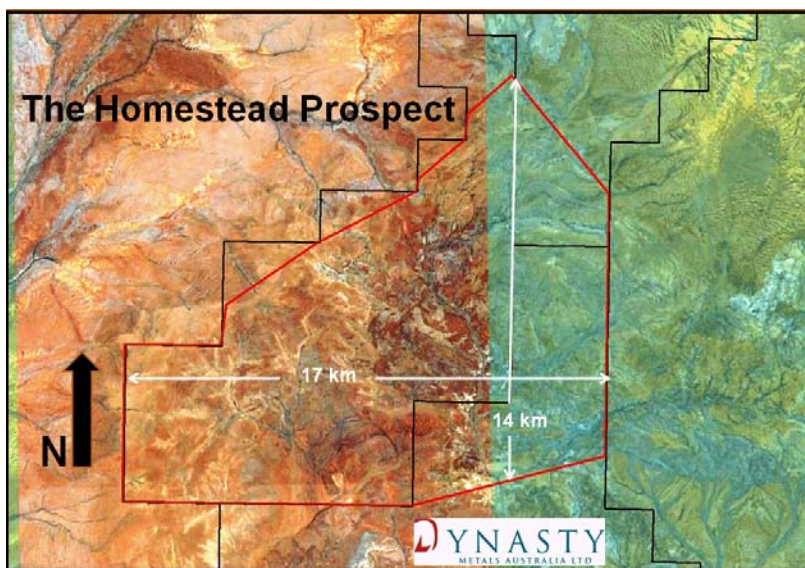


Figure 3 – shows the location of the Channel Iron and the Marra Mamba Prospects tested by recent drilling, on a regional satellite image which clearly shows the extent of the drainage systems

As predicted by the geological models described in previous announcements, drilling confirmed that large areas of the northern portion of E52/1927 **does contain several hundred million tonnes of Detrital Channel Iron and smaller occurrences of Tertiary Channel Iron.** Drilling suggests that these deposits remain open to the south and to the south east of the area tested, see **Figure 3.**

Homestead Prospect

In addition to drilling the Marra Mamba, Tertiary Channel Iron and Detrital Channel Iron targets, Dynasty collected during the program several 40kg samples from an ancient and vast coarse boulder **“basal haematite-clast conglomerate”** which is located on the margin between the Bangemall and Hamersley basin. The basal conglomerate, referred to as the Homestead Prospect, covers an area within Dynasty’s tenements of >100km² and is estimated from field observations to be possibly up to 40m thick in places.



On the north and western contact at the intersection of regional north east and north west trending faults large hematite clasts (presumably derived from the Hamersley Basin) within a heavily ferruginised matrix have been observed and were sampled, see **Figure 4.**

Figure 4 – the area of basal conglomerate containing massive Haematite clasts within Dynasty’s tenements E52/2025 and E52/2359

Strategic Location

In addition to the above exploration focus, Dynasty has increased its tenement portfolio with new applications during the quarter and identified number of new iron ore exploration opportunities which will be investigated during the 2009/2010 exploration season. The tenements are all centrally located near to advanced exploration projects and existing mining operations and infrastructure as illustrated in the **Figures 1, 2, and 3** above and in **Figure 5** below.

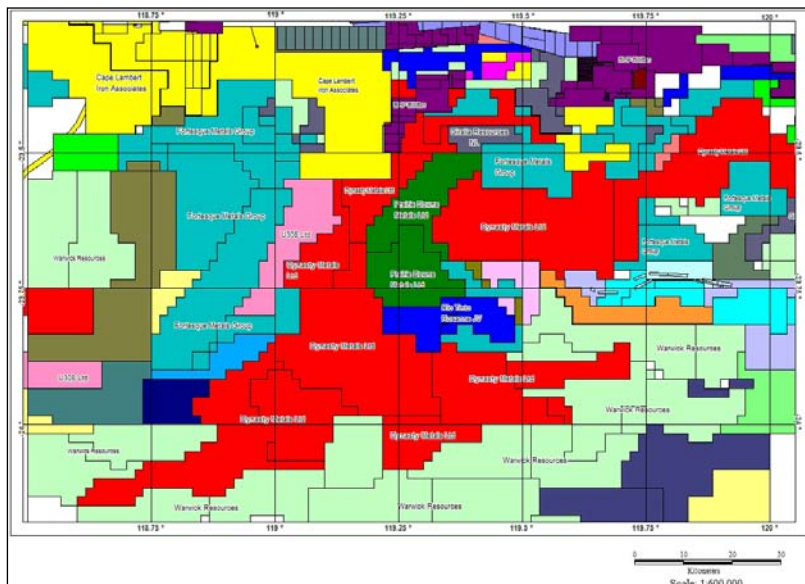


Figure 5 – Dynasty’s tenements (in red) covering its Prairie Downs Prospects and neighbours

CORPORATE

Cash Position at 30 September 2009: \$ 2,749,000

Capital Structure

Quoted shares: 65,591,312

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

Unlisted options: 500,000 exercisable at \$0.30 expiring 31 December 2009
3,490,000 exercisable at \$0.20 expiring 30 November 2009
500,000 exercisable at \$0.20 expiring 1 September 2010

ENDS

Malcolm Carson
Technical Director

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Qualifying statement

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