

31 January 2007

Australian Stock Exchange Ltd

By electronic lodgement

## Quarterly Activities Report

For the quarter ended 31 December 2006

### Highlights

- Mt Phillips Uranium Project (WA) ground survey commenced.
- Notification of grant for two uranium / iron ore projects:
  - Warrambo; and
  - Glen Florrie.
- Prairie Downs Project extended by the acquisition of two new Tenements at Perry Creek.
- Drilling commenced at Bright Gold Project in Victoria.
- Appointment of Non-Executive Chairman and Non-Executive Director.



Dynasty Metals Australia Ltd (ASX Code: DMA) ("Dynasty") Project Map of Australia

## **1.0 Corporate**

Dynasty has commenced re-shaping the Board and management as part of its growth strategy to take a more aggressive approach to exploration and project generation. As part of this strategy Dynasty is pleased to announce the appointment of Mr David McSweeney as its the Non-Executive Chairman. Mr McSweeney is a former Managing Director of Gindalbie Metals and in that role he oversaw the development and commissioning of two mining production centres. He then initiated the transformation of Gindalbie into an emerging iron ore producer. He brings to Dynasty a wealth of experience in diverse commodities, which will further enhance the development of Dynasty's uranium, gold and other projects.

In addition Dynasty has also appointed mining engineer, Mr Andrew Stocks to the Board as Non-Executive Director. Mr Stocks brings a wealth of operating expertise to the company to assist with project generation and review of activities. Mr Stocks is a Mining Engineer with twenty years experience in mining operations. He has been particularly active in the areas of business optimisation, cost and production efficiency improvements, project evaluation and strategic development. Mr Stocks was previously Managing Director and Chief Executive of Siberia Mining Corporation until its merger with Monarch Gold and Vice President of Operations of Crew Gold Corporation, a London based mining and exploration company.

Mr Peter Andrews resigns as Non-Executive Chairman. Mr Andrews has been Chairman of Dynasty since its inception and was instrumental in the listing on the ASX in 2005. We thank him for his contribution to Dynasty's growth and development and wish him all the best in the future.

## **Exploration Review**

### **2.0 *Uranium Projects, Western Australia (100% Dynasty)***

#### **2.1 Mt Phillips Uranium Project**

Mt Phillips is situated 200km east of Carnarvon. Previous exploration activities in 1979 identified elevated uranium values between 260ppm and 380ppm.

Known uranium mineralisation within the project area includes both primary and secondary occurrences including beta-uranophane/uraninite. These are associated with a large body of pegmatite and several occurrences of carnotite associated with calcrete and older colluvium. The carnotite was precipitated in cavities, as coatings along joints and on quartz grains in calcrete.

In December 2006 field reconnaissance identified new exploration targets as well as sampling known prospects. Results and interpretation from geochemical sampling to explain the existence of elevated radiometric readings are pending. Encouraging first pass scintillometer readings warrant further geochemical sampling. Fieldwork testing for uranium and base metals will recommence in early February 2007.

