
QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 31 DECEMBER 2009

This quarterly report is dated 29th January 2010 and is for the three months ending 31 December 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, the drilling on Dynasty's Pilbara Iron Ore projects at Prairie Downs was completed on the 26th October 2009. The program consisted of 305 holes for 9,979m (average 33m/hole).
- The Prairie Downs, drilling confirmed the presence of thick sequences of Marra Mamba Formation and persistent and substantial deposits of Detrital Channel Iron.
- Assay results from the Marra Mamba Prospect reported during the quarter show the presence of DSO grade material and the majority of the remainder of the channel iron drill cuttings assays were received. Results of up to 58m @ 56.2%Fe (61.3% Calcined Fe) and 51m @ 55.5%Fe (61.1% Calcined Fe) were returned.
- The substantial near-surface contiguous detrital iron deposits identified in drilling, represent potentially several hundred million tonnes of relatively low grade material, and which Dynasty considers (conceptually) could be beneficiated to achieve competitive market DSO grades.
- Several bulk samples and selected samples were collected in the quarter and were submitted to the laboratory for preliminary beneficiation and **"proof of concept"** assays. This information, together with a resource estimate to be released during the March 2010 quarter, will determine the layout, scale and scope of the 2010 exploration program.
- The planned 2010 exploration program will be designed to advance Dynasty's understanding of the iron deposits identified during 2009 and to determine if the development of an iron ore project is feasible (i.e. a "Pre-feasibility study")
- At a corporate level, Directors continued to advance its negotiations with several Chinese groups which have expressed interest in investing in Dynasty and which during the quarter made a number of site visits to assess the Prairie Downs Project.

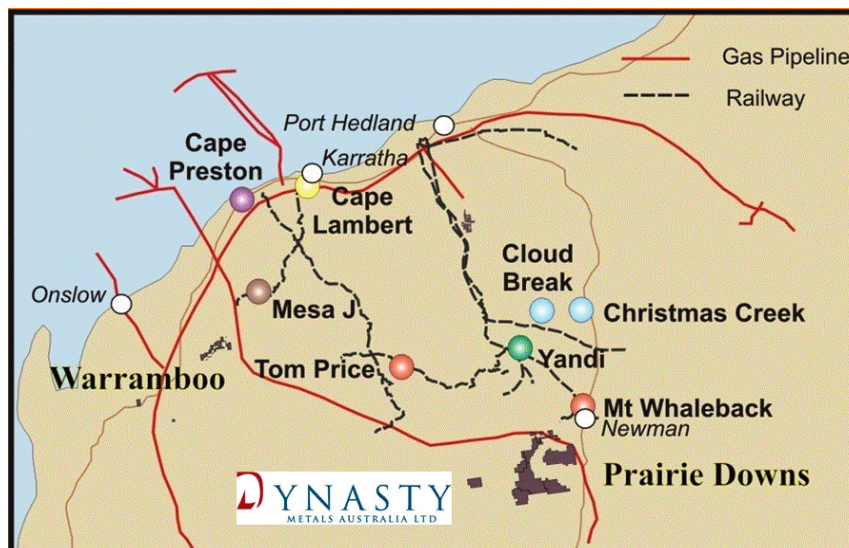


Figure 1 – Strategic Location of Dynasty's Pilbara Iron Ore Projects

EXPLORATION – PRIORITIES – PRAIRIE DOWNS

The Prairie Downs iron ore prospect was the focus of Dynasty’s exploration efforts during the quarter see **Figure 2**. Drilling identified substantial tonnages of iron rich material on E52/1927 as described in Dynasty’s November 5th and 16th 2009 announcements. The geological model was also described in these announcements.

