



**Dynasty Metals Australia Limited and its
Controlled Entities**

**Half-Year Financial Report
31 December 2008**

DYNASTY METALS AUSTRALIA LIMITED
HALF- YEAR REPORT

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DYNASTY METALS AUSTRALIA LIMITED

HALF-YEAR REPORT

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2008.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Richard Oh	<i>Chairman</i>
Lewis Tay	<i>Executive Director</i>
Malcolm Carson	<i>Technical Director (appointed 1 September 2008)</i>
Graham Anderson	<i>Non Executive Director/ Company Secretary</i>
Dato Hock Peng Low	<i>Non Executive Director (appointed 18 November 2008)</i>

PRINCIPAL ACTIVITY

The principal activities of the Group are exploration for gold, iron ore, coal, coal seam gas and uranium. Future exploration will be focussing on iron ore, coal, coal seam gas and gold.

REVIEW OF OPERATIONS

Dynasty continued exploration on the company's projects in particular on its iron ore tenements at Warrambo and Prairie Downs, Tiaro Coal Joint Venture, the Yanrey Uranium Project and Bendoc Gold Project.

The drilling programme at Yanrey was completed and uranium mineralisation was identified.

During the period, Dynasty directors re-focussed the company on iron ore, coal, coal seam gas and gold. Applications for coal leases and petroleum exploration permits were lodged for the Irwin River Coal/Coal Seam Gas project. New applications were lodged in the Prairie Downs and Warrambo areas.

During the period Dynasty entered into a joint venture with Tiaro Coal Limited on two of its coal tenements in Queensland's Maryborough region. The drilling on these tenements identified thermal, PCI and coking coal.

IRON ORE PROJECTS

The Prairie Downs tenements located ~30km west of the rail head at Mt Newman. Dynasty's priority target on Prairie Downs is a commercially viable deposit of Brockman and/or Marra Mamba Iron Formation.

A secondary target is paleochannel iron deposits and a lower priority target is gold, base metals (copper, silver, lead and zinc) and uranium mineralisation.

The Dynasty tenements cover the Brockman and Marra Mamba formations and an un-named iron formation. Enriched iron outcrop in which siliceous layers of the original banded iron formation have been partially replaced by haematite/martite outcrop in the north east of the tenement.

The Geology map shows the iron formation forming a large syncline. The central part of this syncline is located to the north of the DMA tenement. The magnetic imagery shows that a substantial portion of the iron formation may cross into the Dynasty's tenements.

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In the central part of the project, field observations of the basal conglomerate of the Prairie Downs Formation (within the Bangemall Basin) shows it to contain zones of high iron formation content with large clasts of Hamersley Iron Formation or equivalent within a ferruginous (haematitic) matrix.

Rock chip results up to 62.6% Fe with low contaminants are encouraging. The variation of the clast content and the silica content in the haematite matrix are responsible for the variation in iron content.

Copper mineralisation, which may be similar in origin to the Prairie Downs Base Metal Deposit, is evident on Dynasty's tenements.

An extensive drilling program is to be implemented on these tenements in the 2009 Field Season.

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

The Geology at Warramboe is dominated by Proterozoic arenites, shales and siltstones of the Ashburton formation, with valleys covered in recent alluvium. In the south of the tenements, sandstones and conglomerates of the Mount Minnie Group, strongly lateritised in parts, are present. Tertiary pisolite and conglomerate deposits within paleochannels are also present within the area. These deposits are referred to as "Channel Iron Deposits".

Dynasty's mineral exploration targets are the Channel Iron Deposit's which are currently mined at Rio Tinto's Robe River approximately 60km from Warramboe and which are present on adjacent tenements held by Mineralogy Limited.

Copper mineralisation to the south of the area appears to be related to NNW shears within the Ashburton Formation sediments.

An extensive drilling program is to be implemented on these tenements in the 2009 Field Season.

