



31 January 2008

Manager of Company Announcements
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000
By E-Lodgement

QUARTERLY ACTIVITIES REPORT FOR THE
QUARTER ENDING 31st DECEMBER 2007

The directors are pleased to submit the following Activities and Cash Flow Report.

Summary

The change of management during the second quarter progressed smoothly while Dynasty continued developing the company's projects in particular the Irwin Coal Seam Gas Project in the mid-west of Western Australia and the Yanrey Uranium Project further north. The preparatory work for a major drilling programme at Yanrey was completed with the commencement of drilling in the third week of January, 2008. High priority targets are the continuation of the mineralised palaeochannels containing the Manyingee Uranium Deposit and the Bennet Well Uranium Prospect. An expansion of the company's technical team is in progress to cover the exploration of a very exciting large portfolio of project tenements.

Irwin Coal Seam Gas (DMA 100%)

The project is located 65 kilometres east of Geraldton in close proximity to existing pipelines and the developing mid-west iron ore mining region.

Processing of 100 kilometres of seismic survey data is being carried out at Excel Geophysical Services (NZ) Ltd. Results from the work are expected early in the first quarter of 2008 for expert consultants' appraisal with the aim of defining the extent of the Irwin coal measures and locating drill targets for Coal Seam Gas accumulations.

Yanrey Uranium Project (DMA 100%)

Located 90 kilometres south east of Onslow, the large tenement holding of six exploration licences is in close proximity to the Manyingee Uranium Deposit (Paladin Energy Ltd) and the Bennet Well Uranium Deposit (Scimitar Resources Ltd). Drilling will test for the occurrence of uranium and stratigraphic markers essential for roll-front uranium deposits.

An extensive airborne electromagnetic survey has highlighted several important palaeochannels, one of which contains the Manyingee deposit down stream. A drilling programme was begun to cover a series of targets within each of four identified

palaeochannels and field work began in the first week of January, 2008. Outback Drilling has been engaged to conduct the drilling program with an agreement to conduct 50 aircore holes to a nominal depth of 100 metre. Down Under Surveys, experts at down-hole gamma surveys, have been engaged to provide immediate feedback on the drilling. A down-hole gamma survey will be conducted for each drill hole. This work will help identify uranium-rich zones and define the position of infill drill holes.

A preliminary regolith interpretation using the Aster dataset was conducted, this work defined new clay zones (inferred alteration zones), access tracks and vegetation types. The ALOS images (higher resolution) were ordered to assist this work, but have not yet been received. Compilation and processing of all available geophysical data (aeromagnetic, radiometric) has been completed to identify key structures, anomalous areas and locations of palaeochannels. This work confirmed several existing target areas and identified several new ones. This work was compiled by Fathom Geophysics. Thirteen target areas were identified, nine U targets and four Cu-Zn targets. These target areas have been ranked and drill sites defined and prioritized. The highest priority uranium targets adjacent to Scimitar's Bennet Well Prospect and Paladin's Manyingee Deposit will be drilled first.

A radiation base line survey is being conducted at all drill hole sites to define anomalous areas. This survey is also required by the DOIR as part of radiation management plan. All drill samples will be submitted to Genalysis as 4m composites. Intervals with anomalous gamma values will be split into 1m samples and submitted for geochemical analysis. These geochemical analyses will assist in determining pathfinder elements and help identify other mineral exploration targets.

Mt Phillips Uranium Project (DMA 100%)

Ground reconnaissance has determined radiometric anomalies related to shales, calcrete and shearing. Sampling results are awaited.

Other Projects in Western Australia for uranium, base metals, gold and nickel-copper-PGE.

Prairie Downs, Stanley-Nabberu, Glen Florrie, Warrambo.

Work continued to assess the prospectivity of these important mineralised regions to develop a schedule of airborne and ground work followed by drilling as warranted.

Bendoc, Victoria, Gold (DMA 100%)

Located in an historic gold mining area of Victoria, gold results in previous drilling of up to 2 metres grading 59g/t Au, and 10 metres grading 4.66 g/t Au are encouraging. Further work on a drilling programme was carried out during the Quarter and a finalised programme presented.

Botswana (uranium)

The five Exploration Licences under application in Botswana have been further investigated and reported on by Dr W. Witts. Radiogenic syenites have been located as a potential source of near surface uranium mineralisation and assessment is continuing regarding both uranium and base metal mineralisation.

By order of the board

For further information:

Dr Warick Brown

(08) 9481 8668

Qualifying statement

Dr. Warick Brown has compiled the information in this report. Dr. Brown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results. Dr. Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it 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 December 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(531)	(936)
(b) development	-	-
(c) production	-	-
(d) administration	(176)	(303)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	61	116
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST paid to be recouped)	68	26
Net Operating Cash Flows	(578)	(1,097)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(7)
1.9 Proceeds from sale of:		
(a) prospects	75	75
(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	75	68
1.13 Total operating and investing cash flows (carried forward)	(503)	(1,029)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(503)	(1,029)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	382	1,093
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	382	1,093
	Net increase (decrease) in cash held	(121)	64
1.20	Cash at beginning of quarter/year to date	4,255	4,070
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4,134	4,134

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	105
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

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	600
4.2 Development	-
Total	600

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	845	305
5.2 Deposits at call	3,289	3,950
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	4,134	4,255

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	E38/1587 E38/1450 E39/930 E38/1752 P38/3272 P38/3273 P38/3274 E38/1622	100%	Nil

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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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.

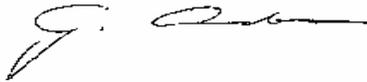
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	43,958,812	43,958,812		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,859,875	1,859,875		
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>	16,605,471 200,000 300,000	16,605,471 - -	<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	1,859,875			

+ See chapter 19 for defined terms.

7.10	Expired during quarter	2,250,000			
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: 31 January 2008
(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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