



QUARTERLY ACTIVITIES STATEMENT FOR THE PERIOD ENDING 30 SEPTEMBER 2008

This quarterly report is dated 31 October 2008 and is for the three months ending 30 September 2008.

Dynasty Metals Australia LTD (**Dynasty**) is an Australian mining company that is listed on the Australian Securities Exchange with an ASX code DMA.

HIGHLIGHTS

- Tiaro JV seismic survey completed and follow up drilling programme commenced
- Dynasty contributes further \$750,000 to the Joint Venture increasing its funding to \$1.5 million and securing 15% equity in the JV tenements (EPC956 and EPC957)
- Dynasty completes reconnaissance field programme on its Prairie Downs and Warrambo Tenements
- Dynasty appoints a Technical Director
- The Board completes a detailed review of its tenement portfolio and defines its future exploration focus

CORPORATE

Cash Position at 30 September 2008: \$3,774,000

Capital Structure

Quoted shares: 55,631,312

Unlisted options: 500,000 exercisable at \$0.30 expiring 31 December 2009
20,917,029 exercisable at \$0.35 expiring 28 February 2010
5,150,000 exercisable at \$0.20 expiring 30 November 2009

Appointment of Technical Director

On 28 August 2008, Dynasty appoints Malcolm Carson, a non-executive Director as the Technical Director for the Company, Mr Carson has a depth of experience across many aspects of the resources industry, ranging from exploration, project development and corporate finance.

Tenement Portfolio and Future Exploration Focus

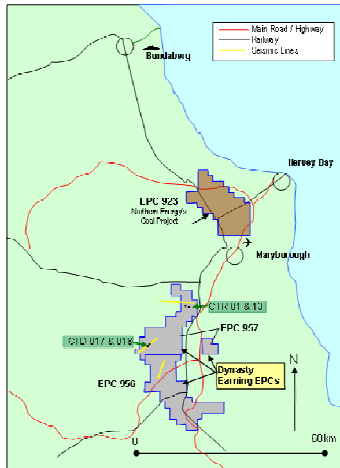
During the period the Company reviewed its tenement portfolio. Currently the company has ~13,000km² of granted tenements and ~3,000km² tenements under application. These tenements are situated in Western Australia, Northern Territory, Victoria and Botswana.

In addition to these tenements, Dynasty is participating in a Joint Venture with Tiaro Coal Limited and earning equity in EPC 956 and 957 with an area of 264km² and 252km² and located in SW Queensland covering the Tiaro Coal Measures in the Maryborough Basin.

The Company has grouped its tenements into 4 categories, as follows:

1. Coal and Coal Seam Gas – Western Australia Irwin River and Maryborough SE Queensland
2. Iron Ore and Base Metals – Western Australia Pilbara and Eastern Goldfields
3. Uranium – Western Australia Gasgoyne, Ashburton, Northern Territory and Botswana
4. Gold and Base Metals – Victoria and Western Australia

EXPLORATION – COAL



Dynasty currently has secured a 15% interest and has the right to earn up to 51% in the Tiaro Coal Joint Venture tenements EPC956 and EPC957. These tenements cover 516km² in the Maryborough Basin, SE Queensland. During the quarter, Dynasty secured 15% of the Joint Venture by making its second contribution to exploration of \$750,000.

Encouraging results were obtained from the seismic geophysical survey completed in the previous quarter. 29 line kilometres of data were acquired (from a planned 38 line kilometres) over the Tiaro Coal Joint Venture (TCJV) tenements.

The geophysical survey was designed to provide more accurate information on the geological structure and location of potential coal-bearing horizons. The initial results generally show greater structural detail, possible coal seams and provide for the better delineation of drilling targets.

A 2,750 metre drilling programme commenced based on the interpreted results of the completed high quality petroleum grade seismic lines programme. The programme consists of 13 non-core percussion drill holes and 3 diamond core stratigraphic holes, and has been designed to confirm the stratigraphy and to test directly for the presence of coal seams, working sections and coal quality.

At the date of this report approximately 1,950m had been completed, with coal intersected in 9 of 13 completed holes. 10 of the holes have been geophysically logged. The programme continues to plan and results will be presented upon completion.



The tenements cover known exposures of the Tiaro Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland.

