

QUARTERLY ACTIVITIES REPORT DECEMBER 2012

SUMMARY

- > Tenement E47/2396 has been granted, which is situated in between Rio Tinto's Marandoo Mine and Marandoo West deposit in the Pilbara.
- > Ground magnetics to be completed on E47/2396 to locate the drilling targets.
- > Ballot won for E47/2200 application, a highly prospective area of 92 km² just 15 kilometres from Hancock Prospecting's Roy Hill Mine. Dynasty was successful over Giralia Resources NL (ASX:GIR) and Fortescue Metals Group Ltd (ASX:FMG) as the other two applicants for this tenement.
- > Chinese North Eastern University has returned the beneficiation results, showing potential for high grade iron ore concentrates (> 58.5% Fe) to be produced via magnetic separation.
- > Negotiations on infrastructure and funding are ongoing.
- > Goldstone JV advances Hector Bore / Mt Philips projects with airborne magnetics and radiometrics survey.
- > New opportunities are being examined for adding to Dynasty's existing exploration portfolio.

EXPLORATION ACTIVITIES

Work during the quarter included the final Native Title negotiations for E47/2396, which covers an area of 24.4km², and is located within 7 kilometres of Rio Tinto's Marandoo Mine, a high grade deposit within the Marra Mamba Formation, and adjacent to Rio's rail line.

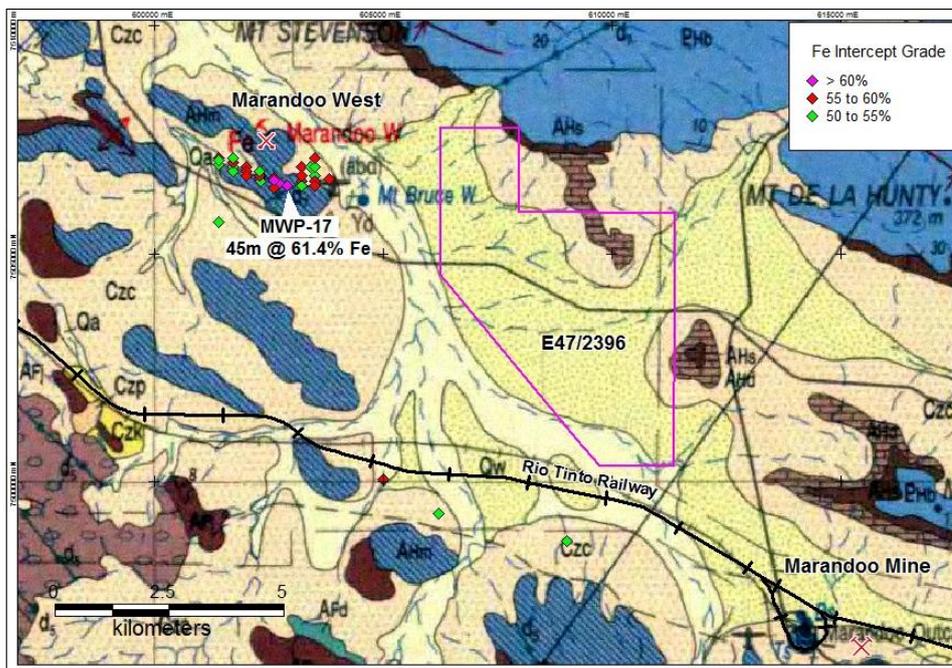


Figure 1 Regional setting for E47/2396 showing available historical drilling and deposits in the vicinity.

The tenement E47/2396 has potential for Marra Mamba Direct Shipping Ore (DSO) targets under alluvial cover as well as Channel Iron Deposit (CID) targets shedding from the Brockman Formation which forms an impressive scarp to the north of the tenement.

Previous work available on open file indicate there has been no historical drilling on the tenement. Regional magnetics indicate there may be some continuation at depth of the outcropping Marra Mamba stratigraphy to the north west (known as the Marandoo West deposit). Drilling in the adjacent Marandoo West has returned many intercepts with > 50% Fe with the best intercept from Hole **MWP17 with 45m @ 61.4%Fe** from surface.

A ground magnetic program has commenced and programmes of work are being submitted to allow rapid exploratory drilling to understand the structure and stratigraphy in the area and hopefully identify high grade mineralisation.

