

# **DYNASTY**

**METALS AUSTRALIA LTD**

**ABN 80 110 385 709**

## **SHORT FORM PROSPECTUS**

**For a pro rata non-renounceable entitlement issue of 1 Option for each 1 Share held at an issue price of 1 cent per Option (“Rights Issue”)**

**The Rights Issue is fully underwritten by Cube Financial Group Pty Limited**

### **Important Notice**

**This Prospectus is a short form prospectus pursuant to Section 712 of the Corporations Act. This Prospectus does not contain all the information that is generally required to be set out in a full prospectus, but refers to other documents, the information from which is deemed to be incorporated in this Prospectus.**

**IMPORTANT NOTES**

**This Prospectus**

This Prospectus is dated 6 January 2006 and was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus.

No Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of issue of this Prospectus. Options allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.

Applicants should read the entire Prospectus and if in any doubt should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in Section 7 of this Prospectus.

This Prospectus is a short form prospectus pursuant to Section 712 of the Corporations Act. This Prospectus does not contain all the information that is generally required to be set out in a full prospectus, but refers to other documents which have been lodged with the ASIC, the information from which is deemed to be incorporated in this Prospectus.

This Prospectus refers to the Prospectus lodged by the Company with ASIC on 4 October 2005 for the offer of 17,500,000 Shares at an issue price of 20 cents each to raise up to \$3,500,000 ("**the IPO Document**"). (The IPO Document raised its Minimum Subscription of \$2,700,000 which resulted in the issue of 13,500,000 Shares.)

In referring to the IPO Document, the Company identifies the IPO Document as being relevant to the offer of Options made by this Prospectus and containing information that will provide investors and their advisors with information to assist them in making an informed assessment of this Offer.

**Options offered by this Prospectus are speculative.**

# DYNASTY METALS AUSTRALIA LTD

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## CORPORATE DIRECTORY

### DIRECTORS

**Peter Andrews** Chairman  
**Richard Stanger** Managing Director  
**Graham Anderson** Director &  
Company Secretary  
**Rita Brooks** Director

### PRINCIPAL OFFICE

**Dynasty Metals Australia Ltd**  
**Level 1**  
**10 Stirling Highway**  
**Nedlands WA 6009**  
**Phone (08) 9389 1884**  
**Fax (08) 9389 1284**  
**Email admin@dynastymetals.com.au**  
**Internet www.dynastymetals.com.au**

### REGISTERED OFFICE

Level 1  
1174 Hay Street  
West Perth WA 6005

### ASX CODE

DMA

### SHARE REGISTRY

Security Transfer Registrars Pty Ltd  
Suite 1 Alexandria House  
770 Canning Highway  
Applecross WA 6153

### AUDITOR

Stantons International  
Level 1  
1 Havelock Street  
West Perth WA 6005

PO Box 535  
Applecross WA 6953

Phone (08) 9315 2333  
Fax (08) 9315 2233

### UNDERWRITER

Cube Financial Group Pty Limited  
67-69 Nicholson Street  
St Leonards NSW 2066

AFSL 232455

**CHAIRMAN'S INVESTMENT INVITATION**

6 January 2006

Dear Shareholder

Dynasty Metals Australia Ltd is pleased to offer its Shareholders the opportunity to subscribe for Options by participating in a 1 for 1 Rights Issue as foreshadowed in the IPO Document.

On 6 December 2005 the Company successfully listed on ASX after raising \$2,700,000 and in January 2006 it will commence a drilling program on its Bendoc Gold Project in Victoria. Field work has begun on the Bright Gold Project. Dynasty's other gold, nickel, uranium and iron projects will be explored using the work programs described in the IPO Document.

This Rights Issue plans to raise a further \$258,500 for working capital and has been underwritten by the Company's Lead Manager for its IPO, Cube Financial Group Pty Limited.

The details of the Offer of Options are described in this Prospectus. You should have received a personalised Entitlement and Acceptance Application Form with this Prospectus, but if you are any doubt, please contact the Company's Share Registry.

Please note that the Closing Date for acceptances is 5.00pm WST on Thursday 16 February 2006. If you wish to participate in this Rights Issue of Option it is essential that your completed Entitlement and Acceptance Application Form reaches the Company's Share Registry by this time.