COAL AND COAL SEAM GAS

For its Irwin River Project, following an analysis of the seismic work completed under the SPA, Dynasty has applied for five exploration licences covering 762km² in the northern Perth basin, east of Dongara and Geraldton and for two Petroleum Exploration Licenses covering 2,000km².

Dynasty will explore 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 and gas production wells sourcing gas from various geological units ranging from Late Permian to Late Jurassic in age. This gas supplies domestic and industrial customers in Western Australia over the last 25 years.

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.

Once granted, Dynasty will implement exploration and drilling programs.

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The Dynasty: Tiaro Joint Venture is based on two tenements, EPC 956 and EPC 957 located over the Tiaro Coalfield within the Mesozoic Maryborough Basin of southeast Queensland, between the towns of Gympie and Maryborough.

The area in the joint venture incorporates most of the accessible area of the Jurassic Tiaro Coal Measures. Coking, PCI and thermal coals have been described from the coal measures over widespread areas.

2,730 metres of drilling, including 770m diamond core drilling was undertaken during the reporting period. The drilling focused on targets at Shady Camp, T9, Munna Creek and Mungar prospects.

The holes were designed to follow-up previous good coal intersections in the Shady Camp and Munna Creek areas; test the deeper section at Shady Camp and Munna Creek based on results of seismic surveys; test a new prospect area to the south of Shady Camp (T9) identified from detailed airborne geophysics; and follow up coal intersections in the Mungar Road area.

Overall, coal was intersected in 11 of the 13 effective percussion holes and in all three diamond drillholes.

Based on the geological sampling of the cuttings and core, and geophysical log results, coal intersections that may equate to economic “working sections¹” were obtained in 4 percussion holes and 2 diamond drill holes at Shady Camp, T9, and Munna Creek.

Intervals of possible oxidized coal were also recorded at shallow depth in at least two of the percussion holes; these are significant as they may represent the near-surface location of possible shallow economic coal seams.

Based on preliminary washing tests, washed product with 9.5 to 17% ash can be expected.

Preliminary tests on samples from drill holes in the central and southern part gave high CSN (swell) numbers indicative of coking coal. Samples from the drill hole in the northern part are indicative of PCI type coal. Laboratory testing continues in order to obtain a full set of analyses.

Dynasty has earned 15% equity in the two tenements and it intends to maintain this equity by meeting its share of future exploration expenditure.

URANIUM EXPLORATION

Dynasty completed an exploration and drilling program on the Yanrey tenements, located 90 kilometres south east of Onslow. The tenement holding is in close proximity to the Manyingee Uranium Deposit (Paladin Energy Ltd) and the Bennet Well Uranium Deposit (Scimitar Resources Ltd). Drilling designed during the reporting period to test for the occurrence of uranium and stratigraphic markers essential for roll-front uranium deposits.

Dynasty’s geological exploration work included mapping, sampling and hand held spectrometer surveys; together with airborne EM survey and the drilling of 23 Aircore holes. The Electro Magnetic surveys (EM) identified several paleochannels. Reconnaissance drilling on some of these paleochannels returned anomalous grade estimates of up to 627ppm eU₃O₈ (calculated from gamma log) within a 2.1 m zone of 295ppm eU₃O₈ confirming the presence of uranium mineralisation in these paleochannels.

Botswana (uranium)

Dynasty has relinquished its Botswana tenements.

¹ A “working section” is defined as approximately 50% coal over an interval of at least 5m.

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GOLD PROJECTS

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. Following follow-up exploration during 2008, a drilling program has been designed for implementation in the 2009 field season.

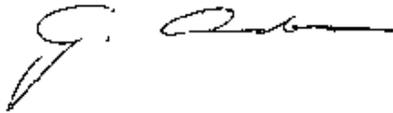
RESULTS OF OPERATIONS

The company incurred an after tax operating loss for the half-year ended 31 December 2008 of \$1,940,001 (2007:\$767,532).

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our Auditor's, PKF Chartered Accountants, which is included on page 7.

