DYNASTY RESOURCES LIMITED

ABN 80 110 385 709

Annual Financial Report

For the year ended 30 June 2014

Contents

Chairman's Letter

For year ended 30 June 2014

Dear Shareholder,

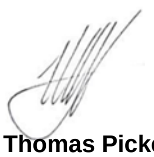
There is no doubt that the past 12 months has been a challenging time for small cap exploration companies. In particular the iron ore price fluctuation has made it very difficult to attract funding which has forced Dynasty Resources ('Dynasty') to not only focus its efforts on its iron ore projects but also look into other project areas, such as the recently granted gold tenements. The reality of the current pricing in the iron ore sector has seen larger companies undergo significant cost reduction efforts in the form of staff reduction and divestment of non-core assets in order to deal with the significant and rapid effects they were experiencing which also resonates in share price reduction in most cases. Dynasty has also had to endure share price volatility during the year which presents funding and other challenges. However with prudent exploration methods and the ability to be nimble in its future approach to assets and projects, along with a diversification strategy, the company will look to improve value for shareholders.

Through the year Dynasty has completed a number of cost saving initiatives, with the divestment of a non-core asset to BHP Billiton, relinquishment of areas that were not sufficiently prospective in the current market to progress, and a joint venture that removed exploration expense from the company whilst still allowing upside potential for Dynasty's shareholders. These cost saving efforts continue and the Board will continue to evaluate opportunities that provide benefit to shareholders.

The iron ore sector is currently not well supported by investors, however this should not take away from the fact that there is still a significant amount of iron ore within the Spearhole Iron Project area having approximately 140 million tonnes of DSO grade material available after beneficiation. The asset places Dynasty in a great position to take advantage of inevitable change in sentiment as China continues its focus on urbanisation of communities with extensive development into the near future. During the year Dynasty also completed a review of its North Shore Iron Ore royalty position within Atlas Iron's Abydos project area. Atlas Iron is targeting production from its project at a rate of 2-3MT per year. Dynasty retains a 2% gross royalty from production over the North Shore Iron Ore tenement E45/2728.

Whilst Dynasty has focussed much of its financial and technical efforts predominantly on its iron ore assets, the Board has also sought to diversify the company's holdings into other areas such as gold. The company intends to further investigate these opportunities in the coming months to establish target areas of interest for further exploration. The focus has been on the Eastern Goldfields province of Western Australia which has a significant historical endowment of over 130 million ounces of gold. Our consulting geologists are developing strategies to rapidly enhance the potential of these areas for the benefit of all shareholders. Further diversification is provided by Dynasty's Irwin River petroleum licenses for which the Board has been seeking joint venture partners to assist in the development of the potentially significant shale gas resource. We continue to progress discussion regarding these areas.

Dynasty is a company that holds significant assets and potential across a number of commodities. Capital raising efforts for exploration companies are always ongoing, and the Board continue to focus on diversification opportunities that will assist with raising the capital required to fund the next phases of exploration and realise value for shareholders. I would like to thank the board and our loyal shareholders for their continued support into the coming year.



Thomas Pickett
Chairman

30 September 2014

Dynasty Resources Limited (Dynasty) is an exploration company with significant iron ore projects, with the flagship project “Spearhole Station” located at Prairie Downs district of West Australia. Drilling during the year has also identified a zone of Marra Mamba formation under cover within 10km of Rio Tinto's Marandoo deposit. The Company is also building a significant portfolio of gold tenements throughout the Goldfields region, including highly prospective ground along strike from the Tropicana Project.

Our Strategy

The strategic focus on the Company’s activities over the past year has included:

- Continued review of the processing of the Spearhole deposit material looking at innovative methods for the processing of this significant ironstone gravel deposit;
- Drilling of the Marandoo project to prove the presence of Marra Mamba formation at depth;
- Successful granting of new tenements and applications in the Goldfields and Gascoyne region;
- Review of other opportunities through farm in and acquisition over multiple commodities;
- Farm-out of non-core tenements; and
- Relinquishment of higher risk grass roots tenements to preserve capital.

Gold Tenement Portfolio

Dynasty has been working on building a portfolio of 100% owned tenements in the Eastern Goldfields Province of Western Australia.

The Eastern Goldfields is one of the richest gold producing regions in the world, historically producing more than 130 Moz of Au and host to around 30% of the world's economically demonstrably recoverable reserves (EDR) of gold (WA DMP, 2011).

Dynasty is actively exploring a number of gold tenements throughout the Eastern Goldfields of Western Australia. The following sections detail exploration potential and strategies that Dynasty will seek to apply as the ground becomes available.

Dynasty currently has five tenement areas granted and another ten presently under application within the EGP (see Figure 1 below). Each prospect has been identified from tenement relinquishments through a comprehensive process of desktop investigation using data available through the Department of Mining and Petroleum (DMP) as well as proprietary information. All tenements are 100% Dynasty owned.

These tenements represent a significant foothold in one of the world's most productive areas for gold and nickel. Dynasty is developing a strategy to rapidly evaluate and test these prospects to maximise the potential to discover significant mineralisation

Tropicana Tenements

- 48 km^2 tenement was won in a ballot and is positioned along strike from the world class Tropicana project which currently reports a resource of 6.41 Moz of gold.
- Within a major mineralisation trend that includes the Tropicana Project.
- Adjacent to the “Black Dragon” prospect reporting an extensive geochemical anomaly with surface rock chips assayed at up to 537g/t.
- Magnetic structures that appear to equate to mafic sequences that adjacent exploration has shown to contain gold.

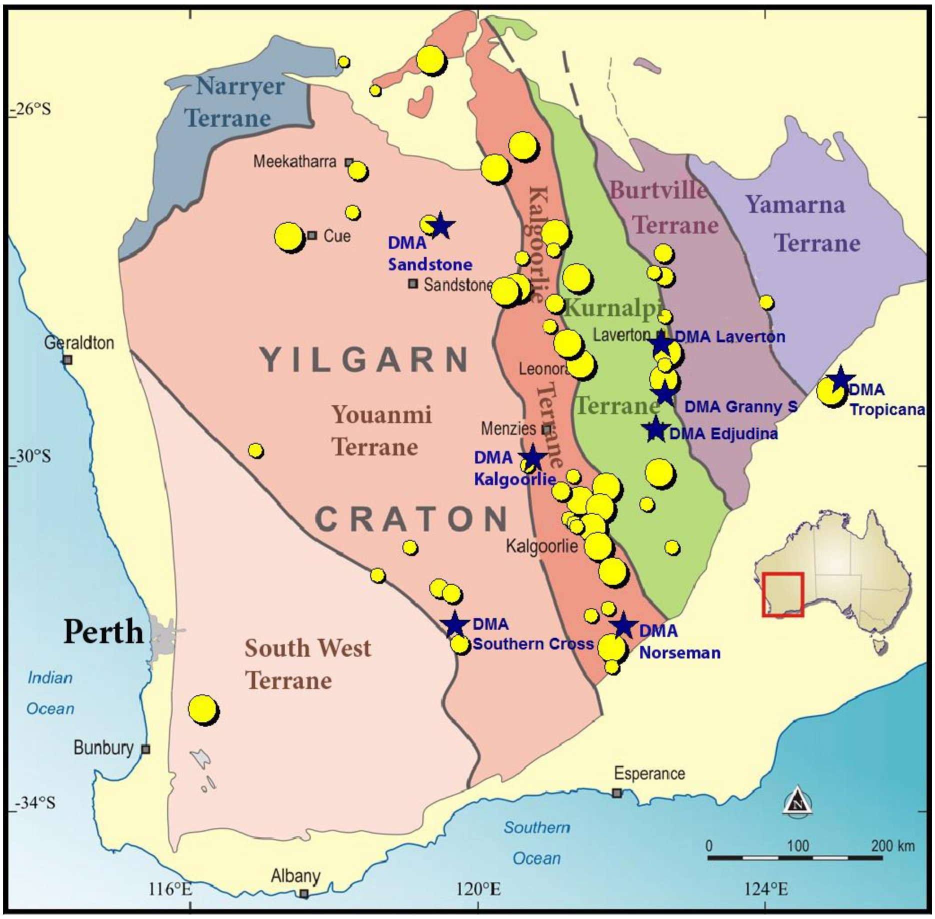


Figure 1. Dynasty tenements within the Yilgarn (blue stars). Yellow circles indicate major gold mines varying with deposit size.

