

Quarterly Activities Report

For the quarter ended 31 March 2007

Issued Capital

33.5M shares
21.8M options

Cash at 31 March 2007

A\$3.2M

Board of Directors

David McSweeney
Chairman

Rita Brooks
Managing Director

Graham Anderson
Company Secretary
Director

Andrew Stocks
Director

Principal Office

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Western Australia

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Highlights

- Coal Seam Gas seismic program to commence immediately following the grant of the 80km² SPA for the Irwin Coal Seam Gas Project, approximately 65km east of Geraldton and Oakagee.
- Yanrey uranium project – EM survey to commence in May.
- Notification of grant for projects at:
 - Polly Well (U); and
 - Prairie Downs (U and Fe).
- Notification of grant from the Department of Infrastructure and Resources for a further exploration licence at Laverton nickel project.



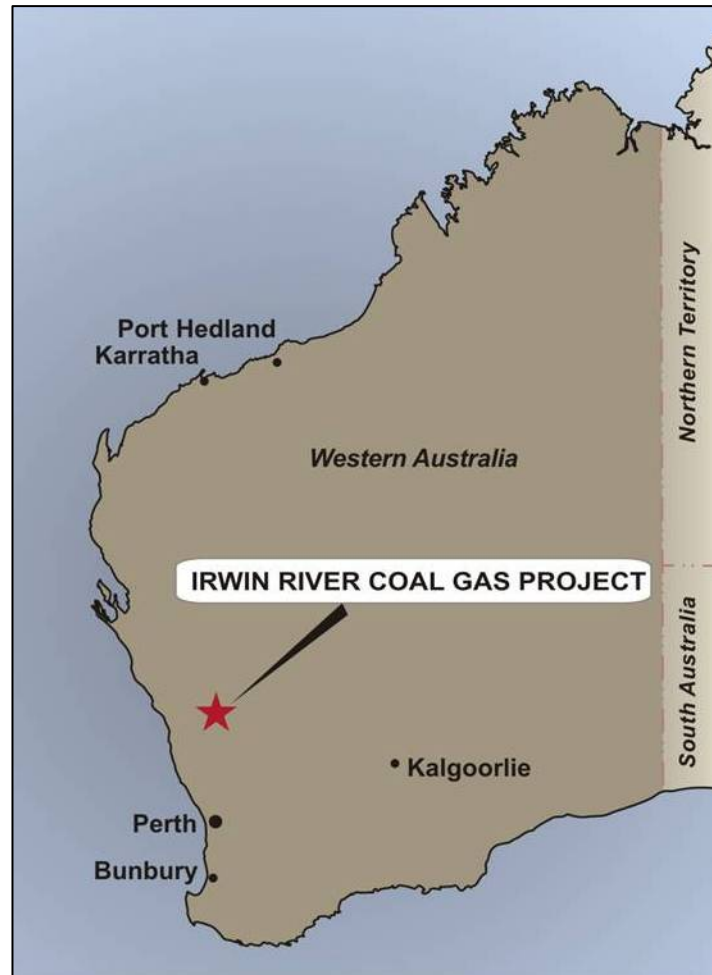
1 Coal Seam Gas (Dynasty 100%)

Dynasty is at the forefront of exploration for coal seam gas in the Midwest.

The principal area of interest encompasses the Irwin River Coalfield, 350km north of Perth. The project area occupies the southern portion of the fault-bounded Irwin Terrace on the eastern flank of the Perth Basin. It is located in a predominantly farming pastoral region.

CSG is uniquely different to conventional hydrocarbon resources in that it is hosted within coal seams. Coal seams are the reservoir and their potential location, extent and properties in WA have mostly been defined by knowledge largely generated and governed by mineral exploration activities.

The target depth window for CSG resources are typically between approximately 300 to 1200m.



Conventional oil and gas exploration in the adjacent area over the past 40 years has resulted in number of coal and gas discoveries. Production at the commercial level has been transported to the Perth market to the south by road and pipeline.

Coal exploration in the Midwest has also been conducted over the past 100 years and although this work has delineated a number of coal seams, none have proved commercially viable. It is significant that conventional oil and gas explorers have reported gas shows while drilling coal deposits in the Perth Basin in the past.

Dynasty is of the opinion that the Irwin River Coal Measures are suitable for the discovery of commercial quantities of coal seam methane gas and is in area which has access to available infrastructure and markets.

Dynasty has worked with Dr Guy Le Blanc Smith to identify the region as the most prospective target for coal seam gas exploration in the state. Dr Le Blanc Smith co-authored *“The Geology and Permian Coal Resources of the Irwin Terrace, Perth Basin Western Australia”*, in 1995. The Irwin coalfield and its proximity to the rapidly growing region of Geraldton and Oakajee further enhance its development potential. Geraldton is situated 65km west of the area providing a focus for the development and sale of gas into the local market upon identification and development of the gas reservoirs.

Dynasty will commence an extensive seismic survey during the next Quarter to identify the locations of gaseous sequences below the identified coal measures. The generated targets will be followed up with a drilling program.