Excluding the current programme, 63 holes (57 open holes and 6 diamond drill holes) have been completed for a total of approximately 6,000 metres. This includes 2 deep stratigraphic diamond holes drilled by the GSQ to about 430m each in the 1970's. Average hole depth (excluding the GSQ holes) is about 90 metres.

Coal intersections were made in several holes.

The exploration tenements are well serviced by nearby infrastructure, including manpower, mining support services, road and rail and port facilities.

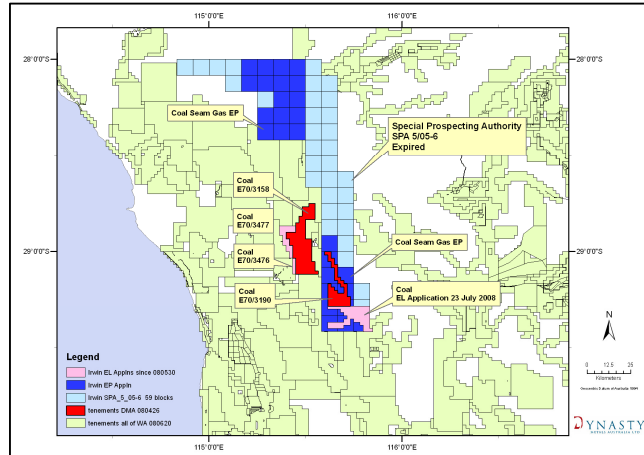
Gladstone coal loading port facility is located approximately 250 km NW from TCJV exploration tenements and Brisbane coal loading port facility is located approximately 200 km SE. The main Brisbane – Gladstone rail line bisects the exploration tenements. The potential for shipping coal from Bundaberg port (by medium size vessels) or from Maryborough port (by barges) is being investigated because Bundaberg and Maryborough are located only 70km and 20km respectively from TCJV exploration tenements and because these ports are underutilised.

EXPLORATION – COAL AND COAL SEAM GAS

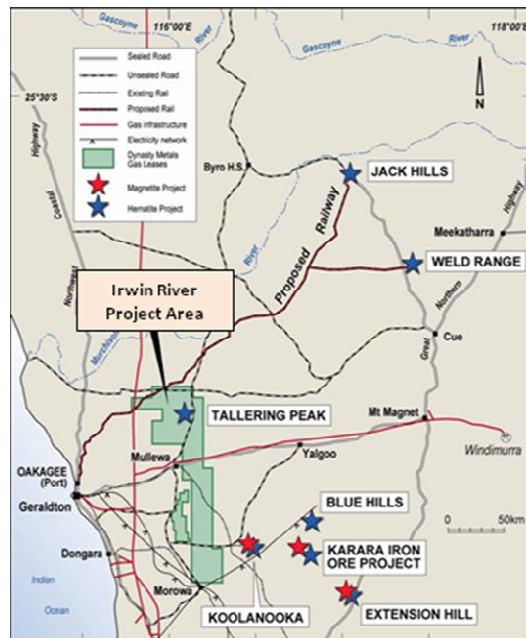
Dynasty holds five exploration licence applications covering 762km² and two petroleum exploration permit applications covering 81 km² in the northern Perth basin, east of Dongara and Geraldton.

Dynasty earned the right to make application for EPL's and PEL's after its comprehensive exploration appraisal of a Special Prospecting Area (SPA).

Dynasty is exploring these areas for coal and coal seam methane. The tenements are well located for development with respect to major iron ore resource development projects, existing gas reticulation infrastructure, existing and proposed ports and regional infrastructure,



Oil and gas exploration in this region of the Perth Basin has been undertaken over the past 40 years and has resulted in a number crude oil and gas discoveries in various geological units ranging from Late Permian to Late Jurassic in age.



Exploration has resulted in the development of a number of natural gas production wells which supply natural gas to Perth domestic and industrial customers. Coal exploration in the region has also been ongoing over the past 100 years and has delineated a number of coal seams which historically were not deemed commercially viable.

Exploration targeting coal seam methane has not been undertaken in the area although oil and gas explorers have reported gas flows when drilling the Irwin River Coal Measures,

The Dongara Gas Field produces principally from the basal Triassic Sandstone, and also from the Permian Irwin River Coal Measures and the Permian Carynginia Formation. Some oil occurs in the Basal Triassic Sandstone.

