

## Quarterly Activities Report

For the quarter ended 30 June 2007

### Issued Capital

33.5M shares  
21.8M options

### Cash at 30 June 2007

A\$4.1M

### 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

- Seismic survey underway at The Irwin Coal Seam Gas project in the Midwest underway.
- Ground EM survey completed at the Yanrey uranium exploration project.
- Two uranium exploration projects to be granted in the Northern Territory.
- Applications for five uranium exploration projects in Botswana.
- Successful capital placement of \$1.3M to private investors.

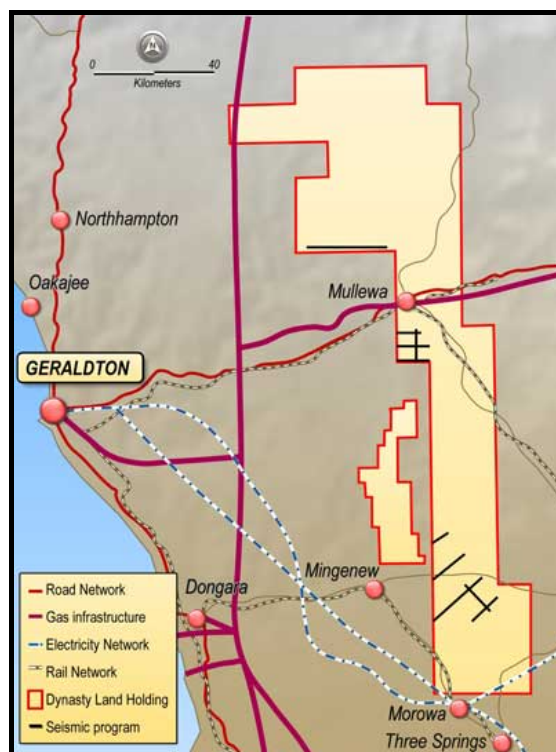


## 1. Coal Seam Gas (DMA 100%)

Dynasty (DMA) achieved a significant milestone in April 2007, with the grant of a 100% owned Special Prospecting Authority (SPA) license to commence the first coal seam gas (CSG) exploration in Western Australia's North Perth Basin.

DMA commenced a seismic survey in June 2007 to define the extent and depth of the coal measures and to define drill targets to investigate the existence of coal seam gas at the Irwin River coalfield. The survey is continuing and is expected to run for four more weeks.

The project is located 65km east of Geraldton in close proximity to existing pipelines and the expanding Mid-West mining region of Western Australia. Existing infrastructure, planned expansions and the demand for alternative power supplies encourages the Company to invest in this energy alternative.