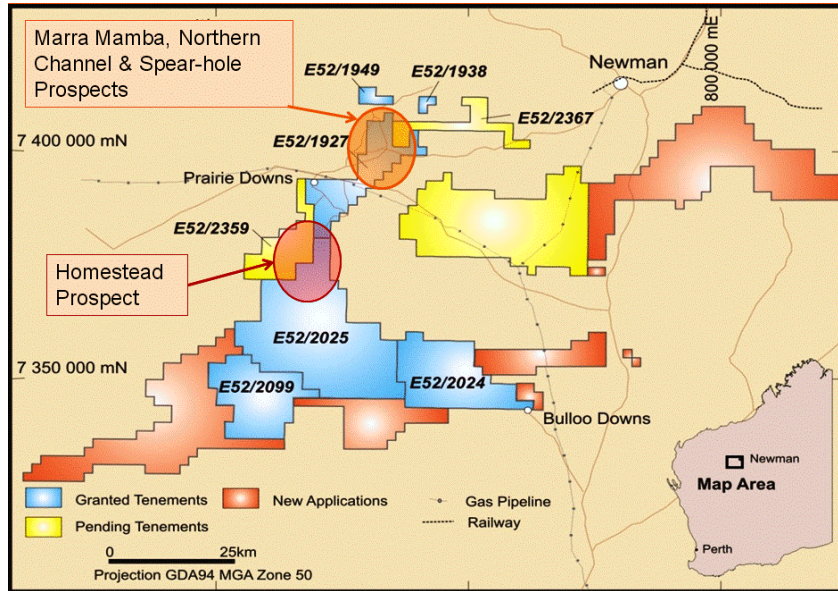


Figure 2 – Dynasty’s Prairie Downs Tenements and location of key Prospects (area 3,591 km²)

Marra Mamba Prospect

The Stage 1 Reverse Circulation (RC) drill holes, MMRC001 to MMRC015 was extended in a Stage 2 program (MMRC016 to MMRC030) with a view to gaining a better understanding of the mineralisation. The final results from all of these holes are presented in **Table 1**. These results 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 65% 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 up to 100m

thick and with a shallow dip to the west. These results provide confidence for future exploration for Marra Mamba on Dynasty’s tenements. See drill hole layout and sections in the **Attachment**.

TABLE 1: Key Results Marra Mamba Project – Summarised –

Hole	From	To	Intersection Length	Fe %	CaFe ¹ %	P %
MMRC003	0	27	27m	53.10%	58.70%	0.069%
Incl	8	18	10m	52.00%	59.00%	0.098%
And	18	25	7m	58.50%	64.20%	0.055%
MMRC004	9	67	58m	56.20%	61.30%	0.063%
Incl	16	27	11m	60.50%	65.50%	0.047%
And	38	62	24m	59.10%	64.10%	0.073%
MMRC005	5	61	56m	50.50%	55.10%	0.044%
Incl	9	50	41m	54.00%	58.90%	0.041%
MMRC006	18	24	6m	58.00%	61.80%	0.043%
MMRC007	0	42	42m	54.70%	60.50%	0.069%
Incl	6	24	18m	57.20%	63.00%	0.080%
MMRC009	0	14	14m	50.90%	54.80%	0.035%
MMRC010	0	47	47m	54.10%	58.90%	0.055%
Incl	5	38	33m	56.30%	61.10%	0.056%
MMRC011	1	61	60m	50.10%	55.10%	0.050%
Incl	18	61	4m	51.90%	57.40%	0.056%
MMRC012	7	17	10m	52.80%	57.50%	0.043%
MMRC015	0	43	43m	50.90%	55.20%	0.051%
Incl	17	31	14m	59.50%	64.00%	0.061%
MMRC017	17	27	10m	49.41%	57.00%	0.078%
MMRC020	2	24	22m	55.74%	59.91%	0.032%
Incl	4	21	17m	58.06%	61.92%	0.030%
MMRC021	9	17	8m	59.05%	60.64%	0.030%
MMRC022	13	27	14m	54.50%	60.42%	0.030%
MMRC023	5	60	55m	51.64%	58.32%	0.042%
Incl	18	34	16m	54.58%	60.83%	0.030%
And	39	57	18m	52.75%	60.42%	0.046%
MMRC024	11	62	51m	55.55%	61.11%	0.056%
Incl	22	42	20m	57.53%	62.73%	0.049%
And	46	61	15m	60.44%	65.38%	0.059%
MMRC027	17	27	10m	51.68%	57.53%	0.075%
MMRC028	1	44	43m	52.51%	57.47%	0.042%
Incl	6	14	8m	54.65%	59.14%	0.031%
And	28	38	10m	58.77%	63.80%	0.043%
MMRC029	22	38	16m	57.57%	61.42%	0.040%

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

The 2010 field program will focus on looking for possible **buried or hidden deposits of the Marra Mamba and Brockman Iron Formations** on Dynasty's Prairie Downs tenements, in location illustrated in the **Figures 3 and 4**.

