



28 July 2006

Australian Stock Exchange Limited

By electronic lodgement

Quarterly Activities Report for the Quarter ended 30 June 2006

Highlights

- **Bendoc gold drilling results compiled with historical data (see sections) (Vic).**
- **Exploration to commence on Uranium Projects in the Gascoyne Region (WA).**
- **Mapping and ground magnetics at Laverton (WA).**
- **North Shaw Iron Ore Agreement with Atlas Iron Limited for the issue of 500,000 Atlas shares and a 2% royalty (WA).**
- **Placement raised \$1,012,000.**

Corporate

Dynasty Metals Australia Ltd (ASX code DMA) has raised a further \$1,012,000 by a placement of 3,614,286 fully paid ordinary shares at an issue price of 28 cents each to sophisticated investors and clients of Cube Financial Group Ltd. The placement was made pursuant to the Company's capacity to issue 15% of its existing capital.

Mrs Rita Brooks has been appointed as Executive Director.

Dynasty have appointed Mr Gaius King (M.Sc., MBA) as an Exploration Consultant responsible for exploration on the Company's Western Australian projects. Mr King will also be assessing new projects.

Dynasty also retains the services of Mr Alan Svanosio as its principal Exploration Consultant.

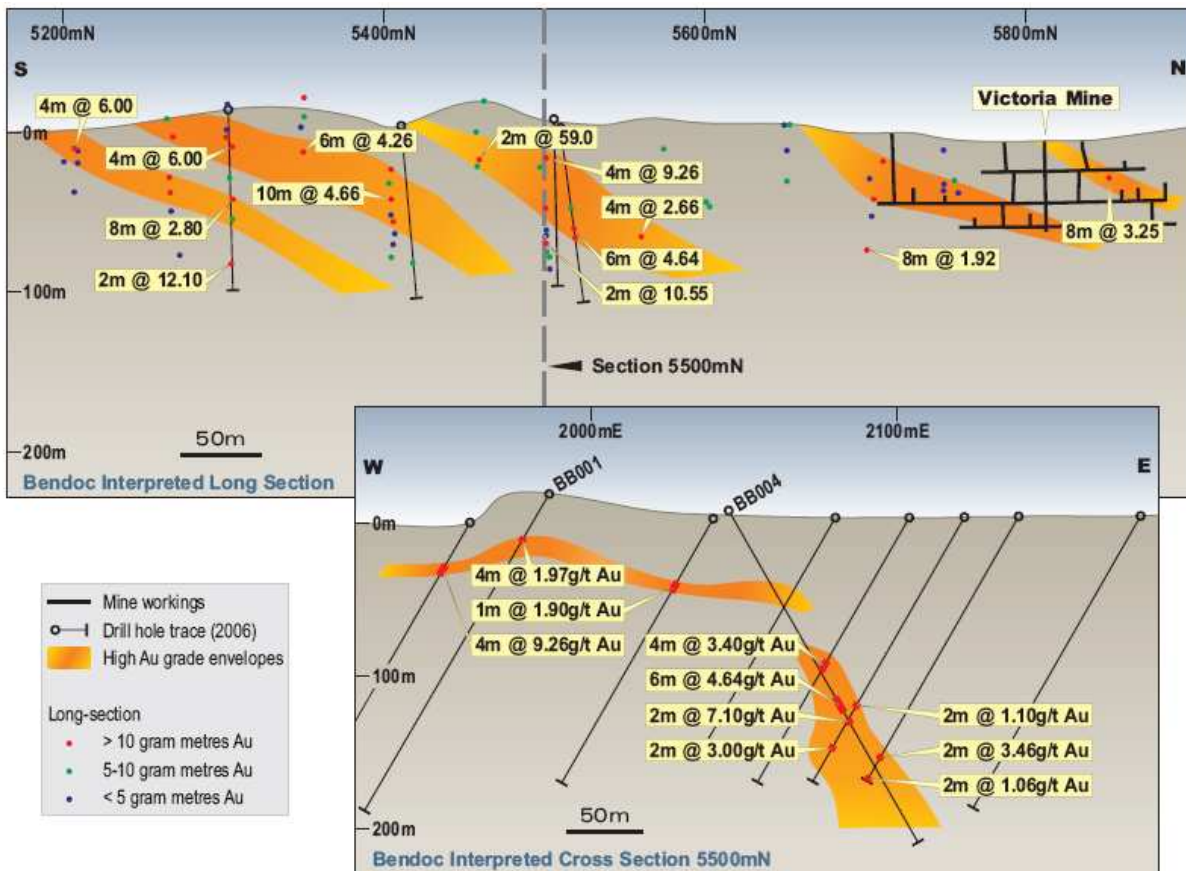
Gold, Victoria

Bendoc Gold Project

Dynasty's Bendoc Gold project is located in the East Gippsland region, approximately 400km northeast of Melbourne. 60 mines and mineral prospects have been recorded in the project area, with a historical gold production of 40,000 ounces predominately from shallow alluvial deposits. Field reconnaissance has identified 10 previously unrecorded sites of quartz reef gold mining. The initial focus of exploration has been the Victoria Star Mine (average grade 51 g/t Au) where primary gold mineralisation extends over a 700m strike length co-incident with the old workings.

