1 July 2009

Company Announcement Office
Australian Securities Exchange Limited

# DYNASTY UPDATE
# POSITIVE IRON ORE EXPLORATION RESULTS
# CONFIRM HIGH GRADE IRON MINERALISATION

- ***Field work and surface rock chip sampling has confirmed geological concepts and identified high grade haematite and CID's up to 64.99% Fe and 58.84% Fe respectively,***

- ***Strategy to focus on iron ore has been reaffirmed by keen interest from Chinese investors and clarification of access to port and rail infrastructure issues.***

- ***Field work in preparation for drilling at Warramboo and Prairie Downs has supported geological concepts, confirming the potential presence of substantial channel iron and haematite iron mineralisation:***

  ***Warramboo – results show presence of commercial grade CID's in the Snakewood Prospect***

  ***Prairie Downs – results show presence of commercial grade CID's and Marra Mamba formation in the Northern Iron Prospect and the Marra Mamba Prospect respectively.***

- ***Dynasty is planning to commence drilling Warramboo and Prairie Downs in August/September.***

- ***Native title and government approvals to commence drilling are being finalised.***

- ***Rebecca revised offer to invest by way of farm-in to iron ore properties was rejected as not in the best interests of shareholders.***

ABN: 80 110 385 709
Suite 2, Level M, 35-37 Havelock Street, West Perth 6005 Western Australia
Phone: +61 8 9322 2700 Fax: +61 8 9322 7211
Email: admin@dynastymetals.com.au www.dynastymetals.com.au

## Rebecca:

Dynasty directors wish to advise that (further to our announcement dated 9 February 2009) notwithstanding extensive negotiations with the Henan Rebecca Holding (Group) ("Rebecca') we were unable to reach an agreement on proposed revised investment terms deemed suitable for shareholders. Rebecca has withdrawn its placement application and the company will keep the $100,000 deposit.

Dynasty directors wish to express on behalf of shareholders, their appreciation of Rebecca's interest in Dynasty and the efforts of its management and senior personnel to formulate an agreement with the company.

Prior to withdrawing its original offer to take up a placement of shares in the company, Rebecca suggested a farm-in joint venture on our Prairie Downs iron ore project. Dynasty directors considered that the farm-in terms were not favourable to shareholders, particularly as our recent exploration activities have confirmed the likely presence of substantial iron deposits on these tenements (see below). In view of these discoveries, Dynasty directors considered it is in the best interests of shareholders to retain 100% equity in these tenements and to fund the exploration from its existing financial resources.

Directors were encouraged by the level of interest of Chinese investors and iron ore consumers and through this process the company has established firm relationships with several Chinese groups which have expressed strong interest in the company's projects. These groups, which include substantial steel manufacturers, remain in contact with the company.

## Iron Ore Strategy:

The strong Chinese interest in iron ore and exploration results has confirmed the validity of the company's previously announced strategy to focus on its Pilbara iron ore projects. Dynasty's business plan assumes the successful discovery of viable deposits of direct shipping iron ore (DSO) at Prairie Downs and/or Warramboo.

In preparing its iron ore business plan, and in response to consistent queries from prospective Chinese investors and consumers in relation to access to rail and port infrastructure, Dynasty has approached Pilbara iron ore majors and the West Australian Government for clarification of this issue. The outcome is that Dynasty is confident that in the circumstances where exploration successfully defines a substantial reserve of iron ore, infrastructure access will not be an impediment to the development of a mine on its iron ore tenements in the Pilbara region of Western Australia.

## Exploration – Iron Ore:

Dynasty has engaged Terra Search Pty Ltd, Perth as its principal exploration consultant.

Terra Search has recently completed preliminary field work on our Warramboo and Prairie Downs projects which comprised magnetic surveys, radiometric surveys, mapping and rock chip sampling. The results of this work are summarised below.