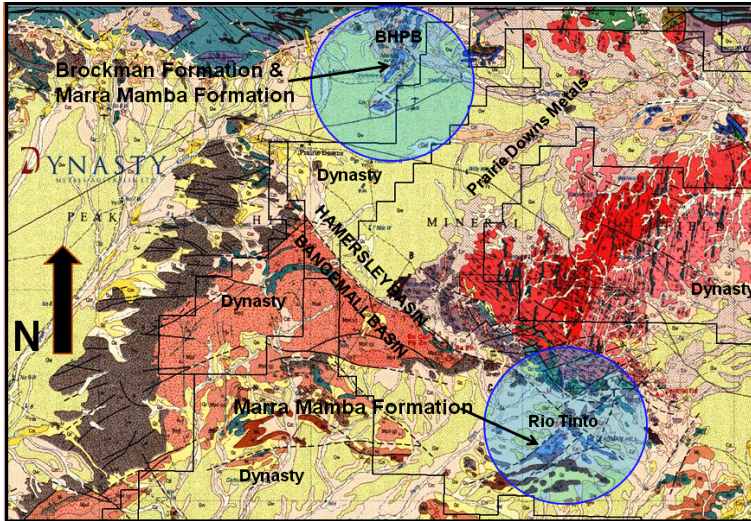


Figure 3 – shows the location of BHPB and Rio's Marra Mamba deposit and proximity to Dynasty's Prairie Downs Tenements and Prairie Downs Fault.

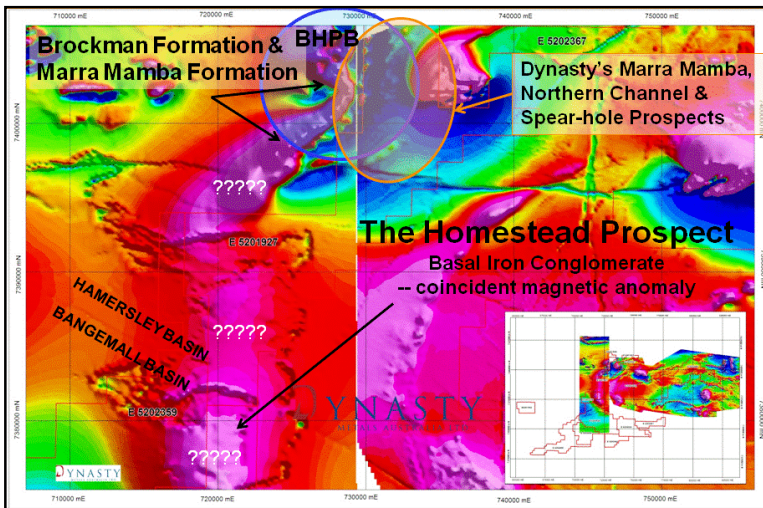


Figure 4 – shows the target locations for hidden or buried deposits of Brockman and/or Marra Mamba Formations

Spearhole and Northern Channel Iron Prospects

The drilling completed in the December 2009 quarter, 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) (see **Figure 5**) with thicknesses from surface ranging from 15 to 35m. The DID deposit appears to be thickening to the east and south east along the Spearhole drainage system.