Recent drilling by Dynasty is the first time that diamond drilling has been done within the Bendoc tenement. Not only did the holes prove that prior RC percussion drilling results are reliable, but that the style of mineralisation is unique. An additional 46 intervals of drill core have been sampled with results expected early next quarter. Thin section petrology is now underway to determine style and paragenesis of gold mineralisation. The highest gold values were found to be coincident with finely fractured sandstones containing disseminated sulphides. This is significant because it is another style of mineralisation other than the "nuggety" styled gold favoured by gold miners over a century ago. It may be eminently suitable for modern mining techniques given tonnage and grade constraints to make an economic deposit.

During the quarter these holes were digitised into the data base along with the historical drill holes, survey data and gold values. The sections below show the Victoria Star area.



Additional RC percussion drilling will be planned to provide better definition of Victoria Star mineralisation. Recently located sites of past gold mining will be assessed with a view to drill testing; and the location of magnetic anomalies interpreted to be buried volcanic plugs by Geological Survey of Victoria geophysicists, will be verified by ground survey.

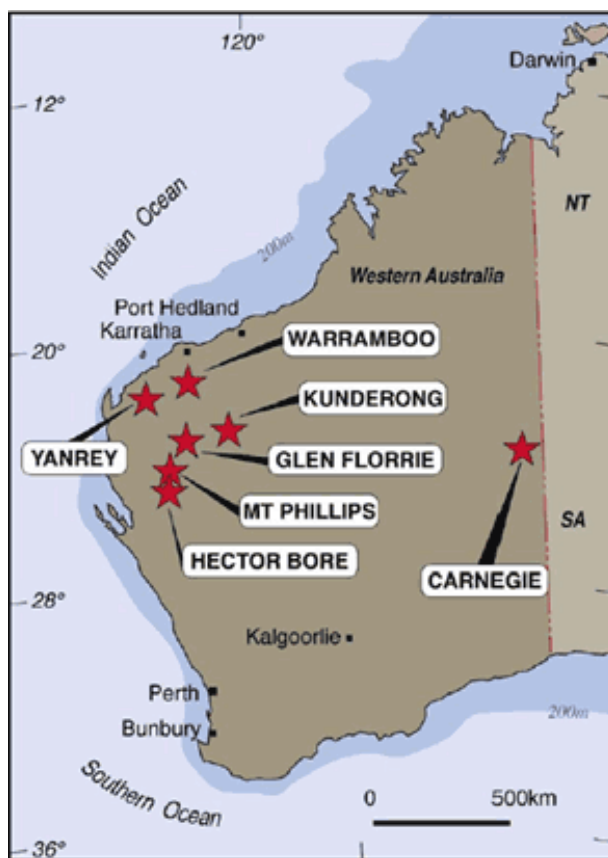
Bright Gold Project

The Bright gold project is located 200km northeast of Melbourne covering an area of 185 km². Historical production is in-excess of 340,000 ounces of gold from a number of quartz reefs (1 to 40m in width) with an average grade between 18-20 g/t Au. The largest producers were the Rose Thistle and Shamrock (101,240t@21.4g/t) and the Oriental (127,571t@14g/t)

A reverse circulation/diamond drill program of 14 holes is scheduled for late August to test seven quartz reef zones.

Uranium, Western Australia

Uranium tenements at Hector Bore and Mt Phillips in the Gascoyne have been granted. All the tenements will be visited in the coming quarter, coupled with a preliminary geochemical sampling program targeting uranium and associated elements.