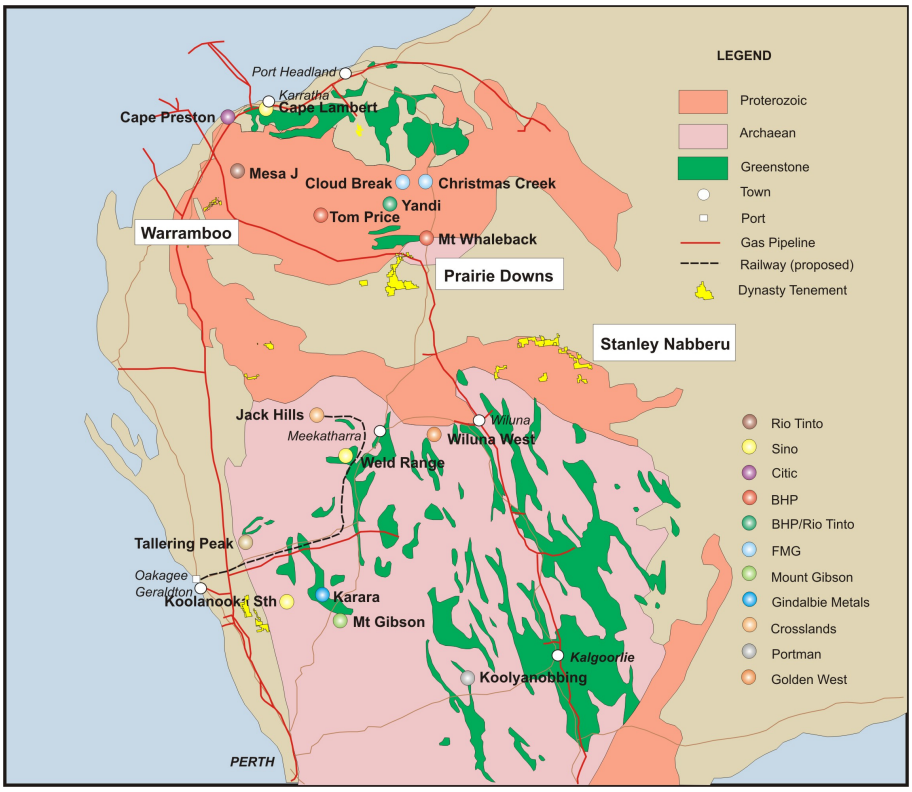



**Figure 1 – Location Dynasty's Pilbara tenements**

*Rock chip sampling and ground geophysical surveys confirmed the presence of commercial grades in surface out crop of Marra Mamba formation and channel iron (CID) at Prairie Downs and CID at Warramboo. New targets were also identified in this program. The company now has sufficient information to define drilling targets and is close to finalising the required native title clearances and government approvals to enable drilling to commence in the September quarter.*

## Warramboo – Exploration:

Recent field work comprising mapping, sampling and a ground radiometric surveys, was completed during May 2009 by Dynasty's consultants Terra Search. The main target was Iron mineralisation of Channel Iron Deposit type (CID).

Two areas were investigated within the eastern blocks of E08/1620 and referred to as the Snakewood and Eastern Valley Prospects were investigated.

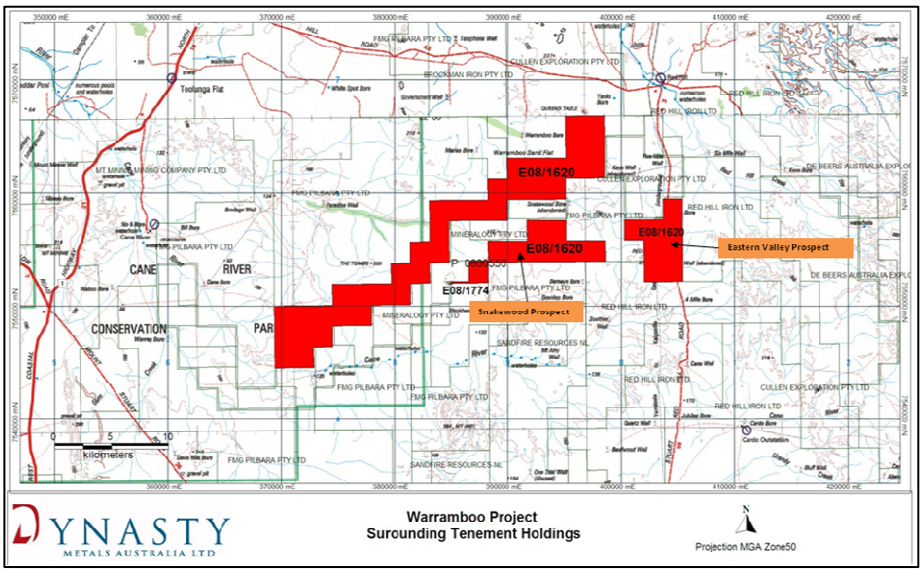



**Figure 2 - Location of Snakewood and Eastern Valley Prospects**

The ground radiometric survey was completed over the Snakewood prospect totalling 165 line km. Mapping within the Snakewood prospect confirmed the presence of the interpreted Tertiary Paleochannel which from field observations and interpretation of Aster images, appears to have an aerial extent of greater than 3 $km^2$.

