



## **Quarterly Report**

**For the Quarter Ended 31<sup>st</sup> December 2005**

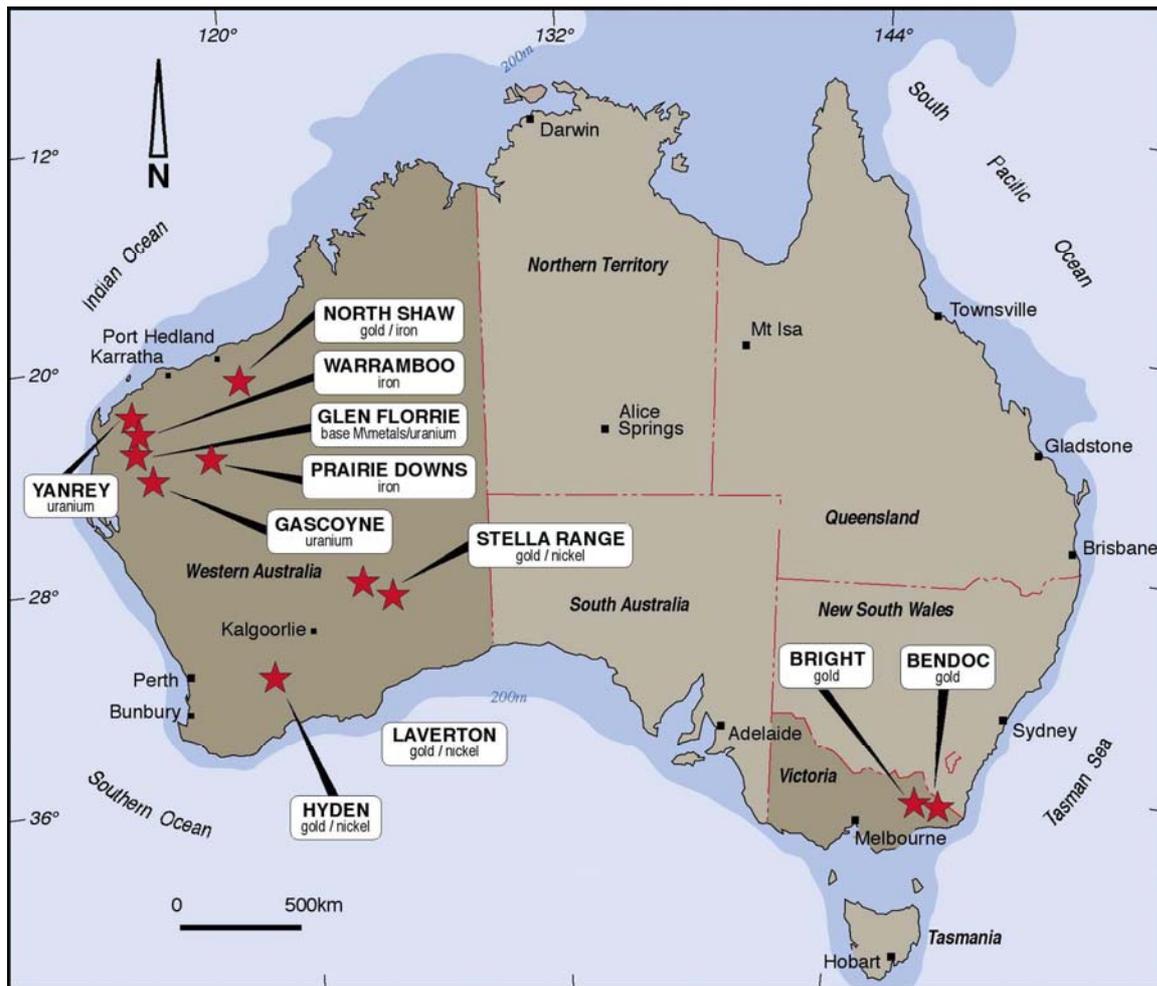
### **Highlights**

- **Prospectus issued for a Rights Issue of Options to shareholders registered at 17<sup>th</sup> January 2006. The underwritten issue will raise \$258,000.**
- **At Bendoc, Victoria, diamond drilling program commenced.**
- **Exploration commenced at Bright in Victoria with a sampling and structural mapping program. Awaiting assay results from sampling programs. Previous soil and rock chip geochemistry has identified wide zones containing quartz veining and elevated gold and arsenic values. A reverse circulation drilling program is planned.**
- **Applications for two exploration licenses 50 km west of Newman prospective for both iron and gold.**
- **Application for one exploration license in the Ashburton Basin prospective for iron.**
- **Application for one exploration license in the Gascoyne Province prospective for uranium.**
- **Commencement of preliminary geological assessment work at the Laverton and Stella Range Gold/ Nickel projects in Western Australia.**

### **Corporate Activity**

Dynasty Metals Australia Ltd (DMA – ASX code) was listed on the ASX on the 6<sup>th</sup> December 2005 raising \$2.7 million by the issue of 13,500,000 shares. This was an important capital raising milestone and provided the company with funding for exploration on its granted projects as well as working capital.

A Short Form Prospectus has been sent to shareholders for a Rights Issue of Options. All shareholders registered on 17<sup>th</sup> of January 2006 are entitled to participate in this issue on a one option for one share basis at the issue price of one cent per option. The issue is fully underwritten by Cube Financial Group Pty Limited and will raise a further \$258,500. The offer closes on 16<sup>th</sup> February 2006 and the options will be fully tradable upon issue.



Company Project Locations

## Exploration

### **Victoria**

Reconnaissance rock chip and soil geochemical sampling has commenced on the Bright and Bendoc tenements. Drilling has commenced at Bendoc.

