ANNUAL REPORT

2013

DYNASTY
METALS AUSTRALIA LTD

www.dynastymetals.com.au
ASX:DMA

Contents

Chairman's Letter

For year ended 30 June 2013

Dear Shareholder,

It is my pleasure to present to you the 2013 annual report of Dynasty Metals Australia Limited.

This has been a challenging year for the mining industry, particularly for smaller exploration companies who have struggled under the effects of government policy and a lack of investment appetite for the junior resources sector. Dynasty's share price performance has for some time been pegged to the performance of iron ore pricing which has suffered some volatility during the year.

During the course of the year the Company was granted and also made application for opportunities in other commodities such as shale gas and precious metals. The Company remains committed to the continued exploration of its significant iron ore assets in tandem with the assessment of other opportunities which will provide scope for diversification into the future should the decision be taken to do so.

Over the past year there has been significant work completed on the beneficiation of the ores from the flagship project of Prairie Downs. Our consulting metallurgist has been working hard to ensure that higher yield at lower cost is achieved and modelled in terms of the best practice for processing. This provides the Company with an ability to more accurately study the project economics and this hard work is beginning to show good results.

Your company has continued its previously announced discussions with Aurizon with a view to providing a rail infrastructure solution for its projects. No formal agreements have been entered into and these discussions remain on-going. The Board remains hopeful that Aurizon, in conjunction with other partners, will develop access to rail for third party users such that the true potential of Dynasty's projects in the Pilbara region is unlocked for the future benefit of shareholders.

During the year the Board conducted a strategic review of the tenements held by Dynasty and the costs associated of retaining those tenements. The Board entered into an agreement with Plasia Pty Ltd in April 2013 to develop some of Dynasty's non-core tenements, which removed the cost for Dynasty of holding these tenements yet allows the Company to retain a participation interest in any possible upside of exploration activity into the future. The Board also concluded that those tenements which are not prospective in the opinion of the Company's consulting geologists should be relinquished. This will result in further reducing costs for the Company going forward.

During the year the Company was granted the Irwin shale gas tenements which were announced in February 2013. The Board engaged Dr Wang, a well renowned expert in exploration for shale gas opportunities, to undertake a desktop study of the Irwin tenement area. This study has formed the basis of discussions with potential partners for this project, that the board continues to evaluate.

Every Company should ensure that it continues to grow and Dynasty has identified some potential new areas of opportunity in tenements which it has now made application for. The outcome of these applications should be known during the course of the next calendar year. The evaluation of these opportunities and the continued exploration of the existing project areas remains the focus of your Company into the future. New iron ore drilling targets will be investigated during the course of this next year which if successful will assist in providing a possible increase in Dynasty's JORC resource statement.

I wish to thank the other members of the Board, including Mr Bin Wang's alternate director Mr Bo Xin Dong, for their input throughout the year and look forward to unlocking the potential of the Company's assets and opportunities into the near future for the benefit of all shareholders.

Yours faithfully,

Thomas Pickett

Independent Chairman
27 September 2013

Operations Review

For year ended 30 June 2013

Dynasty Metals Australia Limited (Dynasty) is an exploration company primarily focused on developing its iron ore projects, with the flagship project “Spearhole Station” located at Prairie Downs district of West Australia.

Our Strategy

The Company has made significant progress over the past year, building on the remarkable success of the resource discovery at its flagship Spearhole Station project. The strategic focus on the Company’s activities over the past year has included:

- Advancement of the significant discoveries in the 100% owned Prairie Downs project through metallurgical and economic studies;
- Continued exploration across the Company’s remaining landholdings within the Pilbara region;
- Successful granting of new tenements adjacent to existing mining operations;
- Review of other opportunities through farm in and acquisition over multiple commodities; and
- Farm-out of non-core tenements.

Prairie Downs

Dynasty has discovered a JORC-Compliant Inferred Resources of 1.4 billion tonnes of Detrital Channel Iron at Prairie Down’s Spearhole Station, in addition to the 23.3 million tonnes of Marra Mamba Iron Formation.

With such a large resource defined, work on the resource has focused on beneficiation processes following the positive preliminary scoping study in December 2011. The aim is to progress the project towards feasibility studies to take advantage of the potential development of third party infrastructure solutions (Aurizon Rail) over the coming period.

Strategic Location

Strategically located in the prolific iron ore producing Pilbara region, Dynasty’s iron ore project tenements are approximately 40 kilometres south-west of Mt Newman (See Figure 1 on the following page).

The tenements are all centrally located near to advanced exploration projects and existing mining operations and infrastructure. The Spearhole resource is within 70 kilometres of the proposed Aurizon Rail project which has the potential to unlock several resources in the southern Pilbara region.

Beneficiation

This resource is a unique style of mineralisation with high grade fragments of hematite rich material present within finer grained sand and clay. The source of the high grade material is the extensive outcropping Marra Mamba unit to the west of the tenement. The resource is unconsolidated and will be highly amenable to bulk mining and processing, more similar to a heavy mineral sand deposit than conventional iron ore mining operation.

As such there are many aspects of the beneficiation process that need to be tested and defined and then retested. The early testing indicated a yield of 13-18% with Fe content of greater than 57%. (See Table 1 below). Current testing is concentrating on maximising the yield and grade and/or reducing the costs of this process. Once complete, the results of this testing can be used to update the positive scoping study completed in December 2011.

Table 1 Beneficiation results summary

	Yield	Fe	SiO_2	Al_2O_3	TiO_2	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%

The latest testing has concentrated on the following main aspects:

- the unlocking of the Fe within the mid grade material detailed in Table 1
- the potential to increase yield and grade through refining the processing
- reducing processing costs by testing alternative technologies

Figure 1 Strategic location of Dynasty's Pilbara iron ore projects

RESOURCE STATEMENTS

In March 2010, Dynasty announced the following maiden JORC-Compliant Inferred Resources for the Prairie Downs Project:

Table 2 – Inferred Resources - Spearhole Detrital Iron Deposit

Tonnes Mt	Fe %	CaFe* %	SiO_2 %	Al_2O_3 %	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)

Table 3 Inferred Resources - Marra Mamba Deposit

Tonnes Mt *	Fe %	CaFe %	SIO_2 %	AL_2O_3 %	P %	LOI %	Cut Off Grade % Fe
7.2	53.7	58.7	9.4	4.3	0.05	8.5	>50% Fe
23.3	44.2	48.3	21.9	5.2	0.04	8.0	Total Resource

* Marra Mamba Deposit density assumed at 2.8 dry tonnes per cubic metre

The above resources are based on 19,326 metres drilled by Dynasty at its Prairie Downs project between August 2009 and September 2010. The program was of a reconnaissance nature and was designed to test the geological concept that channel iron deposits existed in the valley between BHB Billiton's Brockman and Marra Mamba Formation deposits to the west and an unnamed Archaean Iron Formation to the east.

Holes were drilled on a 400 metres x 200 metres and 400 metres x 100 metres spacing to a maximum depth of 60 metres and an average depth of 31.5 metres. The maximum depth of iron mineralisation identified during the program was 48 metres.

The resources for the Spearhole deposit, includes all assays from reverse-circulation drill holes SERC001 to SERC184 and SWRC001 to SWRC012.

The resources for the Marra Mamba Hematite Deposit include all assays from reverse-circulation drill holes MMRC001 to MMRC029.

QAQC data were reviewed by Dynasty's consultants which analytical results included certified reference material, field duplicates and pulp duplicates. Analysis of samples of certified material showed that the analytical accuracy was within the tolerance limits.

The independent laboratory used for the analysis of drill samples was Nagrom, based in Kelmscott, Western Australia.

The Spearhole mineralisation improves towards the south and south-east and deepens at the confluence of two channels. Drilling data included in the above resource estimate is in the northern, shallower portion of the deposits identified so far.

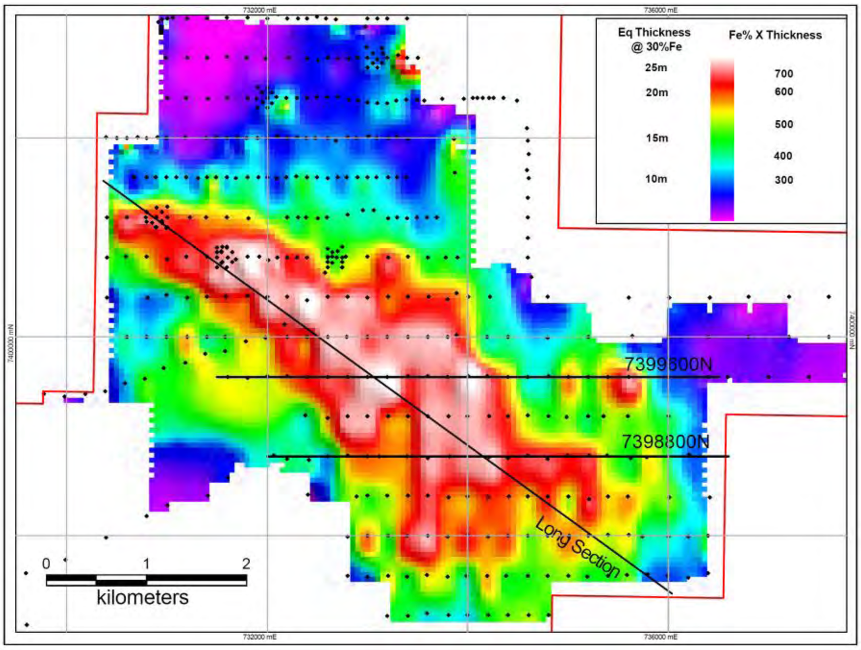

Figure 2 The extensive ironstone gravels in paleochannels as discovered in the 2009 and 2010 drilling program

Other iron ore tenements

E47/2396, Marandoo

The tenement covers an area of 24.4km^2 and is within 7 kilometres of Rio Tinto's Marandoo Mine. A ground magnetics program was completed and processed to identify DSO targets below the alluvials that blanket the tenement. The magnetics show significant targets for both Marra Mamba formation bedded iron deposits (BID) and channel iron deposits (CID) shedding from the extensive ironstone ranges to the north of the tenement (Figure 3).

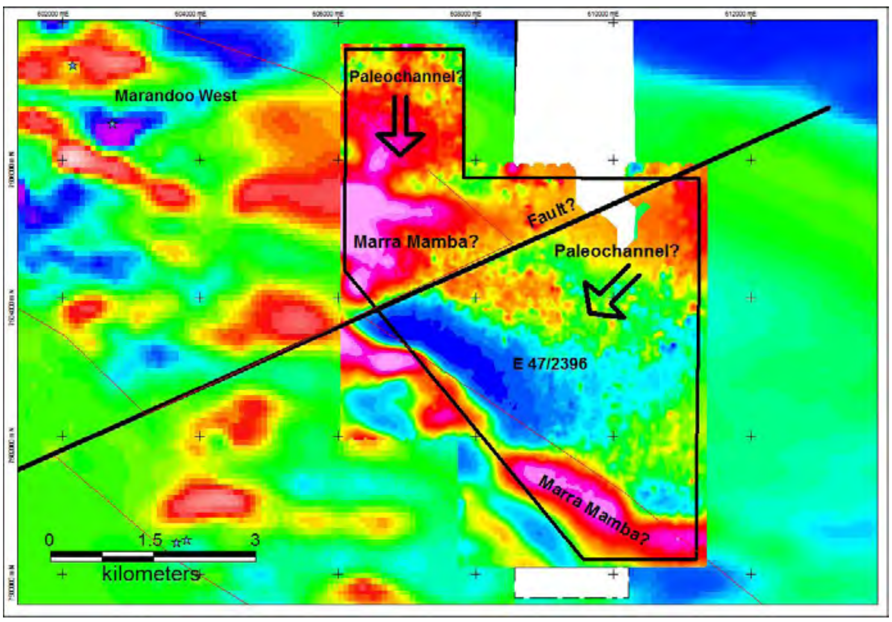

Figure 3, Marandoo project E47/2396 ground magnetic total magnetic intensity, regional magnetic with interpretation and potential targets

These survey results are highly encouraging and, based on the magnetics, a drilling program has been designed and the relevant approvals and clearances are in the process of being obtained. Figure 4 shows the magnetics with the proposed drilling that is scheduled to commence in the coming period.