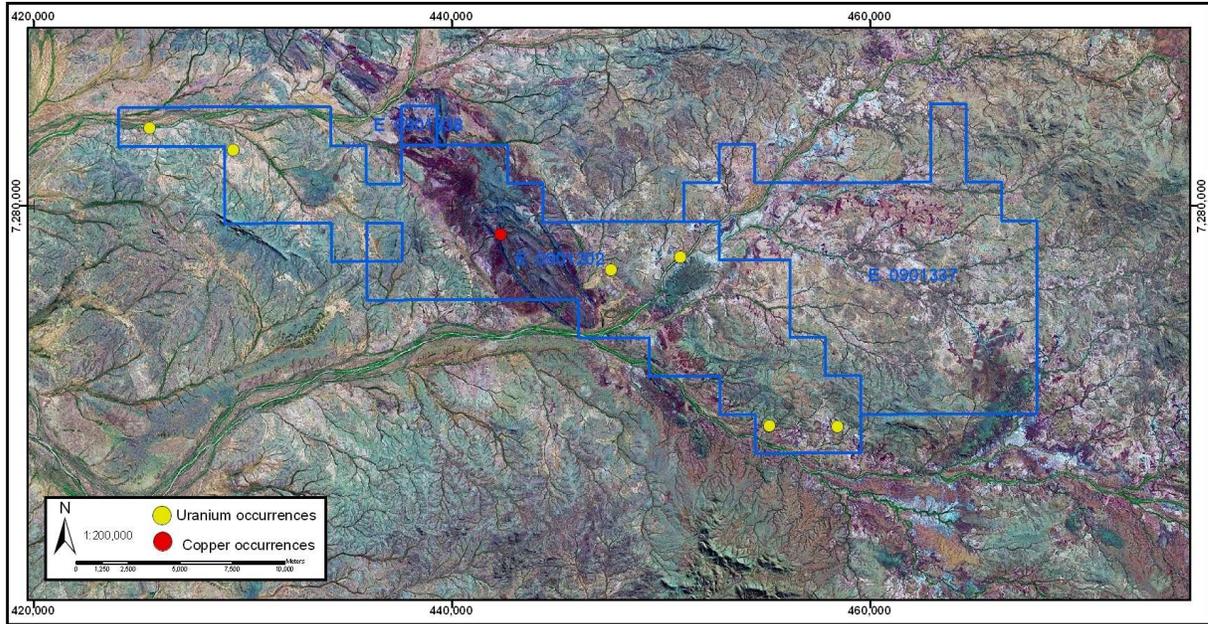


Figure 1. Uranium and copper occurrences at Mt Phillips.

## 2.2 Glen Florrie

Glen Florrie is located in the Ashburton Region of WA, 50km south of Warrambo. Regional occurrences of lead and uranium have been identified at the adjoining Mundong Well Project.

Dynasty has been notified that the Department of Industry and Resources (“DOIR”) are proceeding to grant exploration licence application EL08/1621.

Reconnaissance, geochemical sampling and ground radiometric surveys and are proposed for February 2007.

## 2.3 Yanrey Uranium Project

The Yanrey Uranium Project is located approximately 95km south of Onslow. Initial field reconnaissance including radiometric surveys have been completed.

Dynasty is currently seeking quotes for aerial EM and magnetic surveys. Once obtained, Dynasty will proceed to undertake ground clearances with the traditional owners prior to commencing a drill program. This field work is to be arranged in conjunction with the sampling program in the Dynasty Gascoyne Uranium Project.

## 2.4 Hector Bore Uranium Project

Located approximately 250km east of Carnarvon, the Hector Bore Project contains several uranium occurrences identified from previous exploration.

Dynasty has been notified that DOIR is proceeding to grant the Polly Well Uranium Project. Polly Well is located 5km south of Wabli Creek and is situated immediately north of Hector Bore prospect. Wabli Creek is a calcrete-hosted deposit in the Gascoyne.

Proposed exploration which will include a radiometric survey will continue in this next quarter.

## **2.5 Prairie Downs Uranium and Base Metals Project**

Prairie Downs is located approximately 60km southwest of Newman in the Eastern Pilbara, Western Australia.

As a result of reconnaissance and review, Dynasty has extended the Prairie Downs project with a further two exploration licence applications at Perry Creek (see below).

Prairie Downs Metals Ltd. has identified a 1 million tonne resource, grading 8.3% Zn, 1.7% Pb and 22g/t Ag. Prairie Downs Zinc Project is located 6km northeast of Dynasty Metals' Perry Creek Project. Dynasty will target uranium, base metals and gold within the project area as identified by previous exploration.

## **2.6 Perry Creek Base Metals Project**

Perry Creek is approximately 30km southwest of Prairie Downs. It is situated in the Edmund Basin, Western Australia and is an extensive intracratonic shale-sandstone-carbonate basin of early Mesoproterozoic age which forms the lower part of the Bangemall Superbasin.

Previous exploration by Geopeko (1983-85) and Pasminco (1992-94) explored for Mt Isa-style Pb-Zn and Jillewarra-type Cu-Pb-Au occurrences.

Dynasty will commence work with reconnaissance mapping and a historical literature compilation and review.