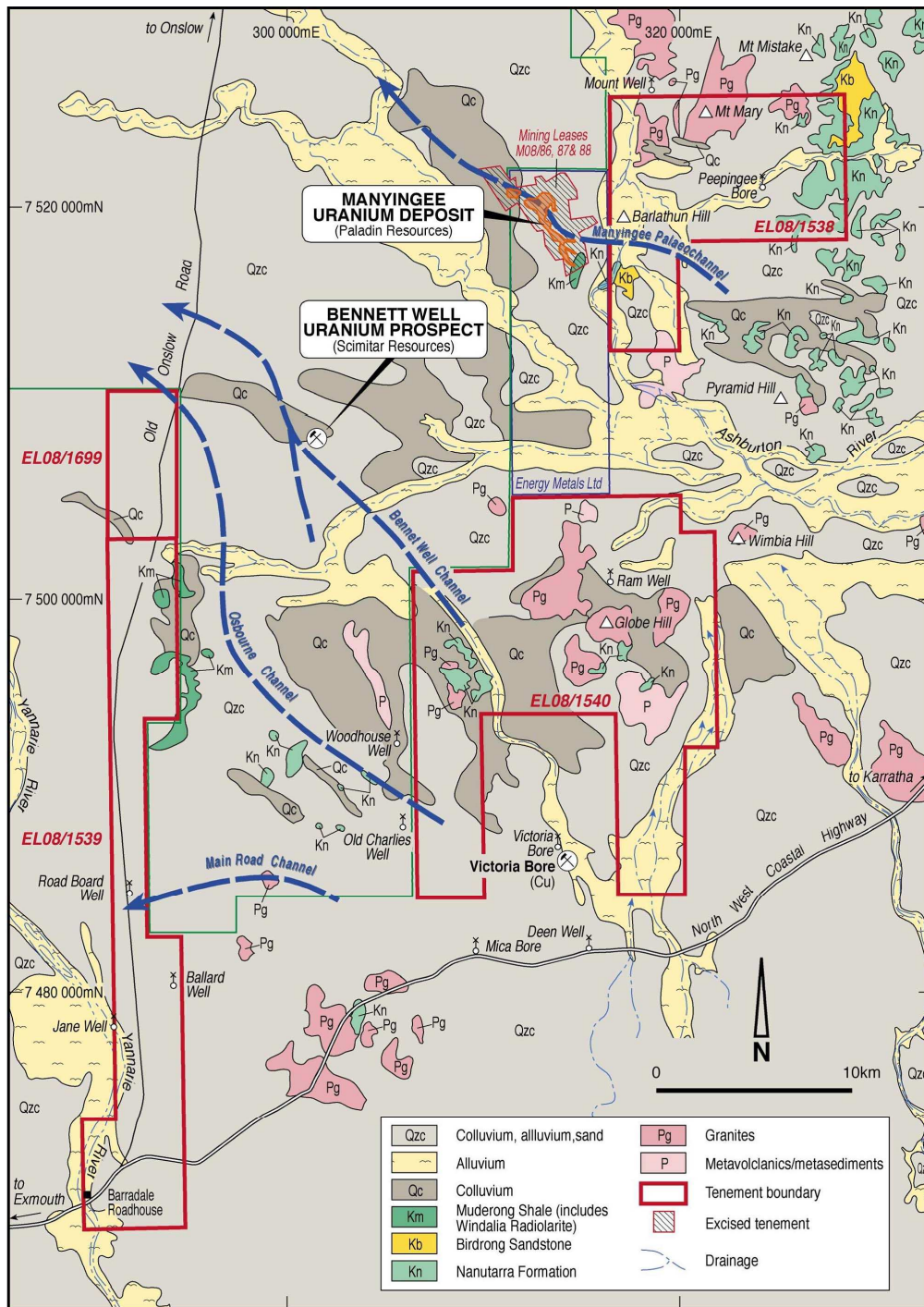


Dynasty Uranium Projects

Yanrey Uranium Project

The Yanrey project area is located approximately 95 kilometres south of Onslow. Field reconnaissance during the quarter indicated that there may be four to five east-west oriented paleochannels that could be prospective for hosting uranium mineralisation.

Future exploration efforts will concentrate on defining extensions of identified paleochannels. The Bennett, Osbourne and Main Road Channels on ELA08/1540 and ELA08/1539. The paleochannel which hosts the Manyingee U deposit may also extend into ELA08/1538.



YANREY URANIUM PROJECT - CHANNEL LOCATIONS

Methods to define the channels on Dynasty's ground may use botanical signatures, aerial photography and synthetic aperture radar (SAR). Dynasty will also investigate the possibility of using an electromagnetic (EM) survey over the area.

An additional exploration license has been applied for within the Osbourne Channel area north of E08/1539.

Hector Bore Uranium Project

Situated approximately 250km east of Carnarvon, the Hector Bore prospect contains several uranium occurrences identified from previous exploration. Applications for Exploration Licenses north and south of Hector Bore have extended the project area.