We would like to take this opportunity to thank all Dynasty Shareholders for your support for the Company's listing on the ASX and we look forward to progressing the Company's exploration projects for gold in Victoria and gold, uranium, nickel and iron in Western Australia.

Regards



Peter Andrews  
Chairman

## **Section 1      DETAILS OF THE OFFER OF OPTIONS**

### **1.1      The Rights Issue Offer**

By this Prospectus, the Company invites its shareholders to subscribe for a total 25,850,000 Options at an issue price of one (1) cent each to raise \$258,500.

All shareholders registered on the Share Register of the Dynasty at the Record Date of Tuesday 17 January 2006 are entitled to participate in this pro rata non-renounceable entitlement issue (Rights Issue) of Options on the basis of one Option for every one Share held.

The Options will be issued at one (1) cent each with an exercise price of 20 cents and an expiry date of 29 February 2008.

The rights attaching to the Options and the underlying Shares are summarised in Section 4.

### **1.2      Indicative Timetable**

<b>6 January 2006</b>	<b>Prospectus lodged with ASIC and ASX</b>
<b>17 January 2006</b>	<b>Record Date to identify shareholders entitled to participate in the Rights Issue</b>
<b>19 January 2006</b>	<b>Despatch Prospectus</b>
<b>16 February 2006</b>	<b>Closing Date</b>
<b>17 February 2006</b>	<b>Deferred settlement quotation of Options</b>

These dates are indicative only and may change. The Directors and the Underwriter reserve the right to vary the Closing Date and this may impact on the quotation date of the Options.

### **1.3      Minimum Subscription and Oversubscriptions**

The minimum subscription under this Prospectus is \$258,500 which is the underwritten amount.

There is no provision for oversubscriptions.

### **1.4      How to Apply for Options**

The number of Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Application Form.

This Offer may be accepted in whole or in part prior to 5.00pm WST on Thursday 16 February 2006, the Closing Date. Instructions for completion and lodgement of acceptances are set out on the attached Entitlement and Acceptance Application Form. The number of Options accepted must not exceed your entitlement as shown on the form. Applications must be accompanied by payment in full of one (1) cent for each Option to which you are entitled and in respect of which you accept the Offer under this Prospectus. Entitlements not taken up by shareholders will be taken up by the Underwriter in accordance with the terms of the Underwriting Agreement.

**If you wish to take up ALL of your entitlement** - Complete the accompanying Entitlement and Acceptance Application Form in accordance with the instructions set out on the form and send the form together with your cheque for the amount shown on the form to reach the Company's Share Registry at the address specified on the form not later than 5.00pm WST on the Closing Date(16 February 2006).

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**If you wish to take up PART only of your entitlement** - Complete the accompanying Entitlement and Acceptance Form by inserting the number of Options for which you wish to accept under this Prospectus (being less than your entitlement as specified on the Entitlement and Acceptance Application Form) and send the form together with your cheque for the total amount payable on the basis of one (1) cent for each Option accepted, to reach the Company's Share Registry at the address specified on the form not later than 5.00pm WST on the Closing Date. The balance of your entitlement not accepted will revert to the Underwriter to be dealt with under the terms of the Underwriting Agreement.

**If you DO NOT WISH TO TAKE UP any part of your entitlement** - You are not required to take any action.

**The Offer is non-renounceable. You may not sell or dispose of any part of your entitlement.**

To participate in the Issue, the Entitlement and Acceptance Application Form attached to or accompanying this Prospectus must be completed in accordance with the instructions accompanying the form and be delivered to:

**Security Transfer Registrars Pty  
Ltd  
Suite 1 Alexandria House                      OR    PO Box 535  
770 Canning Highway                      Applecross WA 6953  
Applecross WA 6153**

Payment must be by way of cheque or bank draft drawn on and payable on an Australian bank and should be made payable to 'Dynasty Metals Australia Ltd – Option Issue' and crossed 'Not Negotiable'.

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Options under this Prospectus. The amount payable on Application will not vary during the period of the Issue and no further amount is payable on allotment.

