

**QUARTERLY ACTIVITIES REPORT  
FOR THE PERIOD ENDING 31 MARCH 2010**

**Key Points**

Dynasty Metals Limited (ASX: DMA) is an Australian exploration company focused on developing its iron ore projects in the Pilbara region of Western Australia.

As at release date of  
29th April 2010 -

Issued Shares: 77.7M

Options: 18.5M @ A\$0.20

Share Price: A\$0.23

Market Cap: A\$18M

Cash: A\$3.7M

Debt: Nil

For further information  
please contact:

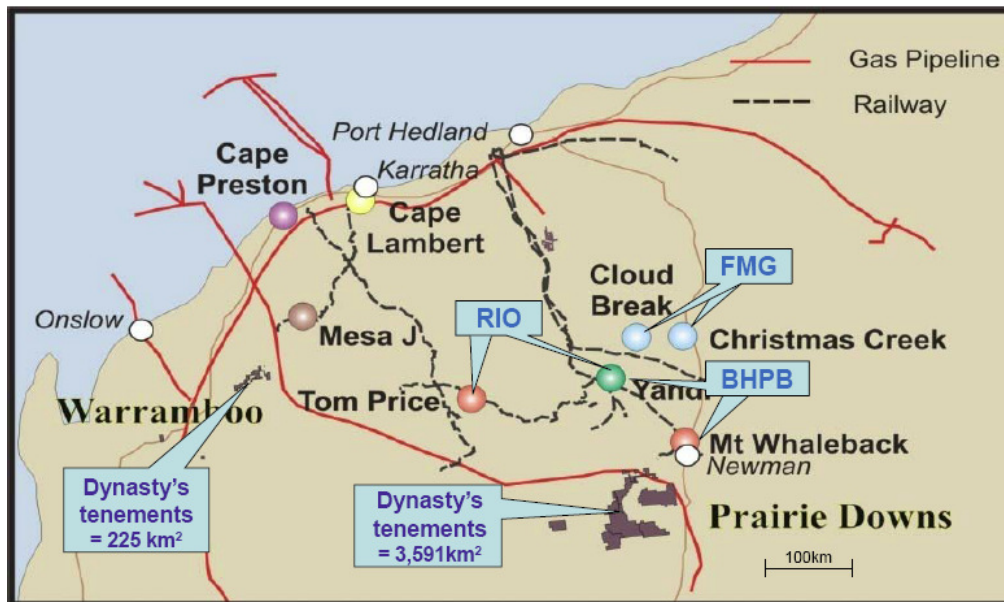
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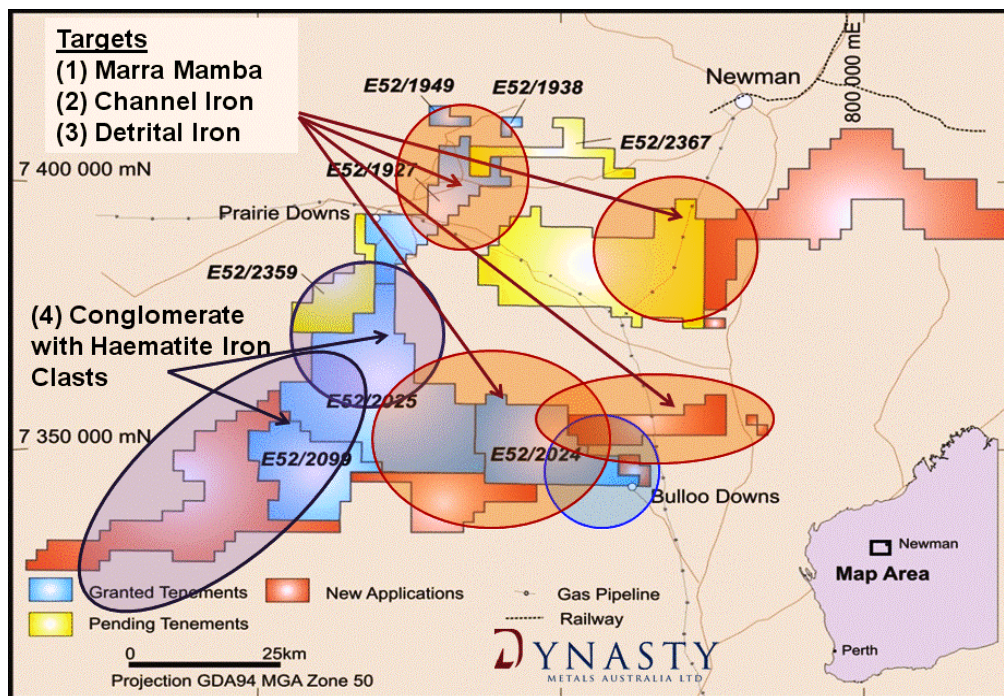
- > **453Mt Inferred Resource estimate for part of the Spearhole Detrital Channel Iron Deposit** drilled to date.
- > **23Mt Inferred Resource estimate of Marra Mamba Hematite Iron Deposit** confirm that major iron formations extended across Prairie Downs.
- > Mineral Resource estimates are based on 2009 first-pass exploration over **less than 1% of Dynasty's Prairie Downs tenements which cover ~3,600km<sup>2</sup>**.
- > Results confirm the exploration concept of very large tonnages of Detrital and Channel Iron deposits derived from Marra Mamba and Brockman Iron Formations in the ancient river channels that extend many kilometres south & south east of the area drilled to date.
- > Preliminary sub-optimal test-work show that the **in-situ material can be upgraded to commercial grades (58.2% Fe & 9.1% SiO<sub>2</sub>)** with potential for better grades.
- > Advanced negotiations with various Chinese steel mills interested in funding exploration and development of Dynasty's iron project and in providing technical and infrastructure support.
- > The Phase 1 2010 exploration program has been designed to advance Dynasty's understanding of the iron deposits identified during 2009 and to determine if the development of an iron ore project is feasible (i.e. a "Pre-feasibility study").
- > Reflecting Dynasty's focus on its Pilbara iron ore projects, all non-iron tenements will be transferred into three subsidiaries to facilitate spin-off into separate exploration companies.

