

## QUARTERLY ACTIVITIES REPORT

JUNE 2012

---

### SUMMARY

- > Drilling program completed on Southern Prairie Downs Tenements.
- > Results included zones of pisolitic gravels in clays within detrital channels draining zones of Hamersley Basin sediments with a maximum grade of 39.5% Fe . Hole BDRC032 intersected 21m @25.8% Fe (27.8% Calcined Fe) from 5m depth. This shows potential for both CID and detrital within these channels.
- > Secondary copper observed in shallow drilling and at surface in the south-east Prairie, which enhanced the base metal potential in the area.
- > Grant of tenements E52/2640 and E52/2641, west of the Prairie Downs Project with a similar geological setting to the Spearhole deposit.
- > A major airborne survey over the vast tenements in Stanley Nabberu has been completed by Fugro Airborne Surveys Pty Ltd as part of the Goldstone JV. Dynasty current holds 45% interest in Goldstone JV while China Coal Geology and Engineering Corp funds the exploration.
- > Beneficiation testing with Chinese Northeastern University is well underway with a focus on maximising the Fe grade and yield. A senior WA based consulting metallurgist has been appointed by the company to oversee the beneficiation process and feasibility study.

### EXPLORATION ACTIVITIES

A 2018m RC drilling program was completed during the quarter with a total of 54 holes drilled across tertiary/quaternary paleo-channels in the southern Prairie Project area, covering four tenements over a distance of 50kms.

The program identified major paleochannels with up to 40m of transported detritals. Some of these zones contained pisolitic material thought to have been sourced from upstream Hamersley Basin ironstones. The most developed of these zones included a section channel of 2.4km width with up to 21m of anomalous pisolite bearing material.

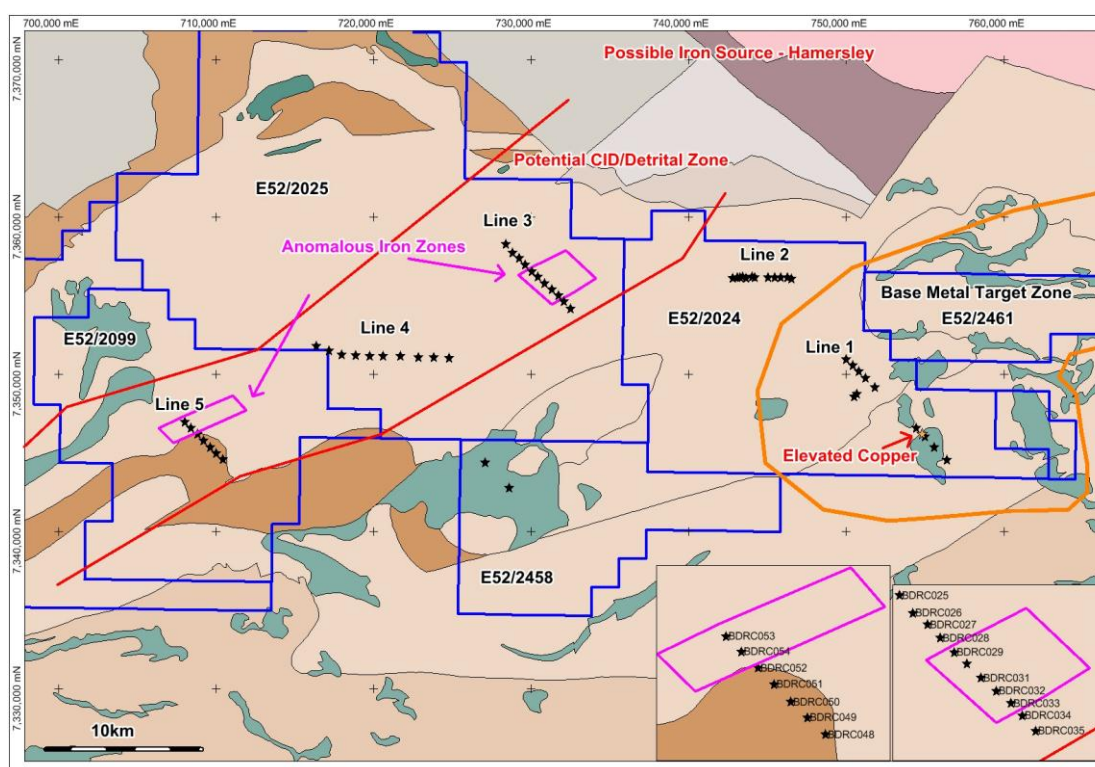
The pisolites were within a sand and clay material with a maximum grade of 39.5% Fe. The overall grade of this material is variable with the best intercept from hole BDRC032 with 21m @25.8% Fe (27.8% Calcined Fe) from 5m depth, which is similar to some intercepts from the Spearhole area.