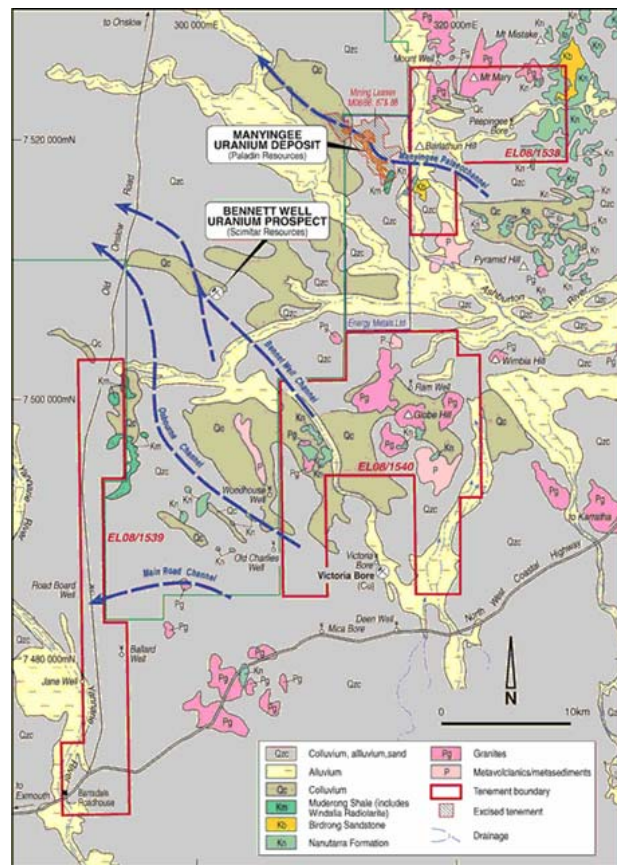
2 Uranium Projects

2.1 Yanrey Uranium Project, Western Australia (100% Dynasty)

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

A contract for aerial EM surveys has been executed and fieldwork will commence early May 2007. Target areas to be flown are a continuation of the Manyingee palaeochannel that hosts the Paladin Resources Manyingee uranium deposit (refer figure right). The second target area is a portion of the palaeochannel hosting the Scimitar Resources Bennett Well uranium prospect that extends onto EL08/1540. The Main Road palaeochannel extending into EL08/1539, is the third target area to be flown in the survey.

Dynasty has applied for a fifth exploration licence in the Yanrey project area, 5km south-east of EL08/1540.



Yanrey Uranium Project – Channel Locations

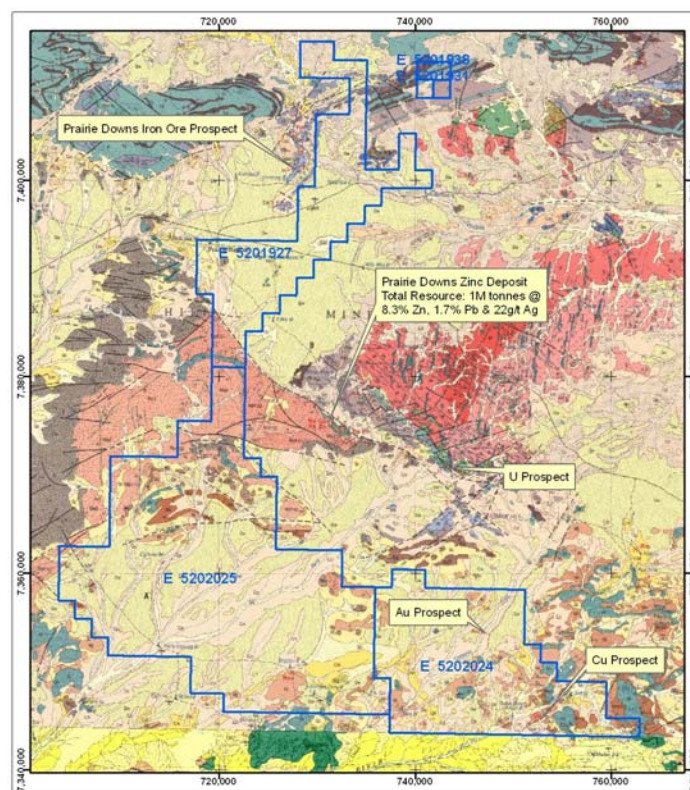
The results of the aerial survey will form the basis of future drill programs once ground clearances have been obtained. In addition, Dynasty will be testing for repetitions of the identified palaeochannels within the project area.

Proposed exploration, including a radiometric survey will continue in this next quarter.

2.2 *Prairie Downs Uranium and Base Metals Project (Western Australia, Dynasty 100%)*

Dynasty has been notified of grant of EL52/1927. The exploration licence adjoins the Prairie Downs iron ore prospect of BHPB, situated approximately 60km southwest of Newman in the Eastern Pilbara of Western Australia.