A duly completed and lodged Entitlement and Acceptance Form will constitute an offer by the Applicant to subscribe for the number of Options applied for pursuant to the Application Form.

### **1.5 Allotment of Options**

Allotment of Options will take place as soon as practicable after the Closing Date.

### **1.6 Underwriting Fees**

The Offer is underwritten by Cube Financial Group Pty Limited who will receive a fee of 3.5% of the funds raised and will be reimbursed its costs in respect of this Prospectus. A summary of the terms of the Underwriting Agreement are in section 5.4 of this Prospectus.

### **1.7 Australian Stock Exchange Limited**

Application will be made by the Company to ASX for official quotation by ASX of the Options within seven days of the date of this Prospectus. Application for official quotation of Shares allotted and issued as a result of the exercise of Options issued pursuant to this Prospectus will be made within three business days of allotment and issue. If ASX does not grant permission for official quotation of the Options within three months after the date of this Prospectus, none of the Options will be granted and all Applications will be dealt with in accordance with Section 724 of the Corporations Act.

### **1.8 Applicants outside Australia**

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person whom it would be illegal to issue it or make the Offer. It is the responsibility of any applicant who is resident outside of Australia to ensure compliance with all laws of any country relevant to their application. No action has been taken to register or qualify the Options or the offer or otherwise permit a public offering of the Options in any jurisdiction other than Australia.

### **1.9 Enquiries**

If you have any questions concerning your entitlement, please contact the Company's Share Registry by telephone on 08 9315 2333 or by fax on 08 9315 2233, or contact your professional adviser

## **Section 2 INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS**

### **2.1 Short Form Prospectus**

This Prospectus is a short form prospectus pursuant to Section 712 of the Corporations Act. This Prospectus does not contain all the information that is generally required to be set out in a full prospectus, but refers to other documents which have been lodged with the ASIC, the information from which is deemed to be incorporated in this Prospectus.

This Prospectus refers to the Prospectus lodged by the Company with ASIC on 4 October 2005 for the offer of 17,500,000 Shares at an issue price of 20 cents each to raise a total of \$3,500,000 (“**the IPO Document**”). The information deemed to be incorporated by reference into this Prospectus is summarised in Section 2.2.

Shareholders, investors and their professional advisers may obtain copies of the IPO Document by phoning the Company at 08 93891884 during normal business hours or from the Company’s website at [www.dynastymetals.com.au](http://www.dynastymetals.com.au)

### **2.2 Summary Information Deemed to be Incorporated**

Set out below is a summary of the information contained in the IPO Document that is deemed to be incorporated in this Prospectus. The Sections referred to below are references to the IPO Document (=Prospectus dated 4 October 2005).

#### ***Section 1 – Directors and Exploration Consultant***

Section 1 provides information on the Company’s four Directors and its Exploration consultant.

#### ***Section 3 – Dynasty and its Projects***

Section 3 contains a summary of Dynasty’s capital structure and the proposed use of funds, together with summaries of the Company’s exploration projects and the proposed exploration programs.

#### ***Section 4 – Risk factors***

Section 4 notes that potential investors should consider that an investment in Dynasty is speculative and describes a number of share investment, exploration, native title, operational risks and other risks.

#### ***Section 5 – Independent Consulting Geologists’ Report***

Section 5 is a report prepared by independent geologist Plutonic Geological Services. The report, including several figures and describes in some detail Dynasty’s seven exploration projects in Victoria and Western Australia.

#### ***Section 7 – Solicitor’s Report on Mining Tenements***

Section 7 is a report by Lawton Gillon on the Company’s mining tenements, including a Schedule of Tenements.

#### ***Section 8 – Investigating Accountant’s Report***

Section 8 is a report prepared by Stanton Partners Corporate Pty Ltd which presents both historical information and actual and pro forma financial information as at 30 June 2005. Their opinion, based on the scope of their independent review, which was not an audit, concludes that the reviewed statement of financial position as at 30 June 2005 and the notes to the financial position are fairly presented in accordance with generally accepted accounting principles as applied in Australia for reporting financial information in a Prospectus.

