



## ASX ANNOUNCEMENT/MEDIA RELEASE

28 April 2008

### **AGREEMENT SIGNED WITH TIARO COAL LIMITED (TCM) TO FARM IN INTO TWO HIGHLY REGARDED COAL EXPLORATION PERMITS IN QUEENSLAND MARYBOROUGH COAL BASIN**

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*Under the agreement signed, Dynasty Metals Australia Limited ( DMA ) has the right for a total expenditure of \$5M to acquire up to 51% in EPC 956 and EPC 957 which are subject to an 80:20 joint venture between Tiaro Coal Limited and private vendors and located over an area of about 532 km<sup>2</sup> between Gympie and Maryborough in south east Queensland. The exploration tenements are well serviced by nearby infrastructure, including manpower, mining support services, road rail and port facilities.*

*The farm in is in stages with attaching performance hurdles and the focus is a target of 10Mt to 20Mt of marketable thermal and coking coal within a 30 month period or less. The Joint Venture exploration program is and will continue to be supervised by ex Group Chief Exploration Geologist for CRA (now Rio Tinto) Mr. Jacob Rebek.*

Under the agreement Dynasty has the right to acquire a 51% interest in each of EPC 957 and EPC 956 located over coal measures in the Basin, shown from previous drilling to be up to 9m thick, between Gympie and Maryborough in south east Queensland. Tiaro by way of the Tiaro Coal Joint Venture ( TCJV ) will retain 49% in the proportion, Tiaro 29% and the original private vendors 20%.

Jacob Rebek, has noted the following with regard to EPC 956 and 957. “Based on drilling to date, there are at least 3 areas within EPC 956 and 957 that warrant follow-up drilling at closer spacings, and we expect that at least in one of the three areas, there is the potential to define a significant coal resource.”

#### **Terms of agreement:**

Dynasty will have the right to acquire up to 51% interest in EPC 957 and EPC 956 and Tiaro will retain 29% interest and the original vendors by way of the TCJV, 20%.

The key terms of the Dynasty/Tiara Agreement are:

- Dynasty will contribute \$750,000 towards the expenditure of seismic exploration programme and drilling on EPC956 and EPC957 with no equity earning.
- Dynasty initial 15% interest; Within nine months of signing the heads of agreement, Dynasty has the option to contribute an additional \$750,000 towards the expenditure of additional exploration including a deeper drilling programme, bringing Dynasty's total contribution to earn the first 15% to \$1.5M.
- Increase Dynasty's interest up to 30%; Within eighteen months of signing the heads of agreement, Dynasty may elect to contribute a further \$1,000,000 towards a further 6 seismic lines and a mixture of 36 rotary and large diamond holes.
- Increase Dynasty's interest up to 51%; with a payment to Tiara of \$2.5M within 12 months after the acquisition of the second participating interest or in the event a 10M tonnes JORC compliant resource is defined.
- Dynasty has a first right of refusal to match any offer by a third party on all of the tenements in the coal basin held by Tiara.

ABN: 80 110 385 709

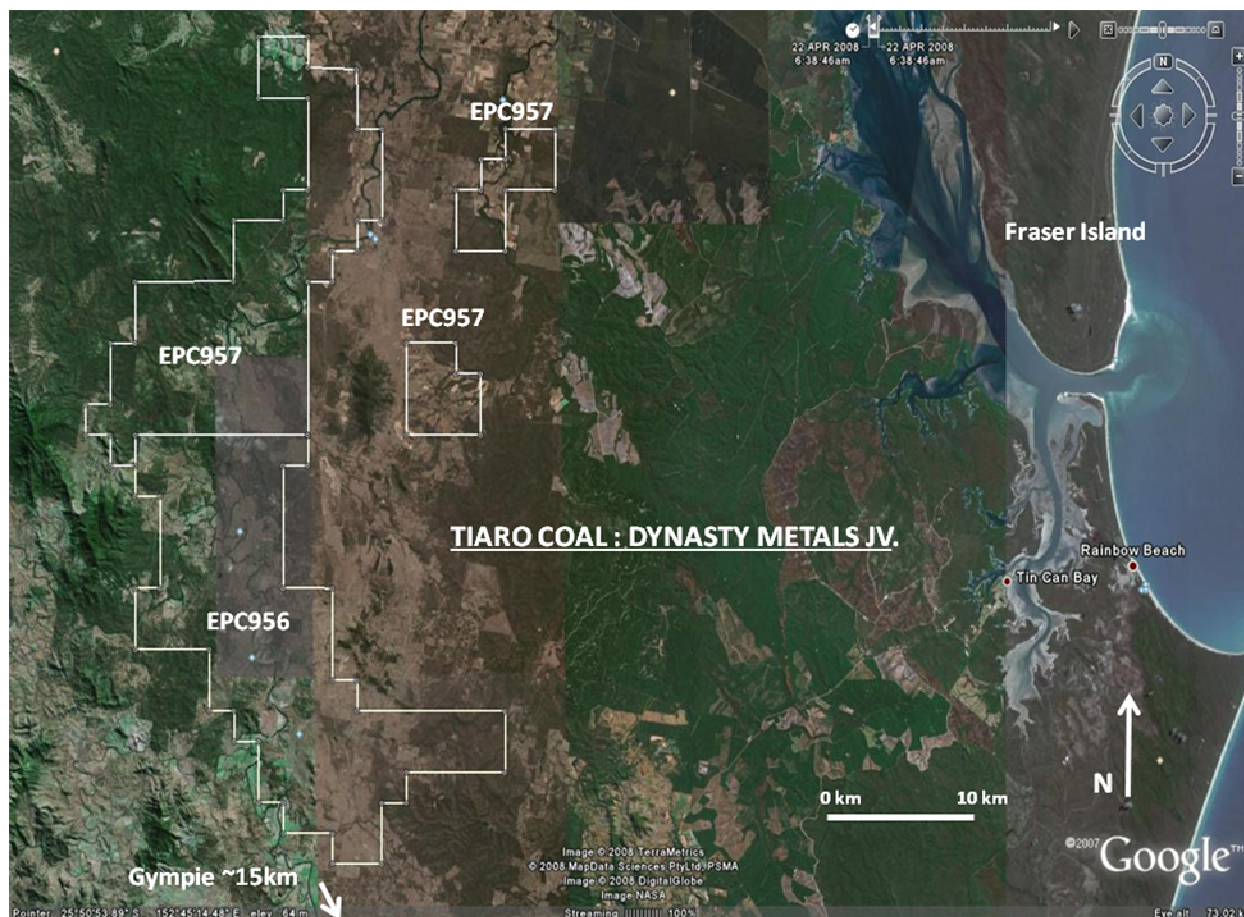
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**Figure 1 –location of EPC956 and EPC957:**