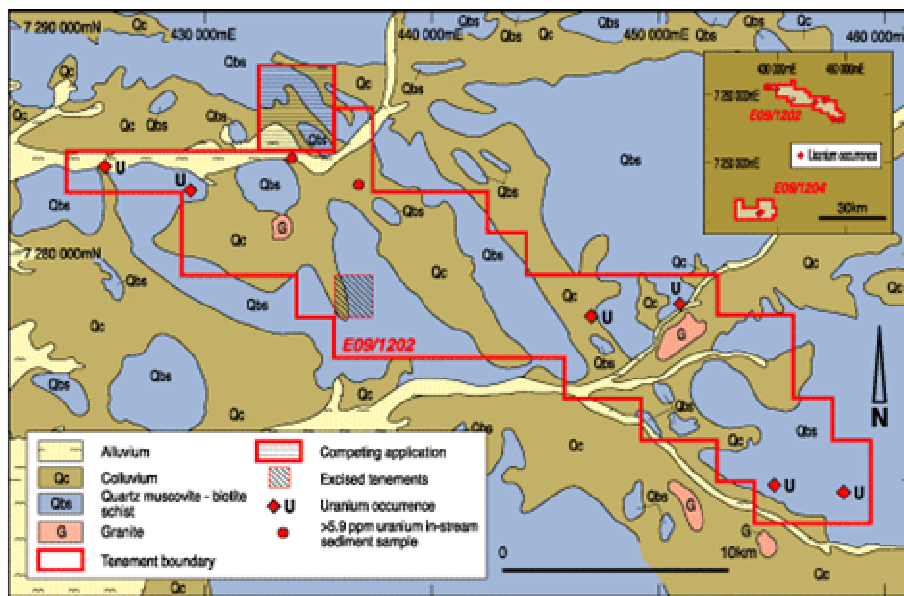
Field reconnaissance was undertaken during the quarter and evidence of earlier exploration for uranium was noted at old sample pits. The visit suggested similarities to the dolomitic area of the McArthur River deposits, meaning that it could be prospective for Pb/Zn as well as uranium.

At Hector Bore, uranium mineralisation is thought to be confined within uraniferous pegmatite dykes (e.g. Radium Hill). Future exploration efforts will concentrate on identifying these pegmatite dykes. This will involve gravity and EM surveys.

Mt Phillips Uranium Project

Field work will commence on the Mt Phillips Uranium project (granted E09/1202) in August. Exploration will focus on evaluation of the identified Uranium occurrences within the project area. Government geological reports and studies also note the presence of skarn-hosted tungsten exploration at Murrumburra Pool within the project area.

Proposed field work will also evaluate the tungsten and uranium potential at Mt Phillips. Mapping, sampling and radiometrics are proposed.



Generalised regolith landform map of E09/1202 showing GSWA stream sediment geochemistry & uranium occurrences

Gold / Nickel, Western Australia

Stella Range

The Stella gold project is located approximately 100km east-south-east of Laverton covering an area of 165 km². There are significant mineralised resources adjacent to the tenement area including the Fish and the Lord Byron gold resources. The tenement (E39/1066) is also prospective for nickel-cobalt laterite mineralisation (e.g. Coglia Well nickel project).

Field work is planned for the next quarter with surface sampling and ground magnetic traverses over selected areas.

Laverton

The Laverton tenement is located 7km north and west of Laverton. The project area mostly covers a large granitic pluton at the centre of the Margaret Anticline. There are dismembered remnants of BIF/ultramafic sequences in and around the granite pluton.

Exploration, during the quarter concentrated on these under-explored greenstone remnants, with selected ground magnetic traverses. There are four areas of interest that need more detailed work with the magnetometer and/or electromagnetic surveys.

Iron, Western Australia

Prairie Downs

The tenements adjoin the Prairie Downs iron ore project. Acquisition of aeromagnetic data will be used to outline possible channels associated with pisolitic iron outcrops.

North Shaw

Atlas Iron Limited has issued Dynasty 500,000 shares for the iron ore rights on E45/2728. Dynasty will retain a 2% gross royalty. Dynasty also retains the rights to explore for gold within the project.

Coal Seam Gas, Western Australia

Dynasty has made two applications for Coal Seam Gas (CSG) projects in the North Perth Basin in WA. Dr Guy Le Blanc Smith has been engaged by Dynasty to evaluate the Coal Seam Gas project applications.

Irwin & Talisker Projects. The Perth Basin is a deep linear basin which contains the Lower Permian Irwin River Coal Measures up to 120m thick. The coal seams are lenticular with cumulative coal thickness of 10m in places. The Talisker Coal deposit is the stratigraphic equivalent of the Irwin River Coal Measures and there are two coal seams with a total thickness of 2.3m. Two additional CSG project applications have been made north of Esperance as Balladonia (SPA 09/05-6AO) & Scadden (SPA 10/05-6AO)



Peter Andrews
Chairman

The information in this report that relates to exploration results is based on information compiled by Alan Svanosio who is a member of the Australian Institute of Geoscientists. Alan Svanosio has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity they are undertaking to qualify as a Competent Persons as defined in the JORC Code. Alan is not full-time employees of Dynasty, however, he is engaged as its exploration consultant. They consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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