#### ***Section 9 – Additional information***

Section 9 sets out information not elsewhere disclosed in the IPO Document, including the rights attaching to the Shares, Directors’ interests, material contracts and fees payable to experts, consents of experts and other parties named in that Prospectus, expenses of the issue, litigation and corporate governance.

## **Section 3      COMPANY OVERVIEW**

### **3.1      Overview and Reference to the IPO Document**

A comprehensive review of the Company is set out in the IPO Document for an offer of 17,500,000 Shares which resulted in the issue of 13,500,000 Shares and raised \$2,700,000. The information in the IPO Document is summarised in the previous section of this Prospectus.

Pursuant to the IPO Document, 13,500,000 Shares were allotted on 30 November 2005 and the Company commenced quotation on the ASX on 6 December 2005. Dynasty's ASX code is DMA.

The Company now has 25,850,000 Shares on issue. 16,275,002 Shares are quoted on ASX and the remainder are subject to ASX restrictions. The Company's Share Registry has put a holding lock on the 9,574,998 restricted (= escrowed) Shares which become eligible for quotation on 6 December 2007.

### **3.2      Exploration Activities Since listing on ASX**

Dynasty has been preparing for its first drilling program on its Bendoc Gold Project in Victoria. Drilling will commence in January 2006 and the program is targeting a number of identified high priority gold targets. Field work has also started at the Victoria Star Gold Mine within the Bright Gold Project in Victoria. Work on other exploration projects has also been of a planning nature preparatory to field work to start early in 2006. Dynasty has applied for a new exploration licence for iron at Prairie Downs in Western Australia.

### **3.3      Effect of the Offer on Dynasty**

25,850,000 Options will be issued when the issue fully subscribed by Shareholders and (if necessary) the Underwriter. These options will raise \$258,500 to be added to working capital, less the expenses of the issue estimated at \$25,000, including the Underwriting fee.

Upon completion of the Offer, the Company will have on issue 25,850,000 Shares and 25,850,000 Options.

### **3.4      Circumstances or matters subsequent to the IPO Document**

Other than the matters stated in this Prospectus, the Company is not aware of any material matter or circumstance that would impact on the contents of the IPO Document or the activities and prospects of the Company and be relevant to assist shareholders, investors and their professional advisers making an informed assessment of matters relevant to Dynasty.

### **3.5      Statements of Financial Position**

The IPO Document contain a set of accounts to 30 June 2005 and a Pro Forma Statement of financial Position as at that date showing the effect of the fundraising pursuant to the IPO Document.

Set out below is the Company's Statement of Financial Position as at 31 December 2005, which has not been audited, and has been prepared as part of the management accounts to show the financial position of the Company as at that date, which is a date subsequent to the fundraising pursuant to the IPO Document. The Statement of Financial Position does not take into account the funds to be raised by the issue of the Options pursuant to this Prospectus.



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**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2005**

	<b>31 December 2005</b>
	<b>Management</b>
	<b>Accounts</b>
	<b>\$</b>
<b>CURRENT ASSETS</b>	
Cash assets	2,373,043
Receivables	26,294
<b>TOTAL CURRENT ASSETS</b>	<u>2,399,337</u>
<b>NON CURRENT ASSETS</b>	
Property, plant and equipment	2,272
Exploration and evaluation expenditure	223,912
<b>TOTAL NON CURRENT ASSETS</b>	<u>226,184</u>
<b>TOTAL ASSETS</b>	<u>2,625,521</u>
<b>CURRENT LIABILITIES</b>	
Payables	5,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>5,000</u>
<b>TOTAL LIABILITIES</b>	<u>5,000</u>
<b>NET ASSETS</b>	<u>2,620,521</u>
<b>EQUITY</b>	
Contributed equity	2,957,275
Accumulated losses	(336,754)
<b>TOTAL EQUITY</b>	<u>2,620,521</u>