## Prairie Downs – Overview

Dynasty's iron ore project tenements are located in the Pilbara region of Western Australia.



Dynasty's flagship Prairie Downs Project is located to the west, south-west and south of Mt Newman. Exploration is focussed on a number of targets within the tenements with the main area drilled to date being at the Spearhole Prospect in the northern portion of E52/1927.



During 2009, Dynasty drilled 300 holes totalling 9,979 metres at its Prairie Downs project. This reconnaissance drilling program cost \$1.2 million and was designed to test geological concepts.

The 2009 drilling program successfully confirmed the following geological concepts:

- > **Detrital Channel Iron deposits existed in the valley between BHB Billiton's Brockman and Marra Mamba Formation deposits to the west and an unnamed Archaean Iron Formation to the east; and**
- > **Marra Mamba Formation deposits on Dynasty's tenements contain Direct Shipping Ore ("DSO") grade iron mineralisation.**

To date, Dynasty has drilled only ~16km<sup>2</sup> of its ~3,600km<sup>2</sup> Prairie Downs tenement holding.

### Prairie Downs – Initial Mineral Resources

On 18 March 2010, Dynasty announced initial Inferred Resources for two types of deposits at Prairie Downs – Detrital Iron and Marra Mamba Formation.

At the Company's 100%-owned Spearhole Prospect, the initial JORC-Compliant Inferred Resources of 453 million tonnes of Detrital Channel Iron included 129 million tonnes at 30.5% Fe (equivalent to Calcined Fe "CaFe" of 33%) at a cut-off grade of 27% Fe.

