

**DYNASTY**  
**RESOURCES LIMITED**

and its controlled entities

ABN 80 110 385 709

**Half-Year Financial Report**

For the half-year ended 31 December 2015

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**CORPORATE INFORMATION**

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	Lewis Tay (Chairman and Managing Director) Qingzhou Yuan (Non-Executive Director) Bin Wang (Non-Executive Director) Bo Xin Dong (Alternative Director for Bin Wang)
Company Secretary	Louise Edwards
Auditor	BDO Level 11, 1 Margaret St Sydney NSW 2000 AUSTRALIA Telephone: +61 2 9251 4100 Facsimile: +61 2 9240 9821
Share Registrar	Security Transfer Registrars Pty Ltd Suite 1, Alexandria House 770 Canning Highway Applecross WA 6153  Telephone: +61 8 9513 2333 Facsimile: +61 8 9315 2233

# DYNASTY RESOURCES LIMITED

## Directors' Report

For the half-year ended 31 December 2015

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The directors of Dynasty Resources Limited present their report, together with the financial statements of the consolidated entity (referred to hereafter as the 'Consolidated Entity') consisting of Dynasty Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

### Directors

The directors of the Company at any time during or since the end of the reporting period are:

Lewis Tay (Chairman/Managing Director)

Bin Wang (Non-Executive Director)

Bo Xin Dong (Alternate Director for Bin Wang)

Qingzhou Yuan (appointed 23 July 2015) (Non-Executive Director)

Thomas Pickett (resigned 24 September 2015) (Non-Executive Chairman until resignation)

### Review of operations and financial results

During the six months to December 2015, the principal activity of the Company continued to be the exploration and evaluation of mineral licences. Exploration activity is being evaluated whilst the Company focuses on reviewing opportunities to fund future exploration or realise value from the Company's assets.

The consolidated results for the half year ended 31 December 2015 includes U.S.A. Nongbiao Puruina Group Agricultural Holding Limited (Hong Kong) which was acquired on 11 December 2015.

The Consolidated Entity incurred an after tax operating loss for the half-year ended 31 December 2015 of \$351,070.

### Significant changes in state of affairs

On 11 December 2015, Dynasty Resources Limited acquired all of the shares in U.S.A. Nongbiao Puruina Group Agricultural Holding Limited (Hong Kong) ('Nong Biao') for a cash consideration of \$10,000. The Company's Managing Director, Lewis Tay, was appointed as a director of Nong Biao.

Nong Biao is the owner of 75% of the issued share capital in a Shanghai registered company, Shanghai Chen Mao Finance Lease Co., Ltd ('Chen Mao').

Chen Mao holds a financial leasing licence granted by the relevant authorities in Shanghai, China.

Other than discussed above, there were no significant changes in the state of affairs of the Consolidated Entity during the half-year ended 31 December 2015.

### Matters Subsequent to the End of the Reporting Period

On 6 January 2016, the Company contributed \$1 million to Chen Mao via its wholly owned subsidiary Nong Biao to support Chen Mao in the development of its financial leasing business. The Company's strategic objective for Chen Mao is that it will be cashflow positive and in the medium term will provide financial support for the Company's exploration activities.

Other than mentioned above, no further matters or circumstances have arisen since the end of the half-year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in future financial years.

## DYNASTY RESOURCES LIMITED

### Directors' Report

For the half-year ended 31 December 2015

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#### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 6 of this financial report and forms part of this Directors Report.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



Lewis Tay  
Managing Director

Sydney  
23 March 2016

**DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF DYNASTY RESOURCES LIMITED**

As lead auditor for the review of Dynasty Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dynasty Resources Limited and the entities it controlled during the period.



