

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2012**

Key Points

*Dynasty Metals Limited
(ASX: DMA) is an Australian
exploration company
focused on the development
of its iron ore projects in the
Pilbara region of Western
Australia.*

As at 30 April 2012 -

Issued Shares: 105.4m
Share Price: \$0.135
Market Cap: \$14.2m
Cash: \$1.94m
Debt: Nil

For further information please
contact:
(08) 6316 4414
admin@dynastymetals.com.au

Lewis Tay
Managing Director

- > Climatic conditions in the Pilbara were not conducive to field work during the March Quarter. Much time was spent on the desktop study of recently granted or close to grant tenements, together with preparation for the RC drilling programs in the Southern Prairie Project, which commenced on 19 April 2012.
- > The Desktop studies on tenements E47/2396, E52/2591, E52/2640 and 2641 showed the areas have potential for both Detrital Iron Deposits (DID) and Channel Iron Deposits (CID) (see figures 2-5). The historical drilling near E52/2591 returned 62% Fe, and the regional magnetics indicate that these lithologies may continue into the E52/2591 tenement.
- > The collection of bulk samples from the Prairie site continued, for shipping to the Chinese Northeastern University (NEU) to further improve the beneficiation Fe grade and yield. NEU is one of the leading research institutions in iron ore beneficiation and processing.
- > China Coal Geology Engineering Corporation (CCGEC) injected \$2.0m into Goldstone Resources Pty Ltd (Goldstone) which holds the non-core tenements once 100% owned by Dynasty. Dynasty has retained a 40% interest in Goldstone. These funds allow Goldstone to continue with the exploration of these greenfield projects, and for Dynasty to participate in the upside whilst focusing on its iron ore projects.
- > A major airborne survey over the vast tenements in Stanley Nabberu, Hector Bore and Mt Philips was negotiated between Goldstone and Fugro Airborne Surveys Pty Ltd in March 2012, and is expected to commence before the end of April 2012, subject to suitable weather conditions.

Corporate Activities

During the quarter the farm-out joint venture arrangements with CCGEC for Goldstone Resources Pty Ltd were finalised, following CCGEC's capital injection of \$2 million into Goldstone. This arrangement allows Dynasty shareholders to retain an interest in these greenfield projects without Dynasty losing focus on its core iron ore projects. Work has continued on Goldstone's base metal projects and a major airborne geophysical program is expected to be completed during the next quarter.

Exploration Activities

Climatic conditions in the Pilbara were not conducive to field work during the March Quarter and all non-critical field activities were postponed to the June Quarter. Bulk samples from previous Sonic Drilling programs were collected from the Prairie Project for submission to Chinese Northeastern University (NEU) to further improve the beneficiation Fe grade and yield. NEU has extensive experience in the study and design of beneficiation processes for lower grade haematite ores.

Despite the lack of field activity during the Quarter, Dynasty has continued in its collection of all available information on its Pilbara Iron Ore portfolio.

Recently granted tenements include **E52/2596** near Newman. In addition, there are several applications that are well advanced through the grant process.