#### Inferred Resources Prairie Downs Detrital Iron Deposit

Tonnes Mt*	Fe %	Calcined Fe "CaFe" %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	Cut-Off Grade % Fe
129.0	30.5	33.0	30.6	13.9	0.03	7.8	>27% Fe
264.6	27.4	29.7	33.0	14.8	0.03	8.0	>22% Fe
369.5	25.2	27.4	35.5	15.5	0.03	8.3	>17% Fe
452.8	23.1	25.2	37.0	15.8	0.04	8.7	Total Resource

\* Detrital Deposit density assumed at 2.4 dry tonnes per cubic metre

**Dynasty now has an understanding of the geological controls defining the higher-grade zones within the Detrital Channels. This knowledge is invaluable in assisting accurate drill targeting of these zones in the 2010 program.** Further drilling of these high-grade zones within and adjacent to the current resources will be undertaken during 2010, as well as testing the potential continuation of these paleochannels to the south and south-east.

For the Marra Mamba Iron Formation deposit, initial JORC-Compliant Inferred Resources of 23.3 million tonnes included 7.2 million tonnes @ 53.8%Fe (CaFe 58.8%).

#### Inferred Resources Prairie Downs Marra Mamba Deposit

Tonnes Mt *	Fe %	Calcined Fe "CaFe" %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	Cut Off Grade % Fe
7.2	53.7	58.7	9.4	4.3	0.05	8.5	>50% Fe
23.3	44.2	48.3	21.9	5.2	0.04	8.0	Total Resource

\* Marra Mamba Deposit density assumed at 2.8 dry tonnes per cubic metre

**The Marra Mamba resources demonstrate Direct Shipping Ore ("DSO") grade iron mineralisation exists on Dynasty's tenements.** There is good potential that remains to be tested for other extensions of BHP Billiton's massive Marra Mamba and Brockman Iron Formations in Dynasty's tenements.

## Spearhole Prospect – Exploration Potential

The Spearhole Channel Iron mineralisation improves towards the south and south-east and deepens at the confluence of two channels. Dynasty's drilling and the subsequent resource estimate is in the northern, shallower portion of the deposits identified so far (see **Figure in Appendix A**).

Appendix A contains a figure that shows: the location of the iron mineralised zones:

- > illustrates the thickening nature of the deposits; and
- > shows large undrilled areas located adjacent to the thicker higher grade areas, which are not included in the resource estimates.

## Prairie Downs – Exploration Program for 2010

On 16 April 2010, Dynasty announced Board approval of the Phase 1 exploration program at the Prairie Downs Project during 2010. The aim of this \$2.5 million program is to advance the understanding of the iron mineralisation present in the Prairie Downs tenements and to carry out beneficiation studies of the large detrital deposits in this area.

**At the Spearhole Prospect, the Phase 1 program is designed to:**

- > **Complete infill drill the 453 million tonne Detrital Iron resource;**
- > **Define high-grade iron zones;**
- > **Provide bulk samples for analysis and further beneficiation testwork; and**
- > **Evaluate the continuation of the Spearhole Deposit to the south and south east.**

**At other Prairie Downs prospects, the Phase 1 program is designed to:**

- > **Identify possible hidden extensions to the Marra Mamba Formation and drill those targets;**
- > **Explore for hidden Brockman Iron Formation which overlies the Marra Mamba Formation; and**
- > **Drill the Homestead iron rich basal conglomerate.**

The results of the Phase 1 program will be used to define the Phase 2 program.

Work will also commence during Phase 1 on investigations into infrastructure options and the early preparations for environmental and native title clearances required to support any future project development.

## Prairie Downs – Beneficiation Testwork of Detrital Iron

On 11 February 2010, Dynasty announced the results of two separate programs testing Spearhole Detrital Iron.

Both tests compared analyses of normal samples taken during the Reverse Circulation ("RC") drilling program with analyses of "beneficiated" samples derived from the same drill intervals.

These tests, whilst using sub-optimal material<sup>1</sup> and a sub-optimal process<sup>2</sup>, demonstrated that Spearhole Detrital Iron can be beneficiated to near to marketable grades via simple physical processes.