## Section 4 TERMS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

### 4.1 Terms and Conditions of Options

*The material terms and conditions of the Options are as follows:*

1. *Each Option entitles the holder to subscribe for one Share.*
2. *The Options are exercisable at any time on or prior to 29 February 2008 (the "Expiry Date");*
3. *The amount payable on exercise of each Option is 20 cents;*
4. *Subject to the Corporations Act and the ASX Listing Rules, the Options are transferable;*
5. *All Shares issued upon exercise of the Options will rank pari passu in all respect with the Company's then existing fully paid shares;*
6. *Exercise of the Options is effected by completing the Notice of Exercise of Options and forwarding it to the Company together with the requisite application monies;*
7. *There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. The Company, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least seven Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;*
8. *In the event of any reconstruction (including consolidation, sub-division, reduction or return) of issued capital of the Company, the terms of the Options will be varied in a manner consistent with the ASX Listing Rules;*
9. *In the event that the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in the ASX Listing Rules, if applicable; and*
10. *Options not exercised by 5.00 pm WST on 29 February 2008 will automatically expire.*

### 4.2 Rights Attaching to Shares

There is only one class of shares on issue in the Company being fully paid ordinary shares. The rights attaching to Shares in the Company are set out in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the Listing Rules of the ASX, the SCH Business Rules and the general law.

*The following is a summary of the principal rights of the holders of Shares.*

#### **Voting**

*Every holder of Shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative have one vote for the Share and a fraction of a vote for every partly paid share proportional to the amount paid up per partly paid share, registered in such shareholder's name on the Company's share register. A poll may be demanded by the chairperson of the meeting, by any five shareholders present in person or by proxy, attorney or representative, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of, or paid up value of, the shares of all those shareholders having the right to vote at that meeting.*

#### **Dividends**

*Dividends are payable out of the Company's profit and are declared by the Directors. Dividends declared will be payable on the Shares at an amount per share determined by the Directors.*

***Transfer of Shares***

*A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by the ASX or in any other usual form or in any form approved by the Directors. The Directors may refuse to register any transfer of Shares, other than a Proper SCH Transfer (as defined in the Corporations Act), where permitted by the Listing Rules of the ASX. The Company must not refuse to register or give effect to or delay or in any way interfere with a Proper SCH Transfer of Shares or other securities.*

***Meetings and Notice***

*Each shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Corporations Act or the ASX Listing Rules.*

***Liquidation Rights***

*The Shares rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of shareholders divide the whole or any part of the remaining assets of the Company between the shareholders in proportion to the paid-up value of their respective holdings. The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.*

***Shareholder Liability***

*As the Shares are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.*

***Alteration to the Constitution***

*The Constitution can only be amended by a special resolution passed by at least 75% of shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.*

***ASX Listing Rules***

*If the Company is admitted to the Official List of the ASX, then despite anything in the Constitution of the Company, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.*

**Section 5      ADDITIONAL INFORMATION**

**5.1      Market Price of Shares**

Dynasty Shares commenced quotation on ASX on 6 December 2005 and have since traded between 14 cents and 20 cents. The Share price sales on 6 January 2006 were up to 19 cents.

The Company has no Options currently quoted on ASX.

**5.2      Contingent Disclosure and Documents Available for Inspection**

Dynasty (ASX Code: DMA) is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure requirements. As an ASX listed company, Dynasty is subject to Listing Rules which require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Copies of documents lodged in relation to the Company with the ASIC may be obtained from or inspected at any office of the ASIC. This includes the IPO Document.

Information that is already in the public domain has not been reported in this Prospectus, other than that which is considered necessary to make this Prospectus complete.

The Company will provide free of charge, to any person on request during the application period in relation to this Prospectus a copy of each of the documents used to notify ASX of information relating to the Company under the provisions of the ASX Listing Rules

The following is a list of such documents lodged with ASX since the IPO Document and to the date of this Prospectus.