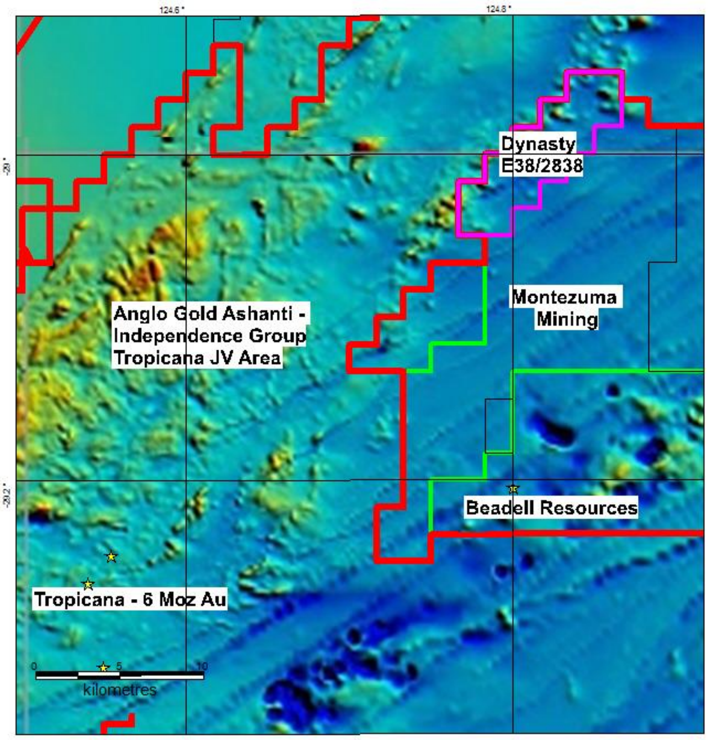


Figure 2. Tenement holdings in the Tropicana North vicinity overlain on the regional Magnetic

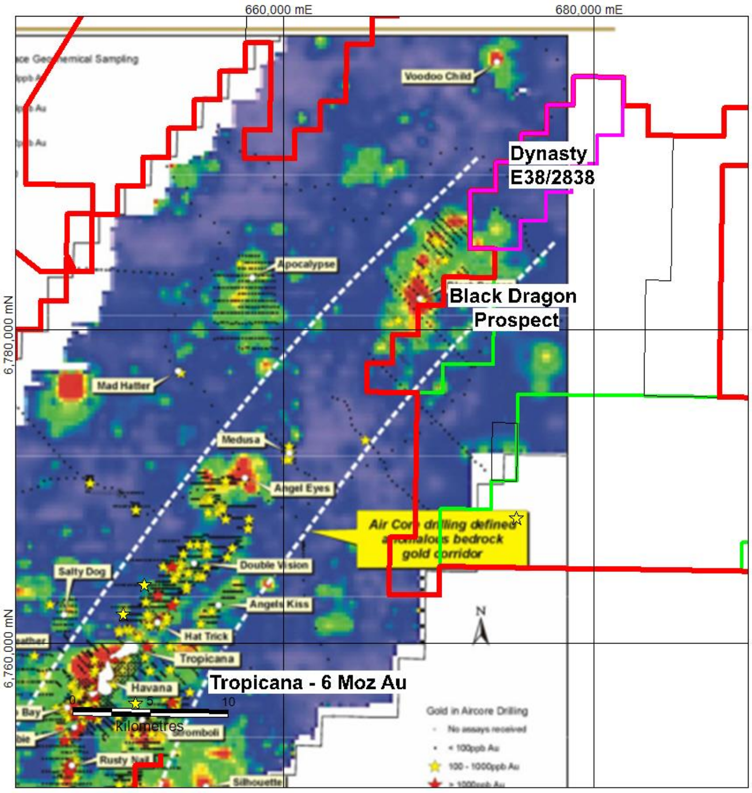


Figure 3. Regional geochemical trend from IGO quarterly report Sept 2008

The obvious prime envelope of interest is depicted in Figure 3. This envelope encloses the Tropicana mine and several significant geochemical anomalies with the Black Dragon prospect immediately adjacent to the tenement.

The project has excellent potential for significant mineralisation in an emerging province.

Laverton Tenements

- Positioned in close proximity to some of the most prestigious gold mines in Australia (Granny Smith, Sunrise Dam).
- A multitude of surrounding mineralisation occurrences present throughout the area.
- Proximal to production of more than 10 Million ounces of gold at Sunrise Dam and Granny Smith since their discoveries in 1979 and 1986.
- Mineralisation in this area generally fault-associated and/or geologically controlled.
- Conducive to identifying economic gold and support the likelihood of doing so.

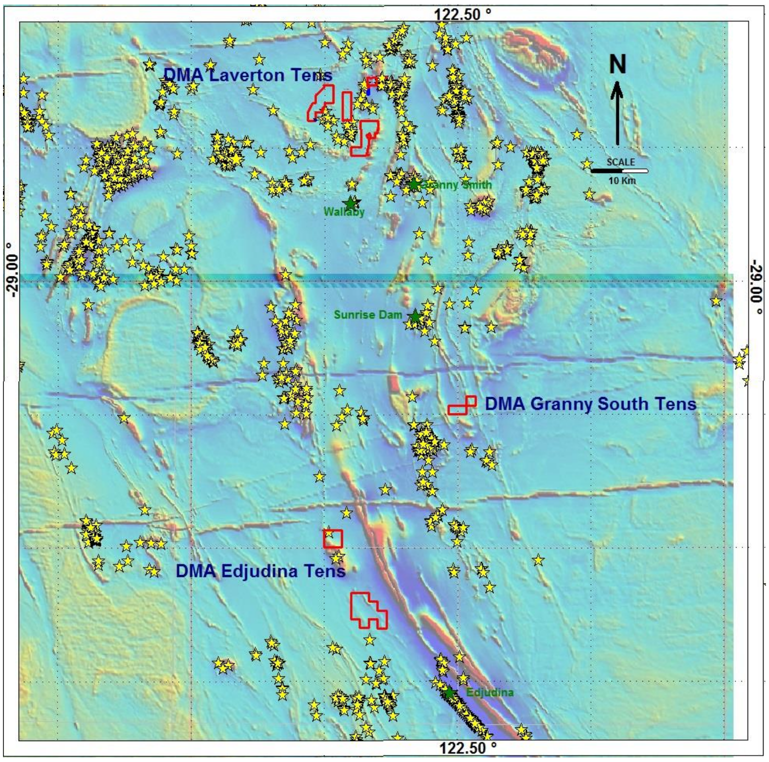


Figure 4. Locations of Dynasty's Laverton, Granny South and Edjudina Tenements.

In the Laverton area, Dynasty possesses four tenements (at this stage, three have been granted with one other pending): E38/2842, E38/2843, E38/2845 and E38/2846. These tenements are favourably positioned amongst some of the most prestigious gold mines in Australia. The Granny Smith and Sunrise Dam mining areas, in close proximity, have produced between them more than 10 Million ounces of gold since their discoveries in 1979 and 1986 respectively.

A preliminary desktop study has identified significant gold exploration potential for all of the tenements in this area (as depicted in Figure 4 above).

There are numerous surrounding mineralisation occurrences in the area that support exploration potential for these tenements. These occurrences are generally fault-associated and/or geologically controlled and the lithologies and structures that pervade the tenements appear conducive to carrying economic gold.

Interpretation of mapped lithologies and structures have identified a number of corridors that should be targeted for future exploration of these tenements (coloured dashed lines in Figure 6 below).

These areas appear to be historically underexplored and thus potential remains for future exploration.

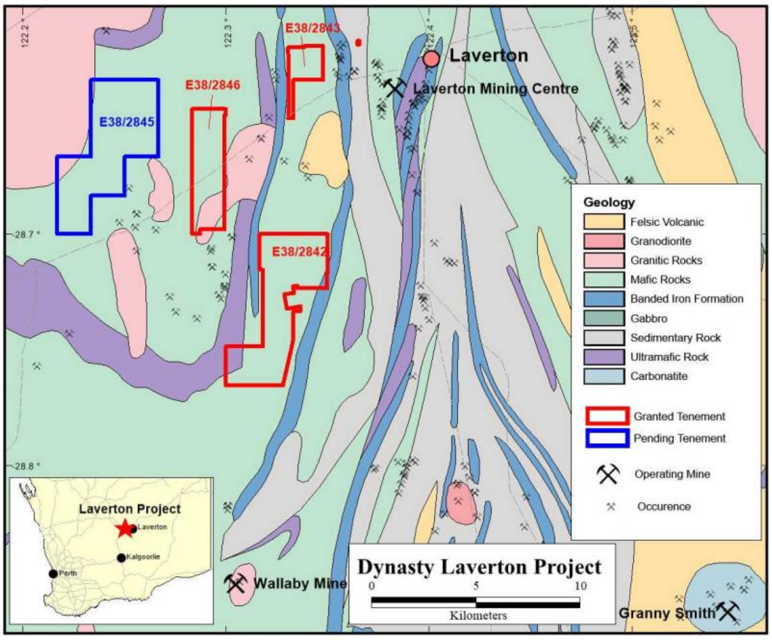


Figure 5. Laverton tenure over 1:500000 Geology.