Mapping was also carried out on the Eastern Valley prospect and CID's were observed there is considered to be potential for CID over an area of 8$km^2$ under alluvials. Rock chip samples (see Table 4 below) show the presence of commercial grades of iron mineralisation in these deposits. The company is planning to drill specific targets in the Snakewood Prospect and to undertake reconnaissance drilling in the Eastern Valley Prospect.

## Prairie Downs:

The May 2009 field program was planned to evaluate the Iron ore potential of the Marra Mamba, Spearhole West and Northern Channel Iron prospects in E52/1927. Work comprised field mapping, rock chip sampling, ground magnetic and radiometric surveys. High grade iron mineralisation was noted from rock chip sampling of Marra Mamba and Channel Iron formations. A complete set of rock chip sample results is presented in Table 5.

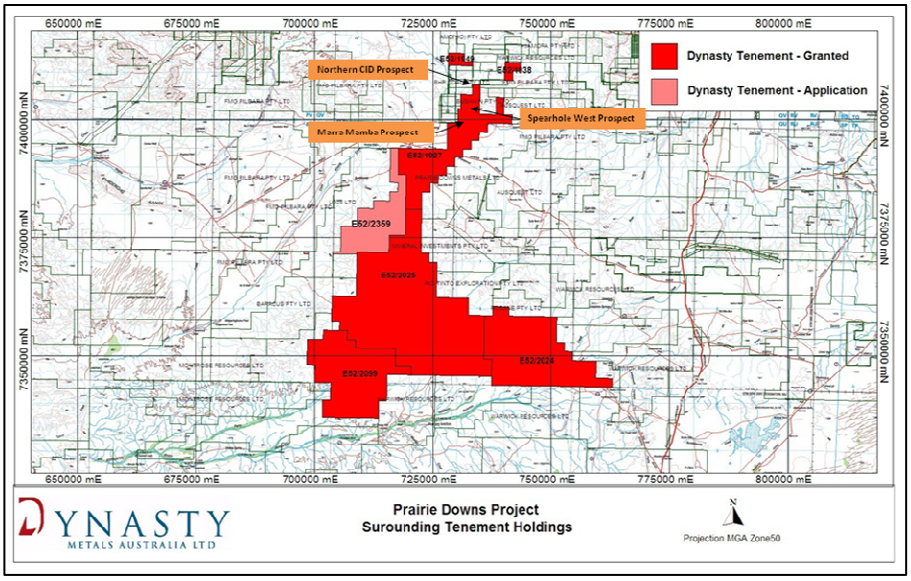



***Figure 3 – locations Northern CID, Spearhole West and Marra Mamba Prospects***

*Marra Mamba Prospect*

Detailed geological mapping and sampling program was carried out over an area of 1.5km$^2$ in the North West of the prospect and rock chip samples were taken at 50 meter intervals over any outcropping units. Samples taken over an area of 700m by 500m in the Marra Mamba unit in the North West, returned grades between 44.02% to 64.99% Fe.

A ground magnetic survey was also carried out at 3km by 50m spacing over an area spanning 12.15km$^2$ which identified a number of prospective rock units in the south of the area surveyed below alluvial cover and representing future drill targets.

