

QUARTERLY ACTIVITIES REPORT

MARCH 2013

SUMMARY

- > Encouraging beneficiation testing on the flagship Spearhole project with indications of improving yields using refined processing techniques. The aim is to increase the yield of the beneficiation to around 20% without increasing the costs of the process.
- > Preparation is well advanced for drilling on the highly prospective DSO targets within Marandoo, E47/2396. **The Drilling is planned to commence in late May 2013.**
- > New application submitted for an extensive area of tenements in Central Queensland, highly prospective for Oil shale and vanadium.
- > Evaluation of the recent grant of the Irwin Petroleum licences is underway. Initial studies show the Irwin project has the potential of discovery of shale gas over the Perth basin.
- > The Company is undertaking a pro-rata, non-renounceable rights issue to raise up to \$1.06 million, via the issue of new fully paid ordinary shares at an issue price of \$0.05 per share. The Offer closes on 7 May 2013.

EXPLORATION ACTIVITIES

SPEARHOLE PROJECT BENEFICIATION

Work during the quarter included the continued beneficiation testing on the Spearhole resource within the flagship Prairie Downs project. Testing undertaken last year gave insights into improved processes that are currently being examined. Early indications from this testing are that the yield may be able to be lifted, with the target being 20% yield with a potential reduction in processing costs. Any increase in yield will make a significant impact on the economics of the project.

The next phase of testing is designed to provide indicative results on the process on a larger sample.



Figure 1 High Grade product from current testing

MARANDOO (E47/2396)

The tenement covers an area of 24.4km² and is within 7 kms of Rio Tinto’s Marandoo mine. A ground magnetics program was completed and processed to identify DSO targets below the alluvials that blanket the tenement. **The magnetics show significant targets for both Marra Mamba formation bedded iron deposits (BID) and channel iron deposits (CID) shedding from the extensive ironstone ranges to the north of the tenement (Figure 2).**