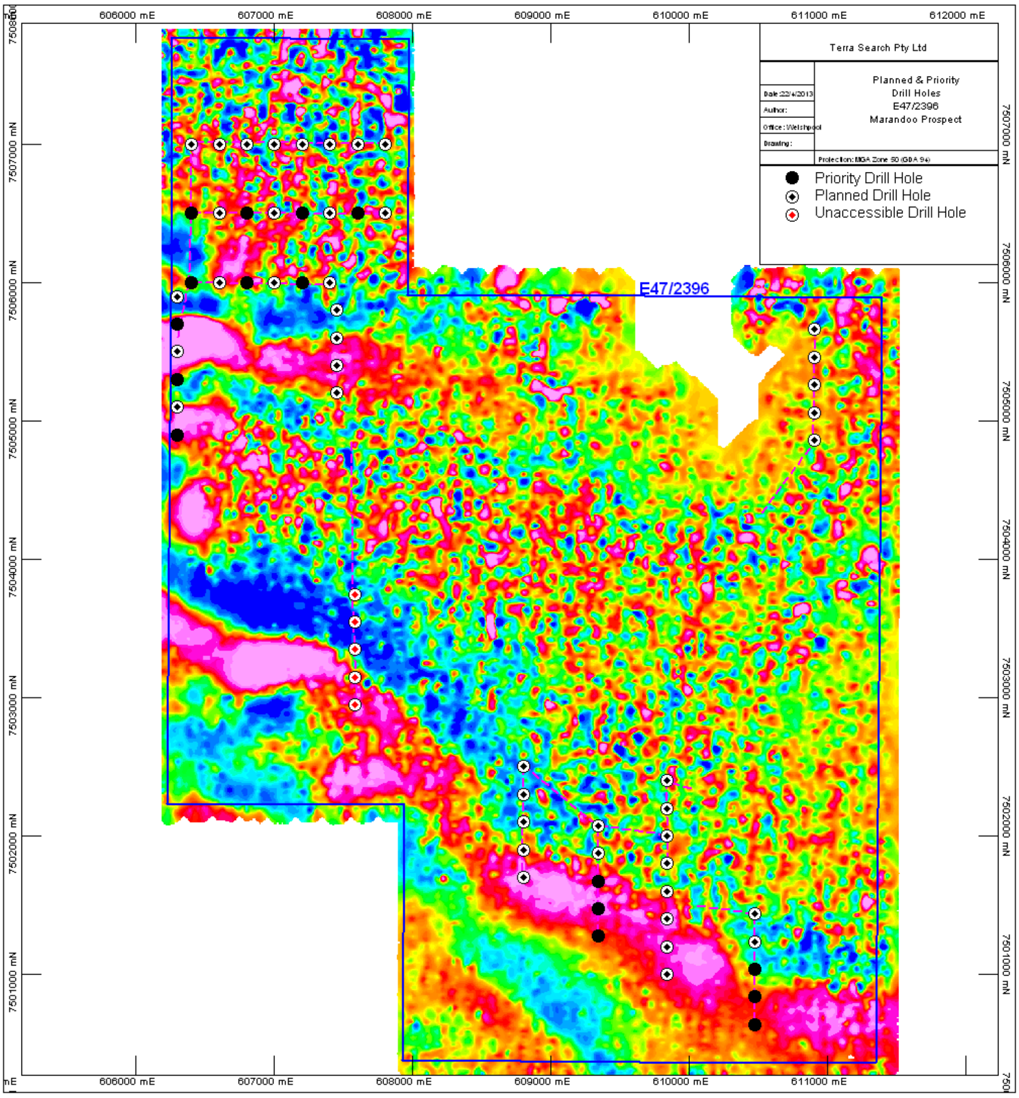

Figure 4 Proposed drill program Marandoo Project

E52/2591, Newman (20.5km^2)

This tenement is covered by recent alluvials and has been ignored by previous explorers despite having significant Marra Mamba hosted mineralisation in outcropping areas adjacent to the tenement and being in the vicinity of BHP's world class Mt Whaleback and Jimblebar mines. To evaluate the potential of the area a 220 line kilometre ground magnetic survey was completed. This showed several anomalies that were worthy of testing. The anomalies from the program warranted drilling follow-up and a short RC program was completed during the year. Results from this broad spaced program failed to identify any Hamersley Basin stratigraphy and the results are being reviewed to determine what potential remains in the area.

E52/2640 and 2641, Prairie West (160 km^2)

These tenements are 60 kilometres west of Dynasty's Prairie Downs Project and Spearhole Deposit, which were granted during the last quarter of the financial year. The areas are in a similar geological setting to the Spearhole Project with potential CID 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 (See Figure 5).

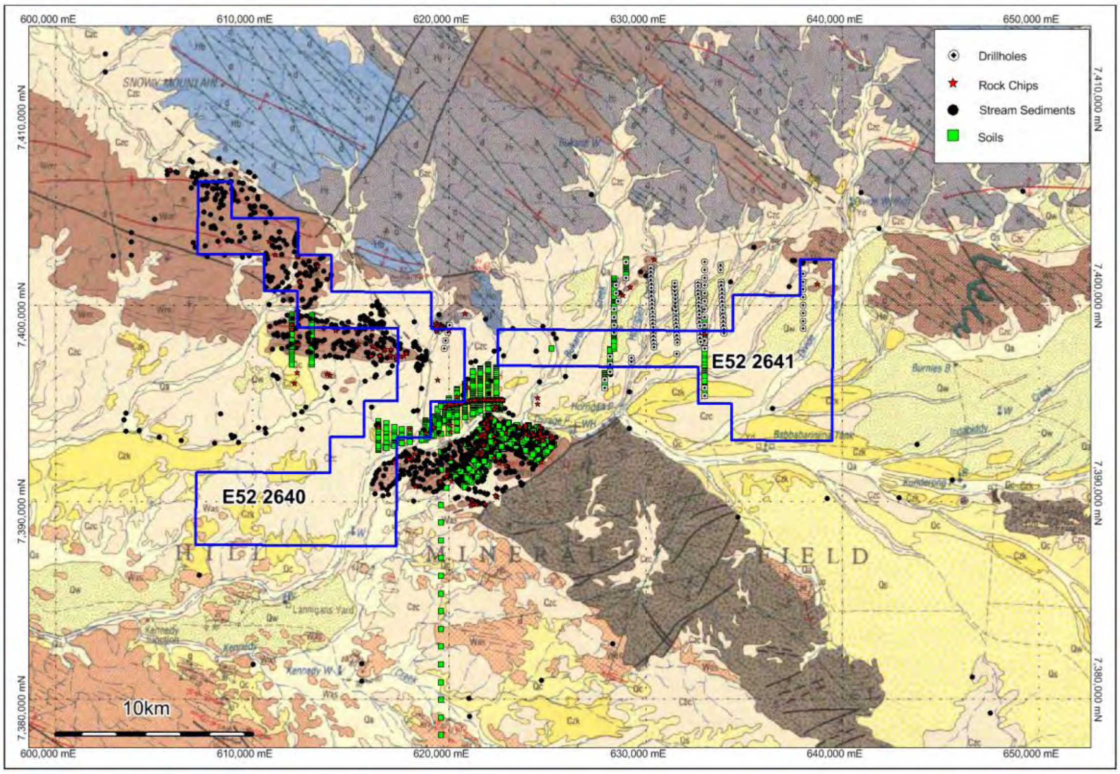

Figure 5 Prairie West Project E52/2640 and E52/2641

Goldstone JV

Exploration work has continued on the Goldstone JV with China Coal Geological Exploration Corporation (CCGEC) earning 80% equity in the projects by spending $2.75 million on exploration across the tenements in the Stanley Naberru, Mt Philips and Hyden areas.

Geophysical surveys completed during the year over the Mt Philips project will allow more focused exploration in this area. Geochemical and ground geophysical anomalies in the Hyden area show good potential for both gold and nickel targets. Trenching and drilling programs are currently going through approval processes to be completed in the coming period.

Irwin River Petroleum

In February 2013, the Company was granted two petroleum licenses EP 484 and EP 485 totalling 1,129km^2 in the Northern Perth Basin in Western Australia. A study completed by an oil and gas expert evaluated the potential of the shale gas potentials in these two tenements.

The Perth Basin is known to contain significant resources for Shale Gas. There are 5 potential oil/gas source rocks within the region of Permian to Jurassic age:

- Nangetty Formation
- Holmwood Shale
- Carynginia Formation
- Kochatea Shale
- Cadda Formation

These formations are all likely to be present at depth with both the Kockatea and Carynginia appearing the best targets within the tenements.

An exploration plan to test both the Shale and gas potential is being formulated and potential partners for this exploration are being canvassed. The Dynasty Board has been undertaking the discussion with varies parties for joint ventures or potentially to be spun off from Dynasty Metals.

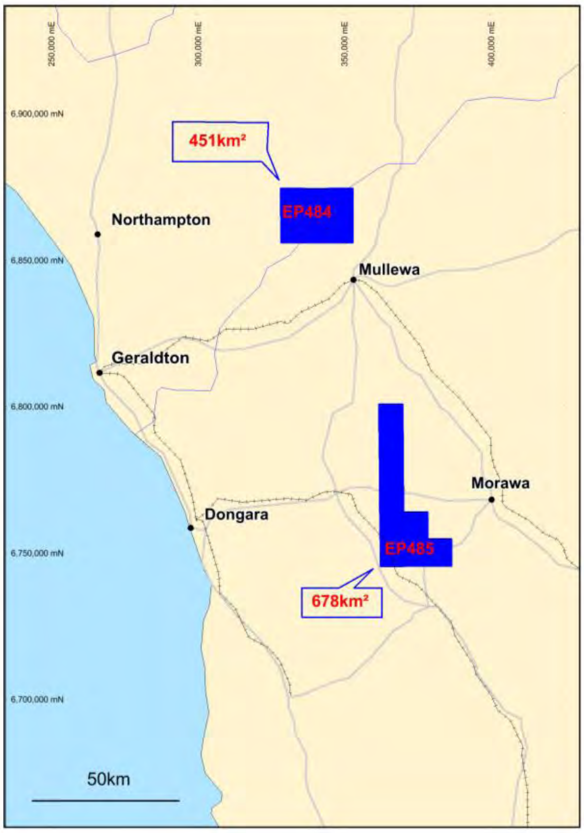

Figure 6.1 Location of the Irwin Project

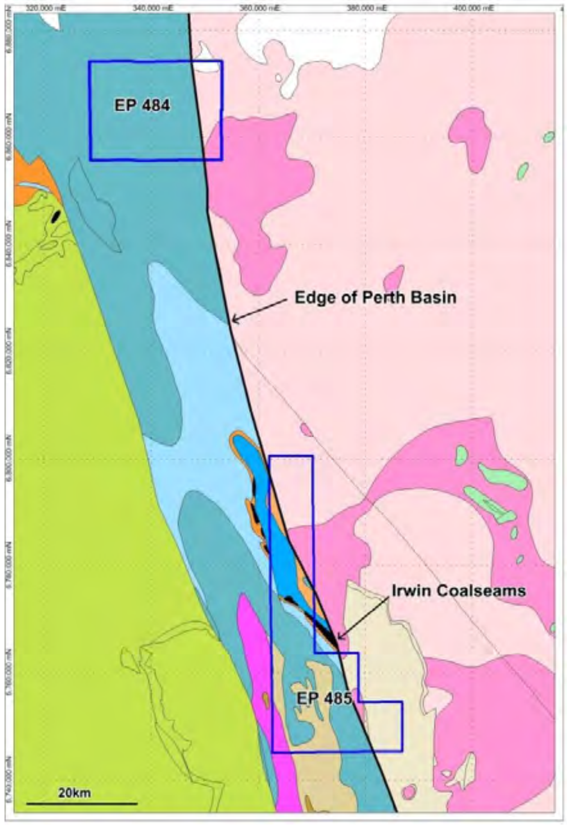

Figure 6.2 Geology and location of the DMA EP's

Tenement Management

Two tenements in the Bulloo Downs project area, E52/2024 and E52/2464 have been the subject of an Option agreement with Plasia Pty Ltd. Under the arrangement the tenements will be kept in good standing with all exploration and holding costs covered by Plasia, with Dynasty to benefit from any exploration success through cash payments and participation in the development of a resource.