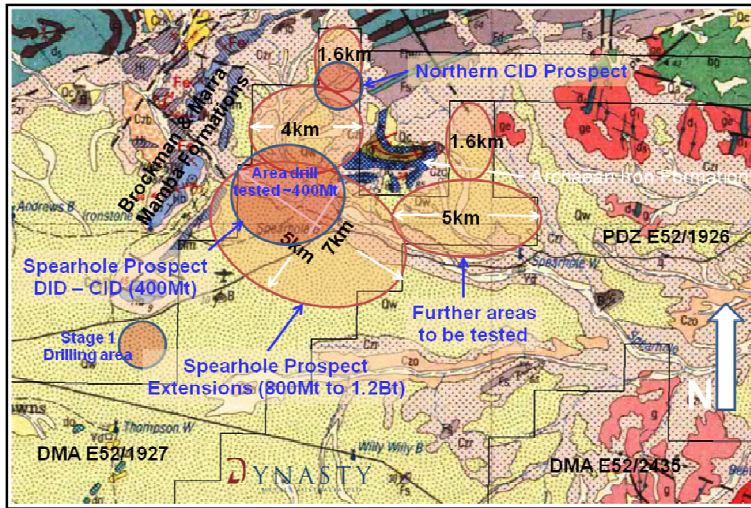


Figure 5 – shows the location of the Channel Iron deposits tested in 2009 drill program and the extent of untested drainage systems which are related to these deposits

Drilling confirmed that large areas of the northern portion of E52/1927 contain several hundred million tonnes of Detrital Channel Iron and smaller occurrences of Tertiary Channel Iron. Drilling shows that these deposits deepen and remain open to the south and to the south east is shown of the area tested, see Figure 3.

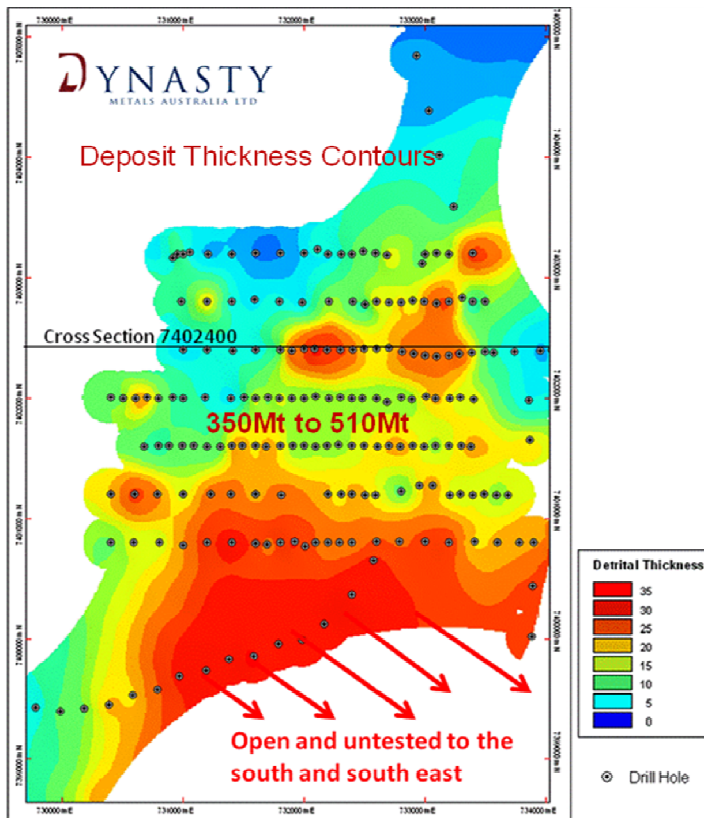


Figure 6 - area drill tested (~8km²) in the 2009 program containing Detrital Channel Iron deposits

A cross section of the Detrital Deposit on Line 7402400 shown in **Figure 5** above is presented in **Figure 6**.