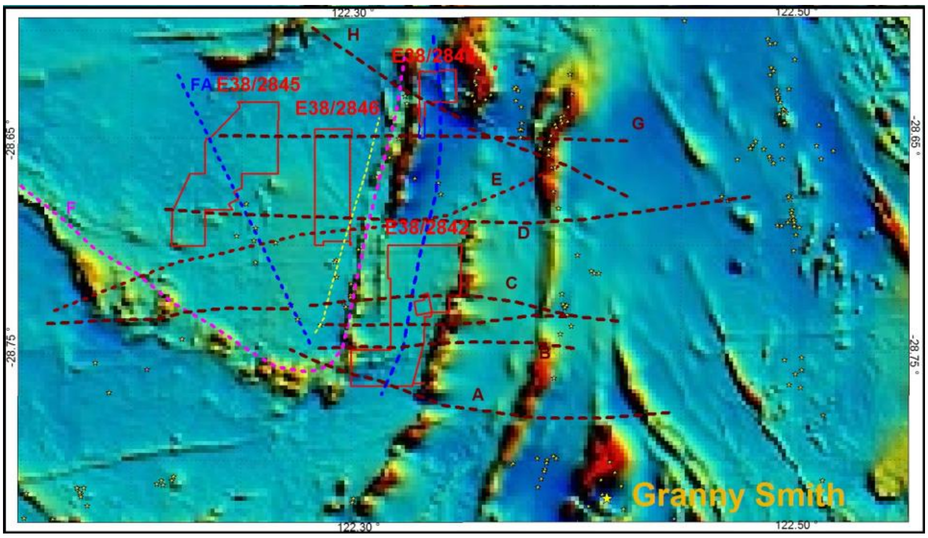


Figure 6. Laverton tenements along with magnetics overlay, interpreted structures and historic gold occurrences.

Granny South Tenements

- Positioned in close proximity to the Sunrise Dam mine.
- Numerous surrounding gold-mineralisation occurrences.
- Mineralisation in this area is generally fault-associated and/or geologically controlled.
- Interpretation of known lithologies and structures has identified a number of corridors that should be targeted for exploration of these tenements.

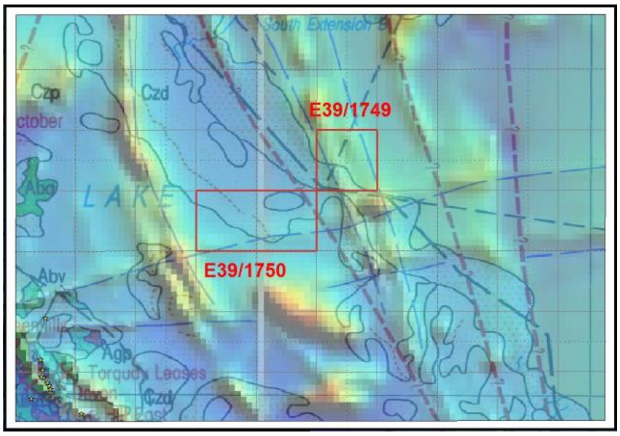


Figure 7. Granny South tenure

Situated to the south of Laverton, the "Granny South" region in which Dynasty's tenements are located is well-established as one of the richest gold-producing areas in the world. The nearby Granny Smith and Sunrise Dam deposits between them have produced approximately 10 million ounces of gold throughout their combined histories and tap similar lithologies and structures to those that occur throughout the tenement area.

Dynasty has two tenements in this area: E39/1749 and E39/1750 that are both considered to possess significant gold exploration potential. A brief interpretation of known lithologies and structures has identified a number of corridors that should be targeted for future exploration of these tenements. It appears that these areas are historically underexplored and thus potential remains for future exploration.

Edjudina Tenements

- Positioned in close proximity to the historic Edjudina and Cornucopia mines.
- Numerous surrounding, along-strike mineralisation occurrences.
- Mineralisation in this area is generally fault-associated and/or geologically controlled.
- Interpretation of known lithologies and structures has identified a number of corridors that should be targeted for exploration of these tenements.

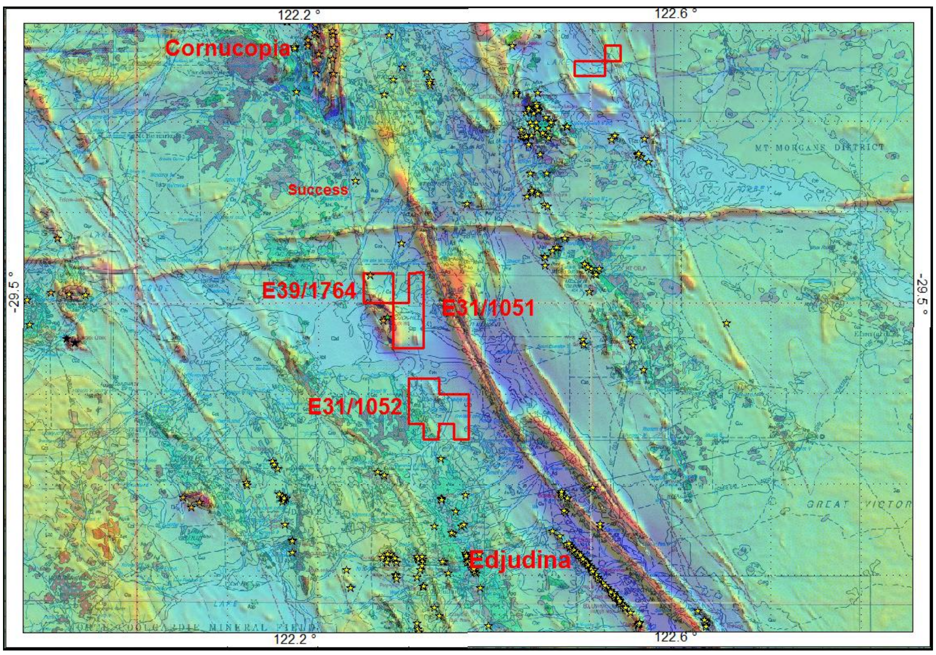


Figure 8. Geological trend connecting gold mineralisation at Edjudina to the SE to gold and nickel mineralisation to the NW in the Cornucopia direction.

Dynasty possesses three tenements in the Edjudina area with lithologies (mafics) and structures that have historically proven base metals associated with them, but on a structural trend that hosts the major Edjudina gold trend to the south and Cornucopia to the north.

Geophysically, this ground lies directly on a significant geophysical trend that links Edjudina mafic and ultramafic-associated gold occurrences to the south with Cornucopia occurrences to the north. Furthermore the presence of a large granitoid body to the west encourages investigation into potential fluid pathway deposition at or about the contact between the mafic and felsic bodies.

Identifiied Nickel occurrences on and about the tenements Larkin find (inside the tenement area) and Duck Hill, encourage exploration in the mafic and ultramafic units that it is entirely possible have only been historically explored for Nickel.

Kalgoorlie Tenements

- Positioned in the Ora Banda area of the Kalgoorlie Terrane in close proximity to the historic Carbine Mine and the Carbine N prospect.
- A number of surrounding mineralisation occurrences present throughout the area.
- Mineralisation in this area generally fault-associated and/or geologically controlled.
- Possesses magnetic structures that appear to equate to mafic sequences that historic exploration has shown to have gold present.

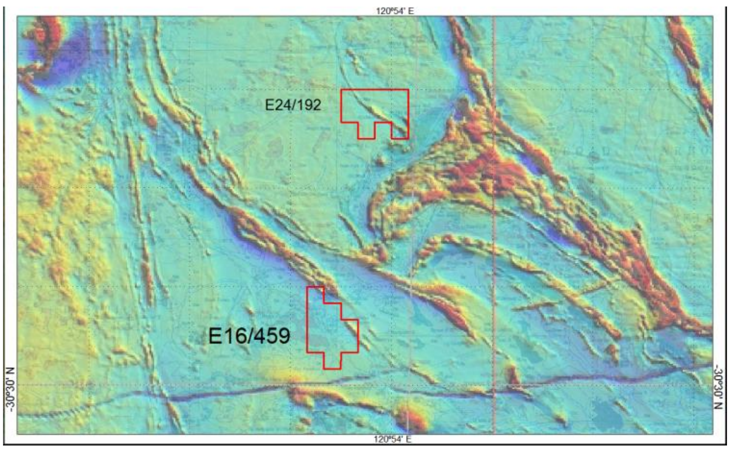


Figure 9. Kalgoorlie Region tenements overlain on magnetics

The areas to the northeast of tenement E16/459 has been historically subjected to a significant program of drilling along the NW-SE oriented magnetic reflector that identified anomalous gold. Within the tenement area, however, there appears to have been very little exploration.