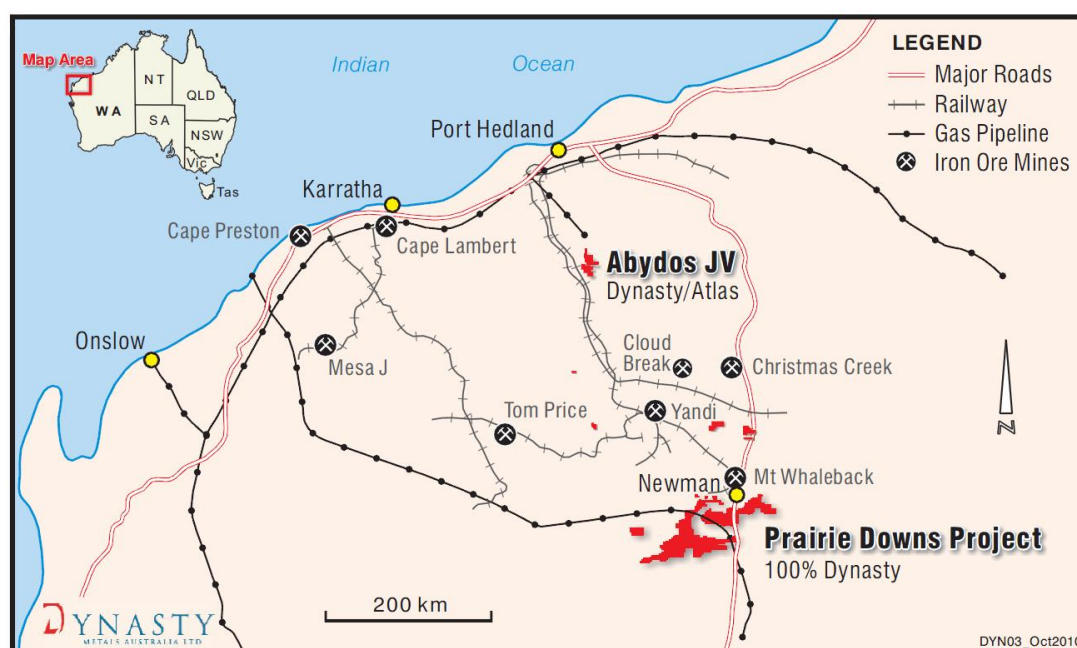


Figure 1, Location of Dynasty's Tenements in Pilbara Region

These tenements have varying amounts of previous activity but all are considered by Dynasty to be under explored for iron. Planned work includes surface prospecting and ground geophysics. The desktop works have been focusing on the following tenements:

E52/2591, Newman (Granted)

This tenement is directly between the major iron deposits at Mt Whaleback and Jimblebar and just 5km from BHP's Newman No 19 Ore-body. The tenement is mostly covered by recent alluvium. It is in an area of complex structure and geology and could have both bedded iron and channel iron targets. The historical drilling to the north and east into Marra Mamba formation had returned 62% Fe intercepts (Fig 3). The regional magnetics indicate that these lithologies may continue into the E52/2591 tenement.