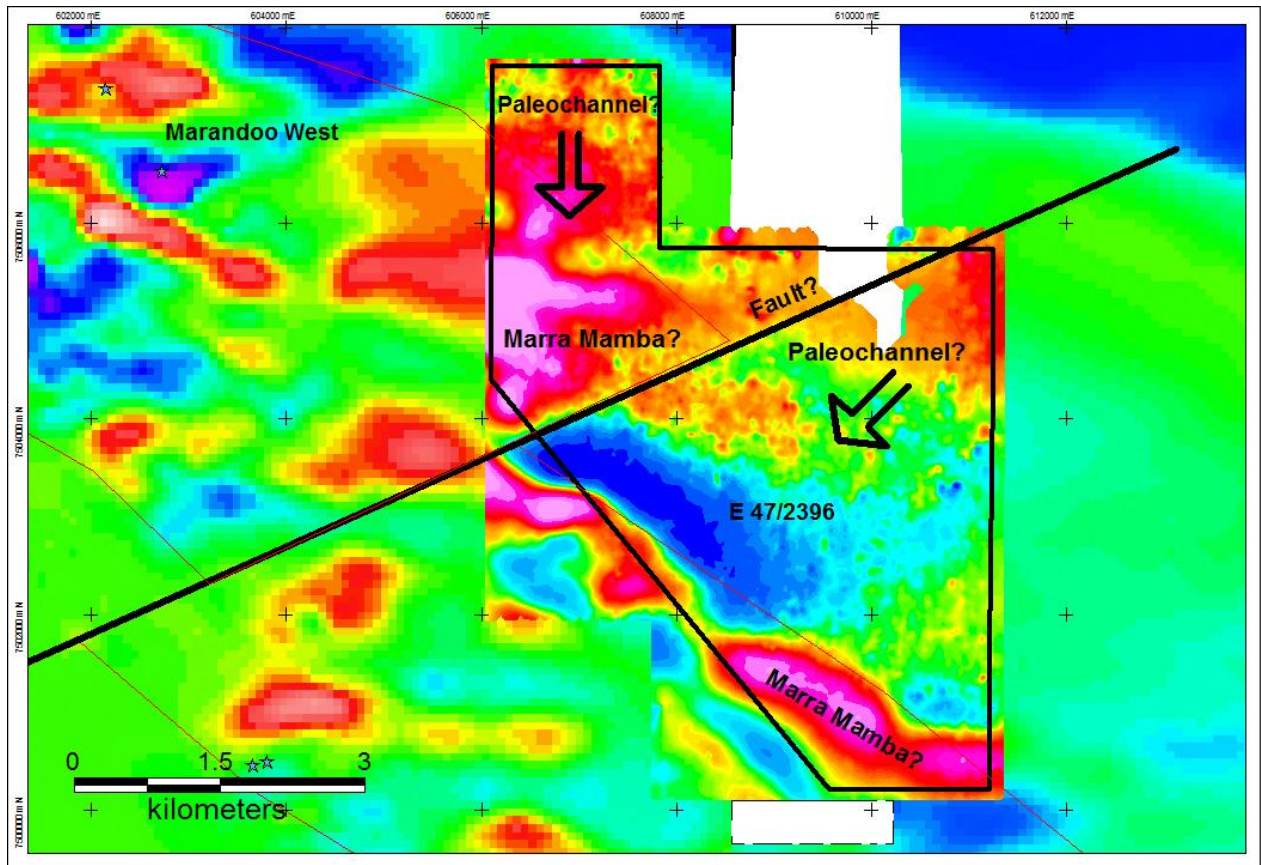


Figure 2, Marandoo project E47/2396 Ground magnetic Total Magnetic Intensity, regional magnetic with interpretation and potential targets

These survey results are highly encouraging and, based on the magnetics, a drilling program has been designed and the relevant approvals and clearances are in the process of being obtained. Figure 3 shows the magnetics with the proposed drilling that is scheduled to commence in late May 2013.