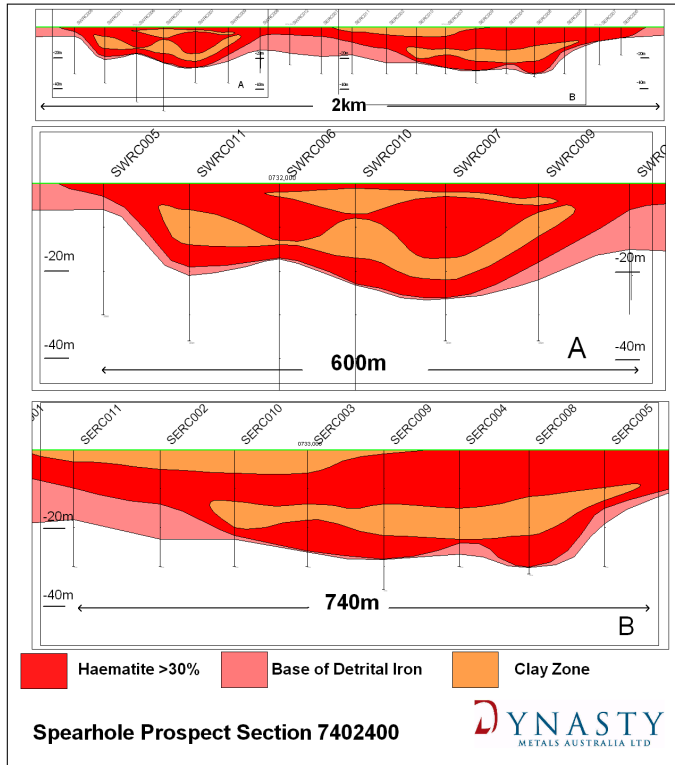


Figure 7 –cross section on Line 7402400

The material is expected to be low grade (ranging from 10% Fe to 40% Fe – ‘order of magnitude’) and as such will require beneficiation. Bulk samples

(~20kg, ~200kg) and selected samples were taken to determine the beneficiation ‘flow sheet’ and to prove that the material “can be beneficiated” (Proof of Concept).

Beneficiation is a “physical separation process” which involves for the detrital iron deposits minimal crushing and the relatively simple removal of silica using a combination of screens, magnetic, jig and heavy media separation techniques.

Should this material be capable of beneficiation the 2010 program will be designed to accurately determine the costs of this beneficiation process. Mining costs for a large scale project (15 to 20M tonnes/a) are expected to be low because there is no overburden as the Detrital Iron deposits start at surface, see **Figure 8**.



Figure 8 – shows the “easy access and readily mineable” terrain which contain the Detrital Channel Iron deposits which extend to more than 35m from the surface towards the south east of the area tested.

Following from the compilation of the drill assay results, compilation of a JORC Compliant Resource and the review of the beneficiation results (during the March 2010 quarter) Dynasty will be in a position to firm up on a proposed 20,000m drilling program; together with commercial studies which will involve bulk sampling, metallurgical (beneficiation) testing and pre development feasibility studies.

Should Dynasty decide to proceed, the 2010 work program will be designed to define JORC Compliant Reserves, define mining plans and costs, confirm beneficiation costs, determine and define infrastructure (rail and port) access options and costs and begin to develop off-take partner relationships.

Homestead Prospect

Dynasty collected during the program several 40kg samples from an ancient and vast coarse boulder “basal hematite-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 **Figures 9, 10 and 11.**

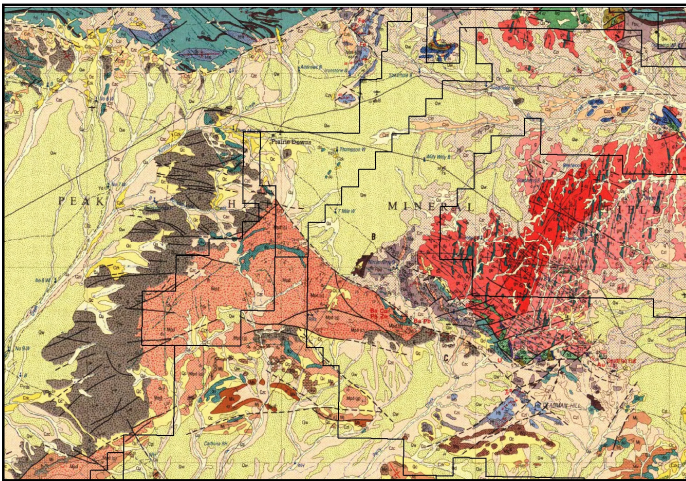


Figure 9 – the location of the basal conglomerate containing massive Haematite clasts within Dynasty’s tenements E52/2025 and E52/2359