<b>Date</b>	<b>Details</b>
12 October 2005	Disclosure Document
1 December 2005	Corporate Governance Disclosure
1 December 2005	Confirmation of Completion of Material Contracts
1 December 2005	Updated Statement of Commitments based on funds raised
1 December 2005	Updated Statement of financial Position
1 December 2005	Top 20 shareholders
1 December 2005	Distribution of Shareholders
1 December 2005	Pre-Quotation disclosure
1 December 2005	Number & Escrow Period of Restricted Securities
5 December 2005	Constitution
5 December 2005	Appendix 1A: ASX Listing Application & Agreement
6 December 2005	Lists on ASX today
8 December 2005	Initial Director's Interest Notice x 4
8 December 2005	Release of Shares from Escrow
9 December 2005	Chairman's Address to AGM
9 December 2005	Becoming a Substantial Holder
9 December 2005	Results of AGM
20 December 2005	Entitlement Option Issue

### **5.3 Interests of Directors and Experts**

A full disclosure of the interests of Directors and experts of the Company is set out the IPO Document and other than set out below or elsewhere in this Prospectus, that information is current.

#### ***Directors' Shareholdings***

The Directors' interests in the Shares as at the date of this Prospectus are:

<b>Director</b>	<b>Shares</b>
<b>Graham Anderson</b>	<b>500,000</b>
<b>Peter Andrews</b>	<b>1,000,000</b>
<b>Rita Brooks</b>	<b>8,357,707</b>
<b>Richard Stanger</b>	<b>1,000,000</b>

### **5.4 Underwriting Agreement**

Set out below is a summary of the contract to which the Company is a party and which may be material to the terms of this Prospectus and which is not included in the IPO Document.

Cube Financial Group Pty Limited (the Underwriter) has agreed to fully underwrite the subscription of the 25,850,000 Options to be issued pursuant to this Prospectus.

#### ***Underwriting Costs***

The Company shall pay the Underwriter an underwriting fee equal to 3.5% of the Underwritten Amount of \$258,500 and will reimburse the Underwriter for agreed costs incurred by the Underwriter in relation to this Prospectus.

#### ***Cessation of the Underwriter's Obligations***

The liability of the Underwriter under the Underwriting Agreement ceases on the date on which the whole of the Underwritten Options have been fully subscribed or the Underwriter has discharged all of its obligations in respect of any shortfall, or the Underwriter has terminated the Underwriting Agreement, whichever occurs first.

#### ***Termination Events***

In the event of the happening of any one or more of the following contingencies, the Underwriter may, at any time after becoming aware thereof, without cost or liability to itself, by notice in writing to the Company, terminate the Underwriting Agreement and be relieved of its obligations under the Underwriting Agreement.

### **3 Termination Events**

3,1 *The Underwriter may without cost or liability to themselves or damages arising out of any breach by the Company of its representations, warranties or obligations under this Agreement, by notice in writing to the Company, upon or at any time prior to Closing Date terminate its obligations under this Agreement if:*

- a) ***(Indices and Gold price fall):*** any of the S&P ASX 200 Index or the S&P ASX 200 Materials Index as published by ASX is at any time after the date of this Agreement 10% or more below its respective levels as at the close of business on the business day prior to the date of this agreement or the price of gold on the London Metals Exchange is at any time after the date of this Agreement 10% or more below its price at the close of business on the Business Day prior to the date of this Agreement; or
- b) ***(Prospectus):*** the Company does not lodge the Prospectus on the Lodgment Date or the Prospectus or the Offer is withdrawn by the Company; or
- c) ***(No Official Quotation):*** Official Quotation by ASX has not been granted by the Shortfall Notice Deadline Date or, having been granted, is subsequently withdrawn, withheld or qualified; or

- d) (Supplementary prospectus):** The Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 1(m)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require;
- e) (Misleading Prospectus):** it transpires that there is a statement in the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- f) (Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by the Corporations Act;
- g) (Restriction on allotment):** the Company is prevented from allotting the Options within the time required by this Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- h) (Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- i) (ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, and that application has not been dismissed or withdrawn;
- j) (ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- k) (Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, the United Kingdom, the United States of America, and the People's Republic of China, or a terrorist act that causes the death of more than 500 people is perpetrated on any of those countries or any diplomatic military, commercial or political establishment of any of those countries anywhere in the world;
- l) (Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- m) (Termination Events):** Subject always to clause 3.2, any of the following events occurs:
- i. (Default):** default or breach by the Company under this Agreement of any condition; or
  - ii. (Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company to the Underwriter is or becomes untrue or incorrect in any material way; or
  - iii. (Contravention of constitution or Act):** a contravention by the Company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
  - iv. (Adverse change):** an event occurs which gives rise to a material adverse change in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company; or
  - v. (Significant change):** a new circumstance as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or

