

QUARTERLY ACTIVITIES REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2011

*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  
26 October 2011:

Issued Shares: 105.4M  
Options: 17.4M @ \$0.20  
Share Price: \$0.15  
Market Cap: \$16M  
Cash: \$3.4M  
Debt: Nil

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Lewis Tay  
Managing Director

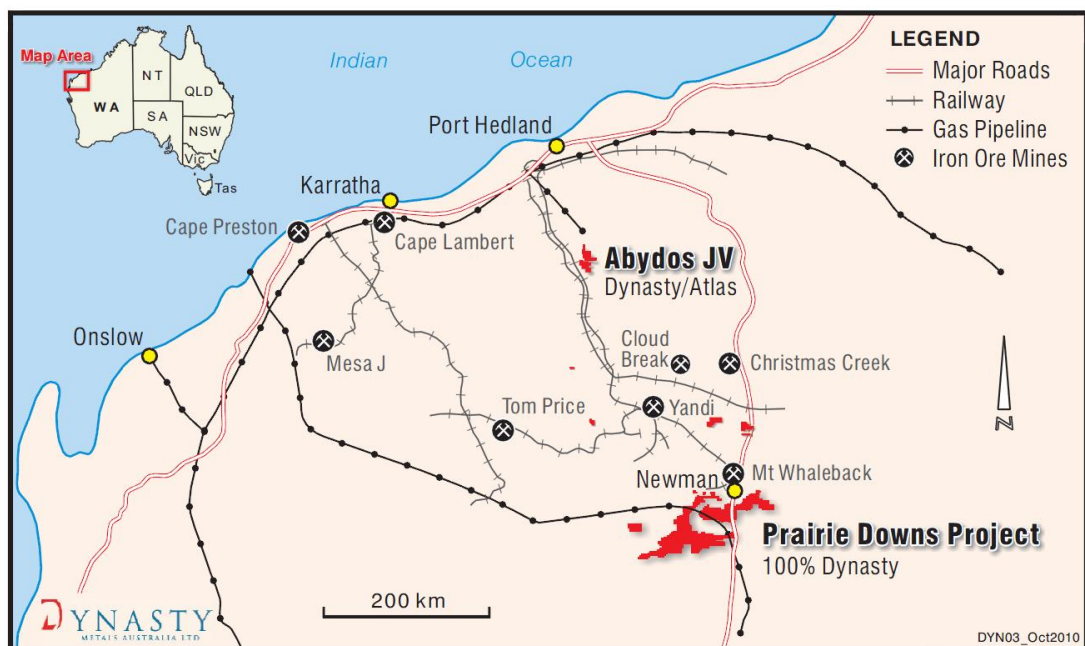
Michael van Uffelen  
Company Secretary

### Key Points

- > **Drilling commenced in early October** and is expected to be completed by 31 December 2011. The drilling programs are targeting the DSO potential within Dynasty's Prairie Downs tenements.
- > **Tenders to perform a preliminary scoping study of Spearhole Detrital Project** has been requested to determine the prefeasibility path.
- > **Beneficiation testing confirms the presence of DSO grade material within the gravels.**
- > Beneficiation testing on material >27% Fe shows a likely yield of between 13-18%, **producing 121.2Mt to 167.8Mt of DSO grade material** from the current Spearhole discovery, with a potential grade range of **56-58% Fe, 6-7.5% SiO<sub>2</sub>, 5.5 - 6.5 % Al<sub>2</sub>O<sub>3</sub>.**
- > **There is a further 14-18% yield (or around 150Mt) of a midgrade product of 40-45% Fe.** Investigations into the upgrading of the midgrade ores are undertaking.
- > Preliminary evaluation work over the Hyden Gold Project, Stanley Nabberu Gold, Base Metal and Uranium Project, and the Hector Bore, Mt Philips Uranium Project has been completed by the CCGEC JV.

