

ASX Code: DMA



11 March 2011

Company Announcement Office  
ASX Limited

## **DIRECTOR RESPONSE TO RESOLUTIONS FOR REMOVAL**

Dynasty Metals Australia Limited (**Dynasty**) refers to its announcement to ASX on 9 March 2011 (**9 March Announcement**) which included a director statement from Messrs Ian Levy, Malcolm Carson and Graham Anderson also dated 9 March 2011 (**Director Statement**).

Dynasty has received complaints from Messrs Levy, Carson and Anderson and several shareholders that the Director Statement was not given sufficient prominence in the 9 March Announcement, given it was Messrs Levy, Carson and Anderson's response to the resolutions seeking their removal as directors of Dynasty.

In the interests of ensuring shareholders receive all material information within Dynasty's knowledge to enable them to attend the forthcoming extra-ordinary general meeting of Dynasty's shareholders<sup>1</sup>, the Company again announces the Director Statement.

Messrs Levy, Carson and Anderson have warranted to Dynasty that all the matters stated in the Director Statement to be facts are in fact true and correct.

Authorised by the Independent Board Committee

### **For further information or enquiries please contact:**

Fergus Ross at Six Degrees Investor Communication on 02 9230 0661

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<sup>1</sup> To be held on 21 March 2011.

**To Shareholders of Dynasty Metals Australia Limited (“Dynasty” or “DMA”)**

**LETTER FROM YOUR CHAIRMAN, TECHNICAL DIRECTOR & DIRECTOR/SECRETARY**

9 March 2011

Dear Dynasty Shareholder

**Extra-ordinary general meeting of shareholders to be held on 21 March 2011**

Mr Tay claims he seeks the removal of 3 Directors to reduce the size of the Board, move the office to Perth and save costs. We believe the REAL reason he has called this EGM is to regain total control of Dynasty Metals and to stop your Directors asserting good Corporate Governance to protect shareholders’ interests.

You should vote NO for all 4 EGM resolutions to remove 3 of your Directors. If you have already voted for Mr Tay’s resolutions, you can withdraw your proxy and change your vote to **NO for all 4 resolutions**. Do it now.

**The Cause of This EGM Was Mr Tay’s Dismissal as an Executive**

Your Board removed Mr Tay as an executive on 17 January 2011 for good reasons. Only Messrs Tay and Oh voted against that Board resolution. Furthermore, the Board majority requested that Messrs Tay and Oh resign as Directors but they refused.

We believe that Mr Tay has requested this EGM in retaliation. He seeks to remove the 3 directors who acted in the interests of good corporate governance. This tells us that Corporate Governance will not improve if the resolutions are passed at the EGM.

**The Reasons for Mr Tay’s Dismissal as an Executive Included Unauthorised Share Trading**

The removal of Mr Tay’s executive powers was primarily due to consistent, intentional breach of board instructions for Mr Tay to cease unauthorised trading in shares in other companies using Dynasty’s money and Dynasty’s name.

To do this unauthorised trading in Dynasty’s name, Mr Tay used a share account with a personal stock broking firm. The trading account’s address was Mr Tay’s personal PO Box in Haymarket, Sydney.

In January 2011, it became evident that Mr Tay had undertaken unauthorised share trades in speculative stocks **totalling more than \$550,000** during the 4<sup>th</sup> quarter of 2010. The Board considered that it had no alternative but to freeze that share trading account and dismiss Mr Tay as a senior executive of the company. When asked, Mr Tay refused to resign as a Director despite this blatant, unauthorised use of company funds.

Your Board removed Mr Tay’s executive powers on 17 January 2011. Only Mr Tay and Mr Oh dissented. The following day, Mr Tay requested that a shareholders meeting be held to consider the removal of 3 directors, all of whom had decided to remove his executive powers. Why? Certainly not to save costs, which will rise significantly under his business plan and be far less efficient. He is seeking to regain control of your Board so that his actions cannot be challenged again.