Irwin River seismic plan with existing gas and power network

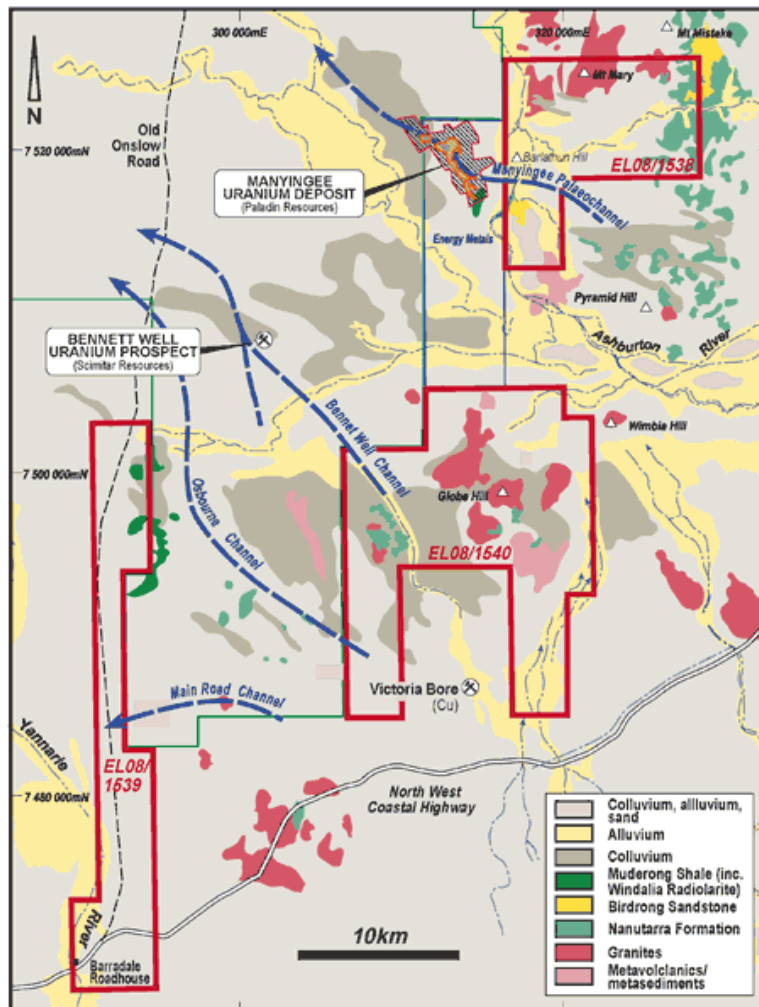
DMA has employed Dr Le Blanc Smith to consult on the CSG project. Dr Le Blanc Smith was employed by the Geological Survey of Western Australia in the 1990's and co-authored "*Geology and Permian Coal Resources of the Irwin Terrace, Perth Basin West Australia*" in 1995.

Interest in clean and renewable energies has been boosted with the Prime Minister discussing the possibility of introducing an Australian carbon-trading scheme. Coal seam gas is an energy source with a low carbon footprint. CSG currently supplies approximately 5% of Queensland's power requirements and its acceptance as an alternative green fuel is growing.

## 2. Uranium Projects

### 2.1 Yanrey Uranium Project (DMA 100%)

Located approx 90km inland from Onslow, the northern Yanrey uranium project tenement is situated 500m east of the Manyingee uranium deposit held by Paladin Resources Ltd. The Manyingee deposit hosts 8,080t at 0.1% U<sub>3</sub>O<sub>8</sub> Indicated and 2,810t at 0.05% U<sub>3</sub>O<sub>8</sub> Inferred resources (Paladin, 2007).



DMA Yanrey Uranium Exploration Projects

Field mapping and ground reconnaissance work was undertaken during the Quarter in preparation for ground and aerial EM survey. The ground EM survey at Main Road Bore has been completed and the aerial EM program is scheduled to commence in August 2007

These surveys are planned to define potential uranium bearing fluid paths. The EM surveys will test for extensions of the Manyingee Uranium palaeochannel. Extensions of the Bennet Well paleochannel channels and the Main Road Bore palaeochannel will also be targeted.

Exploration Licence EL08/1699 was granted in May 2007 at Yanrey Station.

## **2.2 *Prairie Downs (DMA 100%)***

Work on the data collection for Prairie Downs has commenced following the grant of EL52/1927. The Project area contains the extensions of the Prairie Downs Fault, which hosts the Prairie Downs Metals zinc deposit. The project is prospective for gold, uranium and base metals.

## **2.3 *Stanley / Nabberu (DMA 100%)***

DMA has commenced data compilation and project review of the area. The Stanley-Nabberu project area is prospective for uranium, base metals, gold and nickel-copper-PGE sulphides. The applications are progressing.

## **2.4 *Mt Phillips (DMA 100%)***

A geochemical sampling survey was completed. The program aimed to target prospective shales where previous mineralisation has been reported. Results are pending.

The field trip identified previous unreported exploration pits and drill sites in two separate areas of the tenement.

## **2.5 *Northern Territory (DMA 100%)***

DMA has been notified of the grant of two exploration licences in the Northern Territory, EL25624 and EL25626 – data compilation is commencing.

# **3. *Gold and Nickel (DMA 100%)***

DMA continues to focus on its energy portfolio and add further value to the Company with the joint venture and/or sale of non-core assets.