Signed in accordance with a resolution of the Directors



GRAHAM ANDERSON
Director

16 March 2009

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AUDITORS' INDEPENDENCE DECLARATION



Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead engagement partner for the review of Dynasty Metals Australia Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dynasty Metals Australia Limited and the entities it controlled during the half year.

A large, stylized handwritten signature of the letters 'PKF' in black ink.

PKF
Chartered Accountants

A large, stylized handwritten signature in black ink that reads 'Chris Nicoloff'.

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 16th day of March 2009.

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PKF is a national association of independent chartered accounting and consulting firms, each trading as PKF. PKF Australia Ltd is also a member of PKF International, an association of legally independent chartered accounting and consulting firms.

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CONDENSED INTERIM INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		Consolidated	
		31	31
		December	December
		2008	2007
	Note	\$'000	\$'000
Revenue	5	130,443	610,543
Occupancy expenses		(19,325)	(4,000)
Exploration expenses	5	(1,120,505)	(881,291)
Administrative expenses		(450,675)	(324,872)
Share based payments		(115,311)	(167,912)
Impairment in investments		(364,628)	-
Profit/(loss) from continuing operations before income tax		(1,940,001)	(767,532)
Income tax expense		-	-
Profit/(loss) from continuing operations after tax		(1,940,001)	(767,532)
Earnings per share (cents per share)			
- basic; for loss for the half-year		(3.487)	(1.803)
- diluted; for loss for the half-year		(3.487)	(1.803)

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CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2008

		Consolidated	
		31 December	30 June
		2008	2008
	Note	\$'000	\$'000
ASSETS			
Current Assets			
Cash and cash equivalents		2,877,549	4,743,757
Trade and other receivables		61,402	199,952
Total Current Assets		<u>2,938,951</u>	<u>4,943,709</u>
Non-Current Assets			
Other financial assets	6	587,340	2,537,518
Plant and equipment		12,941	36,838
Total Non-Current Assets		<u>600,281</u>	<u>2,574,356</u>
Total Assets		<u>3,539,232</u>	<u>7,518,065</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		176,030	912,214
Total Current Liabilities		<u>176,030</u>	<u>912,214</u>
Total Liabilities		<u>176,030</u>	<u>912,214</u>
NET ASSETS		<u>3,363,202</u>	<u>6,605,851</u>
EQUITY			
Contributed equity	8	9,311,253	9,311,253
Accumulated losses		(6,645,669)	(4,705,668)
Reserves		697,618	2,000,266
TOTAL EQUITY		<u>3,363,202</u>	<u>6,605,851</u>

**DYNASTY METALS AUSTRALIA LIMITED
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**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	31	31
	December	December
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(281,792)	(306,725)
Payments for exploration expenditure	(1,788,140)	(907,609)
Interest received	188,617	115,682
Net cash flows used in operating activities	<u>(1,881,315)</u>	<u>(1,098,652)</u>
Cash flows from investing activities		
Payments for plant and equipment	(2,069)	(7,031)
Proceeds from sale of fixed assets	17,650	75,000
Loan received from other entities	(1,522)	1,522
Net cash flows used in investing activities	<u>14,059</u>	<u>69,491</u>
Cash flows from financing activities		
Net proceeds from share issues	-	1,095,037
Net cash flows from financing activities	<u>-</u>	<u>1,095,037</u>
Net increase in cash and cash equivalents	(1,867,256)	65,876
Cash and cash equivalents at beginning of the period	<u>4,744,805</u>	<u>4,070,617</u>
Cash and cash equivalents at end of the period	<u>2,877,549</u>	<u>4,136,493</u>