Dynasty believes there is potential for accumulations of both tertiary Channel Iron Deposits and Quaternary Detritals within this broad paleochannel.

**Table 1 Significant intercepts for Pisolitic material**

Hole_ID	From	To	Depth	Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	LOI	CaFe
<b>BDRC029</b>	34	40	6	22.49	39.78	16.20	0.027	7.00	24.20
<b>BDRC030</b>	26	33	7	22.43	37.52	14.44	0.027	8.04	24.37
<b>BDRC031</b>	23	29	6	24.93	36.90	15.38	0.027	6.59	26.69
<b>and</b>	37	41	4	27.76	25.65	18.91	0.017	10.41	31.02
<b>BDRC032</b>	5	26	21	25.81	34.84	15.74	0.026	7.33	27.80
<b>incl</b>	7	18	11	28.69	33.61	13.93	0.032	6.48	30.66
<b>and</b>	21	26	5	27.50	29.81	17.21	0.015	8.60	30.03
<b>BDRC033</b>	2	11	9	28.65	31.55	16.21	0.021	8.34	31.18
<b>BDRC053</b>	19	22	3	25.20	44.81	12.09	0.040	3.98	26.24
<b>BDRC054</b>	29	35	6	31.88	32.60	13.27	0.037	4.94	33.54

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



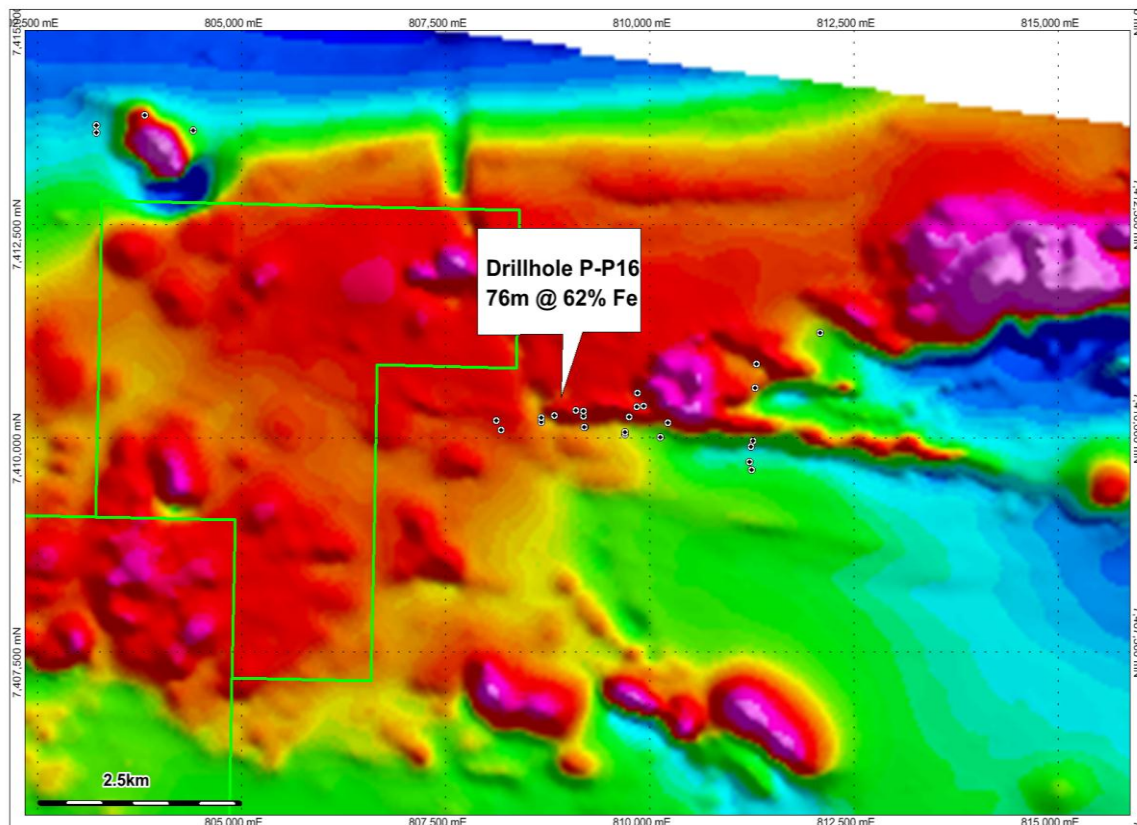
**Figure 1, Drilling Program Southern Prairie Downs Tenements 2012**