Resolute N.L. in their 1997 exploration program identified anomalous gold on an interpreted magnetic high (mafics) within the tenement. Other anomalies were identified in the parallel magnetic reflector that has been exploited for Carbine and Carbine N.

Southern Cross Tenements

- Positioned along the Southern Cross structural corridor.
- Numerous mineralisation occurrences along strike within the region.
- Mineralisation in this area generally fault-associated and/or geologically controlled.
- Interpretation of known lithologies and structures has identified a number of sites that should be targeted for exploration of these tenements.

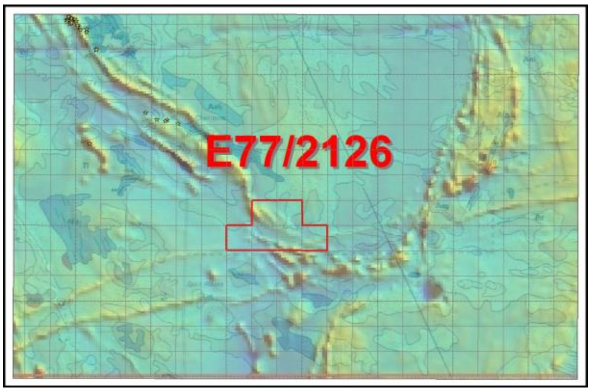


Figure 10. Sub-block detail and magnetic interpretation for tenement E77/2126.

Tenement E77/2126 intersects a major trend of mafic volcanics "the Southern Cross corridor" that hosts significant gold and base-metal mineralisation to the northwest of the tenement.

This corridor extends more than 80km to the northwest where it includes the Southern Cross gold mine as well as Marvel Loch, approximately halfway between as well as numerous other mines and occurrences. The units can be seen (via magnetic signatures) to trend southwards where they provide mineralisation for the Bounty and Forrestania mines.

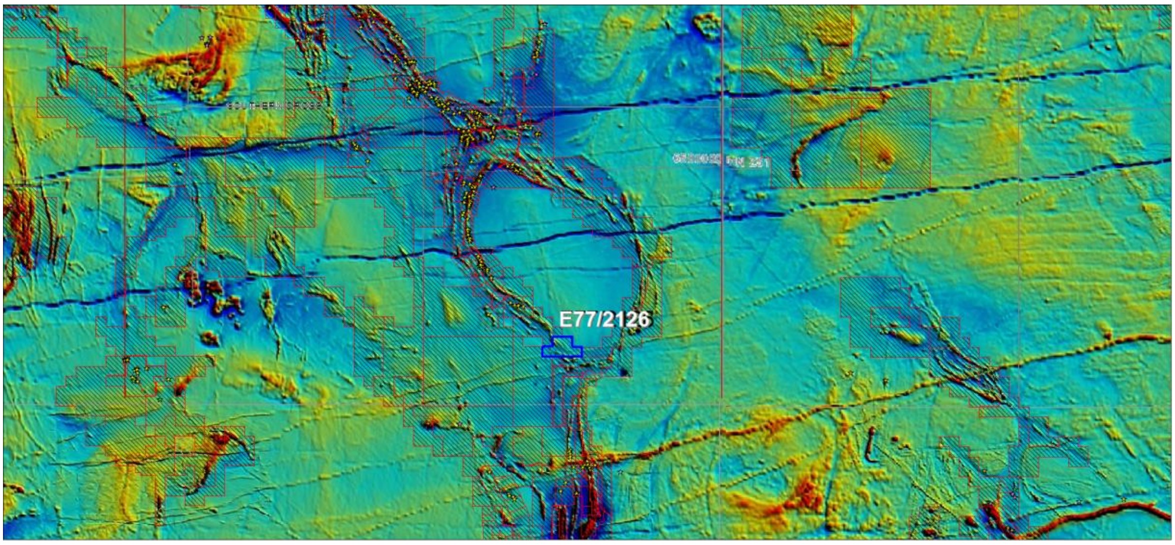


Figure 11. Location of Dynasty Southern Cross tenement with respect to geophysical overlay.

More detailed examination of the magnetics (Figure 11) has identified potential west-east structures that further enhance the exploration potential for gold and base-metals.

Sandstone Tenements

- Approximately 1Moz gold historically extracted from Gidgee and surrounds.
- Tenement areas have interesting geology that appears to have potential for gold and copper mineralisation.
- Gold occurrences along strike to the north and south.
- Copper occurrences laterally to the west.

Gold was discovered at Gidgee (then Jonesville) in 1926 and throughout the 1930s to 1950s 71,500 tonnes were mined at an average grade of 9.2g/t. Production resumed in 1987 and up until 2001, close to 1 Moz of gold at a head grade of 3.62g/t were extracted.

Mapped lithologies, structures and geophysics indicate geology that lends itself to potential gold and copper exploration potential.

Furthermore, gold occurrences have been recorded to the north at Mt Townsend and Gidgee/Wilsons Group as well as to the south at Montagu Monarch see Figure 12 below.

The dominant geophysical structure intersects the area in a NW-SE direction and is variously mapped as mafic, magnetite chert/BIF and granite. Brief interpretation of the magnetics indicates that areas mapped as underlain by granite, have a geophysical signature that suggests that they are more likely mafics or BIF. These are more conducive to gold/copper potential and increase the potential for this area.

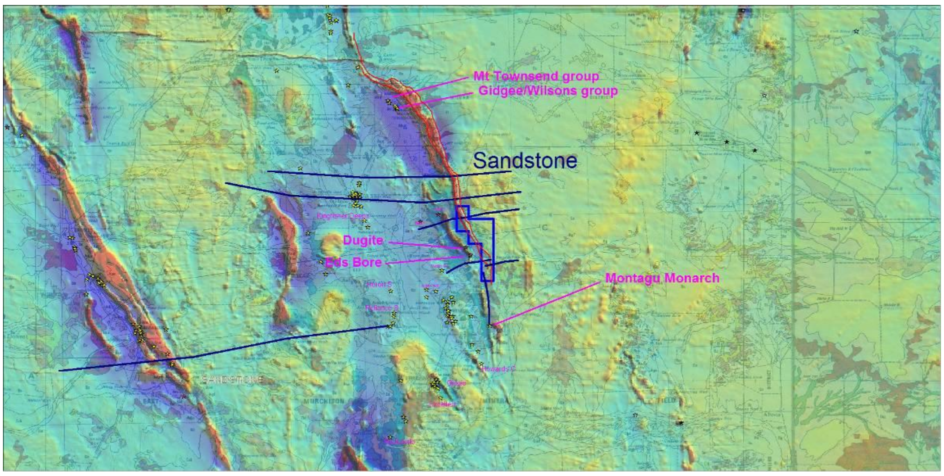


Figure 12. Location of release area on the Sandstone 1:250,000 Geology Sheet.

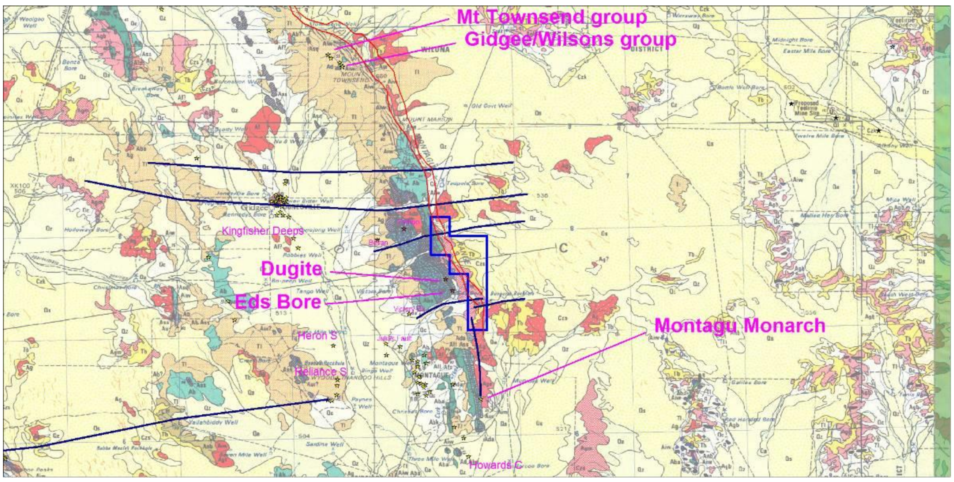


Figure 13. Location of release area on the Sandstone 1:250,000 Geology Sheet.

A large amount of exploration completed in this area to the west of the tenement, however, due-diligence investigation has thus far been unable to identify any major exploration in the area of interest. It is possible that Gateway have undertaken some drilling in the area, but no public domain information in this regard has been discovered.