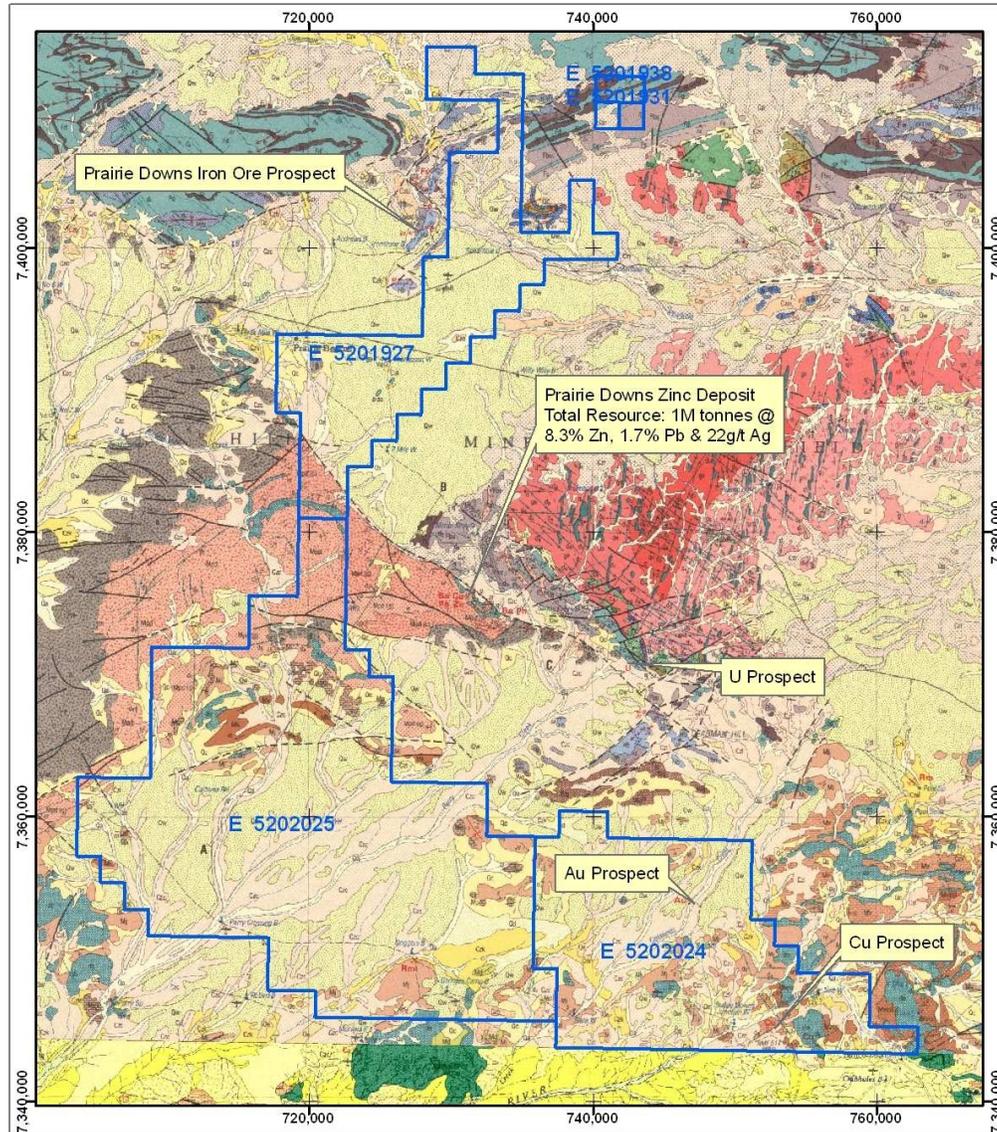


Figure 2. Prairie Downs and Perry Creek Project Location.

### 3.0 Gold/Nickel Projects, Western Australia (100% Dynasty)

#### 3.1 Laverton

Application EL 38/1572 has been granted and fieldwork will commence in this quarter.

Southern Geoscience has been commissioned to research open file geophysical and geological data for the project area. Quotes for aerial magnetics and EM surveys have been sought from geophysical contractors.