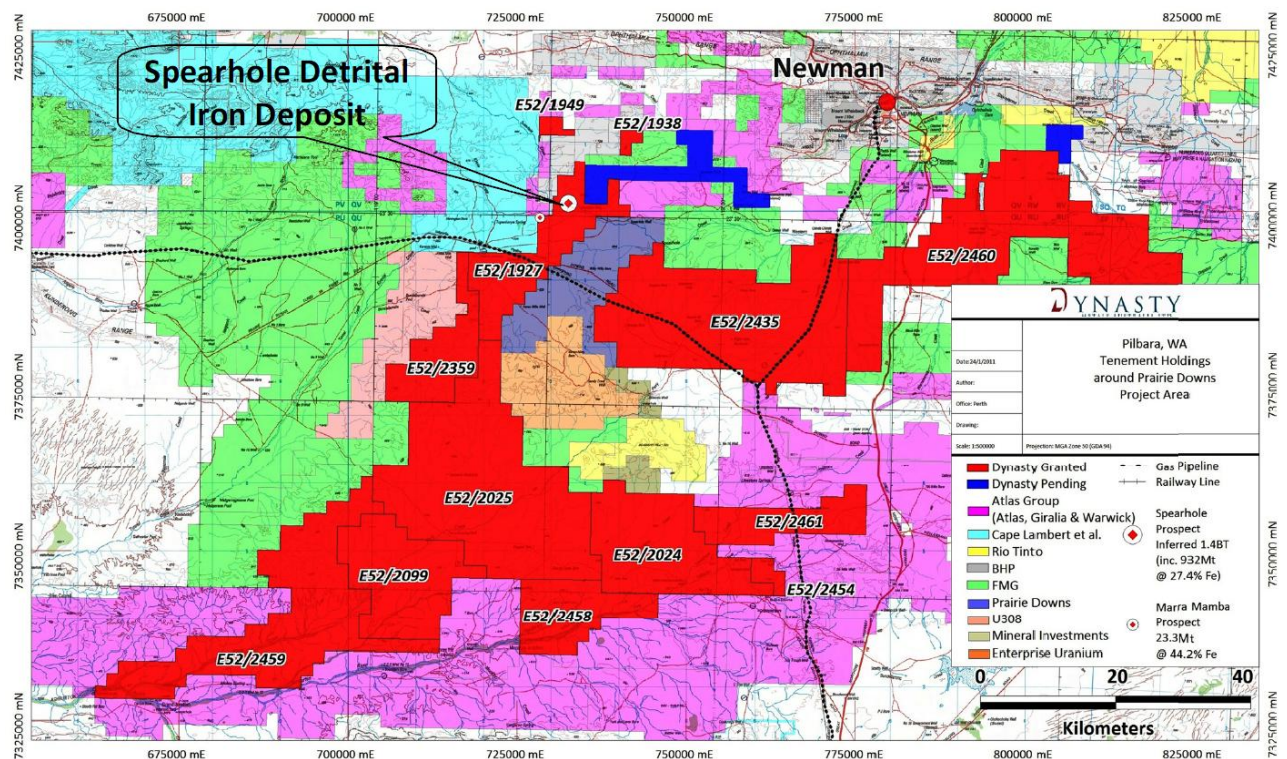
### Overview of Dynasty's Iron Ore Projects

Dynasty's iron ore tenements are located in the Pilbara region of Western Australia and total ~4,500km<sup>2</sup> in area, see **Figure 1**, areas highlighted in red.



**Figure 1 - Location of Dynasty's Tenements in Pilbara Region**

Dynasty's flagship Prairie Downs Iron Project is located southwest and south of the township of Mt Newman. Exploration is focused on a number of targets within the tenements with the main area drilled to date being at the Spearhole Prospect.