Sandstone 2 is positioned to the south of Sandstone 1 and surrounds parts of the historic Gidgee Mining area. Much of the background geological potential for Sandstone 1 applies to this area.

Gold mineralisation has been established in and around this tenement and although considerable exploration has been historically applied in the eastern portions there still seems to be structural and lithological exploration potential in the western portions.

Dynasty's Goldfields Tenure Summary Table

	Tenements	Sub-blocks	Status	Grant date
Tropicana	E38/2838	16	Granted	20/03/2014
Laverton	E38/2846	4	Granted	29/11/2013
	E38/2842	6	Granted	29/11/2013
	E38/2845	6	Pending	N/A
	E38/2843	2	Granted	30/05/2014
Kalgoorlie	E16/457	10	Pending	N/A
	E24/192	10	Pending	N/A
Granny South	E39/1750	2	Granted	25/02/2014
	E39/1749	1	Pending	N/A
Edjudina	E39/1764	4	Pending	N/A
	E31/1061	12	Pending	N/A
	E31/1062	8	Pending	N/A
Southern Cross	E77/2126	6	Pending	N/A
Sandstone 1	E57/957	9	Pending	N/A
Sandstone 2	E57/963	19	Pending	N/A

Gascoyne Region

Dynasty has two large tenements in a prospective part of the Gascoyne region. The tenements, E08/2495 and E09/2066, are located in areas that possesses numerous historical mineralisation occurrences that appear to be associated with lithologies and structures that continue through the tenements. The Tenements cover over 614 km^2.

Local mineralisation includes gold and copper mineralisation, with several identified occurrences of both within the tenement boundaries as well as along strike, outside the tenement.

The Gascoyne is a largely underexplored terrain, despite a long history of exploration interest. This region generally fails to attract the high-level of exploration expenditure of the more established WA regions.

Multiple mineralisation occurrences are present throughout this region and it is possible that large deposits are as yet to be discovered. A preliminary desktop study is suggestive of prospective geology and mineralisation in the area.

As a project area we consider there is potential for significant mineralisation to be identified with conventional exploration techniques.

Prairie Downs Iron Ore Project

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

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%

Work is still concentrating on defining the best flowsheet for the beneficiation. Once this is complete bulk testing will be undertaken to determine potential yields and grades.

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.

E47/2396, Marandoo

The tenement covers an area of 24.4 km^2 and is within 7 kilometres of Rio Tinto's Marandoo Mine. A reverse circulation drilling of 6 holes has been completed during this quarter. The drilling was designed to test for Marra Mamba formation interpreted from the ground magnetic anomalies. The interpretation is that there is several kilometres strike length of Marra Mamba underlying alluvium and the Wittenoom Dolomite formation that sits above the Marra Mamba.

The 720 metre program was hampered by difficult drilling conditions through swelling clays in the overlying weathered dolomite. Hole MSRC003 hit 20m of weathered hematitic Marra Mamba. Individual chips from the drilling were strongly hematitic within goethitic clays. The top of the Marra Mamba where intersected in adjacent holes indicate a shallow dip to the unit.

Despite the problems with reaching target depth, the program has shown there is extensive zones of Marra Mamba at depth in the tenement and potential for an enriched zone of the Marra Mamba to be present in the area.

The results are being carefully examined and further target drilling will be designed based on this hard won knowledge. The next phase of drilling will hopefully identify the shallowest sections of the Marra Mamba and test several areas for hematised zones.

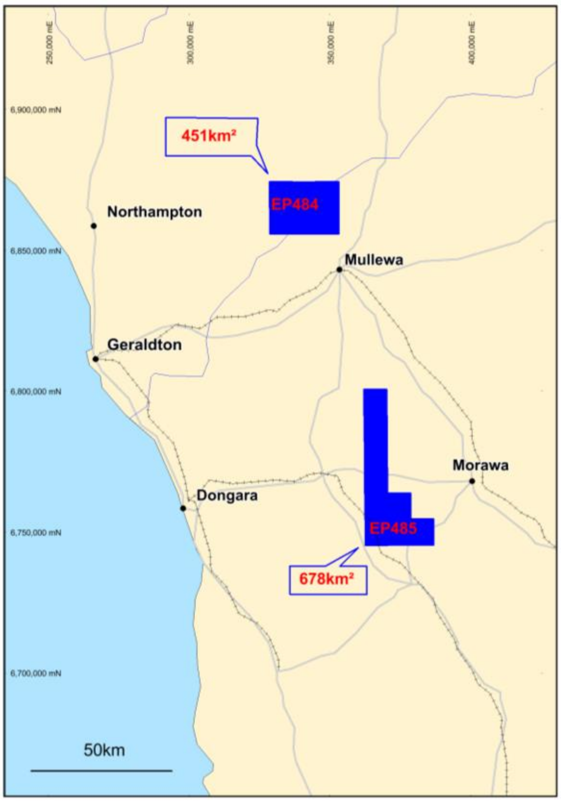
Irwin River Petroleum

In February 2013, Dynasty 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.



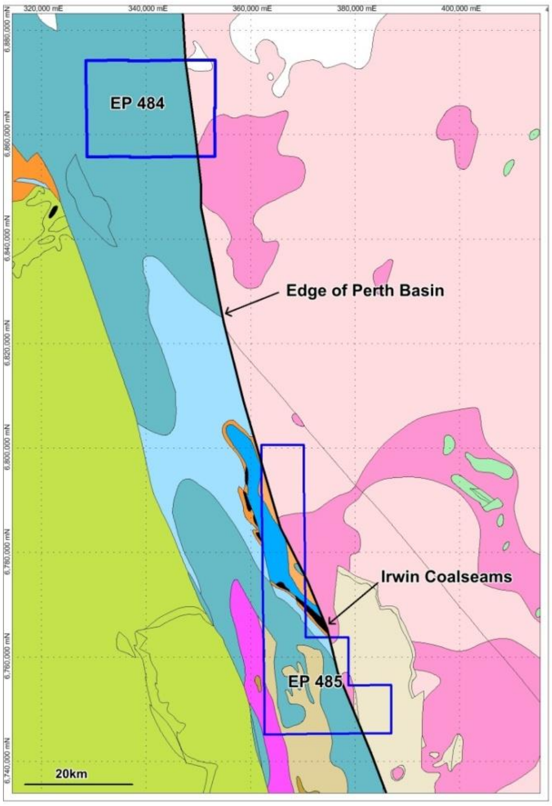


Figure 14, Location of the Irwin Project

Figure 15, Geology of location of the DMA EP's

An exploration plan to test both the Shale and gas potential is being formulated and potential partners for this exploration are being canvassed. Dynasty has been in discussions with a number of parties in relation to joint venture arrangements.

Goldstone Joint Venture

Goldstone has continued its exploration work 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. Geochemical and ground geophysical anomalies in the Hyden area shown good potential for both gold and nickel targets which are now being followed up.

Naberru E69/2266 iron ore project

In early July 2014 Goldstone organised a team to conduct a 24km^2 ground magnetic survey within E69/2266 to verify the aeromagnetic anomaly in the area. The ground magnetics confirmed a larger anomaly than was interpreted from the airborne magnetics. Drilling of these targets is planned for the next phase.

Hyden E77/2040 gold project

During November 2013, Winmax Drilling was hired to test a strong magnetic anomaly and IP anomaly in the southwestern portion of E77/2040 , two drill holes were completed down to 351.15m and 350.10m respectively. Trenching over the gold target in the northern part of the tenement was also completed.

Eight trenches were sampled with results showing five samples with an Au grade > 1g/t, including two consecutive samples with grades of 14.6g/t and 30.2g/t Au (sample length of 2m). Another sample returned a Au grade of 17.9g/t with two other samples returning Au grades of 8.21g/t and 1.24g/t in other trenches. The ore bearing rock is identified as quartz vein with 0.6m thickness.. Overall, gold mineralisation in the area is discontinuous, with local enrichment only. Drilling-hole sample test results have all reported with no gold and nickel mineralisation.

Tenement Management

During the year there have been several tenements granted and relinquished.

- Granting of E09/2066, E38/2842, E38/2843, E38/2863, E38/2838, E39/1750 and E47/2200.
- Relinquishment of E52/2025, E52/2359, E52/2367, E47/2404, E52/2461 and E52/2591.

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 2012 Edition of the Australasian Code for Reporting of Exploration Results (“JORC Code”). Mr Jenkins consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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The directors of Dynasty Resources Limited ('the Company') present their report together with the financial statements of the Company for the year ended 30 June 2014 ('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
Bo Xin 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:

	2014 $	2013 $
Loss after tax	(1,388,365)	(1,479,128)
Basic and diluted loss per share	0.0116	0.0139
Total assets	894,500	1,917,153
Total liabilities	140,072	169,427
Net current assets	340,660	645,234
Net assets	754,428	1,747,726

A review of the Company's exploration activities is set out in the Operations Review on pages 4 to 17.