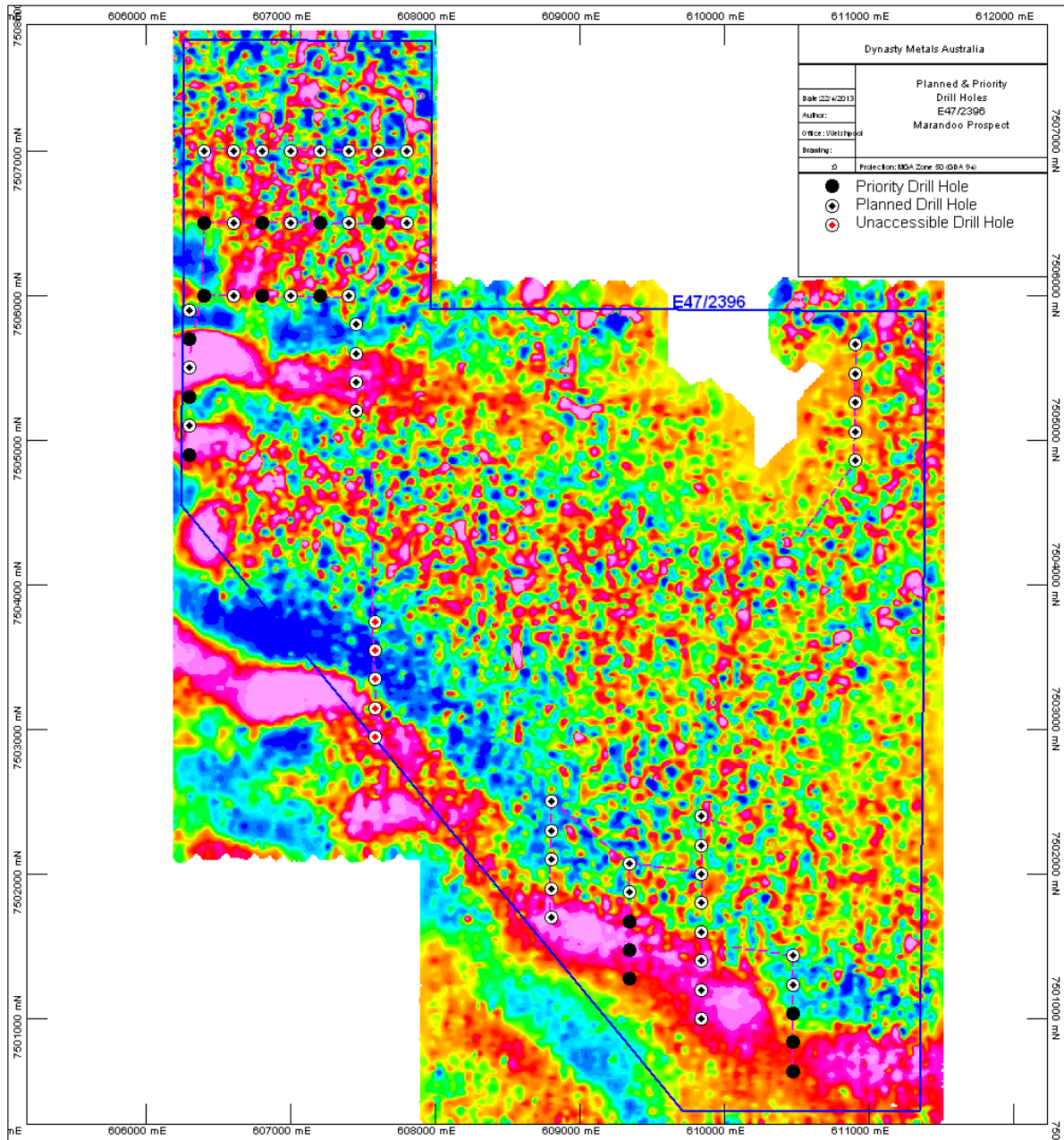


Figure 3 Proposed drill program Marandoo Project

JULIA CREEK PROJECT

Twelve applications have been submitted to the Queensland Department of Natural Resources and Mines over an area in the Julia Creek region of Queensland. This area is interpreted to be widely underlain by a Late Cretaceous formation known as the Toolebuc, that has been shown to be both the source and reservoir for oil shale and vanadium. The combined tenement area is over 3,700km² and has the potential to be a major project.

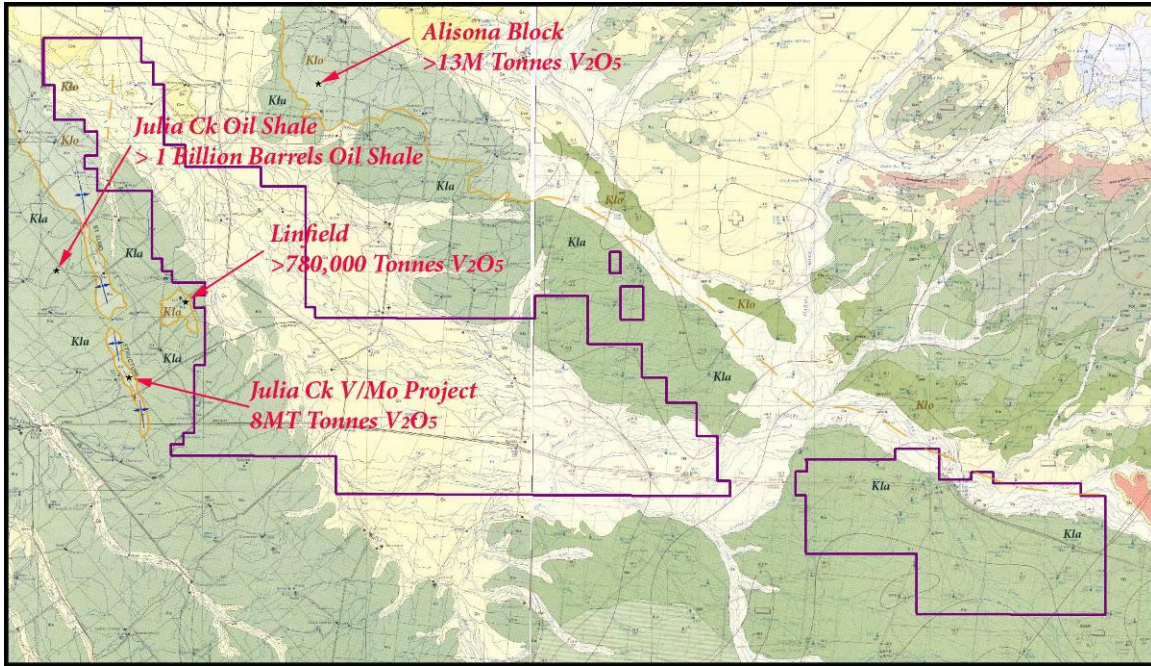


Figure 4 Application area - Julia Creek Project with known deposits.