As part of these tenement reviews certain tenements deemed to be of lower prospectivity and with high exploration commitments have been relinquished to allow Dynasty to focus on their higher priority tenements and to evaluate other opportunities as they arise.

Exploration Application

Dynasty has made application for some open tenements in the Robe River area with good potential for CID mineralisation. These tenements have competing applications and will be part of a ballot process prior to the advancing of the grant process.

Dynasty has also been reviewing available ground in the Yilgarn craton for areas with gold,copper and base metal potential. This has resulted in the identification of several areas which have since been applied for. These include areas in the Tropicana, Laverton and Southern Cross regions (See Figure 7). All of these tenements are within regions that contain one or more large gold deposits. Once granted, Dynasty will focus on rapidly evaluating the potential in these tenements and drilling any identified targets.

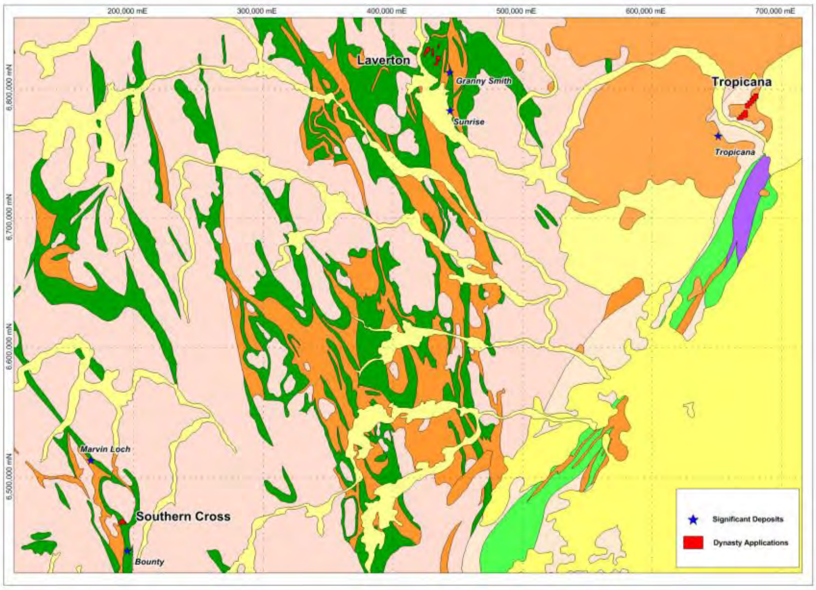

Figure 7 Tenement applications - Goldfields area

The Tropicana Application

This application is within the same geological region as Anglogold/Independence Group's 5Moz Tropicana deposit. The region is historically underexplored and there is good potential for further discoveries. The Tropicana belt is within the collision zone between the Yilgarn Craton and the Fraser Range Mobile Belt. This zone is at a much earlier exploration stage than the Eastern Gold Fields and has the potential for large deposits.

The Laverton Region Application

This application is within the eastern goldfields has areas under cover that Dynasty consider underexplored in a region that has produced several multimillion ounce gold deposits. Regional Magnetics indicate there are several greenstone belts in the area with associated gold along structures within the greenstone and adjacent lithologies. trends of mineralisation continue into the application areas under cover also. Regional mineralisation models are well known and the gold potential will be able to be rapidly evaluated on grant.

The Southern Cross Application

This application is within the Southern Cross greenstone belt and Dynasty consider the area underexplored. The region contains several deposits with total resources and production of over 1 million ounces. The mineralisation in the area is concentrated within the greenstone belt and structures that continue through the application area. Modern geophysical techniques should assist greatly in the targeting of drilling on these structures.

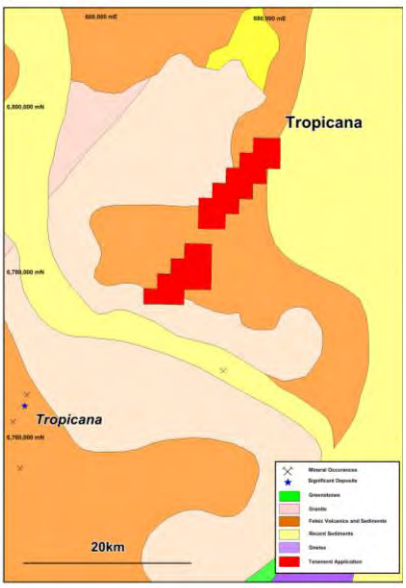

Figure 8 Tropicana application

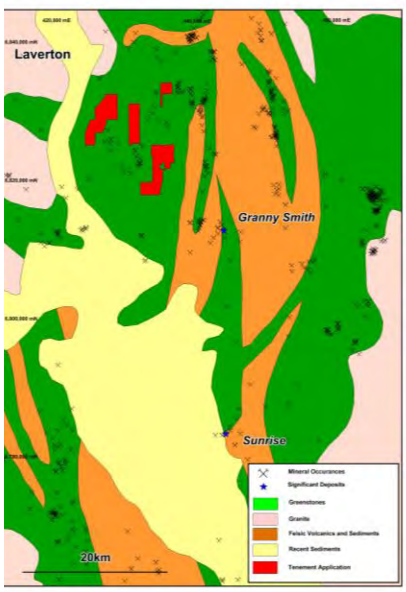

Figure 9 Laverton region applications

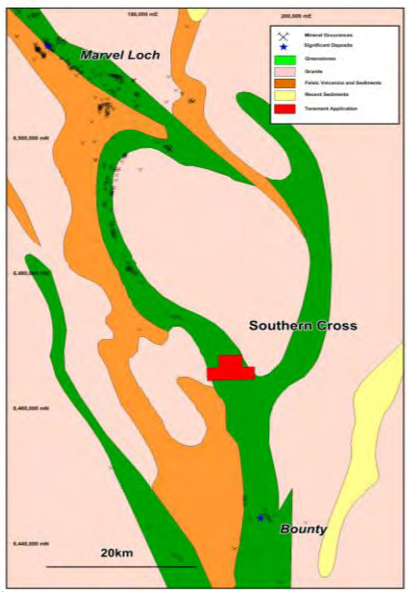

Figure 10 Southern Cross application

Competent Persons 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. 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.

FINANCIAL REVIEW

The net loss of the Company for the year ended 30 June 2013 was $1,479,128 (2012: $1,128,009). The major items impacting on the net loss for 2013 were:

- Exploration expenses decreased from $1,591,778 to $986,410, as a result of the relinquishment of a number of non-core exploration tenements, and a focused exploration program on key strategic tenements.
- Corporate and administration expenses decreased from $447,528 to $359,605, reflecting the Board's focus on cost reduction during the year.
- Goldstone JV - In March 2013, China Coal Geology Engineering Corporation exercised their option, under the terms of the farm in agreement with the Company, to subscribe for additional shares in Goldstone Resources Pty Ltd (Goldstone) for $750,000. This resulted in the dilution of the Company's interest in Goldstone from 40% to 20%, and resulted in a loss of $207,729 being recognised in the Company's financial statements.
- The Company disposed of their 8.65% farm in interest in EPC 956 and 987 to Tiaro Energy Corporation Pty Ltd in consideration for 3 million fully paid ordinary shares in the ASX listed parent, Tiaro Coal Limited (ASX:TCM) in August 2012. The fair value of the shares issued for consideration was $0.29 per share, totaling $870,000. This resulted in a gain on disposal of this minority JV interest of $870,000.
- The Company holds listed shares in Argonaut Resources NL (ASX:ARG) and Tiaro Coal (ASX:TCM). Due to negative movements in the price of these Companies shares, a fair value adjustment of $633,356 is reflected in the Company's Statement of Profit or Loss and Other Comprehensive Income for 2013.
- The Company's investment in Goldstone is equity accounted in its financial statements. Subsequent to completion of reporting for the year ended 30 June 2012, Goldstone made a number of retrospective adjustments to their financial statements. The main adjustments made by Goldstone were:
  - Recognition of $419,201 of expenses not previously reflected in the financial statements;
  - Write-off of capitalised exploration and evaluation expenditure of $311,606; and
  - Other miscellaneous changes equating to $164,950.

The impact of these prior period adjustments on the comparative balances disclosed within the Company's financial statements was an adjustment of ($358,303) in the carrying value of the Company's investment in Goldstone in the year ended 30 June 2012 down to $969,193, and an increase in the share of the loss of the associate to $364,140 in the Company's Statement of Profit or Loss and Other Comprehensive Income for 2012.

Business Strategies and Prospects for Future Financial Years

The objective of the Company is to create long-term shareholder value through the development of its flagship Prairie Downs project and iron-ore exploration. The Company operates in a changing environment and is subject to factors and business risks that will affect future performance. The following factors and business risks could have a material effect on the Company's future prospects:

- *Access to further capital* – The ongoing exploration of the Company's tenements will require substantial additional capital. Failure to obtain sufficient financing may result in delaying or postponement of exploration or even the need to relinquish some of the tenements. The Company's Board monitors the Company's financial requirements closely and is experienced in capital markets and has successfully raised capital when required to meet the Company's needs so far. However, there is no assurance that additional capital will be available in the future, or on terms that are favourable to the Company;

- *Company's properties are not yet in production* – The exploration and development of mineral deposits involves a high degree of risk and not all properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Company undertakes systematic and staged exploration and testing programs, together with technical studies (beneficiation analysis) to continue to assess the financial feasibility or the project.

- *Commodity prices and changes in demand/supply* - Commodity prices fluctuate considerably, together with global supply and demand for commodities. This impacts the financial feasibility of the project, and is outside the control of the Company.
- *Development projects / Infrastructure* – The feasibility of the Company's projects is heavily dependent on its ability to access port and rail infrastructure. A number of parties are currently assessing the viability of an independent port and railway in the Pilbara region, which the Company would seek to negotiate access to although there remains a risk that the Company may not be able to achieve this at the relevant time.

The directors of Dynasty Metals Australia Limited ('the Company') present their report together with the financial statements of the Company for the year ended 30 June 2013 ('the reporting period') and the auditor's report thereon.

The Company is a company limited by shares and is incorporated and domiciled in Australia.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Name	Appointment Date
Thomas Pickett (Independent Chairman)	19 September 2011
Lewis Tay (Managing Director)	21 January 2008
Bin Wang (Non-executive Director)	19 September 2011
Boxin Dong (Alternate Director for Bin Wang)	7 December 2011

Nature of operations and principal activities

During the year the principal activity of the Company continued to be the exploration and evaluation of mineral licences.