**You can stop this by voting NO to all 4 resolutions of the EGM on 21 March – send a proxy now.**

### **Mr Tay Seeks Unrestricted Control**

We believe that this EGM has nothing to do with saving costs or directors being too busy, but is all about control by Mr Tay to give him the numbers on a Board to allow him to do what he wants. We believe this will not be in the best interests of shareholders and Dynasty could repeat its underperformance since 2007 when Mr Tay first took control.

### **Richard Oh's Support for Mr Tay**

Mr Tay stated in his Notice of Meeting that "Messrs Tay and Oh have a good working relationship" and retain "mutual trust and confidence" Apart from Mr Tay, Mr Oh was the only Director who did not support Mr Tay's executive powers being removed. If Mr Oh believes it is acceptable to support Mr Tay as he has done, then shareholders should be concerned as to what Mr Tay will be permitted to do in future once Independent Directors have been removed.

### **Strategy Going Forward**

Your Directors are technically and commercially experienced. Their on-going successful, detailed and cost-effective business plan has been designed by a team of experienced industry professionals, and a summary was announced to the market earlier this year. The strategy is to advance Dynasty's iron ore discoveries from exploration to pre-development within 18 months, at which time the Board structure will have changed and the company will establish a project management team in Perth - not dissimilar to that proposed by Mr Tay. In fact, Mr Tay and Mr Oh do not have technical mining qualifications or anything like the combined mining experience of those Board members Mr Tay seeks to remove. Instead, Mr Tay has simply **repeated parts of the existing Dynasty business plan.**

In the 18 month period from July 2009 to December 2010, Mr Tay incurred expenses on travel and related expenses, telephone and consultancy fees of several hundred thousand dollars (excluding his \$120,000 pa Director's fees), which is the company's largest cost centre other than exploration expenditures.

Mr Tay claims he is raising funds in China but since mid 2009, he has raised no money in mainland China despite many months travelling throughout China at considerable expense. He has also made large payments to "advisers" without positive results. The Xing Hua relationship with Dynasty was essentially managed by your Executive Director Technical, Malcolm Carson.

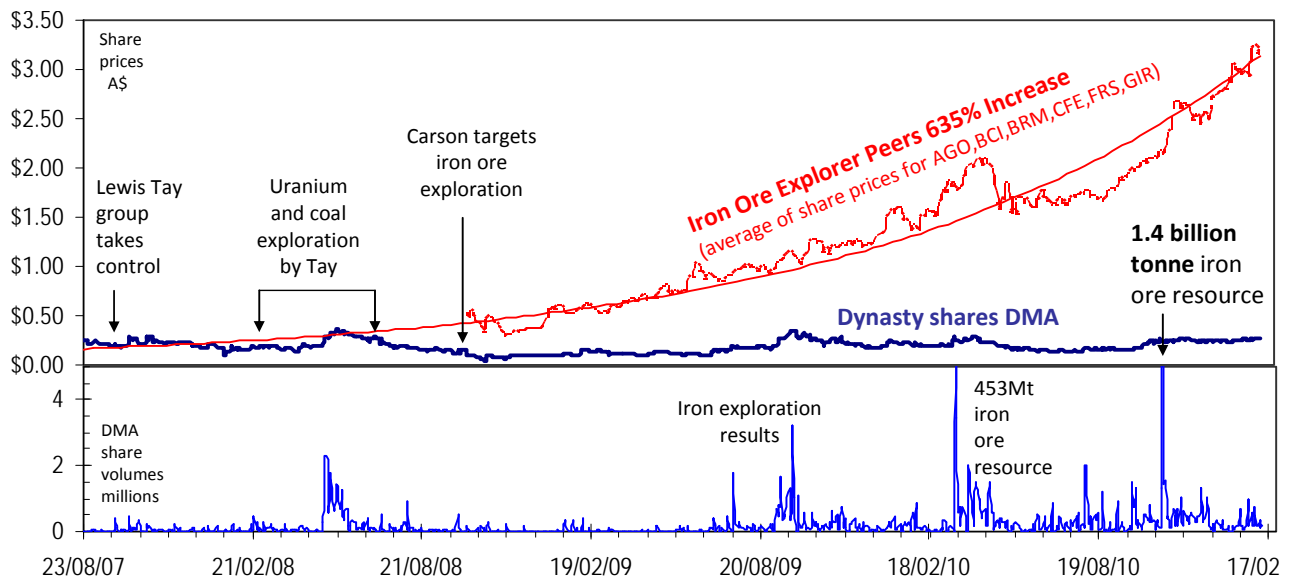
### **Dynasty's Technical and Cost-Efficiency Record is Excellent**