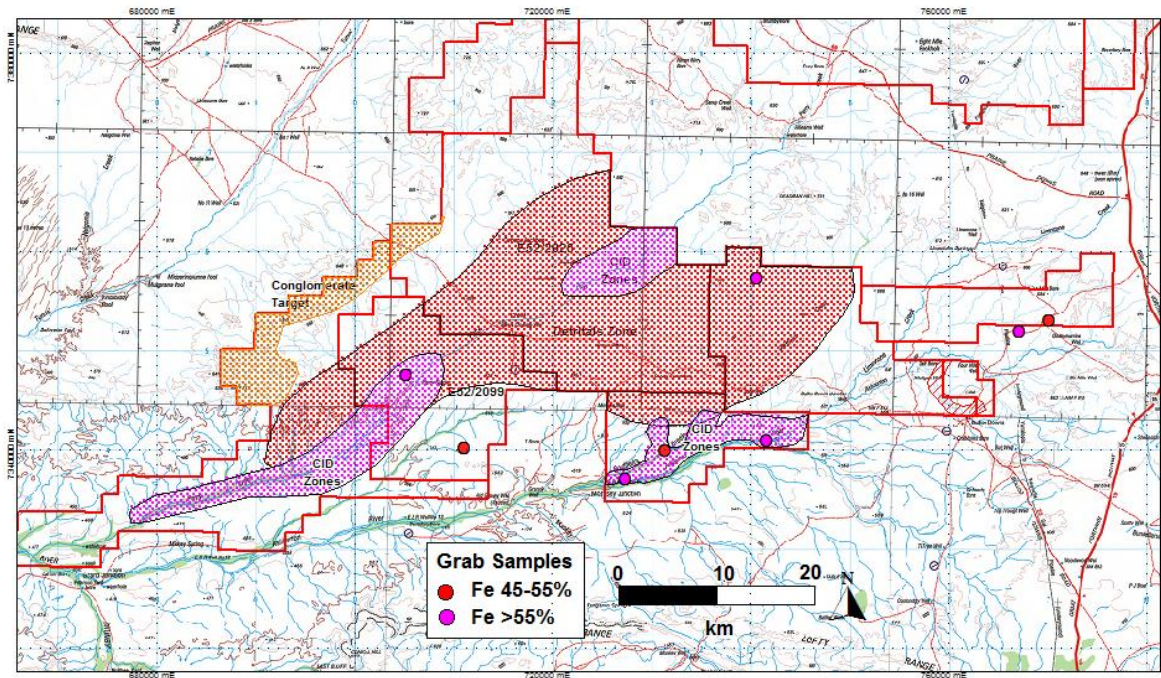


**Figure 2 – Prairie Downs Iron Project - Strategic Location of Dynasty's Tenements**

## Prairie Downs – Recent Exploration Programs

A drilling program has been planned to target the potential DSO zones defined during the last quarter in addition to the magnetic targets south of the existing Marra Mamba Resource. The drilling commenced in early October.

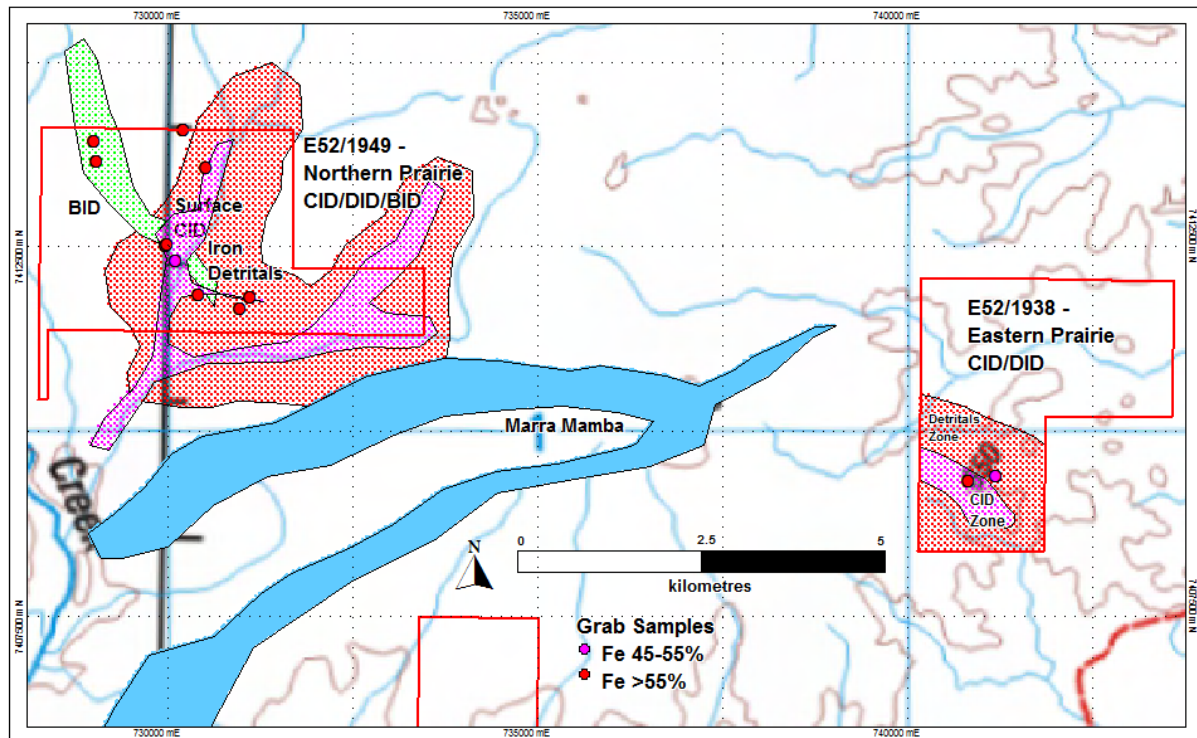
Target zones are indicated in Figures 3, 5 and 6. The program of around 6000m is designed to enhance our knowledge of the paleochannels and bedrock stratigraphy in addition to directly testing for DSO material.