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	Issued shares	Option reserve	Available for sale investments reserve	Foreign currency translation reserve	Accumulated losses	Total equity
At 1 July 2007	6,013,938	30,224	460,500	-	(1,127,118)	5,377,544
Loss for the period	-	-	-	-	(767,532)	(767,532)
Gains on fair value movement of investments	-	-	344,817	-	-	344,817
Foreign currency translation	-	-	-	(168)	-	(168)
Total recognised gains and losses for the period	-	-	344,817	(168)	(767,532)	(422,883)
Issue of shares	1,095,037	-	-	-	-	1,095,037
Share-based payments	-	167,912	-	-	-	167,912
At 31 December 2007	7,108,975	198,136	805,317	(168)	(1,894,650)	6,217,610
At 1 July 2008	9,311,253	413,584	1,585,550	1,132	(4,705,668)	6,605,851
Loss for the period	-	-	-	-	(1,940,001)	(1,940,001)
Impairment of investments	-	-	(1,585,550)	-	-	(1,585,550)
Foreign currency translation	-	-	-	41	-	41
Total recognised gains and losses for the period	-	-	(1,585,550)	41	(1,940,001)	(3,525,510)
Issue of shares	-	-	-	-	-	-
Share-based payments	-	282,861	-	-	-	282,861
At 31 December 2008	9,311,253	696,445	-	1,173	(6,645,669)	3,363,202

DYNASTY METALS AUSTRALIA LIMITED

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CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of Dynasty Metals Australia Limited (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 16 March 2009.

Dynasty Metals Australia Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Dynasty Metals Australia Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by Dynasty Metals Australia Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2008, as described in Note 2(d).

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Dynasty Metals Australia Limited and its controlled entities ('the Group'). The Group comprise of:

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Entity	Country of Incorporation	Extent of Parent's interests	
		31 Dec 08	30 Jun 08
Dynasty Metals Australia Ltd (Parent)	Australia	-	-
Scorpion Resources Ltd	Australia	100%	100%
Dynasty Botswana Ltd	Australia	100%	100%
Dunblane Enterprises Pty Ltd	Botswana	100%	100%

(d)

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective. These standards have not been adopted by the entity for the half-year ended 31 December 2008. Amendments issued affecting the entities are outlined below:

Title	Summary	Application Date	Impact on Group
AASB101: Presentation of Financial Statements	The revised standard affects the presentation of the changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards. However, it is important to note that the AASB has decided that Australian issuers shall make use in financial reports of the descriptions – Statement of Financial Performance and Position rather than Balance Sheet and Income Statement and use the term “Financial Report” and not “Financial Statement.” The Amending Standard updates references in various other pronouncements.	Financial year beginning 1 st January 2009	AASB 101 affects disclosures in the financial report, rather than the measurement or recognition of financial items. The amendments to the standards will impact the group's financial year ending 30 June 2010.
AASB 123: Borrowing Costs	This revision eliminates the option to expense borrowing costs relating to qualifying assets and requires that they be capitalised. The transitional provision provided allows for prospective application of this revision from either application date or adoption date if prior to 1 January 2009. The Amending Standard eliminates reference to the expensing option in various other pronouncements.	Financial year beginning 1 st January 2009	Amendments to the standard would not have material impact on the group, as the group is currently not engaged, in acquisition, construction or production of a qualifying asset noted in the standard.
AASB 8: Operating Segments	This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB. This standard only applies to entities that have public accountability therefore any entities that do not fall within scope may wish to early adopt and avoid segment reporting. The Amending Standard updates references in various other pronouncements.	Financial year beginning 1 st January 2009	AASB 8 affects disclosures of segment reporting, rather than the measurement or recognition of financial items. The amendments to the standards will impact the group's financial report disclosures for the financial year ending 30 June 2010.

Amendments / revisions to other Accounting Standards and Interpretations would not have material impact on the group's financial report, as the group does not engage in activities / transactions affected by those amendments / revisions.

DYNASTY METALS AUSTRALIA LIMITED HALF-YEAR REPORT

3. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

4. SEGMENT INFORMATION

The Company currently operates in one industry and two geographical segments, namely the mining industry in Australia and Botswana.