**First Proof of Concept Test:**

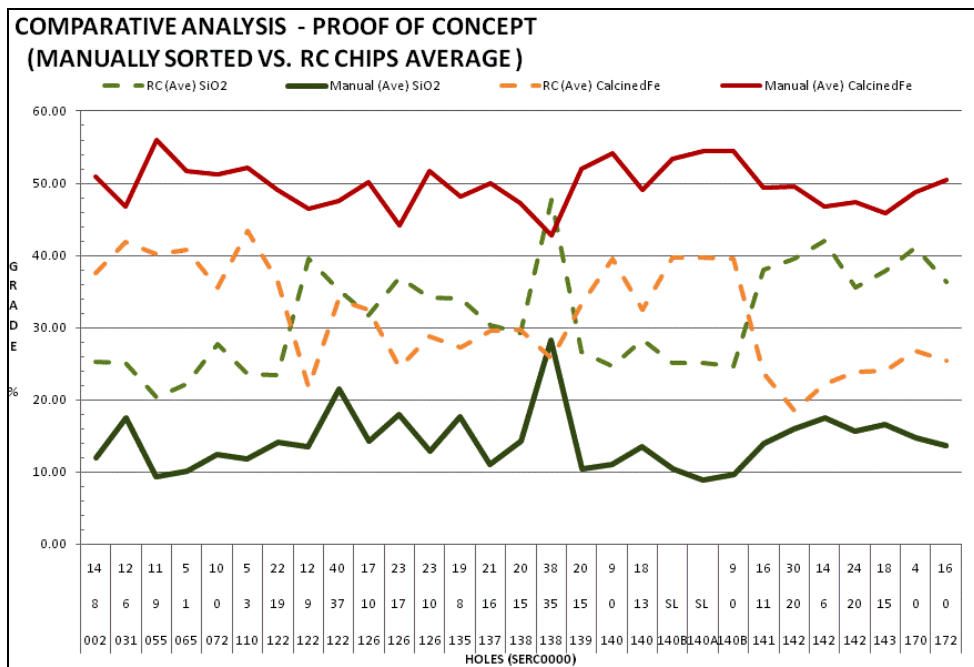
The first test involved processing and beneficiation through a metallurgical laboratory of three bulk (200kg) samples derived from the collection and compositing RC drill cuttings.

MINERAL	Fe	SiO2	Al2O3	P	S	LOI	CalcinedFe
RC Sample Result 1	24.680	31.914	20.467	0.027	0.003	9.587	27.204
<b>Beneficiated Sample Result 1</b>	<b>53.995</b>	<b>8.650</b>	<b>9.805</b>	<b>0.025</b>	<b>0.010</b>	<b>4.515</b>	<b>56.548</b>
RC Sample Result 2	30.391	28.709	15.741	0.028	0.008	8.676	33.267
<b>Beneficiated Sample Result 2</b>	<b>53.480</b>	<b>8.160</b>	<b>7.680</b>	<b>0.030</b>	<b>0.005</b>	<b>3.940</b>	<b>55.674</b>
RC Sample Result 3	24.991	42.860	12.968	0.039	0.003	5.944	26.569
<b>Beneficiated Sample Result 3</b>	<b>56.960</b>	<b>9.095</b>	<b>5.730</b>	<b>0.040</b>	<b>0.010</b>	<b>2.110</b>	<b>58.188</b>

The results detailed in the above table clearly show that beneficiation will significantly increase iron, silica and decrease aluminium.

**Second Proof of Concept Test:**

The second test compared the analyses of the normal sample taken during RC drilling program with samples derived from the same drill intervals by manually washing, screening and hand-picking ferruginous chips.



<sup>1</sup> Sub-optimal material because the source is drill cuttings which means the in-situ material (iron and silica) has been broken up into smaller fragments during the drilling process and therefore not strictly representative.

<sup>2</sup> Sub-optimal process because any beneficiation or mineral up-grade process takes a long time to properly design, optimize. Such optimization is only feasible with large samples of at least several tonne.

The results detailed in the above chart clearly show that the manually sorted sample contain significantly more iron and less silica than the assays of the initial RC samples.