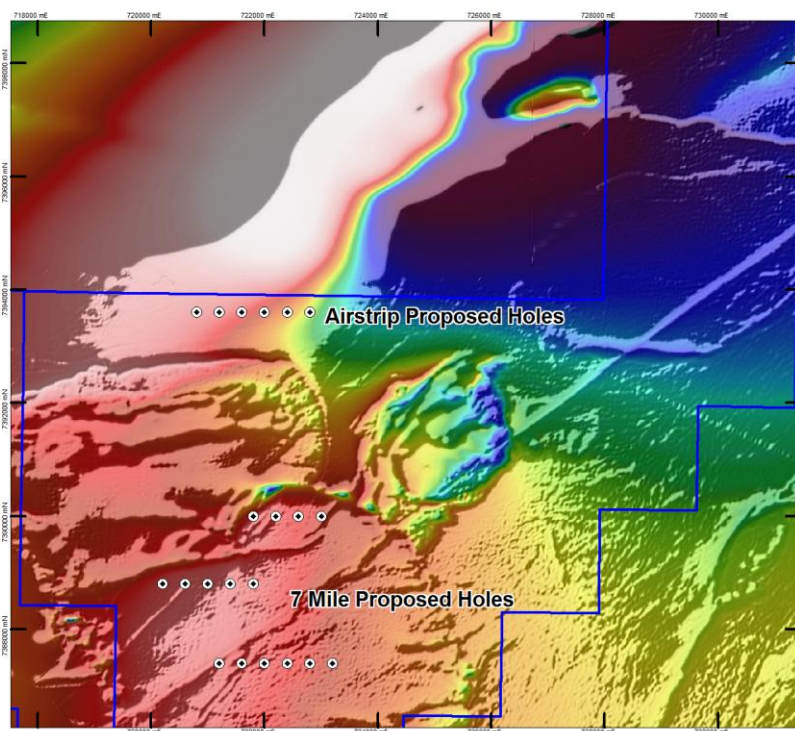
**Figure 3 – Prairie Downs Iron Project – Target zones for potential mineralisation styles Southern Tenements**



**Figure 4 – Prairie Downs Iron Project – CID Subcrop**



**Figure 5-Iron mineralisation potential Northern tenements. Areas marked are target zones.**



**Figure 6– DSO targets identified in E52/1927 to be tested in 2011 exploration programs**

The previously identified DSO targets using interpretation of the airborne magnetic flown during 2010 will also be targeted during the Oct – Dec 2011 drilling program. These targets include potential continuations of the outcropping Brockman and Marra Mamba iron formations under the recent sediment flood plain.