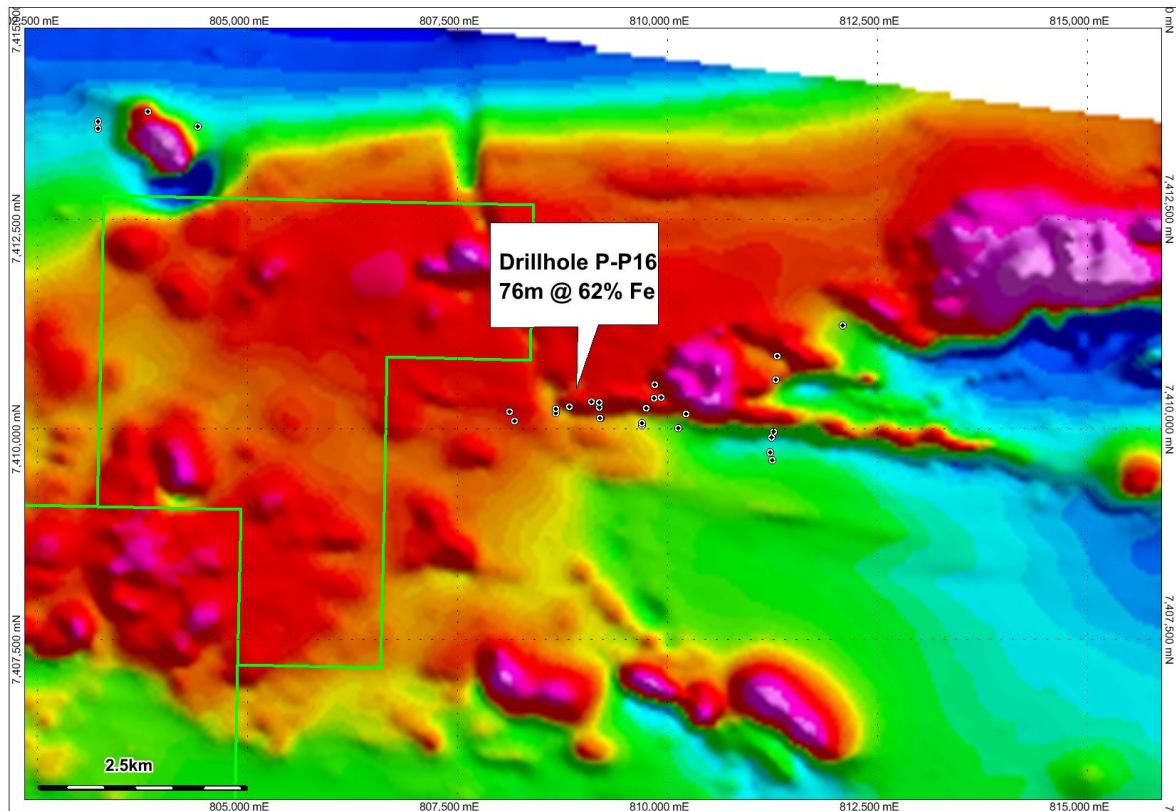


Figure 3, Newman project E52/2591 Magnetics and nearby drillings

E52/2640 and 2641, Prairie West (Application)

These tenements are 60km west of Dynasty's Prairie Downs Project and Spearhole Deposit. The areas are in a similar geological setting to the Spearhole Project with potential CID and detrital deposits and a possibility of buried Hamersley in parts. Previous work had been restricted to gold, base metal and uranium exploration. Historical drilling had identified large paleo-channels but only limited assaying for iron was undertaken.

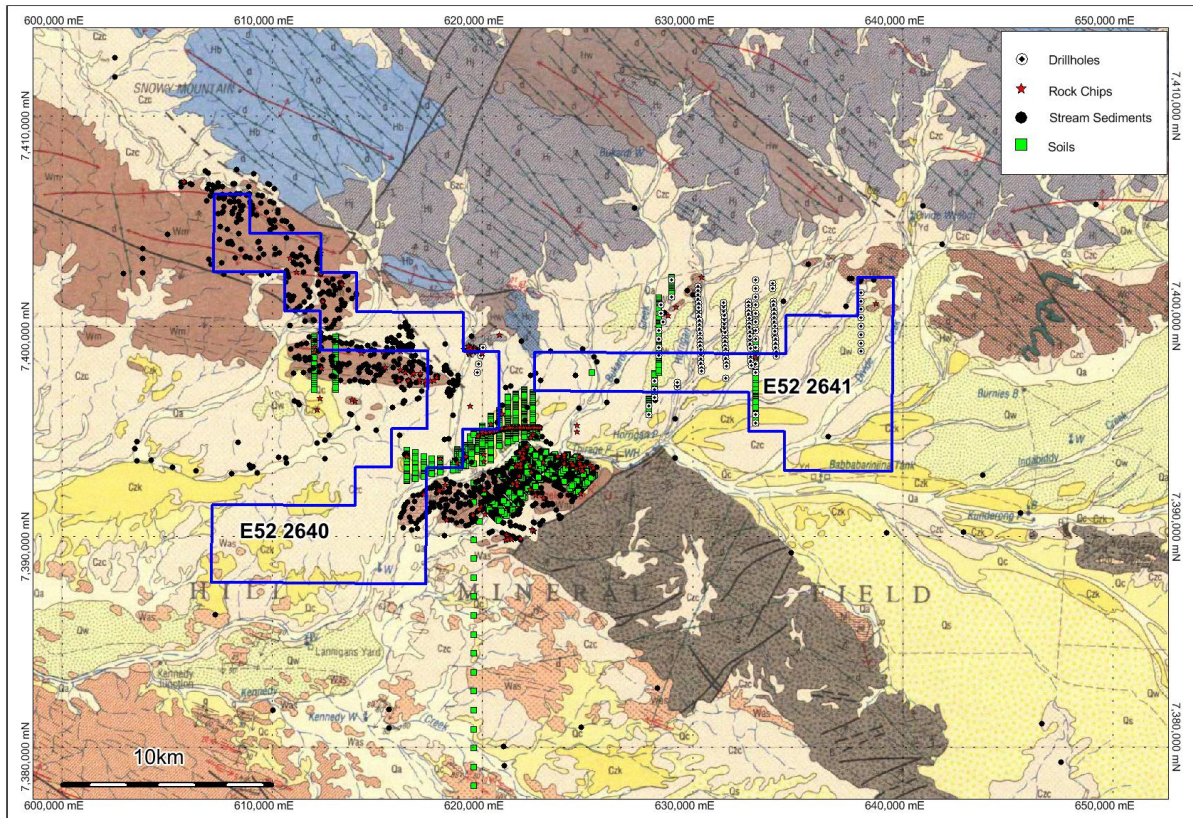


Figure 4, Prairie West Project E52/2640 and 2641

Prairie Downs – Future Work Program

Work over the next quarter will focus on further beneficiation testing to improve yield and Fe grades. Work will be undertaken both in Australia and China. The Chinese Northeastern University has been engaged to further improve the beneficiation grade and yield. They have extensive experience in the study and design of beneficiation processes for lower grade haematite ores.