## 4.0 Iron, Western Australia (100% Dynasty)

### 4.1 Warramboe Iron Ore Project

Dynasty has been notified by DOIR of the intention to grant EL08/1620, situated 110km south east of Onslow.

Red Hill Iron Ltd (ASX Code: RHI) has identified a 7km strike length channel iron deposit at Ken's Bore with grades of 58 to 63% Fe. Aquila Resources recently announced acquisition of the remaining 50% of the Red Hill Iron Project for \$7.3M. Dynasty holds the land along strike of the Ken's Bore deposit. Dynasty's land holding runs along the intersection of the Yanks Bore Fault and the Urandy Fault, which hosts the Whynot copper/gold prospect.

Upon granting of EL08/1620, Dynasty will commence fieldwork to test for channel iron deposits within the project area, as identified from the geological mapping.

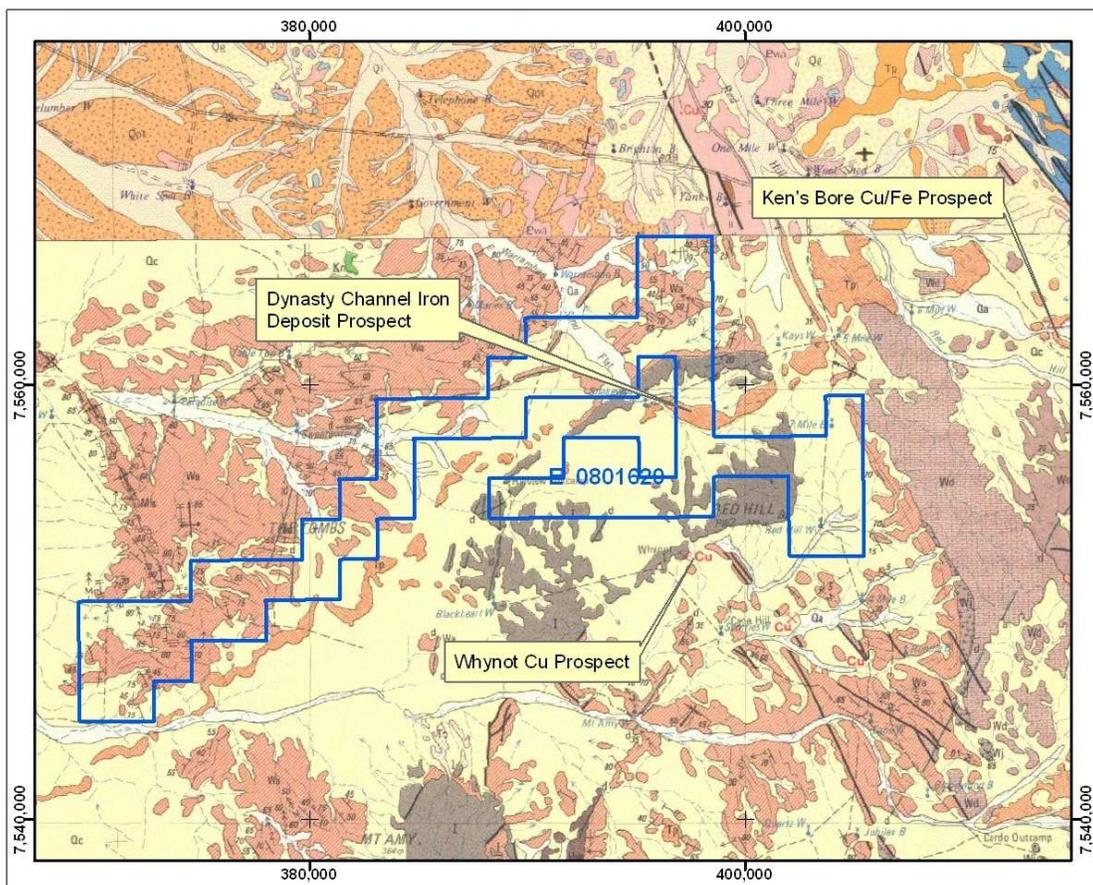


Figure 3. Warramboe Project Location and Geology (Note: Tp geology – Robe Pisolite; limonite and iron filled palaeochannels; la – Warramboe Sandstone; arenite in shale).