Exploration costing \$3 million has discovered a 1.4 billion tonne iron ore deposit containing 378 million tonnes of iron. This discovery has been one of the industry's most cost efficient resource tonnage discovered per exploration-dollar spent. In fact, everything at Dynasty except Mr Tay's repeated overseas trips and high phone expenses has been very good value for money invested.

<p><b>You can keep Dynasty strong and cost-efficient by voting NO to all 4 resolutions of the EGM on 21 March – send a proxy now.</b></p>
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## Mr Tay's Commercial Record at Dynasty is Poor

Since Mr Tay took control of Dynasty via a similar EGM in October 2007, Dynasty's technical excellence has not been matched by Mr Tay's commercial management record. Dynasty's shares have significantly underperformed as shown in the following graph of Dynasty's share price during this period.



Since Mr Carson targeted iron ore exploration in August-October 2008, Dynasty has enjoyed significant exploration success but, despite Dynasty's technical success, the shares in similar iron ore exploration companies have risen by 635% whilst Dynasty's shares have not changed. The Executive Director, Commercial, has been Mr Tay.

## Don't Let History Repeat Itself – Vote NO to all 4 EGM resolutions

Mr Tay's original seizing of control via an EGM in October 2007 has clearly failed shareholders.

Don't let history repeat itself – **VOTE NO to all resolutions so that Dynasty can thrive as a company with a Board of Directors who will increase value for all shareholders.**

## Do not miss this opportunity to take back control of your company.

Yours respectfully

Ian Levy  
Non-Executive Chairman

Malcolm Carson  
Executive Director – Technical

Graham Anderson  
Director and Secretary

M Carson drilling the Spearhole discovery holes, Prairie Downs, Pilbara



## **DIRECTORS' QUALIFICATIONS – COMPARE FOR YOURSELF**

We have set out below the detailed qualifications and experience of the Directors Mr Tay seeks to remove. The existing Directors offer an ideal mix of skills and experience to take Dynasty forward.

We urge you to compare these to the comparatively poor qualifications and experience which Mr Tay says his "team" offers.

### **QUALIFICATIONS OF IAN LEVY, NON EXECUTIVE CHAIRMAN**

Ian Levy has a BSc (Hons 1) with majors in Geology and Economics at ANU, an MSc(Dist) at London University and a Diploma of Imperial College at Royal School of Mines, London. He is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Fellow of the Australian Institute of Geoscientists (FAIG). He was Federal President of the AIG and was a member of the Joint Ore Reserves Committee (JORC) for 11 years, 4 years as Vice Chairman.

Ian began his mining career in 1975 with CSR-Pacminex and with WMC at Kambalda Nickel Mines in 1976. He spent 12 years with WMC in nickel, gold, uranium, base metals, bauxite-alumina and coal and commercial development, 5 years with Pancontinental Mining and 7 years with Gympie Gold Limited in development roles. In 2003, Ian was a founding Director of D'Aguiar Gold Limited and Chairman 2006 to 2009.

In 2004, Ian was a founding Director of the now \$1.8 billion Gloucester Coal Limited until its takeover in June 2009, during which time, its shares rose twentyfold from \$0.59 to \$13.25. In mid 2005, Ian became CEO of nickel company Allegiance Mining Limited until its takeover in 2008 for \$850 million, during which time, its shares rose tenfold from \$0.11 to \$1.10. In late 2009, Ian became founding CEO of Australian Bauxite Limited and its shares have risen by 350%.

In August 2009, Ian accepted the appointment as Chairman of Dynasty, a company with great technical successes, thanks mainly to Malcolm Carson and his technical team, but lacklustre share performance.