Field work will commence with the drilling program to target CID systems in the southern part of the Prairie Downs project (Fig 4) along with surface exploration on tenements in the Newman and Tom Price regions as they become granted.

The drilling is designed to test the extensive alluvial plains which may cover buried CID and detrital material. Atlas Iron Ltd (ASX: AGO) had identified some CID material in the region in previous work (as Warwick Resources Ltd). The CID may have been sourced from Hamersley Basin sediments just to the north of the tenements. The drilling is designed to be on a wide spacing along over 20 kilometres line length to determine the potential of the alluvial plains to host iron mineralisation. There are several copper occurrences in the region and the drilling will also be used to evaluate this potential.

The Program is expected to be completed in May 2012 and assay results will be released once available.

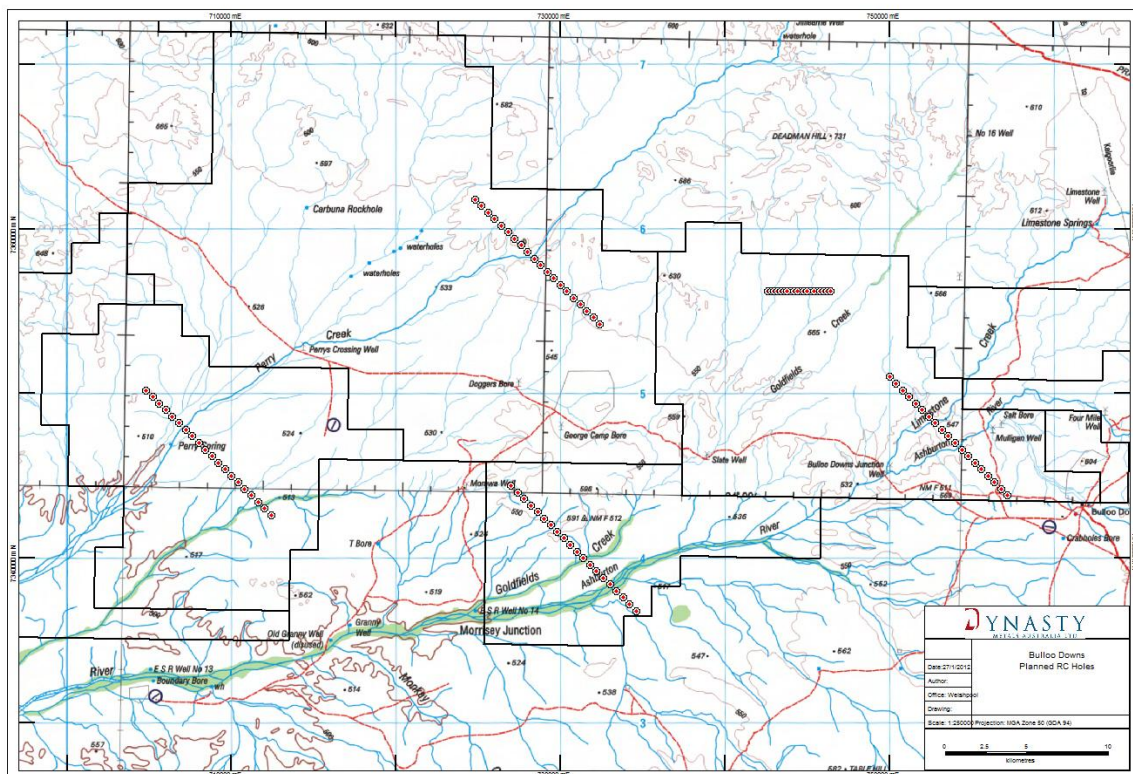


Figure 5, Planned Drilling Southern CID province.

Competent Person's 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.