	<i>CONSOLIDATED</i>	
	<i>December 2008 \$'000</i>	<i>December 2007 \$'000</i>
Revenue		
Australia	-	475,000
Botswana	-	-
Total revenue	-	475,000
Expenses		
Australia	1,704,393	758,264
Botswana	1,423	9,268
Total expenses	1,705,816	767,532
Segment results		
<i>Australia</i>	1,704,393	283,264
<i>Botswana</i>	1,423	9,268

5. REVENUE, INCOME AND EXPENSES

(a) Revenue, Income and Expenses from Continuing Operations

<i>Revenue</i>		
Interest revenue	130,443	135,543
Sale of tenements/projects	-	475,000
Total Revenue	130,443	610,543
<i>Allocated to Exploration Expenditure</i>		
Consulting fees	4,151	147,173
Director fees	94,000	32,000
Direct exploration expenses	993,349	577,144
Travel expenditure	18,378	27,242
Payroll expenses	-	12,302
Other expenses	10,627	85,430
Total Exploration Expenditure	1,120,505	881,291
<i>Other Expenses</i>		
Depreciation	13,944	4,822

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<i>CONSOLIDATED</i>	
<i>December</i>	<i>June</i>
<i>2008</i>	<i>2008</i>
<i>\$'000</i>	<i>\$'000</i>

6. OTHER FINANCIAL ASSETS

Term deposit for bank guarantee	22,468	22,468
Investments in listed companies at fair value	564,872	2,515,050
	<u>587,340</u>	<u>2,537,518</u>

7. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there have been no material changes to any contingent liabilities or contingent assets

8. CONTRIBUTED EQUITY

	<i>2008</i>	<i>\$</i>
	<i>Number of</i>	
	<i>shares</i>	
<i>Movement in ordinary shares on issue</i>		
Balance at beginning of financial year	55,631,312	9,311,253
Issue of shares during the year	-	-
At 31 December 2008	<u>55,631,312</u>	<u>9,311,253</u>

	<i>No.</i>
<i>Movement in unlisted share options</i>	
Balance at beginning of financial year	21,417,029
Issued 15 September (exercise price of \$0.20 expiring 30 November 2009)	5,150,000
Issued 15 September (exercise price of \$0.20 expiring 1 September 2010)	500,000
At 31 December 2008	<u>27,067,029</u>

9. EVENTS AFTER BALANCE SHEET DATE

On 9 February 2009, Dynasty Metals Australia Limited accepted an offer by Henan Rebecca Holding (Group) Inc to raise \$5M through a share placement at an issue price of \$0.18 per share. Following completion of the share placement, Dynasty will have 83,409,090 shares on issue and Henan Rebecca Holding (Group) Inc will hold 27,777,778 shares, representing a holding of 33.3%. The placement also grants 13,888,888 options exercisable at 20 cents expiring on 28/02/2012 and 13,888,888 options exercisable at 35 cents expiring on 28/12/2014.

No other matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the consolidated entity in the future financial years.

DYNASTY METALS AUSTRALIA LIMITED HALF-YEAR REPORT

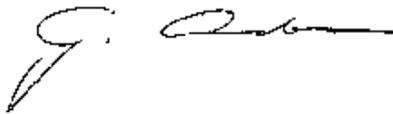
DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Dynasty Metals Australia Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - i. give a true and fair view of the financial position as at the 31 December 2008 and the performance for the half-year ended on that date of the consolidated entity; and
 - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



GRAHAM ANDERSON
Director

16 March 2009

DYNASTY METALS AUSTRALIA LIMITED HALF-YEAR REPORT

INDEPENDENT AUDITOR'S REVIEW REPORT



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF DYNASTY METALS AUSTRALIA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dynasty Metals Australia Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising of Dynasty Metals Australia Limited and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dynasty Metals Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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**DYNASTY METALS AUSTRALIA LIMITED
HALF-YEAR REPORT**



Chartered Accountants
& Business Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dynasty Metals Australia Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

A handwritten version of the PKF logo in black ink.

PKF
Chartered Accountants

A handwritten signature in black ink that reads 'Chris Nicoloff'.

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 16th day of March 2009.

DYNASTY METALS AUSTRALIA LIMITED HALF-YEAR REPORT

COMPETENT PERSON 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.