**Declaration:** Ian owns no Dynasty shares directly but a family superannuation fund has owned 20,000 DMA shares since February 2010 as part of an education fund administered by Mrs Levy for their young grandsons' future education. Ian also has 1 million 20 cent Directors options in Dynasty which were specifically set at half as many as the 2 million that Mr Oh requested for himself in 2009. At that time, 5 million options were also granted to Mr Tay.

### **QUALIFICATIONS OF MALCOLM CARSON, EXECUTIVE DIRECTOR - TECHNICAL**

Malcolm Carson is a West Australian and has a Bachelor of Science Degree with majors in Geology and Economics. He has a Master of Science Degree in Natural Resource Management and has been a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM) since 1974.

Since commencing work in the Western Australian mining industry in 1970, he has been involved in exploration management; resource development; mine planning; technical and commercial evaluation of mineral resource deposits; technical and financial modelling; development and statutory approvals, including environmental, mining and native title; resource and infrastructure development; managing competing land use issues and related approvals; equity and debt finance; hedging, treasury and commodity price risk management; strategic planning and business development; and mergers and acquisitions in the mining industry. As an exploration geologist, highlights for Malcolm are those projects for which he was responsible for the early exploration in the field which led to the discovery of the Gidgee gold mine in Western Australia, the Tshikondeni coking coal mine in South Africa and the nickel mines of Maggie Hayes and Emily Anne in Western Australia. Highlights also included pioneering work on the Balmoral Magnetite Deposit in the Pilbara, Western Australia and as Exploration Manager of CuDECO's Rocklands Copper Project in QLD.

In his role with the Western Australian State Government Malcolm Carson was responsible for the negotiation of a new port charging regime in the Fremantle Outer Harbour and a strategy to secure 3<sup>rd</sup> party access to the Mt Newman Railway for Lang Hancock which resulted in the State Rail Transport Agreement 1987.

## **QUALIFICATIONS OF GRAHAM ANDERSON, DIRECTOR & SECRETARY**

- Graham Anderson is 48 years of age, has a Bachelor of Business Degree and a Diploma in Financial Planning and is a member of the Institute of Chartered Accountants. Graham commenced his career in 1983 with Ernst & Young before later moving to the national chartered accounting firms of Duesburys and Horwath as a Partner with particular responsibilities for providing a range of audit and related corporate services.
- In 1999 Graham established GDA Corporate, a specialist accounting and corporate advisory business providing a range of Directorship, company secretarial and accounting services to ASX listed companies. Currently employing 10 staff GDA Corporate provides a range of corporate services to over 15 ASX and overseas listed public companies.
- Graham has extensive knowledge and experience of advising on corporate governance issues.
- He is a founding Director of Dynasty and gives valuable administration and corporate continuity.

## **How do these compare with the qualifications and experience of Mr Tay's alternatives?**

### **LEWIS TAY, NON-EXECUTIVE DIRECTOR & PAST EXECUTIVE DIRECTOR - COMMERCIAL**

Mr Tay DOES NOT hold a Bachelor of Science Degree as claimed in the notice of Meeting but it now appears that he completed a pass level Bachelor of Applied Science in Computing Science from University of Technology Sydney (UTS) over 5 years from February 1986 to March 1991. A computing qualification of this kind is irrelevant to the management of an emerging iron ore exploration company.

Mr Tay has no significant business experience and his commercial mismanagement of Dynasty over the last 3½ years is a matter of record (see graph of share performance on page 3). While comparable iron ore exploration companies have seen their share prices increase by over 600%, Dynasty's share prices have hardly moved, despite the technical team headed by Malcolm Carson having discovered a 1.4 billion tonne iron ore deposit containing 378 million tonnes of iron. Mr Tay has demonstrated that he is incapable of translating this huge discovery into an increase in share prices - how can shareholders believe that he is capable of doing any better in the future?

Mr Tay has caused the company significant expenses (including over \$8,000 in telephone charges in one month alone) and frequent overseas trips. Mr Tay and Mr Oh have also been responsible for the allocation of over 4.3 million DMA options.