In addition to these encouraging results, secondary copper staining was observed in BDRC004 with elevated geochem to 500ppm Cu over a metre. This is in the region of known copper occurrences and is considered to enhance the region's base metal potential.

Regional traverses in the base metal target zone (Fig 1) were also undertaken during the period to enhance the understanding of the mineralisation potential in the area. There are extensive mafic intrusive and some major structures that would be potential sources and traps for base metal mineralisation and evaluation of this area will continue.

### E52/2591, Newman

Field visits to this new area found that the area was all under cover with only minor float/subcrop in the north, thought to be part of the Fortescue Group. The lack of outcrop is likely the main reason no work has previously been completed in the area and a ground magnetic survey will be completed this quarter to target RC drilling which will hopefully get underway later in the year if all approvals can be obtained prior to the end of the field season.



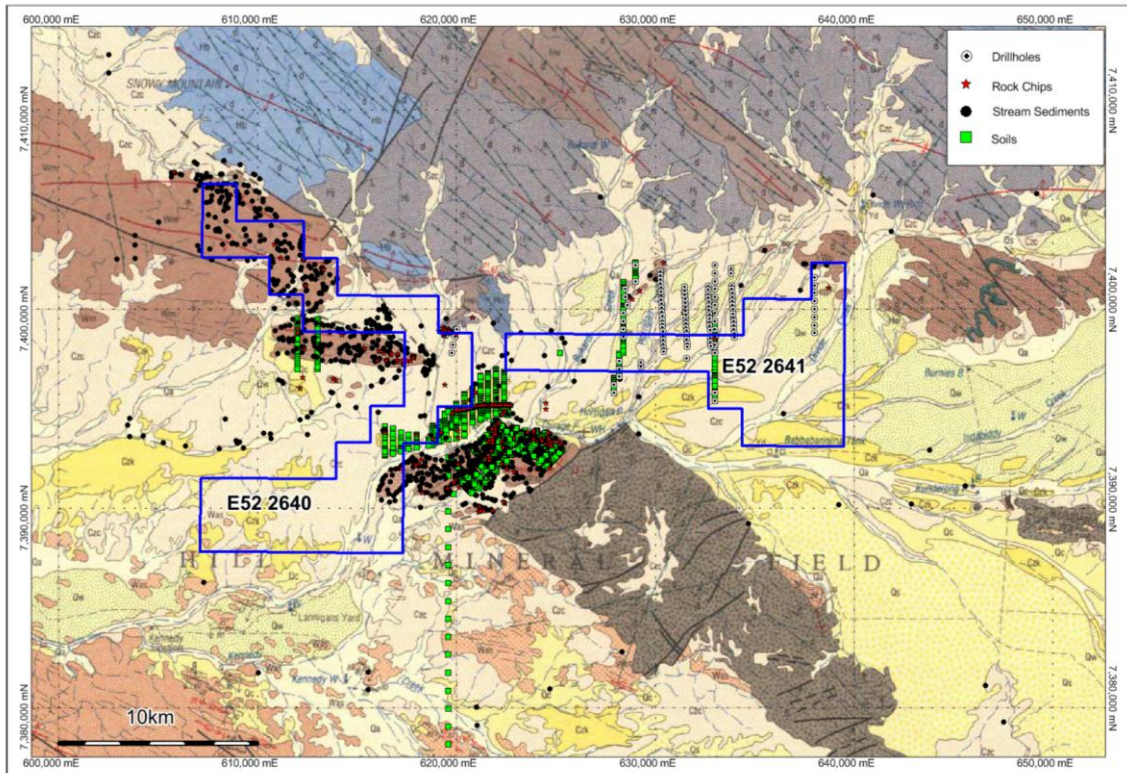
**Figure 2, Newman project E52/2591 Magnetics and nearby drillings**

