

SIGNIFICANT CHINESE STEEL PRODUCER TO TAKE 34% STAKE IN DYNASTY METALS

- **Equity placement to highly respected steel producer Hebei XingHua Iron and Steel Co. Ltd - to raise \$6.4 million.**
- **Provides strong cash position of \$10 million to accelerate drilling at Prairie Downs Iron Project – increasing from 453 million tonne JORC-compliant Inferred Resource and supporting pre feasibility studies.**
- **Strategic partnership between XingHua and Dynasty provides access for Dynasty to the annual 30 million tonne, Hebei iron ore market.**
- **XingHua to provide ongoing funding, assistance with infrastructure requirements, and executive/technical support.**
- **XingHua's offer is an endorsement to the technical credibility of Dynasty's Prairie Downs Project and its exploration team.**

Sydney, Australia: The Directors of Dynasty Metals Australia Limited (ASX: DMA) are pleased to announce that the company has received a letter of offer from the Chinese steel producer Hebei XingHua Iron and Steel Co. Ltd ("XingHua"), a subsidiary of XingHua Industrial Company. The Dynasty Board has accepted the letter of offer, which is subject to shareholder, regulatory and Government approvals.

The offer comprises a placement to XingHua of 40,000,000 new shares in Dynasty at a price of \$0.16/share to raise AUD\$6,400,000. In addition, the offer makes provision for the issue of 20,000,000 options with an exercise price of \$0.20/option and an expiry date of 31 December 2012. The new shares will be placed on voluntary escrow for 12 months from the date of issue. Subject to shareholder and other approvals, XingHua will have a 34% interest in the company and Dynasty's cash position will be approximately \$10 million.

Dynasty Chairman, Ian Levy said; "The letter of offer from a significant Chinese Steel producer, XingHua, is a strong endorsement of Dynasty's investment attractions. This strategic partnership will provide a strong foundation to support the enhancement of project assets and corporate growth.

XingHua's decision to invest in Dynasty reflects the significant potential presented by the Company's project portfolio, and the calibre of the Pilbara as one of the world's leading Iron Ore provinces. XingHua views Dynasty as an attractive and undervalued investment opportunity backed by a strong board and team of leading technical consultants, and will support both development and commercialisation of our projects through potential off take.

Dynasty continues to build on the established 453 million tonne inferred JORC resource in its current drilling program, and pending shareholder approval, the placement to XingHua will enable the company to further expedite exploration activities and pre feasibility studies.”

XingHua – Dynasty Relationship:

Dynasty and XingHua have negotiated the key terms of a relationship agreement as follows:

1. XingHua will be closely involved in the management of the Company and the exploration and evaluation of all projects. This will include the appointment of two XingHua representatives to the board of Dynasty.
2. XingHua will share an office with Dynasty in Sydney where XingHua may undertake business when XingHua representatives are in Australia.
3. XingHua will invest in a representative office in China for Dynasty and will assist with introductions to potential 3rd party iron ore infrastructure providers. XingHua accepts that Dynasty will retain the right to freely progress discussions with other suitable infrastructure providers to ensure access to infrastructure is secured.
4. To the extent of its iron ore requirements, XingHua has a priority for iron ore off-take based on normal commercial terms.
5. With respect to production surplus to XingHua’s requirements, XingHua will assist Dynasty to progress discussions with other steel producers and Dynasty will retain the right to enter into negotiations with other 3rd party off-take parties for the remainder of the iron ore.

These arrangements provide for both immediate and future financial support, and ensure XingHua will be directly involved in the management of the company, will assist with future funding and infrastructure needs, and it will also operate its iron, coal and steel trading activities alongside Dynasty in our Sydney office.

Dynasty Executive Director, Malcolm Carson added: “Through Dynasty’s representative office in China provided by XingHua, we will have a presence in China, a highly respected and well connected relationship partner, a basis on which to establish iron ore off-take arrangements, high level introductions and access to Hebei steel mills producing 20 million tonnes per annum steel and requiring in excess of 30 million tonnes per annum of iron ore.”

About XingHua:

XingHua Industries was founded in 1985 by Mr Maochun Chen, a former Army Cadre, with its headquarters located in the town of Fuzhou City, Fujian Province near China’s South East coast.

After 25 years of development, the XingHua Industrial Company’s subsidiary company XingHua Iron and Steel Co. Ltd has total assets of more than 2.6 billion Yuan (~AUD\$440 million) and more than 4,000 employees. XingHua Industrial Company ranks as number 308 of China’s top 500 manufacturing companies. XingHua Industrial Company combines five core operating divisions – iron and steel smelting, steel rolling, real estate development, environmentally friendly materials handling and international trade has made the group highly competitive as a vertically integrated and diversified regional industrial group with total assets of more than 8 billion Yuan (~AUD\$1.4 billion) and more than 5,000 employees.

With an annual value exceeding tens of billions of Yuan, the Company is a modern private enterprise including a complete organisation of party and political entities and a labour union. XingHua Iron and Steel has an annual demand for approximately 3 million tonnes of iron ore and is currently being supplied from Australia, India and internal Chinese sources.

For more information contact:

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About Dynasty Metals

Dynasty Metals (ASX Code: DMA) is an emerging Australian iron ore exploration company focused on developing its 100%-owned tenements at Prairie Downs in Western Australia's Pilbara region.

In March 2010, Dynasty announced initial JORC-Compliant Inferred Resources of 453 million tonnes of Detrital Channel Iron and 23.3 million tonnes of Marra Mamba Iron Formation.

The 2010 exploration programs are underway and are aimed at further testing and significantly expanding the current resources, as well drilling a large iron-rich basal conglomerate for the first time. The exploration target is more than 1 billion tonnes of iron.

During 2010, Dynasty plans to commence detailed commercial investigations that will cover preliminary mine planning, beneficiation process design, mining and processing costs, transport infrastructure, capital costs, environment and native title clearances, and government approvals. A pre-feasibility study is anticipated to commence in late 2010.

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: *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.