Gareth Few  
Partner

**BDO East Coast Partnership**

Sydney, 23 March 2016

## DYNASTY RESOURCES LIMITED

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2015

	Notes	Consolidated	
		Half-year ended	
		31-Dec-15	31-Dec-14
		\$	\$
<b>Revenue</b>	<b>4</b>	16,008	20,750
<b>Expenses</b>			
Administrative expenses		(24,808)	-
Exploration expenses		(59,135)	(88,935)
Employee benefits expenses		(111,000)	(120,000)
Finance costs		(67)	-
Professional fees		(57,129)	(63,006)
Depreciation and amortisation expense		(9,947)	(10,790)
Impairment on fair value of available for sale financial assets		(36,330)	(263,819)
Other expenses		(44,466)	(80,092)
<b>Profit/(loss) from continuing operations before income tax</b>		<b>(326,874)</b>	<b>(605,893)</b>
Income tax expense / benefit		(24,196)	-
<b>Profit/(Loss) after tax for the half-year</b>		<b>(351,070)</b>	<b>(605,893)</b>
<b>Other Comprehensive Income, net of income tax</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-	-
<b>Total comprehensive income for the half-year</b>		<b>(351,070)</b>	<b>(605,893)</b>
<b>Total comprehensive income for the half-year attributable to</b>			
Owners of the parent		(339,391)	(605,893)
Non-controlling interests		(11,679)	-
		<b>(351,070)</b>	<b>(605,893)</b>
<b>Earnings per share</b>			
From continuing and discontinued operations			
Basic and diluted loss per share (cents)		(0.09)	(0.51)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**DYNASTY RESOURCES LIMITED**  
**Consolidated Statement of Financial Position**

As at 31 December 2015

	Notes	Consolidated	
		31-Dec-15 \$	30-Jun-15 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	3,438,728	617,851
Trade and other receivables		-	14,222
Other Receivables	9	2,010,806	-
Prepayments		2,658	-
<b>Total Current Assets</b>		<b>5,452,192</b>	<b>632,073</b>
<b>Non Current Assets</b>			
Investments in associates using the equity method	12	1	1
Other financial assets	6	10,184	46,514
Property, plant and equipment	7	42,104	52,052
<b>Total Non Current Assets</b>		<b>52,289</b>	<b>98,567</b>
<b>Total Assets</b>		<b>5,504,481</b>	<b>730,640</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	2,296,275	98,225
Current tax liabilities		43,897	-
Unearned Revenue		100,674	-
<b>Total Current Liabilities</b>		<b>2,440,846</b>	<b>98,225</b>
<b>Total Liabilities</b>		<b>2,440,846</b>	<b>98,225</b>
<b>Net Assets</b>		<b>3,063,635</b>	<b>632,415</b>
<b>EQUITY</b>			
Contributed equity	8	20,900,257	18,861,430
Share application monies		1,025,958	270,000
Reserves		(12,495)	79,987
Accumulated losses		(18,838,406)	(18,579,002)
		<b>3,075,314</b>	<b>632,415</b>
Equity attributable to owners of the parent		3,075,314	632,415
Non-controlling interest		(11,679)	-
<b>Total equity</b>		<b>3,063,635</b>	<b>632,415</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

**DYNASTY RESOURCES LIMITED**  
**Consolidated Statement of Cash Flows**

For the half-year ended 31 December 2015

	Notes	Consolidated	
		Half-year ended	
		31-Dec-15	31-Dec-14
		\$	\$
<b>Cash Flow from Operating Activities</b>			
Payments to suppliers and employees		(26,832)	(369,480)
Interest Received		13,603	2,265
<b>Net Cash Inflow /(Outflow) from Operating Activities</b>		<b>(13,229)</b>	<b>(367,215)</b>
<b>Cash Flow from Investing Activities</b>			
Lease financing		(2,010,806)	-
Proceeds on sale of investment securities		-	17,819
<b>Net Cash Inflow (Outflow) from Investing Activities</b>		<b>(2,010,806)</b>	<b>17,819</b>
<b>Cash Flow from Financing Activities</b>			
Net proceeds from issue of equity instruments		2,656,862	-
Loan finance from related party		2,188,050	-
<b>Net Cash Inflow (Outflow) from Financing Activities</b>		<b>4,844,912</b>	<b>-</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>		<b>2,820,877</b>	<b>(349,396)</b>
<b>Cash and Cash Equivalents at beginning of period</b>		<b>628,124</b>	<b>458,860</b>
Effects of exchange rate changes on cash holdings in foreign currencies		(10,273)	-
<b>Cash and Cash Equivalents at the end of period</b>	<b>5</b>	<b>3,438,728</b>	<b>109,464</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**DYNASTY RESOURCES LIMITED**  
**Consolidated Statement of Changes in Equity**