Dividends

No dividends were paid or declared by the Company during or since the year ended 30 June 2014.

Shares and options

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.

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company or of any other body corporate or registered scheme.

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

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2014.

Significant events after reporting date

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 in the Operations Review on page 4 of the Annual Report. Other than as referred to in this report, information as to other possible 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.

Bo Xin 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.

Appointed December 2011.

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 fifteen 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 2014, 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
Bo Xin 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:

	2014	**2013**
Thomas Pickett	7,500	7,500
Lewis Tay	3,809,302	3,809,302
Bin Wang	-	-
Bo Xin Dong	6,526,996	6,526,996

For details of the directors' share transactions refer to the Remuneration Report.

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 2014. 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 2014.

Key Management personnel

The directors and other key management personnel of the consolidated entity during or since the end of the financial year were:

Name	Position
Mr Thomas Pickett	Chairman, Non-executive director
Mr Lewis Tay	Managing Director
Mr Bin Wang	Non-executive Director
Bo Xin Dong	Alternate non-executive Director for Mr Bin Wang

Remuneration policy and key terms of employment contracts

The Company's Board comprises a Managing Director, two non-executive directors and an alternate director. 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, Lucas & 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 2013 to 30 June 2014, and non-executive directors were entitled to $36,000 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 2014. The Managing Director is not entitled to receive any termination or retirement benefits.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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 of Key management personnel

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 2014	$	$	$	$
Thomas Pickett	60,000	-	-	60,000
Lewis Tay	144,000	-	-	144,000
Bin Wang	36,000	-	-	36,000
Bo Xin Dong	-	-	-	-
	240,000	**-**	**-**	**240,000**
Year ended 30 June 2013				
Thomas Pickett	60,000	-	-	60,000
Lewis Tay	144,000	-	-	144,000
Bin Wang [1]	65,315	-	-	65,315
Bo Xin Dong [2]	-	-	-	-
	269,315	**-**	**-**	**269,315**

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

[2] Bo Xin Dong is an alternate director for Bin Wang. No directors fees are payable to alternate directors

	2014 $	2013 $
Short term benefits	240,000	269,315
Post-employment benefits	-	-
Share based payments	-	-
	240,000	**269,315**

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 (2013: $nil).

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 2014	Opening balance	Purchases	Sales	Other	Closing balance
Thomas Pickett	7,000	-	-	-	7,000
Lewis Tay	3,802,091	-	-	-	3,802,091
Bin Wang	-	-	-	-	-
Bo Xin Dong	6,526,996	-	-	-	6,526,996

REMUNERATION REPORT (AUDITED) (CONTINUED)

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	5,319,164	1,207,832	-	-	6,526,996

Directors interest in options

Year ended 30 June 2014	Opening balance	Issued	Expired	Closing balance
Thomas Pickett	-	-	-	-
Lewis Tay	-	-	-	-
Bin Wang	-	-	-	-
Bo Xin Dong	-	-	-	-

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

Loans from key management personnel and their related parties

During the year ended 30 June 2014 the Company did not enter into loans with key management personnel or their related parties.

Transactions with related parties

There are no other related party transactions or balances during the year.

Balances due to directors for fees and charges at 30 June 2014 was $nil (2013:$nil)

Relationship between the remuneration and company performance

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

	2014 $	2013 $	2012 $	2011 $	2010 $
Revenue	195,490	941,555	1,488,680	107,584	572,998
Net loss before tax	(1,501,036)	(1,930,908)	(1,490,448)	(3,455,347)	(5,807,812)
Net loss after tax	(1,388,365)	(1,479,128)	(1,128,009)	(3,455,347)	(5,778,447)
Closing share price at reporting dates	0.0200	0.0400	0.0860	0.1800	0.1400
Basic and diluted loss per share	(0.0117)	(0.0139)	(0.0107)	(0.0399)	(0.0831)
Dividends per share	-	-	-	-	-

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 2014 has been received and is noted on page 26.

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

Lewis Tay
Managing Director

Sydney
30 September 2014

Deloitte Touche Tohmatsu
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The Board of Directors
Dynasty Resources Limited
83 Brisbane Street
PERTH WA 6000

30 September 2014

Dear Board Members

Dynasty Resources Limited

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

As lead audit partner for the audit of the financial statements of Dynasty Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, the only contravention 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.

is set out below:

During the current financial year, Deloitte Touche Tohmatsu's quality control system identified that the lead auditor for Dynasty Resources Limited for the financial year ended 30 June 2013 participated in the review of the financial statements for the half year ended 31 December 2013, and was not eligible to participate in the review due to the auditor rotation requirements of the Corporations Act 2001.

All reasonable steps have now been undertaken to ensure compliance with the auditor rotation requirements and the individual played no further role in relation to the review of Dynasty Resources Limited for the half year ended 31 December 2013 or the audit for the year ended 30 June 2014.

Accordingly I consider that the independence of Deloitte Touche Tohmatsu in respect to the audit of the financial statements of Dynasty Resources Limited for the year ended 30 June 2014 has not been impaired.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

For year ended 30 June 2014

	Notes	2014 $	2013 $
Continuing operations			
Interest income		15,095	71,555
Gain on disposal of shares of tenements		150,000	-
Gain on disposal of shares in available for sale financial assets		30,395	-
Gain on disposal of JV interest	21	-	870,000
		195,490	**941,555**
Share of losses of associates accounted for using the equity method	17	(140,514)	(311,097)
Employee benefits expenses		(240,000)	(374,266)
Exploration expenses		(641,873)	(986,410)
Impairment on fair value of investments in associate		(309,853)	-
Impairment on fair value of available for sale financial assets	9	(38,441)	(633,356)
Loss on disposal of interest in associate		-	(207,729)
Administrative and other expenses		(325,845)	(359,605)
Loss before income tax		**(1,501,036)**	**(1,930,908)**
Income tax benefit	5	112,671	451,780
Net loss after tax attributable to owners of the Company		**(1,388,365)**	**(1,479,128)**
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		**(1,388,365)**	**(1,479,128)**
Net loss per share (in cents)			
Basic and diluted for the year	4	(1.17)	(1.39)

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 2014

	Notes	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	6	458,860	766,160
Trade and other receivables	8	21,872	48,501
Total current assets		**480,732**	**814,661**
Non-current assets			
Investments accounted for using the equity method	17	1	450,367
Other financial assets	9	340,964	558,137
Property, plant and equipment	10	72,804	93,988
Total non-current assets		**413,768**	**1,102,492**
Total assets		**894,500**	**1,917,153**
LIABILITIES			
Current liabilities			
Trade and other payables	11	140,072	169,427
Total current liabilities		**140,072**	**169,427**
Total liabilities		**140,072**	**169,427**
Net assets		**754,428**	**1,747,726**
EQUITY			
Contributed equity	12	18,459,716	18,144,636
Reserves	13	79,987	-
Accumulated losses		(17,785,275)	(16,396,910)
Total equity		**754,428**	**1,747,726**

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

Statement of Cash Flows

For year ended 30 June 2014

	Notes	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from sale of tenements		150,000	-
Payments to suppliers and employees		(1,013,362)	(1,912,193)
Interest received		19,048	75,459
Income tax refund		112,671	451,780
Net cash used in operating activities	7	(731,643)	(1,384,954)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(515)	(7,116)
Proceeds from loans		-	100,000
Proceeds to/(from) bonds/guarantees		-	25,357
Payments for investment securities		(562,677)	-
Proceeds on sale of investment securities		592,469	-
Net cash (used in) / from investing activities		29,277	118,241
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of equity		479,985	219,258
Payment for share issue costs		(84,919)	-
Net cash from financing activities		395,066	219,258
Net decrease in cash and cash equivalents		**(307,300)**	**(1,047,455)**
Cash and cash equivalents at the beginning of the year		766,160	1,813,615
Cash and cash equivalents at the end of the year	6	**458,860**	**766,160**

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 2014

	Ordinary Shares $	Reserves $	Accumulated losses $	Total equity $
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**
Loss for the year	-	-	(1,388,365)	(1,388,365)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(1,388,365)	(1,388,365)
Issue of shares	400,000	-	-	400,000
Issue of options	-	79,987	-	79,987
Capital raising costs	(84,919)	-	-	(84,919)
At 30 June 2014	**18,459,716**	**79,987**	**(17,785,275)**	**754,428**

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

1. Corporate Information

The financial report of Dynasty Resources Limited ('Company') for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 30 September 2014.

Dynasty Resources 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 83 Brisbane Street, Perth, WA, 6000.