Spearhole Project

Dynasty is concentrating on infrastructure solutions for 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.**

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

| Tonnes (Mt) | Fe % | CaFe* % | SiO₂ % | Al₂O₃ % | P % | LOI % | Cut-Off Grade % Fe |
|--------------------|-------------|----------------|--------------------------|--------------------------------------|-------------|--------------|---------------------------|
| 932 | 27.4 | 29.7 | 34.6 | 14.7 | 0.04 | 7.8 | >20% Fe |
| 1,400 | 23.5 | 25.5 | 38.6 | 15.5 | 0.03 | 8.1 | Total Resource |

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

Beneficiation testing on samples sent to Chinese North Eastern University has indicated there is a magnetic fraction present that can be easily extracted from low intensity magnetic separation on deslimed feed material with a grade of 58.9% Fe. Testing on residual material also indicates some liberation and subsequent upgrade to the Fe grade with grinding of the product. These results are being evaluated and will result in a new test flow sheet for further metallurgical testing. Current Scoping Studies have been completed based on a circuit that produces a 15% yield at around 58% Fe. Any increase in yield will have a large effect on the economics of the project. Discussions with potential off-take clients also indicated the market demand and values for the iron concentrates with grades in between 50% - 55% Fe, which are popularly used as a blending product in steel mills in China.

SUCCESSFUL BALLOT DRAW ON E47/2200

During the quarter, Dynasty again won a ballot for a highly prospective tenement area of 92 km² located only 15 kilometres from Hancock Prospecting's Roy Hill Mine.

Dynasty applied for E47/2200 in 2009, which were subject to competing applications from GIR and FMG. Dynasty successfully won the tenement application during a ballot process which gave Dynasty the first priority to proceed to grant following normal Native Title negotiations and satisfaction of all other requirements.

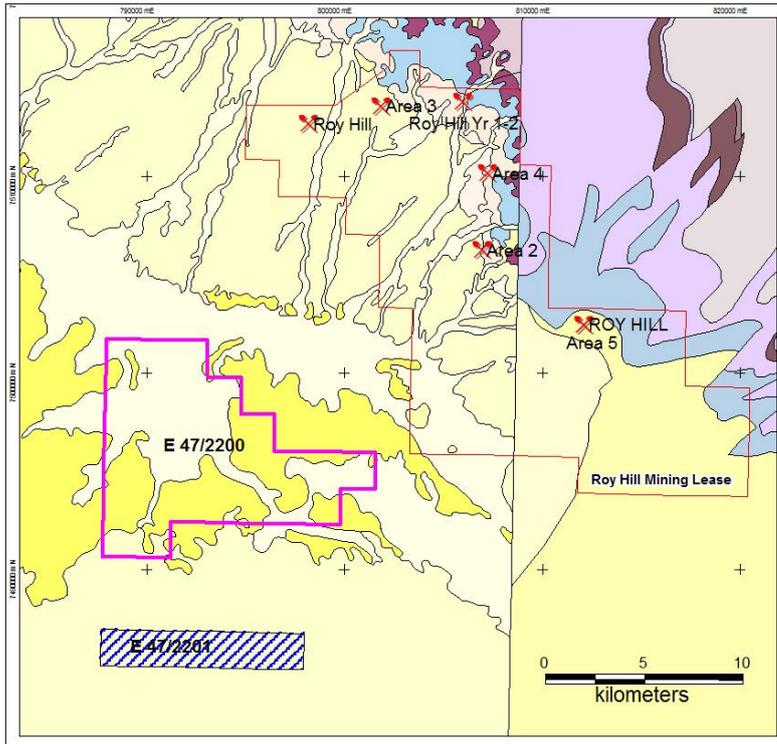


Figure 2 Roy Hill region – Eastern Pilbara showing the location of E47/2200 with respect to the Roy Hill mine.

The tenement is 15 kilometres south west of the Roy Hill deposit and 50 kilometres east of the Marillana Deposit. The area is covered by recent alluvials and is considered prospective for Channel Iron and Detrital Iron mineralisation.

GOLDSTONE JV

Data has been received from Fugro Airborne Surveys by conducting a major aeromagnetic and radiometric survey across the Hector Bore and Mt Philips project area in the Gascoyne region. This data will be examined to determine the most prospective zones for gold, base metals and uranium and may allow the consolidation of tenements for more effective exploration.

CORPORATE ACTIVITIES

During the quarter Dynasty also examined several opportunities in iron ore and other commodities. Only the projects that represent outstanding opportunities for Dynasty’s shareholders are being considered by the Board.

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
ACN 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 4, 35 - 37 Havelock Street
West Perth WA 6005
Tel: +61 8 6316 4414
Fax: +61 8 6316 4404
Email: admin@dynastymetals.com.au
Website: www.dynastymetals.com.au

Share Details

At 31 December 2012, there were 106,133,509 ordinary shares on issue.