For the half-year ended 31 December 2015

<b>Consolidated</b>	<b>Ordinary Shares \$</b>	<b>Share application monies \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 31 December 2014</b>	<b>18,459,716</b>	<b>-</b>	<b>79,987</b>	<b>(18,376,736)</b>	<b>162,967</b>
Total loss attributed to shareholders of the Company	-	-	-	(202,266)	(202,266)
Total comprehensive income/(loss) for the half-year	-	-	-	(202,266)	(202,266)
Transactions with owners in their capacity as owners, and other transfers					
Issue of shares	454,671	-	-	-	454,671
Capital Raising Cost	(52,957)	-	-	-	(52,957)
Share application monies	-	270,000	-	-	270,000
<b>Balance at 30 June 2015</b>	<b>18,861,430</b>	<b>270,000</b>	<b>79,987</b>	<b>(18,579,002)</b>	<b>632,415</b>
<b>Balance at 1 July 2015</b>	<b>18,861,430</b>	<b>270,000</b>	<b>79,987</b>	<b>(18,579,002)</b>	<b>632,415</b>
Total loss attributed to shareholders of the Company	-	-	-	(339,391)	(339,391)
Total comprehensive income for the half-year	-	-	-	(339,391)	(339,391)
Transactions with owners in their capacity as owners, and other transfers					
Issue of shares	2,053,069	(270,000)	-	-	1,783,069
Share application monies	-	1,025,958	-	-	1,025,958
Capital raising costs	(14,242)	-	-	-	(14,242)
Option Reserve	-	-	(79,987)	79,987	-
Acquisition Reserve	-	-	(12,495)	-	(12,495)
Foreign currency translation reserve	-	-	-	-	-
	20,900,257	1,025,958	(12,495)	(18,838,406)	3,075,314
Non-controlling interest	-	-	-	(11,679)	(11,679)
<b>Balance at 31 December 2015</b>	<b>20,900,257</b>	<b>1,025,958</b>	<b>(12,495)</b>	<b>(18,850,085)</b>	<b>3,063,635</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# DYNASTY RESOURCES LIMITED

## Notes to Financial Statements

For the half-year ended 31 December 2015

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### 1. Corporate Information

The financial statements of Dynasty Resources Limited ('Company') for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 23 March 2016.

The financial statements cover Dynasty Resources Limited as a consolidated entity consisting of Dynasty Resources Limited and the entities it controlled at the end of, or during, the half-year.

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 half-year was exploration and evaluation of mineral licences in Australia.

The Registered Office of the Company is at 83 Brisbane Street, Perth, WA, 6000.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

### 2. Summary of Significant Accounting Policies

#### (a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report of the Company as at 30 June 2015 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

#### (b) Basis of Preparation

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

The interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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.

The interim consolidated financial statements (the interim financial statements) of the Company are for the six months ended 31 December 2015 and are presented in Australian dollars(\$), which is the functional currency of the parent company. These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'

#### (c) New standards and interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

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

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

Impact of application of AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

Completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

The adoption of amending Standards does not have any impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

## DYNASTY RESOURCES LIMITED

### Notes to Financial Statements (continued)

For the half-year ended 31 December 2015

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#### **(d) Reporting foreign currency transactions in the functional currency**

The closing day spot exchange rate between the functional currency and the foreign currency at 31 December 2015 was used. During the period between 11 December 2015 to 31 December 2015, exchange rates fluctuation were insignificant.