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).

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a net loss after tax for the year ended 30 June 2014 of $1,388,365 (2013: $1,479,128) and experienced net cash outflows from operating activities of $731,643 (2013: $1,384,954). As at 30 June 2014, the company had cash assets of $458,860 (2013: $766,160). The company is principally dependent upon raising additional funding in order to meet its contractual commitments and working capital requirements.

These conditions indicate a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

The ability of the company to continue as a going concern and to pay its debts as and when they fall due is dependent on the following:

- the ability to raise equity of at least $250,000 by March 2015; and
- the directors' ability to manage the quantum and timing of all discretionary expenditures including exploration costs, and wherever necessary, these costs will be minimised or deferred to suit the company's cash flow from operations.

In the event that the company is unable to raise the full amount of capital referred to above, the company also has the ability to dispose of its available-for-sale investments as disclosed in Note 9, at an amount equivalent to their market value.

The directors have prepared a cash flow forecast which indicates that the company will have sufficient cash flows to meet minimum operating overheads and committed expenditure requirements for the 12 month period from the date of signing the financial report if they are successful in relation to matters referred to above.

The directors are confident that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate. The financial report has therefore been prepared on the going concern basis.

Should the company be unable to achieve successful outcomes in relation to each of the matters referred to above, there is a material uncertainty whether the company will be able to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

(b) New standards and interpretations

In the current year, the Company has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Company include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'
- AASB CF 2013-1 'Amendments to the Australian Conceptual Framework'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'
- Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'

The adoption of all the new and revised Standards and Interpretations has resulted in changes to the Company's accounting policies but has no material effect on the amounts reported or disclosures made for the current or prior years except as disclosed below:

First time application of AASB 13: Fair Value Measurement
The Company has adopted the requirements of AASB 13 for the first time in the current financial statements. The standard provides guidance on how to determine fair value and requires disclosures about fair value measurement. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs.

The application of AASB 13 has resulted in additional disclosures in the financial statements.

Impact of the application of AASB 12: Disclosure of Interests in Other Entities
The Company has adopted the requirements of AASB 12 for the first time in the current financial statements. AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The application of AASB 12 has resulted in more extensive disclosures in the financial statements.

Impact of the application of AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'
This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Company only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 (note 19 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

New standards and interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
INT 21 'Levies'	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part D: 'Consequential Amendments arising from AASB 14'	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' – Part E: 'Financial Instruments'	1 January 2015	30 June 2016
AASB 14 'Regulatory Deferral Accounts'	1 January 2016	30 June 2017
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

New standards and interpretations in issue but not yet adopted

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018
IFRS 9 Financial Instruments (2014) and all related amendments	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Amendments to IAS 16 and IAS 41 for Bearer Plants	1 January 2016	30 June 2017
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016	30 June 2017

(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 wholly 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 equity instruments that will eventually vest.

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 Securities 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.

3. Revenue And Expenditure

	2014 $	2013 $
Included in loss for the year are:		
Expenses:		
Directors fees and remuneration	240,000	269,315
Depreciation expenses	21,699	21,737
Auditors' remuneration		
For audit and review of financial report		
Deloitte Touche Tohmatsu	41,260	53,530
For other services – Research & Development Tax concession	23,592	21,373
	64,952	**74,903**

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:

	2014 $	2013 $
Net loss attributable to equity holders from continuing operations	(1,388,365)	(1,479,128)
Net loss attributable to ordinary shareholders for diluted earnings per share	(1,388,365)	(1,479,128)
Weighted average number of ordinary shares for basic earnings per share	118,518,669	106,406,078
Adjusted weighted average number of ordinary shares for diluted earnings per share	118,518,669	106,406,078
Basic and diluted earnings per share (in cents)	(1.17)	(1.39)
Options outstanding at reporting date *(Considered as anti-dilutive and hence not considered in above)*	-	-

5. Income Tax

	2014 $	2013 $
The components of income tax benefit / (expense) comprise of:		
Recognised in income statement:		
Current tax	112,671	451,780
Deferred tax		-
	112,671	**451,780**
Recognised in statement of changes in equity:		
Current tax	-	-
Deferred tax	-	-
	-	**-**

5. Income Tax (continued)

	2014 $	2013 $
Reconciliation of income tax expense to statutory income tax:		
Accounting loss before income tax	(1,501,036)	(1,930,908)
Tax / (benefit) at statutory rate of 30%	(450,311)	(579,272)
Non-deductible expenses	139,592	263,304
Prior year R&D Tax Concession	(112,671)	(451,780)
Other	-	95,488
Income tax benefit not brought into account	310,719	220,480
Income tax (benefit) / expense reported in income statement	(112,671)	(451,780)
Weighted average effective tax rate	8%	23%
Components of deferred taxes:		
Deferred tax assets		
Carry forward revenue losses	4,582,270	4,542,815
Blackhole deduction	29,900	29,900
Non-deductible accruals	23,500	9,555
	4,635,670	4,582,270
Deferred tax asset recognised to the extent of deferred tax liability at reporting date	-	-
Deferred tax liabilities		
Property Plant & Equipment	-	3,701
Accrued interest	200	1,386
	200	5,087
Net deferred tax asset / (liability)	4,635,470	4,577,183
Unrecognised deferred tax asset	4,635,470	4,577,183

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

	2014 $	2013 $
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	458,860	85,950
Short Term Deposits	-	680,210
	458,860	766,160

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:

	2014	2013
	$	$
Loss for the year	(1,388,365)	(1,479,128)
Adjustments for:		
Share of losses of associate	140,514	311,097
Impairment of investment in associate	309,853	207,729
Gain on disposal of shares in available for sale financial assets	(30,395)	-
Gain on disposal of interest in joint venture	-	(870,000)
Impairment on fair value of available for sale financial assets	38,441	633,356
Depreciation and amortisation	21,699	21,736
Movement in working capital items:		
(Increase) / decrease in receivables	(12,496)	90,839
Increase / (decrease) in payables	189,106	(300,583)
Net cash from operating activities	**(731,643)**	**(1,384,954)**

Non-cash transactions
During the current year, the Company did not enter into any non-cash investing and financing activities which are not reflected in the statement of cash flows.

8. Trade And Other Receivables

	2014	2013
	$	$
Current		
Accrued interest from financial institutions	666	4,619
GST receivable	16,545	43,882
Settlement of shares – receivable	4,661	-
	21,872	**48,501**
Age of receivables that are past due but not impaired:		
Recoverable within 3 months	21,872	48,501
Recoverable more than 3 months	-	-
	21,872	**48,501**

9. Other Financial Assets

	2014	2013
	$	$
Term deposits with financial institutions	22,060	196,735
Available for sale financial assets	318,904	361,402
	340,964	558,137

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 (2013: 2,546,099) and 2,949,300 ordinary equity shares in Tiaro Coal Limited (2013: 3,000,000).

Available for sale financial assets had a market value of $146,148 as at 24 September 2014.

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:

	2014 $	2013 $
Opening fair value	361,402	124,759
Additions	-	870,000
Disposals	(4,057)	-
Impairment write-off	(38,441)	(633,357)
Closing fair value	**318,904**	**361,402**

10. Property, Plant And Equipment

	2014 $	2013 $
Plant and equipment		
At cost	177,640	177,125
Accumulated depreciation	(104,836)	(83,137)
	72,804	**93,988**
Movement in net carrying amount		
Balance at the beginning of the year	93,988	108,609
Additions	515	7,116
Depreciation for the year	(21,699)	(21,737)
Balance at the end of the year	**72,804**	**93,988**

11. Trade And Other Payables

	2014 $	2013 $
Trade and other payables	116,572	169,427
Accruals	23,500	-
	140,072	**169,427**
Payable maturity analysis:		
Payable within 3 months	140,072	169,427
	140,072	**169,427**

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

12. Contributed Equity

	2014 Nos.	2014 $	2013 Nos.	2013 $
Movement of ordinary shares on issue:				
Balance at the beginning of the year	110,518,669	18,144,636	105,383,509	17,815,378
Issued as consideration for satisfaction of creditor balance	-	-	750,000	110,000
Rights issue	-	-	4,385,160	219,258
Transfer upon exercise of option from option reserve	-	-	-	-
Issue of shares*	8,000,000	400,000	-	
Equity issue costs	-	(84,920)	-	-
Balance at the end of the year	**118,518,669**	**18,459,716**	**110,518,669**	**18,144,636**

12 Contributed Equity (continued)

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.

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

Movement in options outstanding:

	5 cents options expiring 18 September 2015
	Nos.
Year ended 30 June 2014	
Balance at the beginning of the year	-
Issued during the year	8,000,000
Exercised during the year	-
Lapsed during the year	-
Balance at the end of the year	**8,000,000**

Year ended 30 June 2013

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

Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is $0.01. Options were priced using Black-Scholes model.