### **Bright**

The company is awaiting assay results from sampling of strike extensions of previously mined areas. Detailed geological mapping has indicated wide zones (up to 300 m) over a strike length of up to 1 km containing quartz veining with the potential for gold mineralisation. A reverse circulation drilling program to test these quartz reef zones is planned.

## **Bendoc**

Site preparations have been completed and a diamond drilling program commenced in the last week of January. This program is planned to confirm the high grade intersections of previous reverse circulation drilling, to better define the geological and structural controls of gold mineralisation and add to the data required to calculate a resource. Regional reconnaissance has located fault zones that could potentially be the host source of alluvial gold in the Back Creek and Queensborough River systems. The Company is awaiting assay results from an orientation line of soil samples collected in the area of the Clarkeville Goldfield.

## **Western Australia**

### ***Laverton and Stella Range Gold / Nickel Projects***

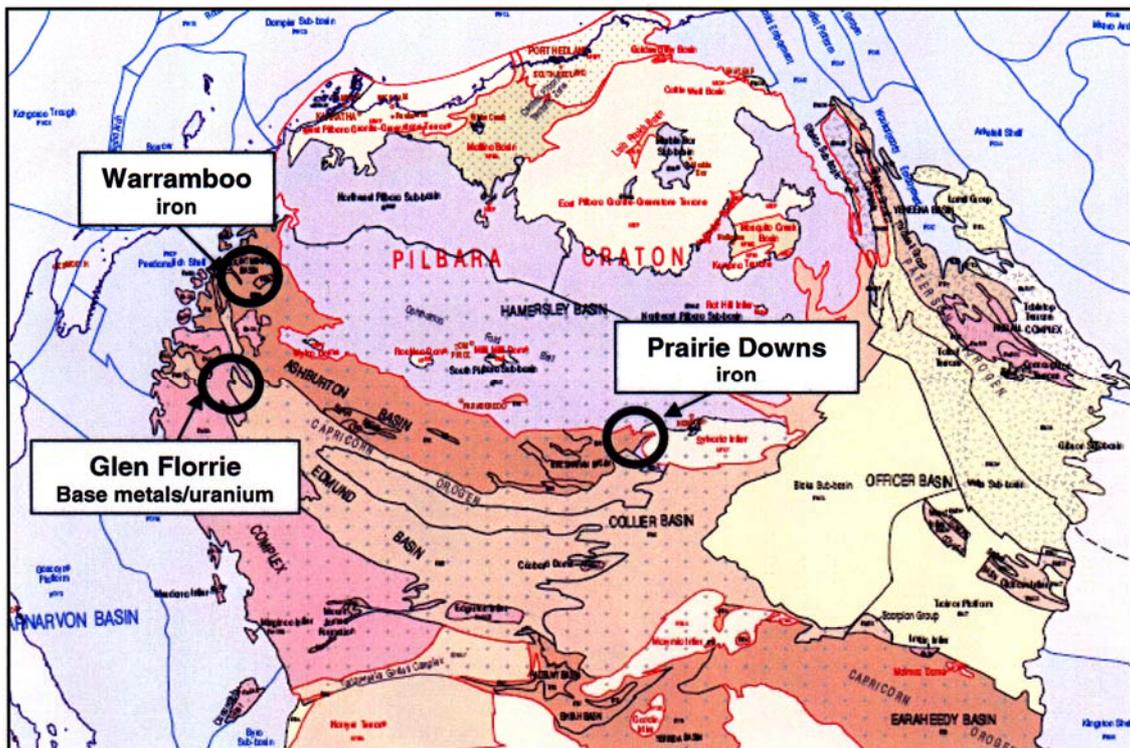
Preliminary geological investigation work has commenced. This work includes data acquisition, data compilation and field work planning. At Laverton four tenement applications were granted during the quarter (E38/1752, P38/3272 – 3274).

### ***Gascoyne, Hyden, North Shaw and Yanrey***

These projects which are variously prospective for gold, nickel, uranium and iron are applications which are proceeding through the granting process.

### ***Tenement Acquisition***

The Company has been active in tenement assessment and acquisition and has applied for three exploration project areas.



Location of the Companies three new tenement applications

### ***Prairie Downs***

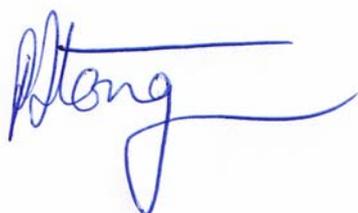
Applications for E53/1927 and E52/1931 are adjacent to tenements containing a group of deposits with total indicated and inferred resources of 300 Mt @ 60% Fe (BHP-Billiton, see The MINEDEX Data Base - DOIR) about 50 km west of Newman. E53/1927 contains a conceptual target for iron hosted by the Brockman Formation which is the main host to iron in the Pilbara. The tenement also covers Archaean rocks under thick alluvium and these may be prospective for gold. The tenement is subject to a number of pre-existing tenements areas and may be not fully granted as applied for.

### ***Warrambo***

Application for E08/1620 is in the northern part of the Ashburton Basin. It covers parts of a Tertiary pisolite channel.

### ***Glen Florrie***

Application for E08/1621 is about 50 km south of E08/1620 and is on the contact between the Gascoyne Province and the Edmund Basin. The area has good outcrop. There are minor lead occurrences hosted by metasedimentary rocks about 5 km to the NW of the tenement and these trend into the Glen Florrie Project. There are sandstone units within the metasedimentary sequences that may host roll-front type uranium deposits.



Richard Stanger  
Managing Director  
31<sup>st</sup> January 2006

The information in this report that relates to exploration results (Bright Project) is based on information compiled by Dr. Dennis Arne who is a member of the Australian Institute of Geoscientists, who is not a full time employee of the Company and is employed by Alpine Geological & Environmental Services.

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