#### **(e) Leases**

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic return on the remaining balance of the liability. Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

#### **(f) Revenue**

The Consolidated Entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

##### *Finance income*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### *Interest*

Revenue is recognised as interest accrues using the effective interest rate method to the net carrying amount of the financial asset.

# DYNASTY RESOURCES LIMITED

## Notes to Financial Statements (continued)

For the half-year ended 31 December 2015

### 3. Segment information

#### Identification of reportable operating segments

The consolidated entity is organised into two operating segments: Exploration in Australia and Financial Leasing overseas. Operating segments are determined by distinguishable components whereby the risk and returns are different from the other segments.

#### Types of products and services

Exploration	The Exploration segment comprising Dynasty Resources Limited (the Company) is involved in exploration and evaluation of mineral licences.
Financial Lease	The Financial Leasing segment comprising U.S.A. Nongbiao Puruina Group Agricultural Holding Limited as the 75% shareholder of Shanghai Chen Mao Finance Lease Co., Ltd which is involved in providing financial leasing services in China.

#### Intersegment transactions

There were no material transactions between operating segments

#### Intersegment receivables, payables and loans

There are no intersegment receivables, payables or loans at the reporting date.

#### Operating segment information

Consolidated - 31 December 2015	Exploration \$	Financial Lease \$	Total \$
<b>Revenue</b>			
Sales	-	2,421	2,421
Interest	13,587	-	13,587
<b>Total revenue</b>	13,587	2,421	16,008
Administrative expenses	-	(24,808)	(24,808)
Exploration expenses	(59,135)	-	(59,135)
Employee benefits expenses	(111,000)	-	(111,000)
Finance costs	-	(67)	(67)
Depreciation and amortisation expense	(9,947)	-	(9,947)
Impairment on fair value of available for sale financial assets	(36,330)	-	(36,330)
All other expenses	(101,595)	-	(101,595)
<b>Profit/(loss) before tax</b>	(304,420)	(22,454)	(326,874)
Income tax expense	-	(24,196)	(24,196)
<b>Profit/(Loss) after tax</b>	(304,420)	(46,650)	(351,070)
<b>Assets</b>			
Segment assets	3,142,478	2,362,003	5,504,481
<b>Total assets</b>	3,142,478	2,362,003	5,504,481
<b>Liabilities</b>			
Segment liabilities	22,565	2,418,281	2,440,846
<b>Total liabilities</b>	22,565	2,418,281	2,440,846

**DYNASTY RESOURCES LIMITED**  
**Notes to Financial Statements (continued)**

For the half-year ended 31 December 2015

**4. Revenue And Expenditure**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Leasing service revenue	2,421	-
Other revenue		
Interest	13,587	2,932
Gain/Loss Investment	-	16,933
Sale of shares	-	884
	<u>16,008</u>	<u>20,750</u>
	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Director fees and remuneration	111,000	120,000
Depreciation	9,947	10,790
Exploration expenses	59,135	88,935
	<u>180,082</u>	<u>219,725</u>

**5. Cash And Cash Equivalents**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of cash</b>		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following:		
Cash at bank and in hand	<u>3,438,728</u>	<u>617,851</u>
	<u>3,438,728</u>	<u>617,851</u>

**6. Other Financial Assets**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$</b>	<b>\$</b>
Available for sale financial assets	<u>10,184</u>	<u>46,514</u>
	<u>10,184</u>	<u>46,514</u>

Available for sale financial assets are the Company's investment in equity of listed entities. These Level 1 assets 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 (2015: 2,546,099).