Results of operations and financial position

The results of the Company's operations and the financial position are summarised below:

	2013 $	2012 $
Loss after tax	(1,479,128)	(1,128,009)
Basic and diluted loss per share	0.0139	0.0107
Total assets	1,917,153	3,380,125
Total liabilities	169,427	482,529
Net current assets	645,234	1,472,943
Net assets	1,747,726	2,897,596

A review of the Company's exploration activities is set out in the Operations Review on pages 4 to 12.

Dividends

No dividends were paid or declared by the Company during or since the year ended 30 June 2013.

Shares and options

The following changes in issued capital occurred during the year:

(a) 750,000 shares were issued on 26 November 2012 in consideration for brokerage services associated with a capital raising for the Company's then wholly owned subsidiary Goldstone Resources Pty Ltd. The issue of shares was approved by shareholders at the AGM on 22 November 2012;

(b) 4,385,160 shares were issued on 14 May 2013 at 5 cents per share as part of a rights issue.

Farm-out arrangements and other non-core investments

Consistent with the Board's ongoing strategy to actively seek to divest non-core tenements, the Company entered into a joint-venture arrangement in May 2011 in relation those tenements held by its then wholly owned subsidiary Goldstone Pty Ltd. Further detail in relation to this agreement is on page 8 of the Operations Review.

In August 2012, the Company exchanged its 8.65% minority interest in a joint venture entity with a subsidiary of Tiaro Coal Limited (ASX:TCM) for 3,000,000 shares in the listed parent entity Tiaro Coal Limited.

Litigation

The Company was not involved in any litigation during the year or since the end of the reporting period.

Significant changes in state of affairs

Other than discussed above, there were no significant changes in the state of affairs of the Company during the year ended 30 June 2013.

Significant events after reporting date

In September 2013 the Company undertook a placement of securities to a sophisticated investor, raising $480,000 via the issue of 8,000,000 ordinary shares and 8,000,000 unlisted options ('Placement'). The ordinary shares were issued at an issue price of $0.05 per share. The options were issued at $0.01 per share, with an exercise price of $0.05, and expiring on 18 September 2015.

Other than the Placement detailed above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Future developments

Likely future developments in the operations of the Company are referred to elsewhere in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative only.

Environmental regulation and performance

In the course of exploration, the Company carries out sampling and drilling operations that have environmental implications both by way of in situ activities and also gaining access to sites. In such cases, rehabilitation of land and the elimination of any dangerous earthworks are a normal requirement. Apart from this, the Company is not subject to any particular or significant environmental regulation.

Information on directors

Thomas Pickett LLB
Independent Chairman

Tom holds a Bachelor of Laws and was admitted as a solicitor of the Supreme Court of Queensland in 1996. Tom has broad experience in the mining industry and has held a number of corporate roles in the mining and finance industries.

Tom was also a director of CuDeco Ltd (ASX:CDU) from 2002 to 2005, and continued as in-house counsel until 2009. Tom was involved in all aspects of the company's governance and compliance, and operations and implementation of policies and procedures surrounding mine planning.

Tom is also Chairman of Planet Metals Limited and a director of Discovery Resources Limited.

Appointed September 2011.

Lewis Tay BAppSc GradDipAF
Managing Director

Lewis holds a Bachelor of Applied Science and a Graduate Diploma of Applied Finance.

Lewis has been actively involved in mining investment, commodity trading, and corporate finance with a focus on Australian resource companies over the last 20 years, and worked with a number of investor companies in China Hong Kong and South East Asia.

Appointed Executive Director in January 2008 and Managing Director since September 2011.

Bin Wang MFin
Non-executive Director

Bin holds a Master of International Finance & Business Management, and is resident of China.

Bin has held directorships and other governance roles with a number of companies listed on the Shanghai Stock Exchange. Bin's previous roles include CEO of Shanghai Hywood Capital Co Ltd and General Partner of Shanghai Gosun Venture Capital Fund.

Bin brings a wealth of experience in finance, acquisition and derivative investment in China, as well as extensive experience in capital raising and resource management across both private sector and public companies.

Appointed September 2011.

Boxin Dong MBus (Bkg&Fin)
Alternate Director for Bin Wang

Boxin holds a Masters in Business (Banking and Finance) from Monash University. He was a member of CFA Society (Hong Kong) until 2008 and is currently a part-time lecturer in finance and economics at Shanghai University.

Boxin is a professional venture capital investor with a specialist focus on the mining industry, and is current president of Hywood Capital. Between 2005 and 2011 he was Capital Structure Department manager for Huawei Technology, the largest telecommunication equipment provider in the world. And prior to that he was finance manager for China Southern Airlines.

Company secretary

Louise Edwards LLB MBA ACIS
Louise was appointed Company Secretary in February 2012. Louise previously worked as a corporate lawyer and has over twelve years experience in corporate roles for listed finance and investment companies in Australia and the UK. Louise holds a Bachelor of Laws, a Masters in Business Administration (AGSM), and was admitted as a solicitor of the Supreme Court of Queensland in 1998. Louise is an Associate of Chartered Secretaries of Australia.

Directors meetings

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2013, and the number of meetings attended by each Director were:

	Board Meetings		Audit Committee Meetings	
	Held	**Attended**	**Held**	**Attended**
Thomas Pickett	4	4	2	2
Lewis Tay	4	4	2	2
Bin Wang	4	1	2	1
Boxin Dong (Alternate for B Wang)	4	1	2	1

Under the Company's Constitution, documents containing written resolutions assented to by directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). There were nine written resolutions assented to by the Board this financial year, in addition to those meetings referred to above.

Directors' interests

The relevant interest of each director in shares and options issued by the Company, as notified by the directors in accordance with s205G(1) of the Corporations Act 2011, at the date of this report is as follows:

	2013	**2012**
Thomas Pickett	7,500	2,500
Lewis Tay	3,809,302	3,168,409
Bin Wang	-	-
Boxin Dong	6,526,996	5,319,164

For details of the directors' share transactions refer to Note 19 'Related Party Transactions'.

Share options

On 19 September 2013, 8,000,000 unlisted options were issued via a placement. The options were issued at an issue price of $0.01, have an exercise price of $0.05 and expire on 18 September 2015.

Other than the options detailed above, there are no other options on issue.

Indemnification and insurance of officers and auditors

Indemnification

Rule 28 of the Company's constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, officers of the Company for all losses and liabilities incurred by the person on their position as an officer of the Company or of a related body corporate. The directors may also determine that the same indemnity be provided to officers of related bodies corporate of the Company and Company auditors. In accordance with the requirements of section 199A of the Corporations Act, Rule 28 does not indemnify an officer for any liability involving a lack of good faith. No indemnity has been granted to an auditor of the Company. The Company has not been required to indemnify any officer under Rule 28 since its incorporation.

Rule 28 also permits the Company to purchase and maintain directors' and officers' insurance policies.

In conformity with Rule 28, the Company is party to Deeds of Indemnity in favour of each of the Directors referred to in this report who held office during the year and the Company Secretary. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. The Company is not aware of any liability having arisen, and no claims have been made, during or since the financial year under the Deeds of Indemnity.

Insurance premiums

During the year, the Company paid premiums for contracts insuring directors and officers of the Company against certain liabilities (subject to certain exclusions and to the extent permitted by law) for the year ended 30 June 2013. The directors have not included details for the nature of the liabilities covered or the amount of the premium paid in respect of the directors'' and officers' liability insurance contract as (in accordance with normal commercial practice) such disclosure is prohibited under the terms of the contracts.

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the Corporations Act for the year ended 30 June 2013.

Principles of Compensation

The Company's Board comprises a Managing Director, and two non-executive directors. The Company does not have any employees. Therefore, remuneration disclosures in this report relate to the remuneration of the directors.

The Company engages David Jenkins of Terra Search Pty Ltd to provide consultant geological services, Hetherington Exploration and Mining Title Services Pty Ltd to provide tenement management services, PKF Mack & Co to provide financial and accounting services and Louise Edwards to provide company secretarial services.

The Company's constitution provides that Directors may be paid such remuneration as is determined from time to time in general meeting. The Board Charter discloses the main corporate governance practices of the Board including a detailed definition of independence, a framework for the identification of candidates for appointment to the Board, requirements regarding conflicts of interest, and the role and responsibility of the board. The cap on remuneration for non-executive directors is $200,000 in aggregate per annum, as approved by shareholders at the General Meeting on 24 July 2007. Superannuation contributions and insurance premiums are also paid by the Company in accordance with the law and the Company's Constitution. Each director has entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance.

The Chairman was entitled to annual fees of $60,000 per annum (including superannuation) for the period 1 July 2012 to 30 June 2013, and non-executive directors were entitled to $40,000 per annum (including superannuation) for the same period. The Managing Director was entitled to annual fees of $144,000 per annum (including superannuation) for the year ended 30 June 2013. The Managing Director is not entitled to receive any termination or retirement benefits.

In accordance with the requirements of the constitution, Directors' remuneration is fixed. The Board undertakes an annual review of compensation arrangements for executive and non-executive directors to ensure compensation arrangements are market competitive and adequately reflect the skills, expertise and time demands on directors. Director's remuneration is not linked to the financial performance of the Company.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company (as defined in section 300A of the Corporations Act 2001) are set out in the following tables:

	Short term benefits		Post-employment	
	Salary & fees	Other	Superannuation	Total
Year ended 30 June 2013	**$**	**$**	**$**	**$**
Thomas Pickett	60,000	-	-	60,000
Lewis Tay	144,000	-	-	144,000
Bin Wang [(1)]	65,315	-	-	65,315
Boxin Dong [(2)]	-	-	-	-
	269,315	**-**	**-**	**269,315**
Year ended 30 June 2012				
Thomas Pickett	46,667	-	-	46,667
Lewis Tay	117,401	-	-	117,401
Bin Wang [(1)]	-	-	-	-
Boxin Dong [(2)]	-	-	-	-
Richard Oh [(3)]	36,000	-	-	36,000
Xiao Dong Sun [(3)]	7,900	-	-	7,900
Nicholas Revell [(3)]	20,959	-	-	20,959
	272,327	**-**	**-**	**272,327**

[(1)] Directors fees due to Bin Wang in 2012 were paid in 2013

[(2)] Boxin Dong is an alternate director for Bin Wang. No directors fees are payable to alternate directors

[(3)] Ceased to be a director on 19 September 2011

	2013 $	2012 $
Short term benefits	269,315	272,327
Post-employment benefits	-	-
Share based payments	-	-
	269,315	**272,327**

Share based compensation

Options and rights over equity instruments granted as compensation

During the past two years, or since the end of this reporting period, no options were issued to Directors as compensation.

Total expenses arising from share-based payment transactions recognised during the year and prior year, as part of the employee benefit expense was $nil (2012: $nil).

Additional information

Summary of Company's performance and movements in Dynasty Metals Australia Limited's share price over the last five years:

	2013 $	2012 $	2011 $	2010 $	2009 $
Revenue	941,555	1,488,680	107,584	572,998	318,119
Net loss before tax	(1,930,908)	(1,490,448)	(3,455,347)	(5,807,812)	(2,630,842)
Net loss after tax	(1,479,128)	(1,128,009)	(3,455,347)	(5,778,447)	(2,508,855)
Closing share price at reporting dates	0.0400	0.0860	0.1800	0.1400	0.1250
Basic and diluted loss per share	(0.0139)	(0.0107)	(0.0399)	(0.0831)	(0.0451)
Dividends per share	-	-	-	-	-

REMUNERATION REPORT (AUDITED) (continued)

Non-audit services

During the year, Deloitte Touche Tohmatsu, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

(a) all non-audit services have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and

(b) the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, Deloitte Touche Tohmatsu, and its related practices for non-audit services provided during the year are set out in Note 3 of the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and is noted on page 20.