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 2014	**-**	**-**
Issue of options	(79,987)	(79,987)
	(79,987)	(79,987)
At 30 June 2013	**-**	**-**

Share option reserve

The balance in the reserve represents proceeds from issue of options and also the fair value of options granted to others, who are not directors.

14. Share Based Payments

a. Share based option payments made during the year

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

b. Movement in share based payment options

There are no outstanding options for the year ended 30 June 2014.

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):

	2014	2013
	$	$
Payable within one year	103,000	272,000

Capital commitments

At 30 June 2014, the Company had no other capital commitments (2013: Nil).

Contingencies

At 30 June 2014, 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

	2014	2013
	$	$
Cash and cash equivalents	458,860	766,160
Trade and other receivables (i)	21,872	48,096
Term deposits with financial institutions (ii)	22,060	196,735
Available for sale financial assets (iii)	318,904	361,402
Trade and other payables (i)	(140,072)	(169,022)
	681,624	**1,203,371**

16. Financial Risk Management Objectives and Policies (continued)

(i) The fair values are a close approximation of the carrying amounts for trade and other receivables and payables on account of the short maturity cycle.

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

(iii) The investments in available-for-sale financial assets 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:

	2014	2013
	$	$
Recoverable within 3 months	21,872	48,501
	21,872	**48,501**

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 $
2014				
Financial liabilities:				
Trade and other payables	-	(140,072)	-	(140,072)
		(140,072)	**-**	**(140,072)**
Financial assets:				
Cash and cash equivalents	2.46	458,860		458,860
Trade and other receivables	-	21,872		21,872
Term deposit with financial institutions	0.83	-	22,060	22,060
Available for sale financial assets	-	318,904	-	318,904
		799,636	**22,060**	**821,696**

16. Financial Risk Management Objectives and Policies (continued)

	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**

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:

	2014 $	2013 $
Interest bearing cash and term deposits	458,860	962,895
Impact on profit and equity - +1% movement	4,588	9,629
Impact on profit and equity - -1% movement	(4,588)	(9,629)

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

	2014	2013
Cash and cash equivalents	2.46%	3.18%
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 Resources 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:

	2014 $	2013 $
Available for sale financial assets	318,904	361,402
Impact on profit and equity - +10% movement	31,890	36,140
Impact on profit and equity - -10% movement	(31,890)	(36,140)

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).

2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Available for sale financial assets (note 9)	318,904	-	-	318,904
Total assets	318,904	-	-	318,904

2013	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Available for sale financial assets (note 9)	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

	2014 $	2013 $
Investment in associate (Goldstone Resources Pty Ltd)	1	450,367

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

	Percentage interest **2014**	Percentage interest **2013**
Goldstone Resources Pty Ltd	20%	20%

17. Investment accounted for using the equity method

Information relating to the associates is set out below:

	2014 $	2013 $
Share of assets and liabilities		
Current assets	68,285	196,497
Non-current assets	9,783	279,621
Total assets	78,068	476,118
Current liabilities	22,376	25,751
Non-current liabilities	-	-
Total liabilities	22,376	25,751
Net assets*	55,692	450,367

* The Company impaired its investment in Goldstone to $1 as at 30 June 2014

	2014 $	2013 $
Share of revenue, expenses and results		
Revenue	802	28,823
Expenses	(141,316)	(339,920)
Loss before income tax	(140,514)	(311,097)

Impairment loss recognised in the year

During the year, the Directors have carried out a review of the recoverable amount of its investment in Goldstone Resources Pty Ltd. Goldstone Resources Pty Ltd has been in a net loss position for the last two reporting years.

The Directors are of the view that Goldstone Resources Pty Ltd will still be in a loss making position in the future financial years.

The review led to the recognition of an impairment loss of $309,853, which has been recognised in profit or loss.

The impairment loss has been included in profit or loss as a separate line item.

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 Bo Xin 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:

	2014 $	2013 $
Short-term employee benefits	240,000	269,315
	240,000	**269,315**

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.

C Loans from key management personnel and their related parties

During the year ended 30 June 2014 the Company did not enter into loans with key management personnel or their related parties.

D Transactions with related parties

There are no other related party transactions or balances during the year.

Balances due to directors for fees and charges at 30 June 2014 was $nil (2013:$nil)

20. Events After Reporting Date

There are no events subsequent to 30 June 2014 that have a material impact on the financial statements as presented.

21. Disposal of Joint Venture Interest

	2014 $	2013 $
Gain on disposal of JV interest	-	870,000
	-	870,000

In 2013, 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.

Directors' Declaration

30 June 2014

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

30 September 2014

The Board of Dynasty Resources 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 Resources' website at www.dynastyresources.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;
- Hetherington is engaged to provide exploration tenure management services across all tenements held by the Company;
- Lucas & Co is engaged to provide accounting and administration services in accordance with a services agreement. The services agreement outlines the role and responsibilities of Lucas & 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 Resources' 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 Resources, 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 Resources 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 Resources' website at www.dynastyresources.com.au in the Corporate Governance section.

Tenement Schedule

As at 27 September 2014

Project	Lease	Commodity	Holder (if not DMA)	Locality
Prairie Downs	E52/1927	Iron - Fe		WA
Prairie Downs	E52/2024	Iron - Fe		WA
Prairie Downs	E47/2396	Iron - Fe		WA
Prairie Downs	E52/2464	Iron - Fe		WA
Prairie Downs	E52/2458	Iron - Fe		WA
Prairie Downs	E52/2640	Iron - Fe		WA
Edjudina	E31/1061	Gold – Au		WA
Edjudina	E31/1062	Gold – Au		WA
Laverton	E38/2842	Gold - Au		WA
Laverton	E38/2843	Gold - Au		WA
Laverton	E38/2846	Gold - Au		WA
Laverton	E39/1750	Gold - Au		WA
Laverton	E39/1764	Gold-Au		WA
Tropicana North	E38/2838	Gold - Au		WA
Irwin River	EP 484	Petroleum		WA
Irwin River	EP 485	Petroleum		WA
Atlas Iron JV (1)	E45/2728	Iron - Fe		WA
Shaw River	E45/4209	Iron-Au		WA
Gascoyne	E08/2495	Cu-Au		WA
Gascoyne	E09/2066	Cu-Au		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 into 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

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Independent Auditor's Report to the Members of Dynasty Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Dynasty Resources Limited, which comprises the statement of financial position as at 30 June 2014, 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 27 to 49.

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 Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Dynasty Resources 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 2014 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.

Material Uncertainty Regarding Continuation as a Going Concern
Without modifying our opinion, we draw attention to Note 2 in the financial report which indicates that the company incurred a net loss of $1,388,365 and experienced net cash outflows from operating activities of $731,643 during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 23 of the directors' report for the year ended 30 June 2014. 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 Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 30 September 2014

Additional Securities Exchange Information

Additional information required by the Australian Securities Exchange Limited listing rules and not disclosed elsewhere in this report is set out below as at 19 September 2014:

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%
Citicorp Nom PL	9,617,220	8.11%
BNP Paribas Noms PL	9,608,000	8.11%
Dong Bo Xin	6,526,996	5.51%

Distribution of shareholders

No. of shares held	No. of holders within category
1 - 1000	42
1,001 – 5,000	85
5,001 – 10,000	125
10,001 – 100,000	338
100,001 and over	104
Total	694

At 19 September 2014, there were 324 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 19 September 2014 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 19 September 2014 were

	No. of shares held	Percentage of Issued shares
Hebei Xinghua Iron and Steel	11,652,197	9.83%
Citicorp Nominees	9,617,220	8.11%
BNP Paribas Nominees	9,608,000	8.11%
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	3,318,961	2.80%
Mr Zhifang Zhang	3,121,736	2.63%
Shinefly Holdings Ltd	3,040,000	2.56%
Ms Zhenghua Wang	3,000,000	2.53%
Mr Meng Xin Gao	2,500,000	2.11%
HSBC Custody Nominees Australia Ltd	2,488,599	2.10%
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%
Mrs Ping Lin	1,379,429	1.16%
Mr Xiang Gao	1,309,096	1.10%
Mr Po Chu Wong	1,274,000	1.07%
Top 20 Total	77,932,331	65.73%
Balance of Register	40,586,338	34.27%
Grand Total	118,518,669	100.00%

Corporate Directory

Company Particulars	Dynasty Resources Limited ACN 110 385 709 The Company is an exploration company with its securities listed only on the Australian Securities Exchange.
Registered Office	83 Brisbane Street Perth WA 6000 Telephone: +61 8 6316 4414 Facsimile: +61 8 6316 4404 Email: admin@dynastyresources.com.au Website: www.dynastyresources.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