## Prairie Downs – Spearhole Detrital Beneficiation Work

Following the discovery of 1.4Bt of ironstone gravel detritals within Dynasty's E52/1927 Prairie Downs project, beneficiation testing has been focusing on low cost gravity and magnetic processing without grinding for the 930 Mt inferred resource grading at >27%Fe. Material >6mm has been crushed to under 6mm for the testing.

The resource is made up of unconsolidated gravels starting at the surface and continuing to depths of around 30m. The material should be able to be bulk mined at a low cost and hence the testing has been on sonic drilling samples taken through the entire resource, rather than specific horizons.

The results referred to here are based on the processing larger samples from two separate areas, Area 3 and Area 2 (Figure 1).

These preliminary results are presented as a range of results to reflect the variation in results of testing different materials and different separation methods and density cutoffs. Area 3 showed superior yield and grade to Area 2. Further testing is underway to optimise the process and maximise the yield.

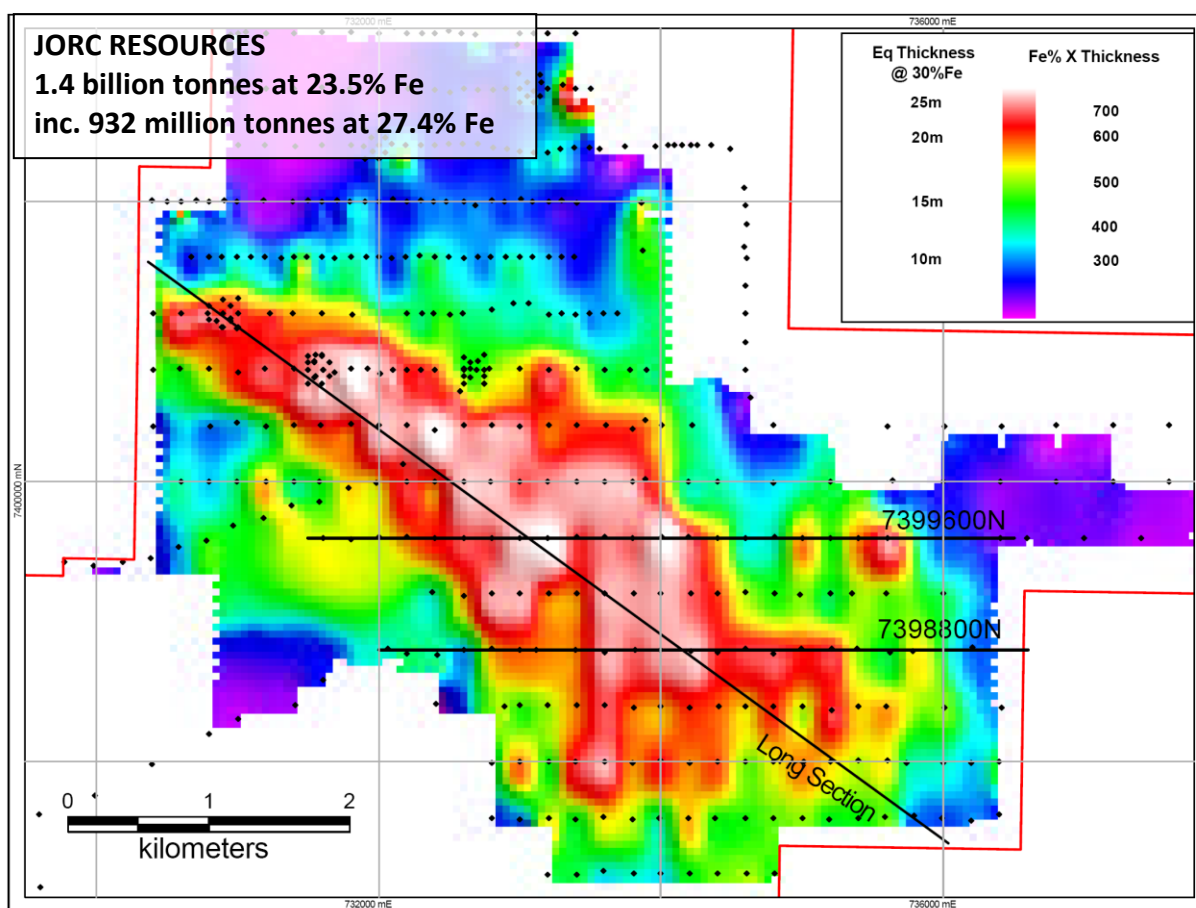
Over 50% of the materials are fines of <1mm size. **This fraction can be removed simply and cheaply and processed separately using spirals and magnetic separation.** The coarser material (>1mm) grades around 37-40% prior to beneficiation. The yield on the beneficiation of this material is around 25-35% (13-18% of bulk sample). **This low cost upgrade to the material may be critical to the economics of the beneficiation process.**