**These results of both tests demonstrate the upgrade which can be achieved by simple physical processing on sub-optimal material.**

### Prairie Downs – Economic Considerations

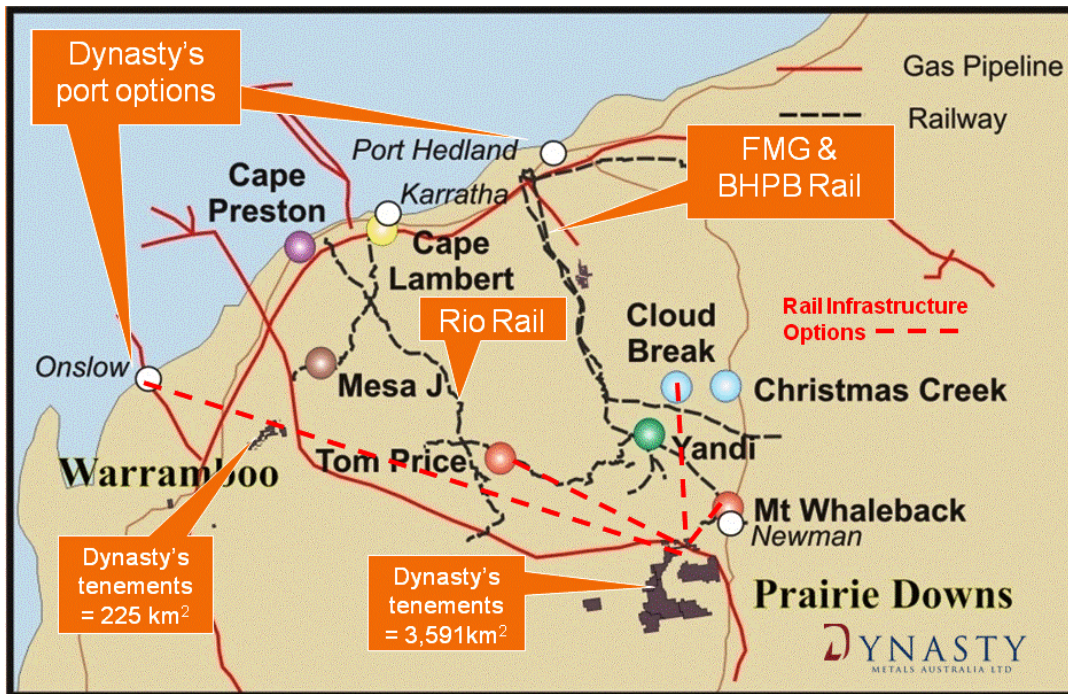
Dynasty believes that the Spearhole Detrital Channel Iron Resource at Prairie Downs has a reasonable probability of proving to be economic to mine and beneficiate due to:

- > Mining costs likely to be low due to:
  - Low to negligible strip (waste to ore) ratio;
  - Economies of scale (>15 Mtpa operation); and
  - Free digging – relatively soft, unconsolidated deposit – **“drill, blast, pre-crush & grind” will not be required.**
- > Simple processing (beneficiation):
  - Simple physical processes, involving separation of iron from clays & silica;
  - Beneficiation increases iron content and reduces silica to near-commercial DSO grades with very low phosphorous content;
  - Sweet spots, high-grade zones, hematite ores to uplift average grades; and
  - Availability of higher grade blending material from traditional hematite iron deposits such as the Marra Mamba Formation.
- > Transport to port:
  - Five alternative rail routes including four existing rail corridors; and
  - Develop projects and required infrastructure either stand-alone or in cooperation with nearby explorers, future producers.

Overall, these initial results confirm a number of similarities between Dynasty’s Prairie Downs deposit and Brockman Resources’ 1.6 billion tonne Marillana Detrital Channel Iron Deposit, 100km to the north of Prairie Downs.

## Prairie Downs – Infrastructure Options

Dynasty is investigating several infrastructure options which include access to existing infrastructure in the Pilbara for its centrally located project at Prairie Downs.