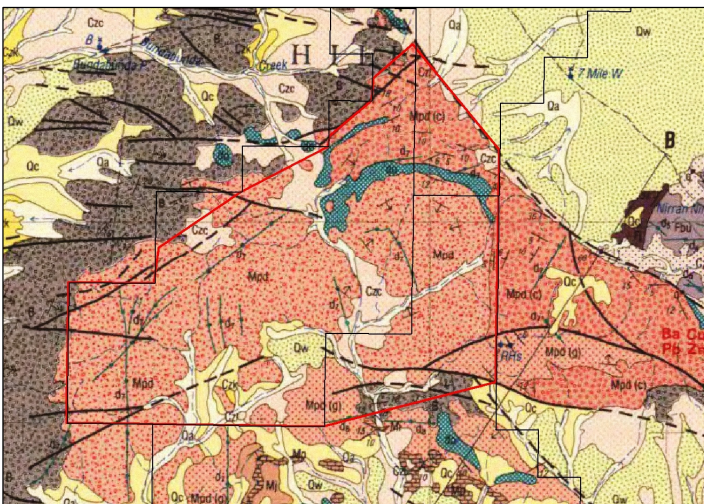


Figure 10 – the area (~138km²) of the basal conglomerate containing massive Haematite boulders within Dynasty’s tenements E52/2025 and E52/2359



Figure 11 outcropping basal conglomerate containing boulders of massive Haematite

Strategic Location

Dynasty tenement at Prairie Downs are located in a highly strategic region of the Pilbara, west, south and east of Mt Newman where BHPB's flagship Mt Whaleback mining operation is located.

The tenements are all centrally located near to advanced exploration projects and existing major iron ore mining operations and railway and road infrastructure as illustrated in the **Figure 12** and **Figures 1, 2, and 3** above.

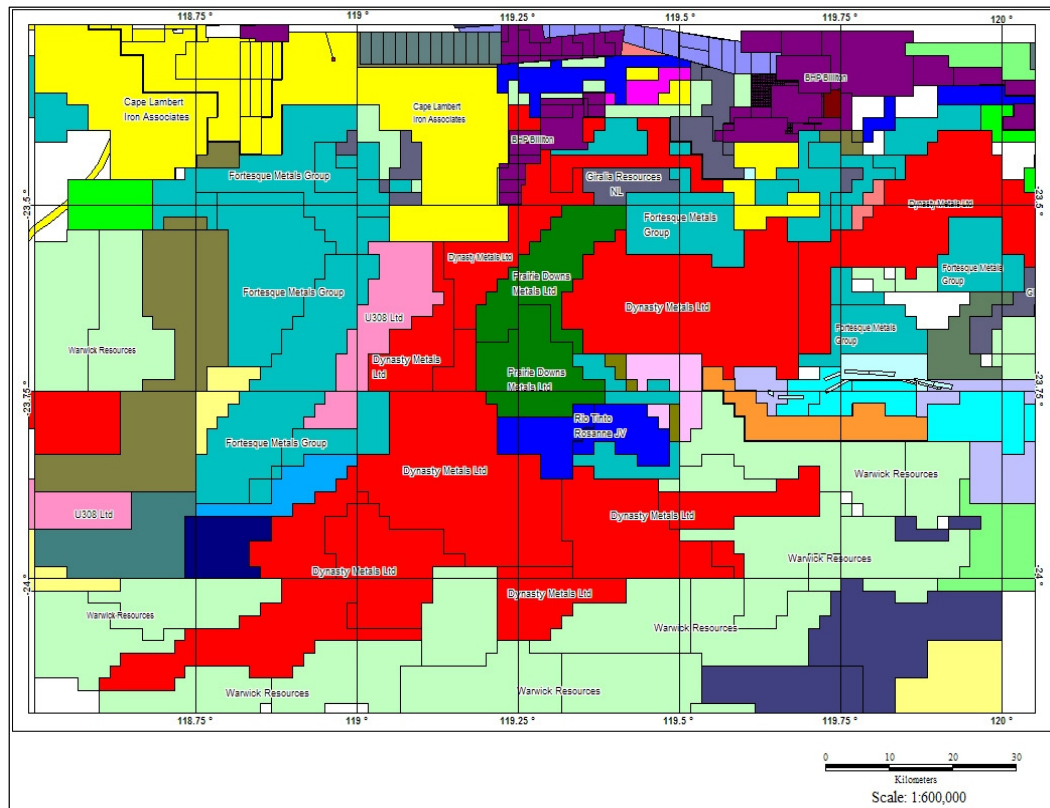


Figure 12 – Dynasty's tenements (in red) covering its Prairie Downs Prospects and neighbours