**Key Drilling Results for EPC 956 and EPC 967 :**

The best coal intersections made by Tiaro Joint Venture have been obtained in EPC 956 and EPC 957; North Shady Camp area, in hole CTD 017 in EPC 957:

- The thickest working section was the “twenty foot coal” (128.94m to 135.00m for a 6.06m working section) – no detailed testing was done on “twenty foot coal” as yet. Therefore, wash plant yield and the quality is unknown.
- A test of “eight foot coal” (102.72m to 105.32m for a 2.60m working section) gave raw ash of 48.2% and a vitrinite reflectance of 2.01%; based on laboratory tests, the wash plant yields at F1.60 are expected to be 40.6% for a thermal product containing 17.2% ash, 13.8% volatiles, sulphur < 0.6% and calorific value is expected to be 29 MJ/kg SE.
- A sample of the “one foot coal” (137.00m to 137.30m) gave the following laboratory test results: at F1.6 the ash washed from 23.3% to 11.9% for a 71% yield and at F1.4 the ash washed down to 7.7% for a 51% yield. This low ash coal in a seam of mineable thickness, would represent a viable export thermal coal.

**Figure 2 - EPC 957 and EPC 956 with previously drilled holes.**

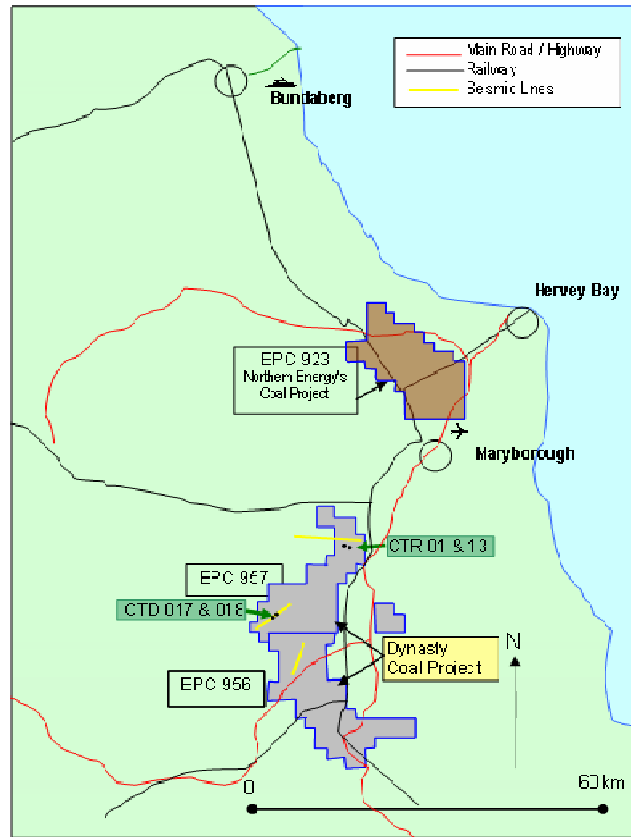


Table 1 - summarises the depth and thickness coal seams intersected in a number of key holes drilled in EPC956 and EPC957. The drill samples have yet been not analysed in the laboratory. Diamond hole CTD 016 confirmed the results of reverse circulation hole CTR 015.

Hole	Depth	Coal Section Thickness (m)
CTR001	98-107m	9
CTR001	47-53m	6
CTR006	43-56m	13
CTR006	95-101m	6
CTR007	57-64m	7
CTR007	108-115m	7
CTR007	145-156m	11
CTR009	32-27m	5
CTR011	33-37m	4
CTR013	68-77m	9
CTR013	94-100m	6
CTR015	25-33m	8
CTR015	36-41m	5

The Agreement between Dynasty and Tiaro is subject to the conclusion of a mutually acceptable “Offshoot Farm-in Agreement” which is consistent with the terms and conditions of the TCJV and the approval of Tiaro’s joint venture partners under the TCJV.

By order of the Board

Lewis Tay  
Executive Director

**For further information please contact either Messrs:**

**Lewis Tay (Executive Director) on 0433166818**  
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**Malcolm Carson (Non Executive Director) on 0417692849**

**Qualifying statement**

*Malcolm Carson has compiled the information in this report from information supplied by Tiaro Coal Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results. Mr Carson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*