This report is made in accordance with a resolution of the Directors.

Lewis Tay
Managing Director

Sydney
27 September 2013

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Dynasty Metals Australia Limited
Level 4, 35 Havelock Street
WEST PERTH WA 6005

27 September 2013

Dear Board Members

Dynasty Metals Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Dynasty Metals Australia Limited.

As lead audit partner for the audit of the financial statements of Dynasty Metals Australia Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

For year ended 30 June 2013

	Notes	2013 $	2012 $
Continuing operations			
Interest income		71,555	155,347
Gain on disposal of shares in subsidiary		-	1,333,333
Gain on disposal of JV interest	21	870,000	-
		941,555	**1,488,680**
Share of losses of associates accounted for using the equity method	17	(311,097)	(364,140)
Employee benefits expenses		(374,266)	(351,163)
Exploration expenses		(986,410)	(1,591,778)
Impairment on fair value of available for sale financial assets	9	(633,356)	(40,737)
Loss on disposal of interest in associate		(207,729)	-
Impairment of loan to a subsidiary		-	(183,782)
Administrative and other expenses		(359,605)	(447,528)
Loss before income tax		**(1,930,908)**	**(1,490,448)**
Income tax benefit	5	451,780	362,439
Net loss after tax attributable to owners of the Company		**(1,479,128)**	**(1,128,009)**
Other comprehensive income			
Items that maybe reclassified subsequently to profit or loss		-	-
Total other comprehensive income for the year		-	-
Total comprehensive loss attributable to owners of the Company		**(1,479,128)**	**(1,128,009)**
Net loss per share (in cents)			
Basic and diluted for the year	4	(1.39)	(1.07)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2013

	Notes	2013	2012	2011
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents	6	766,160	1,813,615	3,889,140
Trade and other receivables	8	48,501	141,857	75,758
Prepayments		-	-	33,045
Total current assets		**814,661**	**1,955,472**	**3,997,943**
Non-current assets				
Investments accounted for using the equity method	17	450,367	969,193	-
Other financial assets	9	558,137	346,851	393,728
Property, plant and equipment	10	93,988	108,609	130,834
Total non-current assets		**1,102,492**	**1,424,653**	**524,562**
Total assets		**1,917,153**	**3,380,125**	**4,522,505**
LIABILITIES				
Current liabilities				
Trade and other payables	11	169,427	482,529	642,700
Total current liabilities		**169,427**	**482,529**	**642,700**
Total liabilities		**169,427**	**482,529**	**642,700**
Net assets		**1,747,726**	**2,897,596**	**3,879,805**
EQUITY				
Contributed equity	12	18,144,636	17,815,378	17,355,778
Reserves	13	-	-	2,972,344
Accumulated losses		(16,396,910)	(14,917,782)	(16,448,317)
Total equity		**1,747,726**	**2,897,596**	**3,879,805**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For year ended 30 June 2013

	Notes	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,912,193)	(2,273,211)
Interest received		75,459	146,823
Income tax refund		451,780	362,439
Net cash used in operating activities	7	(1,384,954)	(1,763,949)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(7,116)	(601)
Loan to other entities		-	(317,116)
Proceeds from loans		100,000	-
Proceeds to/(from) bonds/guarantees		25,357	6,140
Net cash (used in) / from investing activities		118,241	(311,577)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		219,258	-
Net cash from financing activities		219,258	-
Net decrease in cash and cash equivalents		**(1,047,455)**	**(2,075,525)**
Cash and cash equivalents at the beginning of the year		1,813,615	3,889,140
Cash and cash equivalents at the end of the year	6	**766,160**	**1,813,615**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For year ended 30 June 2013

	Ordinary Shares $	Reserves $	Accumulated losses $	Total equity $
At 30 June 2011	**17,355,778**	**2,972,344**	**(16,448,317)**	**3,879,805**
Loss for the year	-	-	(1,128,009)	(1,128,009)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(1,128,009)	(1,128,009)
Transfer relating to options exercised/expired	313,800	(2,972,344)	2,658,544	-
Issue of options to consultants	180,000	-	-	180,000
Capital raising costs	(34,200)	-	-	(34,200)
At 30 June 2012	**17,815,378**	**-**	**(14,917,782)**	**2,897,596**
Loss for the year	-	-	(1,479,128)	(1,479,128)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(1,479,128)	(1,479,128)
Share based payments	110,000	-	-	110,000
Rights issue	219,258	-	-	219,258
At 30 June 2013	**18,144,636**	**-**	**(16,396,910)**	**1,747,726**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. Corporate Information

The financial report of Dynasty Metals Australia Limited (‘Company’) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 27 September 2013.

Dynasty Metals Australia Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company during the year was exploration and evaluation of mineral licences.

The Registered Office of the Company is at Level 4, 35 Havelock Street, West Perth, WA, 6005.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

For the purposes of preparing the financial statements, the Company is a for-profit entity

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars unless otherwise noted.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and complies with other requirements of the law, as appropriate for for-profit oriented entities.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) New standards and interpretations

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the entity.

The following Accounting Standards and Interpretations are most relevant to the entity:

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income

The entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be ‘recycled’ to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term ‘Statement of profit or loss and other comprehensive income’ clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

(c) New standards and interpretations in issue but not yet adopted

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

AASB No.	Title	Application date of standard	Issue date
9	Financial Instruments	1 Jan 2015	Dec 2010
10	Consolidated Financial Statements	1 Jan 2013	August 2011
11	Joint Arrangements	1 Jan 2013	August 2011
12	Disclosure of Interests in Other Entities	1 Jan 2013	August 2011
13	Fair Value Measurement	1 Jan 2013	Sept 2011
119	Employee Benefits	1 Jan 2013	Sept 2011
127	Separate Financial Statements (Revised)	1 Jan 2013	August 2011
128	Investments in Associates and Joint Venture (Reissued)	1 Jan 2013	August 2011
1053	Application of Tiers of Australian Accounting Standards	1 Jan 2013	June 2010
2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management – Personnel Disclosure Requirement	1 July 2013	July 2011
2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 Jan 2013	June 2012
2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 Jan 2014	June 2012
2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	1 Jan 2013	June 2012
2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	1 Jan 2013	Dec 2012
2012-10	Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	1 Jan 2013	June 2014
2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	1 Jan 2014	June 2013
2013-4	Amendments to Australian Accounting Standards – Narration of Derivatives & Continuation of Hedge Accounting (AASB139)	1 Jan 2014	July 2013
2013-5	Amendments to Australian Accounting Standards – Investment Entities	1 Jan 2014	August 2013

Interpretations

AASB No.	Title	Application date of standard	Issue date
20	Stripping Costs in the Production Phase of a Surface Mine	1 Jan 2013	Nov 2011
21	Levies	1 Jan 2014	June 2013

(c) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(d) Employee Benefits Expenditure

Employee benefits such as salary and wages are measured at the rate at which the entity expects to settle the liability; and recognised during the period over which the employee services are being rendered.

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(e) Exploration and evaluation expenses

The Company expenses all exploration and evaluation expenses as they are incurred.

(f) Share based payment

Equity settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(g) Income Taxes

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(h) Earnings per share

a. *Basic earnings per share*

Basic earnings per share is determined by dividing the Company operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

b. *Diluted earnings per share*

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share by taking into account amounts paid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(i) Cash and Cash Equivalents

Cash comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and Other Receivables

Receivables are recognised and carried at original costs less an allowance for any uncollectible amounts.
An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(k) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The useful life of the assets have been set at the following levels to determine the depreciation rates:

- Plant and equipment: 2.5 to 20 years

The carrying amount of the property, plant and equipment are reviewed by the management to determine the adequacy of the depreciation charged at the end of each reporting period. Any excess or shortfall in depreciation charged is being adjusted in the income statement in the year in which such adjustments are being made as a reversal of the depreciation expense.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset

(l) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(m) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Liabilities expected to be settled within the normal trading cycle are carried at costs, and those expected to be settled beyond 12 months are measured at amortised costs.

(n) Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(p) Financial Instruments

Financial instruments are recognised when the entity becomes party to the contractual provisions of the instrument. The derecognition of a financial instrument takes place when the entity no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(q) Investments

All investments are initially recognised at fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available for sale, are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which point the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is subsequently the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

(r) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Associates

Associates are entities over which the entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(t) Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share based payments

The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the options. To estimate this fair value an option pricing model has been used. There are many variables and assumptions used as inputs into the model (which have been detailed in Notes). If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised.

Available for sale financial assets

The available for sale financial assets are measured at their fair value on each reporting date. The fair values are measured with reference to their closing market rates. The management has to apply judgement to determine if a decline in each investment's fair value below their costs is impairment. In making such judgement, the management considers the trend in movement of investment's fair value from the observable market data and the volatility in such movements over a period of time.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

3. Revenue And Expenditure

	2013 $	2012 $
Included in loss for the year are:		
Expenses:		
Directors fees and remuneration	269,315	272,317
Depreciation expenses	21,737	22,826
Auditors' remuneration		
For audit and review of financial report		
Deloitte Touche Tohmatsu	53,530	38,125
For other services – Research & Development Tax concession	21,373	131,898
	74,903	**170,023**

4. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive partly paid contributing shares).

The following reflects the income and share data used in the total operations basic and dilutive earnings per share computations:

	2013 $	2012 $
Net loss attributable to equity holders from continuing operations	(1,479,128)	(1,128,009)
Net loss attributable to ordinary shareholders for diluted earnings per share	(1,479,128)	(1,128,009)
Weighted average number of ordinary shares for basic earnings per share	106,406,078	105,125,975
Adjusted weighted average number of ordinary shares for diluted earnings per share	106,406,078	105,125,975
Basic and diluted earnings per share (in cents)	(1.39)	(1.07)
Options outstanding at reporting date *(Considered as anti-dilutive and hence not considered in above)*	-	-

5. Income Tax

	2013 $	2012 $
The components of income tax benefit / (expense) comprise of:		
Recognised in income statement:		
Current tax	451,780	362,439
Deferred tax	-	-
	451,780	**362,439**
Recognised in statement of changes in equity:		
Current tax	-	-
Deferred tax	-	-
	-	**-**

5. Income Tax (continued)

	2013 $	2012 $
Reconciliation of income tax expense to statutory income tax:		
Accounting loss before income tax	(1,930,908)	(1,490,448)
Tax / (benefit) at statutory rate of 30%	(579,272)	(447,134)
Non deductible expenses	263,304	1,751
Prior year R&D Tax Concession	(451,780)	(362,439)
Other	95,488	-
Income tax benefit not brought into account	220,480	445,383
Income tax (benefit) / expense reported in income statement	(451,780)	(362,439)
Weighted average effective tax rate	43%	43%
Components of deferred taxes:		
Deferred tax assets		
Carry forward revenue losses	4,542,815	4,256,507
Blackhole deduction	29,900	50,015
Non deductible accruals	9,555	-
	4,582,270	4,306,822
Deferred tax asset recognised to the extent of deferred tax liability at reporting date	-	-
Deferred tax liabilities		
Property Plant & Equipment	3,701	3,701
Accrued interest	1,386	2,557
	5,087	6,258
Net deferred tax asset / (liability)	4,577,183	4,300,564
Unrecognised deferred tax asset	4,577,183	4,300,564

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the Company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

6. Cash And Cash Equivalents

	2013 $	2012 $
Reconciliation of cash		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	85,950	410,290
Short Term Deposits	680,210	1,403,325
	766,160	1,813,615

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

7. Reconciliation of operating loss to net cash flows from operating activities:

	2013	2012
	$	$
Loss for the year	(1,479,128)	(1,128,009)
Adjustments for:		
Impairment of related party loan	-	183,782
Share of losses of associate	311,097	364,140
Loss on disposal of interest in associate	207,729	-
Gain on disposal of shares in subsidiary	-	(1,333,333)
Gain on disposal of interest in joint venture	(870,000)	-
Impairment on fair value of available for sale financial assets	633,356	40,737
Depreciation and amortisation	21,736	22,826
Movement in working capital items:		
(Increase) / decrease in receivables	90,839	84,968
(Increase) / decrease in prepayments	-	33,045
Increase / (decrease) in payables	(300,583)	(32,105)
Net cash from operating activities	**(1,384,954)**	**(1,763,949)**

(i) Non-cash investing and financing activities

In the 2012 financial year there were 1,000,000 fully paid ordinary shares issued in consideration for brokerage services totalling $180,000. An amount of $34,200 was capitalised to equity as this was directly related to share issue costs.