The north-west trending Prairie Downs Fault is interpreted to be a major reverse fault that dips north-north-east, and is marked by massive quartz veining. The fault cuts the Bangemall Group within E52/1927 and hosts the Prairie Downs Zinc prospect approximately 9km to the south-east of E52/1927. Fieldwork will commence for uranium, base metals and iron ore within the project area.



Prairie Downs and Perry Creek Project Location.

2.3 *Glen Florrie and Warrambo* *(Western Australia, Dynasty 100%)*

Initial fieldwork, comprising geological mapping and rock chip sampling has commenced. Dynasty is planning follow up reconnaissance for uranium, base metals and channel iron deposits (CIDs) once results have been interpreted.

3 Gold and Nickel (100% Dynasty)

3.1 Laverton

The Department of Industry and Resources (DOIR) granted a further exploration licence application (E38/1587) to the Company. Dynasty continued to consolidate its ground position at Laverton and is processing data for drill targets bearing south-east of the Denny Bore prospect, where Niagara Resources reported nickel sulphides, including 0.37m @ 17.58% Ni in January 2007. The project area lies 15km north-west of Laverton and has a combined area of 459km².

Interpretation of gravity surveys and airborne geophysical surveys is continuing in order to identify drill targets on E38/1752 and P38/3274, 2km south-east of the Denny Bore prospect.

The project area covers part of a large composite granite pluton occupying the core of the Margaret Anticline, a south plunging regional scale fold structure bounded on either side by the Celia Lineament and Laverton Tectonic Zone respectively. In and around the project area, the granites contain a number of dismembered remnants of the mineralised Windarra BIF/ultramafic sequence. The discontinuous zone of greenstone remnants trending north-west from Woodline Well may represent a valid nickel target.

3.2 Victorian Gold (Dynasty 100%)

The Bright Gold Project is located 200km north-east of Melbourne. The second 200m hole and RC drilling commenced in March 2007. Despite intersecting quartz, no significant gold values were reported or noted. Dynasty will continue work in the next Quarter.

Field work at Bendoc Gold Project will commence next Quarter.

4 Corporate

Dynasty has entered into a Joint Venture with Uranium International Ltd (URI), a private company intending to list on the ASX during the next quarter, to earn 100% of Dynasty's exploration licence application at the Kunderong prospect. The principal terms of the JV are:

- Repayment of costs of application upon grant;
- Meeting minimum expenditure commitment;
- Expenditure of at least \$200,000 over 36 months;
- Dynasty retains a Royalty of 2.5% on all metals, which URI may purchase at their election for \$500,000.

Uranium International Ltd has also agreed to a priority allocation of shares in the new Uranium International Ltd IPO to Dynasty shareholders.

A company associated with Rita Brooks is the major shareholder of Uranium International Ltd.

The Board has approved a Notice of EGM to ratify the options offered to Chairman Mr David McSweeney and Director Mr Andrew Stocks upon their appointment in January 2007.

Details of the dates of the EGM will be announced shortly.

The Company continues its strategy of expanding its energy portfolio reviewing projects in Australia and overseas. Opportunities to joint venture non core assets of Gold and Nickel projects are being considered.

The Company has approximately \$3.2M in cash and securities as at 31 March 2007.

A handwritten signature in black ink that reads "Rita Brooks". The signature is written in a cursive, flowing style.

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 is appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

DYNASTY METALS AUSTRALIA LIMITED

ABN

80 110 385 709

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(140)	(548)
(b) development	-	-
(c) production	-	-
(d) administration	(76)	(208)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	90	138
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid to be recouped)	6	4
Net Operating Cash Flows	(120)	(614)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(30)	(33)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(30)	(33)
1.13 Total operating and investing cash flows (carried forward)	(150)	(647)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(150)	(647)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2	797
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Net financing cash flows	2	797
	Net increase (decrease) in cash held	(148)	150
1.20	Cash at beginning of quarter/year to date	3,321	3,023
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,173	3,173

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	66
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to directors and associates are on normal commercial terms

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	70	11
5.2 Deposits at call	3,103	3,310
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,173	3,321

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2 Interests in mining tenements acquired or increased	Laverton Prairie Downs Sth Glen Florrie Nth Prairie Downs Polly Well	E38/1587 (Brooks) E52/1927 E08/1621 E52/1949 E09/1310	Nil Nil Nil Nil Nil	100% 100% 100% 100% 100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

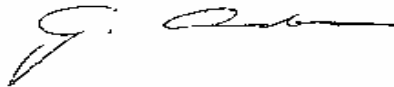
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	33,496,125	23,931,127		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,000	10,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	21,808,158	21,808,158	<i>Exercise price</i>	<i>Expiry date</i>
	200,000	-	20 cents	29 February 2008
	300,000	-	30 cents	31 December 2009
7.8 Issued during quarter	200,000	-	30 cents	31 December 2009
	300,000	-	30 cents	31 December 2009
7.9 Exercised during quarter	10,000	10,000		
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 April 2007
(Director/Company secretary)

Print name: GRAHAM ANDERSON.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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