Results for the testing have identified the following range estimates for the products. **The mid grade product will be examined for further potential upgrade to increase the overall yield.**

	Yield	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	P
High Grade	13-18%	56-59%	6.0-7.5%	5.5-6.5%	1.7-2.0%	0.03-0.05%
Mid Grade	14-18%	40-45%	15-20%	8-12%	0.5-1.5%	0.03-0.05%

## Prairie Downs – Current Resource

On 27 October 2010, Dynasty announced a **1.4 billion tonne JORC-Compliant Resource including 932 million tonnes at 27.4% Fe at a cut-off grade of 20% Fe** for the Company's Spearhole Detrital Iron deposit ("ironstone gravel") at Prairie Downs in the Pilbara region of Western Australia.



**Figure 7 – distribution (Fe grade x thickness) of the iron mineralisation at the Spearhole Detrital Iron Deposit, with the deepest, high-grade channel trending NW-SE.**

The Resources defined to date are set out in **Table 2** below.

The total Mineral Resource estimate has increased 300% since the Company announced the initial Mineral Resource estimate for the Spearhole Deposit in March 2010. This increase is a result of the successful 2010 drilling programs.

**Table 2 – Inferred Resources for Spearhole Detrital Iron Deposit (October 2010 Estimate)**

Tonnes Mt	Fe %	Calcined Fe* "CaFe" %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	Cut-Off Grade % Fe
449	31.5	34.0	30.2	13.6	0.04	7.5	>27% Fe
586	30.2	32.7	31.6	13.9	0.04	7.6	>25% Fe
800	28.4	30.8	33.5	14.4	0.04	7.7	>22% Fe
<b>932</b>	<b>27.4</b>	<b>29.7</b>	<b>34.6</b>	<b>14.7</b>	<b>0.04</b>	<b>7.8</b>	<b>&gt;20% Fe</b>
1,118	25.9	28.1	36.1	15.0	0.04	7.9	>17% Fe
<b>1,400</b>	<b>23.5</b>	<b>25.5</b>	<b>38.6</b>	<b>15.5</b>	<b>0.03</b>	<b>8.1</b>	<b>Total Resource</b>

\*Calcined Fe ("CaFe") = Fe/((100-LOI)/100)

The Spearhole Detrital Iron Deposit occurs at or near surface, with consistent grades and thicknesses that are tending to improve as extensions of the deposit are discovered to the southeast. The detrital iron mineralisation is contained within a large, ancient, iron-enriched drainage system between outcropping Brockman and Marra Mamba Iron Formations.

## CCGEC Joint Venture

The Joint Venture with CCGEC on Dynasty's Hyden, Hector Bore, Mt Philips and Stanley Naberru projects is subject to FIRB approval. Preliminary studies of the areas have been undertaken and more work is expected to be completed in the coming quarter.

## Corporate

The Company held its AGM on 19 September 2011 and two new directors, Mr Tom Pickett and Mr Bin Wang, were elected. Following this, the Board appointed Mr Tom Pickett as the Non-executive Chairman and Mr Lewis Tay as the Managing Director.

The Company continues to pursue the costs orders awarded in its favour and is looking towards a resolution of all legal matters as soon as possible so the board may concentrate on the Company's core exploration activities

## Competent Person

*Qualifying Statement: The information in this report that relates to exploration results and mineral resource calculations has been compiled by Mr David Jenkins a full time employee of Terra Search Pty Ltd, geological consultants employed by Dynasty Metals. Mr Jenkins is a Member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation 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 Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Jenkins consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.*

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