**7. Property, Plant And Equipment**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$</b>	<b>\$</b>
<b>Plant and equipment</b>		
At cost	177,640	177,640
Accumulated depreciation	<u>(135,536)</u>	<u>(125,588)</u>
	<u>42,104</u>	<u>52,052</u>
<b>Movement in net carrying amount</b>		
Balance at the beginning of the year	52,051	72,804
Additions	-	-
Depreciation for the year	<u>(9,947)</u>	<u>(20,752)</u>
Balance at the end of the year	<u>42,104</u>	<u>52,052</u>

**DYNASTY RESOURCES LIMITED**  
**Notes to Financial Statements (continued)**

For the half-year ended 31 December 2015

**8. Contributed Equity**

	<b>31 December 2015</b>	
	<b>Nos.</b>	<b>\$</b>
<i>Movement of ordinary shares on issue:</i>		
Balance at the beginning of the period	164,985,783	18,861,430
Issue of shares	221,310,890	2,053,069
Equity issue costs	-	(14,242)
Balance at the end of the half-year	<b>386,296,673</b>	<b>20,900,257</b>

In July 2015 the Company raised \$2,053,069 via the issue of 205,310,890 ordinary shares to the Underwriter following the rights issue at \$0.01 per share.

In September 2015 the Company issued 16,000,000 ordinary shares as consideration for broker fees as approved by shareholders on 25 September 2015.

In September 2015, 8,000,000 options (\$0.05 strike) lapsed.

	<b>5 cent options expired 18 Sept 2015</b>	
	<b>Nos.</b>	
<i>Movement in options outstanding:</i>		
Balance at the beginning of the period	8,000,000	
Issued during the half-year	-	
Exercised during the half-year	-	
Lapsed during the half-year	(8,000,000)	
Balance at the end of the half-year	-	

**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 tranches. The overall capital management policy of the Company remains unchanged and is consistent with prior years.

**9. Other Current Receivables**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$</b>	<b>\$</b>
<b>Other Current Receivables</b>	2,010,806	-

The other current receivables are financing commitments from Shanghai Kangxin Technology Development Ltd (Kangxin) through Shanghai Chen Mao Finance Lease Co Ltd.

The amounts are repayable by December 2016 and incur interest on the leasing contract at 6% per annum.

Shanghai Kangxing Technology Development Ltd is not a related party.

**DYNASTY RESOURCES LIMITED**  
**Notes to Financial Statements (continued)**

For the half-year ended 31 December 2015

**10. Other liabilities**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$</b>	<b>\$</b>
<b>Other liabilities</b>		
Payable - Cash advance	2,232,995	-
Other Payable	20,108	-
Trade Payable	33,172	-
Consideration for Nong Biao	10,000	-
	<u>2,296,275</u>	

The amount payable of AUD\$2,232,995 is a cash advance from the minority shareholder of Chenmao and security bond received from Kangxin, at 31 December 2015.

The advance has been provided to the Chenmao to allow lease financing operations to commence.

The term of the borrowing is 3 years. For the initial 6 months, the full amount or part of the amount will be converted to paid up capital in Chenmao, if Nongbiao makes a capital contribution. After the initial 6 months, the remaining borrowing will be recognised as a loan from the shareholder, with an annual interest rate of 5% until the end of the 3 year term.

If Chenmao fails to repay the loan principal with interest after the 3 year period, Chenmao is liable to pay the shareholder a penalty of 0.1% per day.

Also included is the total of security bonds received from the lessee, Kangxin, at 31 December 2015 of AUD\$172,800 (CNY960,000). The term of the lease arrangement is 12 months commencing from December 2015. The security bond is held by Chenmao, with no interest calculated on the bond during Chenmao's holding period. The security bond is refundable to Kangxin upon final repayment of the monthly principal in December 2016. If Kangxin fails to make any principal repayment within the prescribed time, for its breach of the contract, a daily penalty rate of 0.05% will be charged by Chenmao. The security bond can also be used to compensate Chenmao should Kangxin breach the contract.

**11. 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 the Company's tenements are \$12,647 (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).

*Capital commitments and Contingencies*

Since the last annual reporting date, there have been no material changes to any capital commitments and contingencies.