## **3.1 *Laverton and Stella Range***

DMA announced on 23 July the sale of the Laverton project to Poseidon Nickel Limited for \$400,000 payable in shares in Poseidon Nickel pending Due Diligence.

A number of proposals for Stella Range have been submitted to DMA for consideration.

## **3.2 *Gold - Victoria (DMA 100%)***

A work program for 24 RC drill holes on three gold prospects at Bendoc has been submitted to Department of Industry and Planning Victoria for approval.

## 4. Project Acquisitions

In May 2007 DMA announced its strategy to significantly expand its uranium portfolio by applying for uranium exploration projects over five prospective areas across Botswana.

DMA believes this is a significant opportunity to expand into international uranium exploration and diversify the Company's Australian based projects. A number of uranium exploration projects are currently underway in Botswana and advanced uranium mines are operating in neighboring Namibia. The Company's Botswana projects represent very good opportunities for new project development.



Dynasty's Botswana Applications

The projects are situated in the historic mining rich province of Selebi-Phikwe and Sekoma, in close proximity to Francistown and Botswana's capital city Gaborone. Botswana has an established diamond, gold and nickel mining industry. A-Cap Resources, African Energy and Bannerman Resources have uranium exploration projects in Botswana.

## 5. Corporate

DMA has promoted the company at the Sydney Resources Round-Up and the Gold Coast Investor Conference with introductions to the DMA projects portfolio presented to Investors.

A General Meeting of Shareholders was held on the 24 July at Level 1, 10 Stirling Highway Nedlands to approve the resolutions set out in the Notice to Shareholders dated the 6th day of June 2007. As previously reported, resolutions 1,2 and 3 were passed and resolution number 4 was rejected.

DMA raised funds of \$1.3M at 26c per share to private investors in June 2007.

DMA accepted the offer of Uranium International Ltd to withdraw from the proposed joint venture at Kunderong. A company associated with Rita Brooks is the major shareholder of Uranium International Ltd.

As advised in the March quarterly, DMA has notified shareholders of a Priority Offer to participate in the Uranium International Ltd IPO. Details will be available later this month.

The Company has approximately \$4.058M in cash and securities as at 30 June 2007.



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")

30 June 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(232)	(789)
(b) development	-	-
(c) production	-	-
(d) administration	(108)	(335)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	203
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid to be recouped)	(29)	(25)
<b>Net Operating Cash Flows</b>	<b>(332)</b>	<b>(946)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(36)
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)	-	-
<b>Net investing cash flows</b>	<b>(3)</b>	<b>(36)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(335)</b>	<b>(982)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(335)	(982)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,285	2,082
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	(65)	(65)
<b>Net financing cash flows</b>		1,220	2,017
<b>Net increase (decrease) in cash held</b>		885	1,035
1.20	Cash at beginning of quarter/year to date	3,173	3,023
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4,058</b>	<b>4,058</b>

**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	102
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	-
<b>Total</b>	<b>200</b>

### 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	8	70
5.2 Deposits at call	4,050	3,103
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,058</b>	<b>3,173</b>

### 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	Laverton	E38/1450	54Blocks	27Blocks
	Laverton	E39/930	70Blocks	35 Blocks
6.2 Interests in mining tenements acquired or increased	Prairie Downs East	E52/1938	Nil	100%
	Forrestonia	E77/1326	Nil	100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

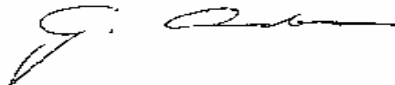
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	38,546,125	28,971,127		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	5,040,000	5,040,000		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	21,768,158 200,000 300,000	21,768,158 - -	<i>Exercise price</i> 20 cents 30 cents 30 cents	<i>Expiry date</i> 29 February 2008 31 December 2009 31 December 2009
7.8 Issued during quarter				
7.9 Exercised during quarter	40,000	40,000		
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 25 July 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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