## **4.2 Pincunah North (formerly North Shaw) (Atlas Iron & Dynasty )**

Atlas Iron Limited (ASX Code: AGO) ("Atlas") is exploring for iron on E45/2745. Dynasty will retain a 2% gross royalty. Dynasty also retains the right to explore for gold within the project area.

Atlas recently commenced fieldwork at Pincunah North. This area contains extensive zones of surface iron enrichment. Reconnaissance work suggests mineralised trends have a strike length of up to 8km. Atlas has reported iron grades of 59.9% at Pincunah North.

## **5.0 Coal Seam Gas, Western Australia (100% Dynasty)**

### **5.1 Irwin River Coal Seam Gas Project**

The Perth Basin is a deep linear basin which contains the Lower Permian Irwin River Coal deposits which measure up to 120m thick. The coal seams at Irwin River have been identified as low rank black coal.

Dynasty have applied for an SPA over the area of interest and is awaiting granting prior to conducting exploration activities for coal bed methane.

## **6.0 Gold, Victoria (Dynasty 100%)**

### **6.1 Bright Gold Project**

The Bright Gold Project is located 200km northeast of Melbourne. Historical production is recorded as 340,000 ounces of gold from a number of quartz reefs (1-40m in width), with an average recovered grade between 18-20g/t Au. The largest producers were the Rose Thistle and Shamrock Mine (101,240t @ 21.4g/t) and the Oriental Mine (127,571t @ 14g/t).

The reverse circulation/diamond drill program was commenced in early December to test seven potential mineralised zones (ASX release 26 October 2006). One of the two planned diamond drill holes at Victoria Reef VB1 has been completed. Preliminary sampling of this hole, located at 500144mE 5931430mN, returned a best result of 1.49g/t Au for the 148.6m to 148.9m interval. Complete assays results are anticipated shortly.

The second 200m hole and RC drilling has been postponed due to proximity of bush fires in the area. Drilling is planned to recommence early in the next quarter, once the threat of bush fires has eased and a rig becomes available.

### **6.2 Bendoc Gold Project**

Dynasty's Bendoc Gold Project is in the East Gippsland region, approximately 400km northeast of Melbourne. Sixty historical mines and minerals prospects have been recorded in the project area, with a total historical gold production of 40,000 ounces, predominantly from shallow and alluvial deposits. Dynasty has also identified 10 previously unrecorded sites of quartz reef gold mining.

Subject to rig availability a new drilling program will commence on the Victoria Star prospect as well as other prospects within the area.

## 7.0 Proposed Exploration for 3<sup>rd</sup> Quarter

- Mt Phillips - Follow-up ground radiometric survey.
- Warrambo - Commence field reconnaissance work within the Project area in early February.
- Hector Bore – Radiometric survey and sampling of calcrete drainage sites south of Wabli Creek to commence. Field work at Cu/U prospects within the new EL North of Hector Bore.
- Yanrey – Commence EM survey to identify new and existing palaeochannels. Undertake ground survey and site inspection and approvals for future drill program.
- Bright – Drilling scheduled to commence at the Peabody Prospect.
- Bendoc - Further drilling at the Victoria Star Gold prospect proposed and work plan approved by the Department. Field work includes sampling existing gold mines and prospects within the exploration leases.

## 8.0 Company Summary

The Company has approximately \$3.5M cash and securities as at 31<sup>st</sup> December 2006.

There are currently 499 Dynasty shareholders. The top 20 shareholders hold 20,248,737 shares, 60.47% of the company.



Rita Brooks  
Managing Director

The information in this report that relates to exploration results is based on information compiled by Alan Svanosio who is a member of the Australian Institute of Geoscientists. Alan Svanosio has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity he is undertaking to qualify as a Competent Persons as defined in the JORC Code. The Competent Person is not a full-time employee of Dynasty, however, he is engaged as its exploration consultant. He has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Online Share Register

Shareholders can access their share details at Security Transfer's website at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

Shareholders can register to be notified by email. Please forward your details to: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

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