Unfortunately during Mr Tay's management of the company ordinary shareholders have only seen a stagnant share price while comparable companies have surged ahead on the share market.

### **RICHARD OH, NON-EXECUTIVE DIRECTOR & PAST CHAIRMAN**

Mr Oh has had a career as a stockbroker and as a company director. A recent "Google" search of his name showed one entry – his role in his own private company. This speaks volumes about his impact as a businessman. His time as Chairman of Dynasty was undistinguished and his contribution in the time while Mr Tay has been Executive Director of Dynasty has been to consistently support Mr Tay's proposals and, despite his claims that he does not approve of all of Mr Tay's activities, Mr Oh has supported Mr Tay on virtually every issue. He therefore must bear equal responsibility for the failure of Dynasty to give good value to ordinary shareholders in that time.

## **NICHOLAS REVELL**

Mr Revell has been proposed by Mr Tay to join the Board, presumably as a replacement geologist for Malcolm Carson, despite Mr Carson's outstanding record of supervising and directing the program that led to the huge resource of iron ore that is now Dynasty's principal asset.

Mr Revell's achievements are far less impressive than Mr Carson's and apparently less than claimed in public documents. On the website of Riviera Resources (now South African Ferro Metals) it is said that Mr Revell "... held roles as Chief Geologist at Fortescue Metals Group". On the Kidman Resources website, where Mr Revell is listed as a Non Executive Director, this claim is repeated and expanded: "*Nicholas is a Former Chief Mine Geologist of Fortescue Metal Group. ...His leadership was instrumental in helping Fortescue grow from an iron ore junior into one of the world's largest iron ore producers.*"

Enquiries to Fortescue Metals about Mr Revell confirmed that he has worked for Fortescue, but only for a relatively short period of approximately 6 months, mainly during a trial mining exercise which mined a relatively small amount of ore over a limited period. There was certainly no endorsement that Mr Revell's "leadership was instrumental in helping Fortescue grow".

Mr Revell may well be a competent Geologist and he may not be responsible for these public statements on these companies' websites, but his known achievements fall far short of Malcolm Carson's proven success in exploration for Dynasty and the wealth of knowledge and experience Mr Carson has built up regarding our iron ore projects and other tenements over a period of more than two years.

The fact that Mr Tay would propose that the experienced and proven Malcolm Carson should be dismissed in favour of Mr Revell should be a matter of concern to shareholders interested in building value in Dynasty.

Dynasty has only recently discovered its major iron ore deposits in the Pilbara and is in the middle of the all-important follow-up evaluation stage under Malcolm Carson's supervision. Now is the wrong time to make major changes to the winning technical team.

Mr Tay's proposal to dismiss your 3 key Directors is not a plan to improve business effectiveness – it is a plan driven by Mr Tay's personal desire to regain control of the company, its assets and funds.

## **RECOMMENDATIONS BY YOUR 3 KEY DIRECTORS**

- 1. Vote NO to all four resolutions in Mr Tay's notice of meeting.**
- 2. If you have already completed the proxy form (or someone has completed on your behalf) you may change your vote by forwarding a new proxy form - as attached.**

### **Enquiries:**

Malcolm Carson 0417 692 849  
malcolm@dynastymetals.com.au

## PROXY FORM

**APPOINTMENT OF PROXY  
DYNASTY METALS AUSTRALIA LIMITED  
ACN 110 385 709**

### GENERAL MEETING

I/We

of

being a member of Dynasty Metals Australia Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10am (WST) on 21 March 2011 at Country Woman's Association House Meeting Room, 1176 Hay Street, West Perth WA 6005 and at any adjournment thereof.

If no directions are given, the Chair will vote in his discretion on the Resolutions.

#### Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Removal of Mr Malcolm Carson as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Removal of Mr Ian Levy as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Removal of Mr Graham Anderson as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Appointment of Mr Nicholas Revell as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_





**DYNASTY METALS AUSTRALIA LIMITED**  
**ACN 110 385 709**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Dynasty Metals Australia Limited, Suite 2, Mezzanine Floor, 35 - 37 Havelock Street, West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number **+61 8 9322 7211**,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**