In the 2013 financial year there were 750,000 fully paid ordinary shares issued in consideration for an outstanding debt totalling $110,000.

8. Trade And Other Receivables

	2013	2012
	$	$
Current		
Accrued interest from financial institutions	4,619	8,524
GST receivable	43,882	-
Loan receivable – Goldstone Resources Pty Limited	-	133,333
	48,501	**141,857**

Age of receivables that are past due but not impaired:		
Recoverable within 3 months	48,501	141,857
Recoverable more than 3 months	-	-
	48,501	**141,857**

9. Other Financial Assets

	2013	2012
	$	$
Term deposits with financial institutions	196,735	222,092
Available for sale financial assets	361,402	124,759
	558,137	346,851

Term deposits are restricted cash balances held by financial institutions as security against the guarantees issued to State Governments for the Company's exploration tenements.

Available for sale financial assets are the Company's investment in equity of listed entities. These are measured at their fair value applying the closing market rate on the reporting dates. Investments at reporting date represent 2,546,099 ordinary equity shares in Argonaut Resources NL (2012: 2,546,099) and 3,000,000 ordinary equity shares in Tiaro Coal Limited (2012: nil).

Reconciliation of the fair values of Available for sale financial assets at the beginning and end of the current and previous financial year are set out below:

	2013 $	2012 $
Opening fair value	124,759	165,497
Additions	870,000	-
Impairment write-off	(633,357)	(40,738)
Closing fair value	**361,402**	**124,759**

10. Property, Plant And Equipment

	2013 $	2012 $
Plant and equipment		
At cost	177,125	170,009
Accumulated depreciation	(83,137)	(61,400)
	93,988	**108,609**
Movement in net carrying amount		
Balance at the beginning of the year	108,609	130,834
Additions	7,116	601
Depreciation for the year	(21,737)	(22,826)
Balance at the end of the year	**93,988**	**108,609**

11. Trade And Other Payables

	2013 $	2012 $
Trade and other payables	169,427	464,795
GST payable	-	17,734
	169,427	**482,529**
Payable maturity analysis:		
Payable within 3 months	169,427	482,529
	169,427	**482,529**

Trade and other payables are unsecured and generally payable on 30 to 90 day credit terms.

12. Contributed Equity

	2013 Nos.	2013 $	2012 Nos.	2012 $
Movement of ordinary shares on issue:				
Balance at the beginning of the year	105,383,509	17,815,378	104,383,509	17,355,778
Issued at $0.18	-	-	1,000,000	180,000
Issued as consideration for satisfaction of creditor balance(i)	750,000	110,000	-	-
Rights issue(ii)	4,385,160	219,258	-	-
Transfer upon exercise of option from option reserve	-	-	-	313,800
Equity issue costs	-	-	-	(34,200)
Balance at the end of the year	**110,518,669**	**18,144,636**	**105,383,509**	**17,815,378**

Fully paid ordinary shares carry one vote per share and carry a right to dividends. These shares have no par value.

(i) On 26 November 2012 750,000 shares were issued to a broker as consideration for capital raising activities relating to Goldstone Pty Ltd. The issue was approved by shareholders on 22 November 2012.

(ii) On 14 May 2013 4,385,160 shares were issued pursuant to a rights issue.

Movement in options outstanding:

	20 cents options expiring 21/12/2011
	Nos.
Year ended 30 June 2012	
Balance at the beginning of the year	17,450,000
Issued during the year	-
Exercised during the year	-
Lapsed during the year	(17,450,000)
Balance at the end of the year	-

Year ended 30 June 2013

There are no outstanding options for the year ended 30 June 2013.

Capital Management Policy

The Company's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The Company manages its contributed equity and reserves as part of its capital. The Company has no debt obligations and is not subject to any externally imposed capital requirements.

As is similar with many other exploration companies, the operational requirements of the Company are funded through equity raised in various trenches. The overall capital management policy of the Company remains unchanged and is consistent with prior years.

13. Reserves

Movement in reserves	Share options reserve	Total
	$	**$**
At 30 June 2011	**2,972,344**	**2,972,344**
Transfer options exercised/expired	(2,972,344)	(2,972,344)
At 30 June 2012	**-**	**-**
At 30 June 2013	**-**	**-**

Share options reserve
The balance in the reserve represents proceeds from issue of options and also the fair value of options granted to directors and others.

14. Share Based Payments

a. Share based option payments made during the year

No share based payment options were granted during the current year.

14. Share Based Payments (continued)

b. Movement in share based payment options

The movement in share based payment options were:

	Nos.	Average exercise price
Balance at 30 June 2012	17,450,000	$ 0.2000
Expired during 2012	(17,450,000)	$ 0.2000
Exercised during 2012	-	-
Issued during 2012	-	-
Balance at 30 June 2013	-	-

There are no outstanding options for the year ended 30 June 2013.

15. Commitments And Contingencies

Tenement commitments

In order to maintain an interest in the mining and exploration tenements in which the Company seeks to retain and does not intend to relinquish within the next 12 months, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report.

Outstanding exploration commitments for those tenements the Company does not intend to relinquish are as follows (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations):

	2013	2012
	$	$
Payable within one year	272,000	660,000

Capital commitments

At 30 June 2013, the Company had no other capital commitments (2012: Nil).

Contingencies

At 30 June 2013, the Company had no contingencies (2012: Nil).

16. Financial Risk Management Objectives and Policies

The financial instruments of the Company comprise of (i) cash and cash equivalents; (ii) trade and other receivables; (iii) other financial assets; and (iv) trade and other payables.

Risk management is carried out under the policies approved by the Board of Directors. The Board identifies and evaluates the risk and takes appropriate measures to minimise the risk.

The financial instruments expose the Company to certain risks. The nature and extent of such risks, and the management's risk management strategy are noted below.

Fair value of financial instruments

	2013	2012
	$	$
Cash and cash equivalents	766,160	1,813,615
Trade and other receivables	48,096	141,857
Term deposits with financial institutions	196,735	222,092
Available for sale financial assets	361,402	124,759
Trade and other payables	(169,022)	(482,529)
	1,203,371	**1,819,794**

16. Financial Risk Management Objectives and Policies

The fair values are a close approximation of the carrying amounts on account of the short maturity cycle.

The fair values are close approximation of the carrying amounts as these deposits are interest bearing and are rolled over at short maturity.

These are measured at fair value applying the closing market rate at reporting date.

Risk management strategies

Credit risk:

The Company's credit risks arise from potential default of trade and other receivables. The maximum credit exposure is limited to the carrying amount of trade and other receivables as noted in the statement of financial position.

The ageing analysis of the trade debtors and other receivables are noted below:

	2013	2012
	$	$
Recoverable within 3 months	48,501	141,857
	48,501	**141,857**

The receivable balances consist primarily of GST credits. The credit risk arising from such balances are considered to be very minimal as these are receivable from the Australian Commonwealth.

Credit risk also exists in relation to the probable default of the financial institutions in honouring the cash and term deposit balances at maturity. However, this is considered to be low as the Company transacts with highly reputed financial institutions which are subject to strict prudential norms by legislation / regulations.

Liquidity risk:

The Company's liquidity risks arise from potential inability of the Company to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds.

The Company is exposed to liquidity risk on account of trade and other payables.

The Company manages its liquidity risk through continuously monitoring the cleared funds position; and by utilising short term cash budgets.

The contractual maturity analysis of Company's financial instruments are noted below:

	Weighted Avg Interest Rate	< 3 months	> 3 months	Total
	%	$	$	$
2013				
Financial liabilities:				
Trade and other payables	-	(169,427)	-	(169,427)
		(169,427)	**-**	**(169,427)**
Financial assets:				
Cash and cash equivalents	3.61	766,160	-	766,160
Trade and other receivables	-	48,501	-	48,501
Term deposit with financial institutions	1.49	-	196,735	196,735
Available for sale financial assets	-	-	361,402	361,402
		814,661	**558,137**	**1,372,798**

16. Financial Risk Management Objectives and Policies (continued)

	Weighted Avg Interest Rate %	< 3 months $	> 3 months $	Total $
2012				
Financial liabilities:				
Trade and other payables	-	(482,529)	-	(482,529)
		(482,529)		**(482,529)**
Financial assets:				
Cash and cash equivalents	4.35	1,813,615	-	1,813,615
Trade and other receivables	-	141,857	-	141,857
Term deposit with financial institutions	1.45	-	222,092	222,092
Available for sale financial assets	-	-	124,759	124,759
		1,955,472	**346,851**	**2,302,323**

Interest rate risk:

Interest rate risk is the risk that fair values and cash flows of the Company's financial instruments will be affected by changes in the market interest rates.

The Company's cash and term deposits with financial institutions are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Company's operations.

The Company is in the business of exploration of mineral resources. Earning interest income is not the primary objective of the business. The Company does not have any debt obligations. Hence the management does not closely monitor the movements in market interest rates as these do not have material impact on Company's business activities. The cash balances and term deposits are placed at the prevailing short term market interest rates with credit worthy financial institutions.

The sensitivity of the interest bearing financial instruments to a 1% change in market interest rate are noted below:

	2013 $	2012 $
Interest bearing cash and term deposits	962,895	2,035,707
Impact on profit and equity - +1% movement	9,629	20,357
Impact on profit and equity - -1% movement	(9,629)	(20,357)

The weighted average effective interest rate on the financial instruments were:

	2013	2012
Cash and cash equivalents	3.18%	4.03%
Trade and other receivables	NIL	NIL
Trade and other payables	NIL	NIL

Foreign currency risk:

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities dominated in a currency that is not the entity's functional currency and net investments in foreign operations. The functional and presentation currency of Dynasty Metals Australia Limited is Australian Dollar.

Commodity price risk:

The Company is not currently exposed to the movement in market commodity prices as the Company continues to be an explorer.

16. Financial Risk Management Objectives and Policies (continued)

Equity price risk:

Equity price risk is the risk that movement in fair of Company's financial instruments will be affected by changes in market prices of equity instruments. The Company is exposed to this risk on account of its available-for-sale financial assets.

The Company's objective is to invest surplus cash in time deposits in order to remain highly liquid in preparation for future activities on its core tenements.