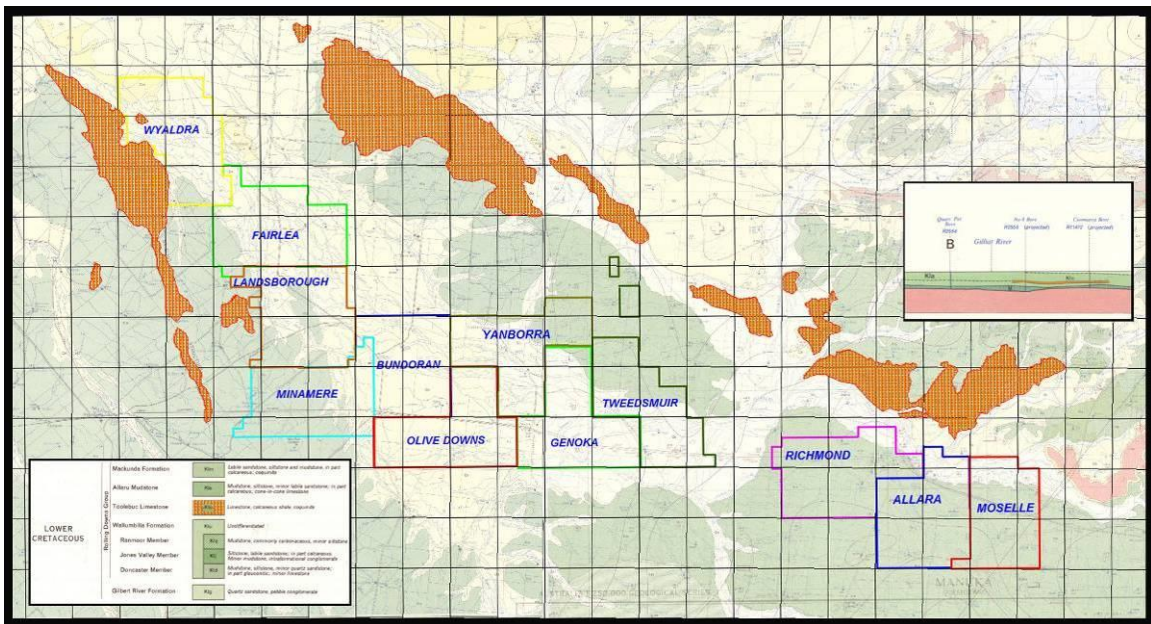


Figure 5 Tenement applications areas - Julia Creek

IRWIN PETROLEUM LICENCES

In February 2013, Dynasty was granted two petroleum licences, EP 484 and EP 485, within the Northern Perth Basin in WA. The tenements cover 1,129km². The tenements are well located for development with respect to existing gas reticulation infrastructure, resource projects and regional ports and railways.