### E52/2640 & E52/2641, Prairie West

These tenements are 60kms west of Dynasty's Prairie Downs Project and Spearhole Deposit were granted during the quarter. The areas are in a similar geological setting to the Spearhole Project with potential channel iron deposits and detrital deposits and a possibility of buried Hamersley in parts. Previous work had been restricted to gold, base metal and uranium exploration. Historical drilling had identified large paleo-channels but only limited assaying for iron was undertaken.

Reconnaissance work is planned for this coming quarter.





**Figure 3, Prairie West Project E52/2640 and E52/2641**

### **SPEARHOLE PROJECT**

Dynasty is still focussing on the flagship Spearhole Project where there is a **1.4 billion tonne JORC-Compliant Inferred Resource including 932 million tonnes at 27.4% Fe at a cut-off grade of 20% Fe**. An initial scoping study completed last December indicates that the project is economically sound and can be significantly enhanced by increasing yield and grade on the beneficiation process.

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

Tonnes (Mt)	Fe %	CaFe* %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	Cut-Off Grade % Fe
932	27.4	29.7	34.6	14.7	0.04	7.8	>20% 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 Chinese Northeastern University (NEU) has been engaged to further improve the beneficiation grade and yield. They have extensive experience in the study and design of beneficiation processes for lower grade haematite ores. The study aims to produce higher Fe content iron concentrates and higher yields using various techniques, and to reduce the capital operation cost for the project.

Work is also continuing on negotiating the infrastructure solutions and applications for the mining lease for Spearhole.

## **GOLDSTONE JV**

Data has been received from Fugro by conducting a major aeromagnetic and radiometric survey across the Stanley Naberru project area. This data is currently being interpreted to design drilling targets for Iron ore, Uranium and Base metals. Further flight programs are planned for the Mt Phillips – Hector Bore areas.

## **CORPORATE MATTERS**

Dynasty has appointed Mr Chris Larder as a consultant metallurgist to assist the company in supervising the further beneficiation study. Mr Larder will also be assisting Dynasty in making its application for a mining lease in the near future, and integrating new technical information into the recent scoping study.

Mr Larder has extensive experience in management of test work programs to optimise flowsheets that deliver maximum project value. He has worked for many iron ore exploration and development companies including Cape Lambert Iron Ore and Crossland Resources (Murchison Metals and Mitsubishi Development JV), and is also engaged by Afferro Mining and Severstal Liberia to manage their technical and engineering studies, including pre-feasibility and definitive feasibility studies.

Dynasty welcomes the input of Mr Larder and looks forward to the benefit of his experience in moving the company forward.

## **COMPETENT PERSONS 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 Australia Ltd. 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.*

## **CORPORATE PROFILE**

Dynasty Metals Australia Limited  
ABN 80 110 385 709

### **Directors Details**

Thomas Pickett	Independent Chairman
Lewis Tay	Managing Director
Bin Wang	Non-executive Director

### **Company Secretary**

Louise Edwards

### **Registered Office and**

#### **Principal Place of Business**

Level 3, 35 - 37 Havelock Street  
West Perth WA 6005  
Tel: +61 8 6316 4414  
Fax: +61 8 6316 4404  
Email: [admin@dynastymetals.com.au](mailto:admin@dynastymetals.com.au)  
Website: [www.dynastymetals.com.au](http://www.dynastymetals.com.au)

### **Share Registry**

Security Transfer Registrars Pty Ltd  
Suite 1, Alexandria House  
770 Canning Highway  
Applecross WA 6153  
Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)  
Website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### **Share Details**

At 30 June 2012, there were 105,383,510 ordinary shares on issue.  
There were no other listed or unlisted securities on issue.