CORPORATE

Cash Position at 31 December 2009: 2,500,860

Capital Structure

Quoted shares: 67,681,312

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

Unlisted options: 500,000 exercisable at \$0.20 expiring 1 September 2010
18,000,000 exercisable at \$0.20 expiring 21 December 2011

ENDS

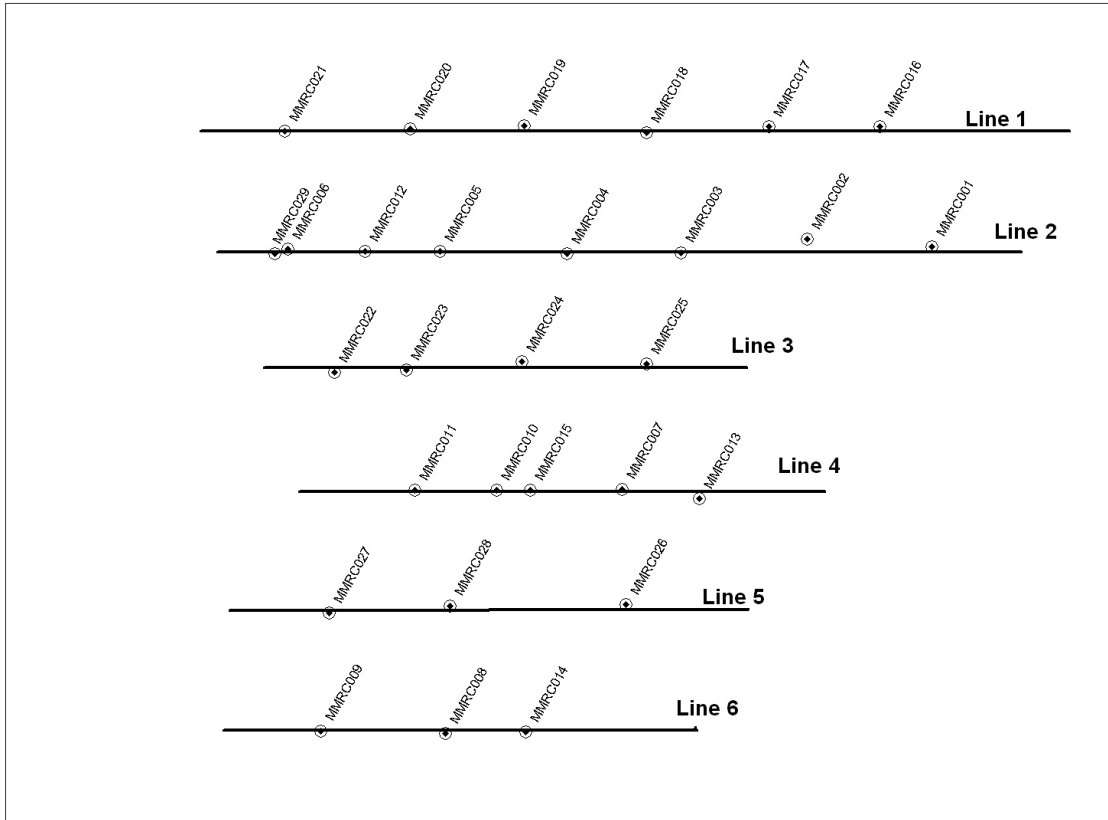
**Malcolm Carson
Technical Director**

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Lewis Tay (Executive Director) on 02 9229 2710
Ian Levy (Chairman) on 02 9229 2704

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.

ATTACHMENT – MARRA MAMBA DRILLING AND CROSS SECTIONS



Location of Drill Holes