The sensitivity of the available for sale financial assets to a 10% change in market prices are noted below:

	2013	2012
	$	$
Available for sale financial assets	361,402	124,759
Impact on profit and equity - +10% movement	36,140	12,476
Impact on profit and equity - -10% movement	(36,140)	(12,476)

Fair value of financial instruments

The following tables detail the entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2012	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets				
Ordinary shares	124,759	-	-	124,759
Total assets	124,759	-	-	124,759

2013	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets				
Ordinary shares	361,402	-	-	361,402
Total assets	361,402	-	-	361,402

There were no transfers between levels during the financial year.

17. Investment Accounted For Using The Equity Method

	2013	2012
	$	$
Investment in associate (Goldstone Resources Pty Ltd)	450,367	969,193

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

	Percentage interest 2013	Percentage interest 2012
Goldstone Resources Pty Ltd	20%	40%

17. Investment Accounted For Using The Equity Method

Information relating to the associates is set out below:

	2013 $	2012 $
Share of assets and liabilities		
Current assets	196,497	654,859
Non-current assets	279,621	551,064
Total assets	476,118	1,205,923
Current liabilities	25,751	69,050
Non-current liabilities		167,680
Total liabilities	25,751	236,730
Net assets	450,367	969,193
Share of revenue, expenses and results		
Revenue	28,823	-
Expenses	(339,920)	(364,140)
Loss before income tax(i)	(311,097)	(364,140)

(i) Refer to note 22 for further details relating to prior year error adjustment.

18. Segment Information

Management has determined that the Company has one reportable segment, being mineral exploration in Australia. As the Company is focused on exploration, the Board (Chief Operating Decision Maker) monitors the Company based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

19. Related Party Transactions

A Directors

The names of persons who were directors of the Company at any time during the financial year are as follows: Thomas Pickett, Lewis Tay, Bin Wang and Boxin Dong.

Lewis Tay is the Company's only executive director, and there are no other employees.

B Key management personnel compensation

The key management personnel compensation is as follows:

	2013 $	2012 $
Short-term employee benefits	269,315	272,327
	269,315	**272,327**

Individual director's compensation and disclosures

Information regarding individual director's compensation as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

19. Related Party Transactions

C Directors interest in shares

From time to time directors of the Company, or their director-related entities, may purchase or sell the Company's securities through the Australian Stock Exchange in accordance with the Company's trading policy.

Year ended 30 June 2013	Opening balance	Purchases	Sales	Other	Closing balance
Thomas Pickett	2,500	4,500	-	-	7,000
Lewis Tay	3,168,409	633,682	-	-	3,802,091
Bin Wang	-	-	-	-	-
Bo Xin Dong [1]	5,319,164	1,207,832	-	-	6,526,996

Year ended 30 June 2012	Opening balance	Purchases	Sales	Other	Closing balance
Thomas Pickett [3]	2,500	-	-	-	2,500
Lewis Tay	3,118,409	50,000	-	-	3,168,409
Bin Wang [3]	-	-	-	-	-
Bo Xin Dong [1, 3]	5,319,164	-	-	-	5,319,164
Richard Oh [2]	-	-	-	-	-
Xiao Dong Sun [2]	-	-	-	-	-
Nicolas Revell [2]	-	-	-	-	-
Neil Fearis [1,2]	-	-	-	-	-
Terry Gyger [1, 2]	3,750	-	-	-	3,750

[1] *Alternate director*
[2] *Ceased to be a director on 19 September 2011. Balance represents holding at resignation date.*
[3] *Appointed after 1 July 2011. Balance at 1 July 2011 represents holdings at appointment date*

D Directors interest in options

Year ended 30 June 2013	Opening balance	Issued	Expired	Closing balance
Thomas Pickett	-	-	-	-
Lewis Tay	-	-	-	-
Bin Wang	-	-	-	-
Bo Xin Dong [1]	-	-	-	-

Year ended 30 June 2012	Opening balance	Issued	Expired	Closing balance
Thomas Pickett	-	-	-	-
Lewis Tay	5,000,000	-	(5,000,000)	-
Bin Wang	-	-	-	-
Bo Xin Dong [1]	-	-	-	-
Richard Oh [2]	2,000,000	-	(2,000,000)	-
Xiao Dong Sun [2]	-	-	-	-
Nicholas Revell [2]	-	-	-	-
Neil Fearis [1,2]	-	-	-	-
Terry Gyger [1, 2]	-	-	-	-

[1] *Alternate director*
[2] *Ceased to be a director on 19 September 2011.*

19. Related Party Transactions (continued)

E Loans from key management personnel and their related parties

During the year ended 30 June 2013 the Company did not enter into loans with key management personnel or their related parties.

F Transactions with related parties

Other than those noted in the directors and executive disclosures, there are no other related party transactions or balances during the year.

Balances due to directors for fees and charges at 30 June 2013 was $nil (2012:$nil)

20. Events After Reporting Date

In September 2013, the Company undertook a placement of securities to a sophisticated investor, raising $480,000 via the issue of 8,000,000 ordinary shares and 8,000,000 unlisted options ('Placement'). The ordinary shares were issued at an issue price of $0.05 per share. The options were issued at $0.01 per share, with an exercise price of $0.05, and expiring on 18 September 2015.

Other than the Placement detailed above, there are no events subsequent to 30 June 2013 that have a material impact on the financial statements as presented.

21. Disposal of Joint Venture Interest

	2013 $	2012 $
Gain on disposal of JV interest	870,000	-
	870,000	-

The Company disposed of their 8.65% joint venture interest in EPC 956 and 957 to Tiaro Energy Corporation Pty Ltd in consideration for three million fully paid ordinary shares in ASX listed parent, Tiaro Coal Limited (ASX: TCM) on 6 August 2012. The fair value of the shares issued for consideration was 29 cents per share, totalling $870,000.

22. Prior Period Error

The Company has an investment in Goldstone Resources Pty Ltd, which is considered to be an associate under AASB 128 "Investment in Associates and Joint Ventures" and is therefore equity accounted. The balances incorporated into the Company's financial report for the year ended 30 June 2012 were provisional, as there is no statutory requirement for Goldstone to prepare separate audited financial statements. Subsequent to finalisation of the financial report for the Company, there were a number of retrospective adjustments made by Goldstone to their financial statements. These comprised primarily of the following:

- Unrecorded expenses which had been paid directly by China Coal Geology Engineering Corporation on Goldstone's behalf of $419,201.
- Write-off of capitalised exploration and evaluation expenditure of $311,606; and
- Other miscellaneous changes equating to $164,950.

The impact of these adjustments on the Company's financial statements has been quantified below and reflected throughout this financial report.

Line Item Adjustments

	Original 2012 $	Adjustment $	Revised Final 2012 $
Statement of Profit or Loss and Other Comprehensive Income			
Share of losses of associates accounted for using the equity method	(5,837)	(358,303)	(364,140)
Net loss per share (in cents)	(0.73)	(0.34)	(1.07)
Statement of Financial Position			
Investments accounted for using the equity method	1,327,496	(358,303)	969,193
Statement of Changes in Equity			
Accumulated losses (as at 30 June 2012)	(14,559,479)	(358,303)	(14,917,782)

Directors' Declaration

30 June 2013

The Directors of the Company declare that:

(a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
(b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as noted in note 2 (a) of the financial statements;
(c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and
(d) The directors have been given declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Lewis Tay
Managing Director

27 September 2013

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Members of Dynasty Metals Australia Limited

Report on the Financial Report

We have audited the accompanying financial report of Dynasty Metals Australia Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 21 to 43.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Dynasty Metals Australia Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of Dynasty Metals Australia Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Dynasty Metals Australia Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Nicoloff

Chris Nicoloff
Partner
Chartered Accountants
Perth, 27 September 2013

The Board of Dynasty Metals Australia Limited ('the Company') are committed to maintaining high standards of ethical behaviour and having an effective system of corporate governance, which is commensurate with the size of the Company and the nature of its business operations and activities.

The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles) provide a framework for good corporate governance. Commensurate with the spirit of the Principles, the Company has sought to apply the recommendations to the extent the Board considered their implementation was practical and likely to genuine improve the Company's internal processes and accountability to external stakeholders. Copies of relevant corporate governance policies referred to in this Statement are available on Dynasty Metals Australia's website at www.dynastymetals.com.au in the Corporate Governance section.

1 Laying solid foundations for management and oversight

Role of the board

The Board acknowledges its accountability to shareholders for creating shareholder value within a framework that protects the rights and interests of shareholders and ensures that the Company is being properly managed.

The Board's key roles and responsibilities are formalised in the Board Charter which is available on the Company's website.

In summary, the board's responsibilities include:

- Strategy - formulating the corporate strategy and annual business plan;
- Financial performance – adopting an annual budget and monitoring overall financial performance;
- Financial reporting – considering and approving the half-yearly and annual financial statements;
- Risk management - ensuring that effective audit, risk management and regulatory compliance programs are implemented to protect the Company's assets and shareholder value;
- Board performance and composition – evaluating the performance and composition of the Board, including the ongoing appointment of the Managing Director; and
- Continuous disclosure – ensuring that the market and shareholders are continuously informed of material information.

The Board has delegated responsibility for day to day management of the Company's operations to the Managing Director, subject to agreed delegated authority limits and formal approval processes.

Delegation to Board Committees

The Board have established an Audit and Risk Committee. The role and responsibilities of the Audit and Risk Committee are outlined in the Audit and Risk Committee Charter and are to review the integrity, quality and reliability of financial reporting and risk management systems of the Company.

Director's attendance at board and committee meetings during the past year is set out in the Director's Report.

Other Delegations

The Board has appointed the following parties to provide technical and consulting services to the Company:

- Terra Search provide geological consulting services pursuant to a services agreement that outlines the role and responsibilities of Terra Search in relation to the provision of a comprehensive range of exploration and technical functions on behalf of the Company;
- Chris Larder is engaged as a consultant metallurgist. Mr Larder in primarily responsible for the ongoing supervision of beneficiation work, and to assist the Company in making its application for a mining lease, and integrating new technical information into broader feasibility studies;
- Hetherington is engaged to provide exploration tenure management services across all tenements held by the Company;
- PKF Mack & Co is engaged to provide accounting and administration services in accordance with a services agreement. The services agreement outlines the role and responsibilities of PKF Mack & Co in relation to a comprehensive range of financial and administration functions on behalf of the Company;

Board Performance

The Board reviews its performance on an annual basis. The process for conducting the review is agreed by the Board and the results and recommendations are presented to the Board and discussed at a Board meeting.

Performance and evaluation of key executives

The Company's only executive director is the Managing Director, and the Company does not have any employees. The Company undertakes an annual review of the Managing Director's performance, together with all key service providers.

The Managing Director's remuneration package does not include a discretionary element.

The board believes that the Company complies with Principle 1 and its recommendations.

2 Structuring the Board to add value

Composition of the board

The names of the directors who held office during the year are detailed in the Director's Report, together with details of each director's skills, experience and expertise and whether the director is considered to be 'independent'.

The composition of the Board is reviewed annually by the Board to ensure it has an appropriate mix of skills and experience that enables the directors individually, and the Board collectively, to:

- have a proper understanding of, and competence to deal with, the current and emerging issues of the Company and can effectively review and challenge the performance of those consultants and other advisors engaged to assist the Company in its exploration and other activities; and
- discharge their legal duties and responsibilities effectively and efficiently.

The board currently determines a schedule of meetings at the beginning of each year. Additional meetings are held as required to address specific issues. Standing items include the financial reports, exploration reports and updates, and governance matters. Representatives from the Company's key services providers, including Terra Search and Chris Larder who provide geological and other consultancy services, are involved in regular discussions with directors in relation to the Company's ongoing exploration activities.

Director Independence

The board recognises that independent directors are important in assuring shareholders that the Board is able to act in the best interests of the Company and independently of management.