The same formation also produces gas at the Yardarino and Mondarra Fields (non-commercial oil is present at Yardarino). The Gingin and Walering Fields

have historically produced commercial gas flows with minor condensate from the Cattamarra Coal Measures of the Lower Jurassic Cockleshell Gully Formation which overlies the Irwin River

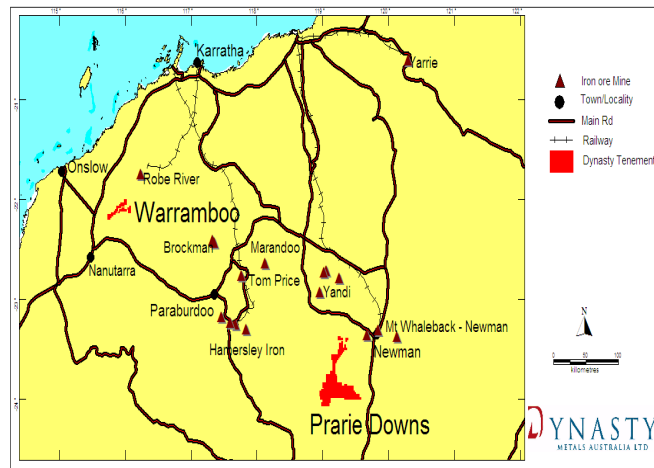
Field studies and drilling from previous exploration in the area indicate that the coal resources of the Irwin River Coal Field lie in a moderately complex geological setting and consist of a low rank black coal.

Historical evidence and Dynasty seismic work suggest the coal measures on its Irwin River Tenements, represent a valid exploration target for coal seam methane and that the inter-bedded sands within the coal seams may also contain methane migrated from the coal seams. The Permian Coal Measures are overlain by Triassic shales which may act as a seal preventing escape of gases.

EXPLORATION – IRON ORE AND BASE METALS

During the quarter, Dynasty completed a field reconnaissance on its Prairie Downs and Warrambo tenements in Western Australia and obtained results from chip samples which confirmed the potential for substantial deposits of iron ore. Results of up to 45.6% Fe¹ were returned from a Potential CHANNEL IRON DEPOSITS at Warrambo and up to 62.6% Fe was returned from a conglomerate at Prairie Downs.

The purpose of the expedition is consistent with Dynasty's aim to determine the potential for substantial iron ore deposits in its Pilbara tenements. The field work was successful in identifying substantial iron ore targets which are worthy of further detailed follow-up exploration.



The Warrambo tenements cover an area of 159.5km² and are located in the Pilbara on Red Hill station ~100km east of the Western Australian coastal township of Onslow, 50km south of the rail head at Robe River and 200km to the west-north-west the township of Paraburdoo.



The Prairie Downs tenements cover an area of ~1390km² located ~30km west of the rail head at Mt Newman

The results of this reconnaissance field work were reported in detail during the quarter.

This formation is mapped to have a large areal extent with dimensions of several kilometres and a depth and thickness of the higher grade material as yet unknown. Based on the observations to date, this basal conglomerate has the potential to contain a substantial iron deposit.

Warrambo and Prairie Downs also show the potential for gold, base metals and uranium mineralisation.

EXPLORATION – URANIUM

During the quarter, Dynasty has reviewed the results of exploration on its uranium tenement portfolio which consists of ~7,300km² of granted tenements in Western Australia, Northern Territory and Botswana.

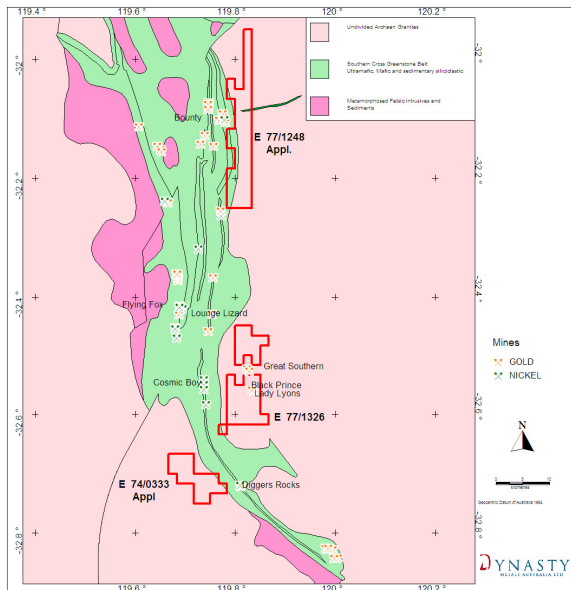
Several of the tenements show strong potential for commercial concentrations of uranium mineralisation.