**DYNASTY RESOURCES LIMITED**  
**Notes to Financial Statements (continued)**

For the half-year ended 31 December 2015

**12. Investment accounted for using the equity method**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$</b>	<b>\$</b>
Investment in associate (Goldstone Resources Pty Ltd)	1	1
	<u>1</u>	<u>1</u>

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

	Percentage interest	Percentage interest
	<b>31-Dec-15</b>	<b>30-Jun-15</b>
Goldstone Resources Pty Ltd	<u>17.7%</u>	<u>17.7%</u>

**13. Acquisition of subsidiary**

	<b>31-Dec-15</b>
	<b>\$</b>
<b>Consideration</b>	
Cash payable	10,000
<b>Assets acquired and liabilities assumed at the date of acquisition</b>	
	<b>\$</b>
Current Assets	
Cash	9,865
Other assets	889
	<u>10,754</u>
Current Liabilities	
Trade and other payables	<u>(13,249)</u>
Net liabilities acquired	<u>(2,495)</u>

The initial accounting for the acquisition of U.S.A. Nongbiao Puruina Group Agricultural Holding Limited has only been provisionally determined at the end of the half-year. The transaction has been accounted for as a transaction between owners through equity resulting in an effective distribution of \$12,495.

**Impact of acquisition on the results of the Group**

Included in the Consolidated Statement of Comprehensive Income is a loss after tax for the half-year of \$46,714 attributable to Nong Biao. Revenue for the half-year includes \$2,422 in respect of Nong Biao. The operations of Nong Biao would have contributed an additional loss of \$2,495 had it been consolidated from 1 July 2015.

## **DYNASTY RESOURCES LIMITED**

### **Notes to Financial Statements (continued)**

For the half-year ended 31 December 2015

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#### **14. Related Party Transactions**

Transactions between related parties are on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

The Company's non-executive director Mr Qingzhou (Steve) Yuan is also the nominee of Cyberstore Technology Limited (Hong Kong) ("Cyberstore"). Cyberstore is a substantial shareholder of the Company, holding 44.5% of the Company's issued shares as at 31 December 2015.

On 11 December 2015, the Company acquired a 100% interest in U.S.A Nongbiao Puruina Group Agricultural Holding Limited (Hong Kong) ("Nongbiao") for \$10,000. The Vendors of these shares included Mr Richard Nah Chi Chan, Mr Hairong Yuan and Mrs Hai Rong Yuan. Mr Richard Chan is a director of Cyberstore. Further, the Company's director Mr Qingzhou Yuan is a relative of Mr Hairong Yuan and Mrs Hai Yuan. The Company noted the related party interests and considered the transaction terms to be on normal commercial terms and conditions and no more favourable than those available to other parties.

Following acquisition of Nongbiao, the Company's Chairman and Managing Director, Mr Lewis Tay, was appointed to the Board of Nongbiao. Mr Richard Chan (refer above) and Mr Hairong Yuan (refer above) are also directors of Nongbiao.

Nongbiao owns 75% of the issued shares in Shanghai Chen Mao Finance Lease Co Ltd (Peoples Republic of China) ("Chen Mao"). Mr Richard Chan (refer above) is also a director of Chen Mao.

In December 2015, Chenmao's other shareholder, Shanghai Hengyao Optical Technologies Ltd. which has 20% of Chenmao's equitable interests, advanced CNY 10,000,000 to Chenmao as working capital. The amount has been recognised as a loan from the related company as at 31 December 2015.

#### **15. Events After Reporting Date**

On 6 January 2016, the Company contributed \$1 million to Chen Mao via its wholly owned subsidiary Nong Biao to support Chen Mao in the development of its financial leasing business. The Company's strategic objective for Chen Mao is that it will be cashflow positive and will in the medium term provide financial support for the Company's exploration activities.

## DYNASTY RESOURCES LIMITED

### Directors' Declaration

For the half-year ended 31 December 2015

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The Directors of the Company declare that:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Lewis Tay**  
Managing Director

23 March 2016

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dynasty Resources Limited and its controlled entities

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dynasty Resources Limited and its controlled entities which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dynasty Resources Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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 and its controlled entities, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dynasty Resources Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO East Coast Partnership**

A handwritten signature in black ink that reads 'Gareth Few'. Above the signature, the letters 'BDO' are written in a smaller, cursive script.

**Gareth Few**  
Partner

Sydney, 23 March 2016