The independence of directors is reviewed annually. Based on Dynasty Metal's criteria for assessing director independence, independent directors are asked to confirm whether they have any interests or relationships that may impact either on their ability to act in the best interests of the Company or independently of management. The criteria used to assess independence, including guidance for determining materiality, are reviewed annually and are set out in the Board Charter.

As at the date of this Statement the board comprises one independent director (Thomas Pickett, Chairman), one non-executive director (Bin Wang) and one executive director (Lewis Tay, Managing Director). Bin Wang is not considered independent given his business relationship with Bo Xin Dong, who is a substantial shareholder of the Company. The board acknowledges Principle 2.1 and the recommendation that a majority of the Board be independent. Given the size of the Company, the board considers the current board size and composition is appropriate. The board notes that a majority of the directors are non-executive.

To assist directors to fully meet their responsibilities to bring an independent view on matters before them, each director has the right of access to all relevant company information and, subject to prior consultation with the Chair, may seek independent professional advice at the Company's expense.

The board believes that the Company complies with Principle 2 and its recommendations, other than in relation to Principle 2.2 as set out above.

3 Promotion of ethical and responsible decision making

Code of conduct

The Director's Code of Conduct summarises the responsibilities of the directors in maintaining the Company's commitment to high standards of ethical conduct. A copy of the Code of Conduct is available on the Company's website.

The Code of Conduct forms part of a broad framework of corporate policies which apply to directors, officers and those working on the behalf of Dynasty Metals, and sets out the parameters for ethical behaviour and business practices expected of those engaging in corporate activity on behalf of the Company. These policies detail standards and expectations relating to:

- stakeholders and maintaining high standards of service and a commitment to fair value;
- conflicts of interest and prevention of Company representatives taking advantage of property, information or position for personal gain; and
- reporting of unethical behaviour.

Trading in company securities

Directors and employees are allowed to acquire shares in the Company provided they comply with the provisions of the Securities Dealing Policy.

The policy details the insider trading provisions contained in the *Corporations Act* to be considered at any time a director or other advisor to the Company is considering trading in company shares. In addition, the policy provides for designated trading windows, requirements for pre-clearance at certain times, exclusions on other types of dealings (including short-term trading), and an obligation on directors and officers to disclose all trades in company shares.

The Securities Dealing Policy is available on the Company's website.

Diversity

The Board has adopted a Diversity Policy which is available on the Company's website. Taking into consideration the scale of the Company's operations, the size of the Board, and that the Company does not have any employees, the Board has not established measureable objectives relating to diversity in accordance with Principle 3.3.

The composition of the board is however reviewed on an annual basis and in the event a vacancy arises, the Board Charter requires that diversity be considered as part of the criteria in assessing candidates. As at the date of this Statement, the Board is composed of three male directors. The company secretary is female.

The board believes that the Company complies with Principle 3 and its recommendations, other than in relation to Principle 3.3 as set out above.

4 Safeguarding integrity in financial reporting

Audit Committee

Given the size of the Company's Board, the functions of the Audit and Risk Committee are fulfilled by the full Board. The independent Chair of the Board also chairs the meetings of the Audit and Risk Committee.

The Audit and Risk Committee Charter outlines the Committee's role and responsibilities and is available on the Company's website.

External Auditor

The Audit and Risk Committee meets with the external auditor at least once each year to review the adequacy of external audit arrangements. The external auditors have a direct line of communication at any time to the Chairman of the Board.

The Company's external audit is undertaken by Deloitte Touche Tohmatsu (Perth) and the audit engagement partner is required to be changed at regular intervals and no less than every 5 years.

The board believes the company complies with Principle 4 and its recommendations, other than in relation to Principle 4.2 relating to the composition of the Audit Committee.

5 Timely and balanced disclosure

The Company has a written Continuous Disclosure Policy and other procedures designed to ensure shareholders and the market is provided with relevant and accurate information in a timely manner.

It is the Company's policy that any price-sensitive material for public announcement will be reviewed internally before issue, expressed in a clear and objective manner, and lodged with the ASX as soon as practicable.

The policy is available on the Company's website, and is reviewed annually to ensure it continues to meet best practice developments in the area.

The board believes that the Company complies with Principle 5 and its recommendations.

6 Respecting the rights of shareholders

The Company is committed to keeping shareholders fully informed of significant developments and activities of the company. Information is communicated to shareholders through the annual report, half-yearly report, announcements made to the ASX, the annual general meeting ('AGM') and the Company's website which has a dedicated investor relations section.

The board also encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and to enable shareholders to meet with the board and ask questions in relation to any aspect of the Company's activities.

The external auditor also attends the AGM to be available to answer shareholder's questions about the conduct of the audit, the preparation and content of the auditor's report, the Company's accounting policies and auditor independence.

The Company encourages shareholders to access the Annual Report online to assist with the company's commitment to the environment, as well as being more cost efficient. A printed copy of the Annual Report is only sent to those shareholders who have elected to receive it. Otherwise shareholders will be notified when the Annual Report is available to be accessed via the Company's website or sent via email.

The board believes that the Company complies with Principle 6 and its recommendations.

7 Recognising and balancing risk

The board oversees the establishment, implementation, and review of the risk management system for the Company.

Major business risks arise from such matters as commodities price, environment, technical risks of mineral exploration, human resources, financial reporting and continuous disclosure obligations.

To assist the board in managing these risks, policies and procedures are in place relating to:

- effectiveness and efficiency in usage of the Company's resources via an annual budgeting process, controls around expenditure approvals, and monthly financial reporting;
- regular reporting from the company's advisors on geology and tenement management;
- engagement of specialist advisors where required to ensure the Company has access to appropriate expertise.

Further, the board has received from those who collectively fulfil the functions of chief executive officer and chief financial officer written affirmations that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and to the extent, in which they relate to financial reporting, that the company's risk management and compliance and internal control systems are operating effectively in all material respects.

The board believes that the Company complies with Principle 7 and its recommendations.

8 Remunerating fairly and responsibly

The board carries responsibility for the approval of all remuneration matters, including the appointment terms for key service providers to the company.

Full details of director's remuneration are set out in the Remuneration Report which is contained within the Directors Report.

No director is entitled to receive termination payments on their retirement from office other than payments accruing from superannuation contributions which comprise part of their remuneration.

There are currently no options on issue or unvested entitlements for any director. If any such entitlements are issued in the future, the Company's Securities Dealing Policy prohibits the holder from entering into any hedging arrangements prior to the vesting of the securities.

The board believes that the Company complies with Principle 8 and its recommendations.

The Board of Dynasty Metals Australia Limited ('the Company') are committed to maintaining high standards of ethical behaviour and having an effective system of corporate governance, which is commensurate with the size of the Company and the nature of its business operations and activities.

The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles) provide a framework for good corporate governance. Commensurate with the spirit of the Principles, the Company has sought to apply the recommendations to the extent the Board considered their implementation was practical and likely to genuine improve the Company's internal processes and accountability to external stakeholders. Copies of relevant corporate governance policies referred to in this Statement are available on Dynasty Metals Australia's website at www.dynastymetals.com.au in the Corporate Governance section.

Tenement Schedule

As at 27 September 2013

Project	Lease	Commodity	Holder	Locality
Prairie Downs	E52/2024	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2025	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/1927	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2464	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E47/2396	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2359	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2591	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E47/2404	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2458	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2640	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2641	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2367	Iron - Fe	Dynasty Metals Australia Limited	WA
Prairie Downs	E52/2461	Iron - Fe	Dynasty Metals Australia Limited	WA
Atlas Iron JV (1)	E45/2728	Iron - Fe	Dynasty Metals Australia Limited	WA
Hector Bore (2)	E09/1710	Uranium - U	Goldstone Resources Pty Ltd	WA
Hector Bore (2)	E09/1711	Uranium - U	Goldstone Resources Pty Ltd	WA
Hector Bore (2)	E09/1753	Uranium - U	Goldstone Resources Pty Ltd	WA
Stanley (2)	E69/2266	Uranium - U	Goldstone Resources Pty Ltd	WA
Hyden(2)	E77/2040	Gold – Au	Goldstone Resources Pty Ltd	WA

(1) The Company has entered it an agreement with Atlas Iron in relation to the iron ore rights, and the company will receive a 2% royalty from production

(2) The Company holds a 20% interest in Goldstone Resources Pty Ltd

Additional Information

As at 26 September 2013

Additional information required by the Australian Securities Exchange Limited listing rules and not disclosed elsewhere in this report is set out below as at 26 September 2013:

Substantial Shareholders

The number of shares held by Substantial Shareholders and their associates are set out below:

Substantial shareholders	No. shares held	% of issued shares
Hebei Xinghua Iron & Steel Australia	11,652,197	9.83%
Lian Xie	9,600,000	8.10%
Zhi Jun Ma	8,000,000	6.75%
Bo Xin Dong	5,319,164	5.51%

Distribution of shareholders

No. of shares held	No. of holders within category
1 - 1000	42
1,001 – 5,000	86
5,001 – 10,000	135
10,001 – 100,000	347
100,001 and over	103
Total	713

At 26 September 2013 there were 261 shareholders holding less than a marketable parcel of ordinary shares.

Classes of shares and voting rights

There is only one class of shares on issue and all shares carry equal voting rights.

At 26 September 2013 there were 8,000,000 unlisted options on issue, with an exercise price of $0.05, expiring 18 September 2015.

Twenty largest shareholders

The twenty largest registered shareholders of the company as at 26 September 2013 were:

	No. of shares held	Percentage of Issued shares
HSBC Custody Nominees	12,088,599	10.2%
Hebei Xinghua Iron and Steel	11,652,197	9.83%
Mr Zhi Jun Ma	8,000,000	6.75%
Mr Bo Xin Dong	6,526,996	5.51%
HSBC Custody Nominees	5,500,000	4.64%
Mr Lewis Tay	3,802,091	3.21%
JP Morgan Nominees Australia	3,302,961	2.79%
Mr Zhifang Zhang	3,121,736	2.63%
Shinefly Holdings Ltd	3,040,526	2.57%
Ms Zhenghua Wang	3,000,000	2.53%
Mr Meng Xin Gao	2,500,000	2.11%
Ms Mian Wang	2,250,527	1.90%
Ms Lay Kee Tay	2,152,163	1.82%
JF Apex Securities Berhad	2,055,057	1.73%
Mrs Shoshana Koncepolski	1,866,259	1.57%
Citicorp Nominees Pty Ltd	1,844,220	1.56%
Mr Wen Chao Hu and Mrs Min Zhu	1,470,000	1.24%
Mrs Ping Lin	1,364,429	1.15%
Mr Xiang Geo	1,274,000	1.07%
Mr Patrick Chew	1,055,000	0.89%
Top 20 Total	77,866,761	65.70%
Balance of Register	40,651,908	34.30%
Grand Total	105,383,509	100.00%

Corporate Directory

Company Particulars	Dynasty Metals Australia Limited ACN 110 385 709 The Company is an exploration company with its securities listed only on the Australian Stock Exchange.
Registered Office	Level 4, 35-37 Havelock Street West Perth WA 6005 Telephone: +61 8 6316 4414 Facsimile: +61 8 6316 4404 Email: admin@dynastymetals.com.au Website: www.dynastymetals.com.au
Directors	Thomas Pickett (Independent Chairman) Lewis Tay (Managing Director) Bin Wang (Non-executive Director) Bo Xin Dong (Alternate director for Bin Wang)
Company Secretary	Louise Edwards
Auditor	Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St Georges Terrace Perth WA 6000
Share Registrar	Security Transfer Registrars Pty Ltd Suite 1, Alexandrea House 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233

DYNASTY
METALS AUSTRALIA LTD