No further work is planned on these tenements during the December 08 quarter.

¹ Fe = iron

EXPLORATION – GOLD AND BASE METALS

Dynasty holds ~1,300km² of tenements in Eastern Victoria and ~280km² in the Hyden/Southern Cross region in Western Australia.



The Hyden/Southern Cross region has had extensive exploration efforts for both nickel and gold mineralisation. There has been limited work on the tenements.

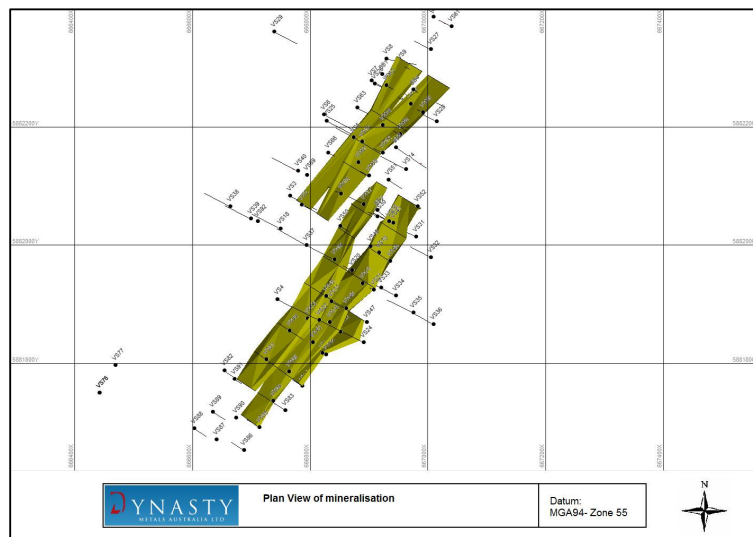
There are two small abandoned mines located on the southern portion of tenement E77/1326 (Black Prince and Lady Lyons). This tenement surrounds the historic Great Southern Gold Mine and is near the Flying Fox and Cosmic Boy Nickel Mines. E77/1248 is next to the Bounty Gold Mine and the southern E74/0333 is to the west of the Diggers Rocks Nickel mine.

The gold occurs in quartz vein hosts in shears and nickel in Komatiite flows within greenstones.

The Southern Cross region contains several >1 million ounce deposits and is considered highly prospective.

The Victorian tenement at Bendoc has previously reported resources of gold.

Throughout the Bendoc tenements, a total of 252 geochemical samples (both rock chip and sediment samples) were collected. The majority of these samples were taken near existing workings. Peak values



are recorded from rock chip sampling recorded in excess of 10g/t gold and ten samples contained grades >1g/t gold.

These results from these samples represent significant exploration targets to be followed up by further drilling.

Dynasty Metals conducted a drilling campaign around the Victoria Star area comprising four diamond drill holes each of which reached a depth greater than 120 m. Drill hole BB4 recorded numerous significant intercepts with broad scale mineralization from 57.4m to 81.5 m (i.e. 24.1 m) having an

average grade of over 2 g/t Au². This zone included 6m @ 4.64g/t Au from 71m and 2m @ 7.19 g/t Au from 79.5m.

The drilling confirmed the existence of pervasive mineralisation in shoots which has the potential to be commercially viable.

² Au = gold

CORPORATE STRATEGY

The Board of Dynasty has determined a business development strategy which is to focus on coal and coal seam gas in Western Australia and Queensland and iron ore and base metals in the Pilbara and Eastern Goldfields of Western Australia.

For its uranium and gold/base metal tenements, the Company will seek joint venture partners.

By order of the Board:

Malcolm Carson

Technical Director

For further information please contact either Messrs:

Malcolm Carson (Technical Director) on 0417692849

Lewis Tay (Executive Director) on 0433166818

Richard Oh (Chairman) on 0411697249

Qualifying statement

Malcolm Carson has compiled the information in this report from information supplied by Dynasty Metals Limited. Malcolm Carson 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. Mr Carson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.