Encouragement has occurred with recent developments in the National Tribunal investigating third party infrastructure access in the Pilbara and from the developments with the Fortescue Metals Group which have resulted in access for new iron ore producers. This includes the recent authorisations by the ACCC which granted iron ore juniors the right to negotiate with the major iron ore miners over rail haulage and access rights. **Further the State's recent announcement that it has selected Anketell Point near Onslow as the preferred site for a new dedicated 350Mtpa iron ore port is encouraging for Dynasty's Prairie Downs Project and other stranded deposits in the vicinity.**

There are a number of deposits west and east of Dynasty's Prairie Downs project which could conceivably add significantly to the economics of using the Onslow port and associated rail access infrastructure to transport iron ore from this region.

**Dynasty is in advanced negotiations with several highly respected Chinese parties regarding financing and development support for the Prairie Downs project.** The Company continues to review its infrastructure options with existing infrastructure owners and the possibility of participating in new infrastructure projects in conjunction with owners of stranded iron ore deposits in the vicinity of its project in the Pilbara. These negotiations are progressing well.

## Corporate

### Rationalisation of Non-Core Tenements

To ensure the Company remains focused on its Pilbara iron ore projects, the Board has decided to transfer all its non-iron tenements to the following three new wholly owned subsidiaries:

- > Scorpion Resources Limited – Stanley Nabberu Tenements (base metals, gold and uranium)
- > Irwin Energy Limited – Irwin River Coal and Petroleum Exploration Licenses (coal and coal seam gas)
- > Taurus Resources Limited – W.A. and N.T. uranium, Victorian gold projects.

The Board has been in advanced discussion with various brokers which have expressed interest in supporting the spin-off of the above three subsidiaries. It is also the Board's intention to seek additional projects to be injected into the three subsidiaries, and wherever possible and viable to advance each entity to public listing.

On completion of the tenement transfer and securing further tenements as may be appropriate, the Board intends to provide a priority-offer and/or in-specie distribution of the shares in the subsidiaries to Dynasty shareholders at that time, so as to unlock value in these areas for the benefit of shareholders.

### \$2.1 Million Placement

On 1 April 2010, Dynasty announced the placement of 10,000,000 shares to sophisticated investors at an issue price of \$0.21 per share, raising \$2.1 million. Patersons acted as Lead Manager to the Placement.

### Capital Structure

Following completion of the \$2.1 million placement, Dynasty has on issue:

*Quoted shares:* 77,681,312

*Unlisted options:* 500,000 exercisable at \$0.20 expiring 1 September 2010  
18,000,000 exercisable at \$0.20 expiring 21 December 2011

Prior to receiving proceeds from the placement, Dynasty had cash on hand totalling \$1.9 million at 31 March 2010.



## Competent Persons

*Qualifying statement: Malcolm Carson has compiled the information in this report from information supplied to Dynasty Metals Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation, the types of deposit under consideration and to the activity that he is undertaking and qualifies as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). 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.*

*JORC Statement: All resources reported in the above release have been determined by Dynasty's independent consultants, Terra Search Pty Ltd in conjunction with Geonomik Pty Ltd. All resources have been classified by Geonomik Pty Ltd as an Inferred resource and reported in accordance with the 2004 edition of the JORC Code.*

*The information in this summary report relates to the Mineral Resource at Spearhole is based on the information compiled by Mr David Jenkins (Sampling Techniques and Data) and Mr Arnel Mendoza (Estimating and reporting of Mineral Resources) who are Members of the Australian Institute of Geoscientists. Mr David Randal Jenkins and Mr Arnel Mendoza have sufficient experience in the style of mineralization and type of deposit under consideration and the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australian Code for Reporting of Mineral resources and reserves.*

*Mr Jenkins and Mr Mendoza consent to the inclusion in the report of the matters based on the information in which it appears.*

*Analytical assay data presented in this report has been certified by Dr Shane Wilson BSc Hon First Class (Chemistry) PhD (Analytical Chemistry) Grad Dipl Sci (Extractive Metallurgy). Shane Wilson has sufficient experience with the ore types under consideration and the analytical techniques and instrumentation required in the assay process to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Shane Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. .*

**APPENDIX A**

Location of high grade, thicker zones of mineralisation in red within the Spearhole Detrital Channel Iron Deposit and shows adjacent areas undrilled and excluded from resource estimates. The long section confirms the thickening of the deposit and the increase in grade to the south.