- vi. **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes, in a material manner, misleading or deceptive or likely to mislead or deceive; or
- vii. **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State Authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- viii. **(Event of Insolvency):** an event of insolvency occurs in respect of the Company; or
- ix. **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$100,000 is obtained against the Company, other than any claims foreshadowed in the Prospectus; or
- x. **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement is commenced or threatened against the Company, other than any claims foreshadowed in the Prospectus; or
- xi. **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company without the prior written consent of the Underwriter; or
- xii. **(Indictable offence):** a director or senior manager of the Company is charged with an indictable offence; or
- xiii. **(Force Majeure):** a Force Majeure causing a material adverse effect in the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs; or
- xiv. **(Certain resolutions passed):** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- xv. **(Capital Structure):** the Company alters its capital structure in any manner not contemplated by the Prospectus; or
- xvi. **(Investigation):** any person is appointed under the Corporations Act to investigate the affairs of the Company; or
- xvii. **(Market Conditions):** a suspension or material limitation in trading generally on ASX occurs for two consecutive trading days or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia and the United States of America.

**5.5 Expenses of the Issue**

The total estimated costs of the Issue, including, underwriting fees, will be approximately \$25,000 including GST where applicable.

**5.6 Consents**

Lawton Gillon, Plutonic Geological Services, Stanton Partners Corporate Pty Ltd gave their written consents to their names and independent reports being included in the IPO Document. None of these parties have made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons except where there is reference to the IPO Document. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of this Prospectus.

There may be other persons referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus, nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

Cube Financial Group Pty Limited has consented to being named as the Underwriter in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

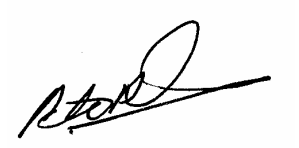
Security Transfer Registrars Pty Ltd has consented to being named as the Company's Share Registrar in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Stantons International has consented to being named as the Company's Auditor in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.



**Section 6      DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT**

This Prospectus is authorised by the Company and is lodged with the ASIC pursuant to Section 718 of the Corporations Law. The Directors have consented in writing to this lodgement under the terms of Section 720 of the Corporations Law.

A handwritten signature in black ink, appearing to read 'Peter Andrews', written over a light grey rectangular background.

Peter Andrews  
Chairman

Dated 6 January 2006

**Section 7                      DEFINED TERMS**

The following definitions apply throughout this document unless the context requires otherwise.

<b>Applicant(s)</b>	The person(s) who submit valid Entitlement & Acceptance Forms pursuant to this Prospectus.
<b>Application</b>	A valid application made to subscribe for a specified number of Shares pursuant to this Prospectus.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	Australian Stock Exchange Limited.
<b>Closing Date</b>	5.00pm Western Standard Time 16 February 2006.
<b>Directors</b>	The directors of the Company.
<b>Dynasty or Company</b>	Dynasty Metals Australia Ltd ACN 110 385 709
<b>Entitlement and Acceptance Form</b>	The form so described and attached to or accompanying this Prospectus.
<b>IPO Document</b>	The Prospectus dated 4 October 2005
<b>Listing Rules</b>	The official Listing Rules of ASX.
<b>Offer</b>	The Rights Issue pursuant to this Prospectus to subscribe for Options.
<b>Official List</b>	The Official List of ASX.
<b>Option(s)</b>	An option to subscribe for a Share with an exercise price of 20 cents and an expiry date of 29 February 2008.
<b>Prospectus</b>	This Prospectus dated 6 January 2006 for the offer of 25,850,000 Options
<b>Rights Issue</b>	The pro rata non-renounceable entitlement issue of Options to Shareholders pursuant to this Prospectus
<b>Share(s)</b>	Fully paid ordinary share(s) in the Company.
<b>Shortfall</b>	Options not taken up under the Rights Issue and reverting to the Underwriter
<b>Underwriter</b>	Cube Financial Group Pty Limited ACN 074 796 315
<b>WST</b>	Western Standard Time, Perth, Western Australia