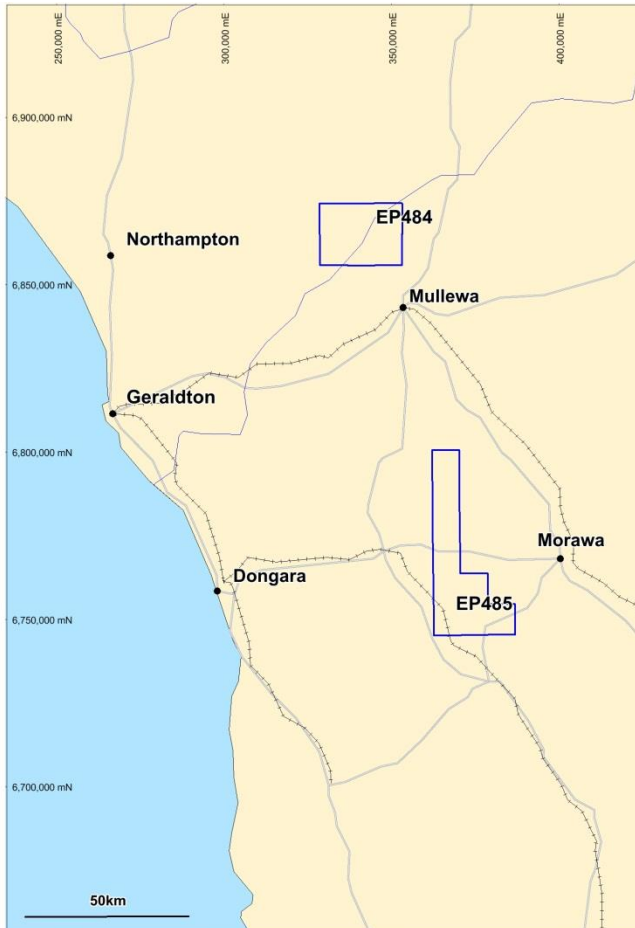


Figure 6 Location of the Irwin Project

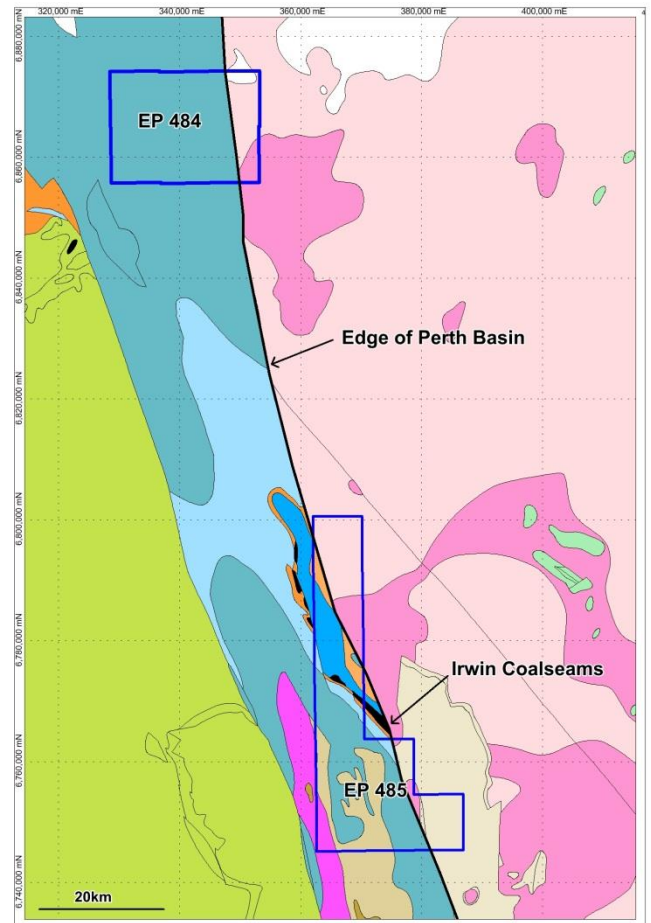


Figure 7 Geology and location of the DMA EP's

The two licenses cover a sedimentary package some 50km east of Geraldton. EP485 covers the Irwin River coal measures and seismic work completed by Dynasty in June 2007 which indicated the coal seams continued at depth in both EP485 and EP484.

The potential of shale and coal formations as sources of gas has been known for several decades but have remained underdeveloped due to the difficulty in recovering gas from these formations. Department of Mines and Petroleum estimates that the Perth Basin holds 9-12 tcf of recoverable shale gas resources within the vicinity of existing pipelines.

AWE Ltd (ASX: AWE) has identified a very large potential shale gas resource (estimated 13 to 20 Tcf of gas with a potential 1,500 to 4,000 PJ of recoverable gas in the Carynginia Shales) in the basin.

CORPORATE ACTIVITIES

Rights Issue

On 5 April 2013 Dynasty announced a pro-rata, non-renounceable rights issue to raise capital of approximately \$1.06 million. Those shareholders who held shares at the Record Date of 16 April 2013 are entitled to participate, and subscribe for new shares at a price of \$0.05 per share. The offer closes on 7 May 2013.

Joint Venture – Goldstone

Dynasty's joint venture partner, China Coal Geology Engineering Corporation ('CCGEC') exercised its option during the quarter to increase their interest to 75% in Goldstone Pty Ltd for a further subscription of \$750,000 to Goldstone. Dynasty retains a 20% interest and Dawn Chorus holds 5% in Goldstone.

The additional funds contributed to Goldstone are to be used for further exploration in relation to those tenements held by Goldstone. For further details, please refer to the Company's announcement on 28 March 2013.

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results and mineral resource calculations has been compiled by Mr David Jenkins, a full time employee of Terra Search Pty Ltd, geological consultants employed by Dynasty Metals Australia Ltd. Mr Jenkins is a Member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation and type of deposit under consideration and the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Jenkins consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

CORPORATE PROFILE

Dynasty Metals Australia Limited
ABN 80 110 385 709

Directors Details

Thomas Pickett	Independent Chairman
Lewis Tay	Managing Director
Bin Wang	Non-executive Director

Company Secretary

Louise Edwards

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Share Details

At 31 March 2013, there were 106,133,509 ordinary shares on issue.
There were no other listed or unlisted securities on issue.