**Table 1 - Selected Rock Chip results Marra Mamba Prospect**

| Sample ID | East | North | Fe | SiO2 | Al2O3 | P | LOI |
|---|---|---|---|---|---|---|---|
| 3004747 | 728404 | 7399060 | 60.63 | 3.87 | 1.75 | 0.069 | 7.45 |
| 3004748 | 728241 | 7399060 | 60.40 | 6.12 | 2.00 | 0.033 | 5.06 |
| 3004749 | 728206 | 7398937 | 60.92 | 3.46 | 1.47 | 0.059 | 7.76 |
| 3004750 | 728253 | 7398946 | 64.99 | 2.58 | 0.72 | 0.048 | 3.02 |
| 3004754 | 728202 | 7398868 | 60.11 | 7.78 | 1.65 | 0.021 | 4.46 |

*Spearhole West Prospect*

A ground magnetic survey was positioned over the most prospective areas in the west of Spearhole Bore. The survey identified a number of potential Channel Iron deposits to the south of the area covered and one to the north. It also identified some possible detrital iron in the central west of the surveyed ground.

A ground radiometric survey was positioned over the Spearhole West prospect on north-south oriented lines 50m apart over an area of 5.4 $km^2$. The geophysics identified two channel iron channels occurrences which warrant drill testing.

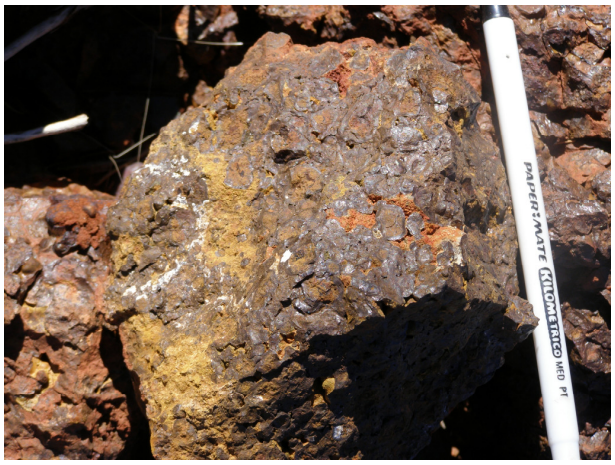
Geological traverses across this area found limited outcrop. There was some float of CID found in the area which returned 58% Fe (3004742) but the origin of this material is not known. Another sample of strongly Heamatitic material in subcrop returned over 60% Fe (3004741) and this may represent a detrital iron deposit or a faulted block of Hamersley.

**Table 2 - Selected rock chip results Spearhole West Channel Prospect**

| Sample ID | East | North | Fe | SiO2 | Al2O3 | LOI |
|---|---|---|---|---|---|---|
| 3004739 | 733246 | 7405535 | 58.84 | 4.54 | 5.00 | 4.55 |
| 3004740 | 731254 | 7403972 | 60.22 | 4.95 | 2.44 | 5.12 |
| 3004741 | 731994 | 7402735 | 60.98 | 3.36 | 0.87 | 6.82 |

*Northern Channel Iron Prospect*

A number of prospective areas were identified using a regional Aster map. These areas were the main focus of the field mapping carried out. This prospect was followed up from CID float in one of the creeks.



The creek was followed up to an area of potential CID found in the ASTER. Mapping traverses were designed to ascertain the extent of the more iron rich zones and a number of samples were taken (see Figure 3) and results presented in Table 3.

**Figure 3 – rock fragment Tertiary CID**

Tertiary Channel Iron was identified in outcrop and extended sub-crop over a consistent area of 300m by 150m. Further sub-crop of CID was also found some 2km north and also to the west of this zone. Samples returned grades of between 43.82% and 58.84% Fe (see Table 3).

**Table 3 - Selected Rockchips Northern Channel Iron Prospect**

| Sample ID | East | North | Fe | SiO2 | Al2O3 | P | LOI |
|---|---|---|---|---|---|---|---|
| 3004736 | 733830 | 7405233 | 58.55 | 6.44 | 2.30 | 0.060 | 7.02 |
| 3004737 | 733865 | 7405374 | 47.79 | 8.36 | 9.15 | 0.027 | 13.01 |
| 3004738 | 733846 | 7405535 | 43.82 | 12.58 | 12.00 | 0.017 | 11.41 |
| 3004739 | 733246 | 7405535 | 58.84 | 4.54 | 5.00 | 0.027 | 4.55 |
| 3004781 | 733572 | 7405150 | 53.80 | 9.98 | 1.48 | 0.218 | 10.30 |
| 3004782 | 733767 | 7405029 | 40.90 | 18.00 | 9.16 | 0.027 | 10.55 |

*The work completed during this phase of work has significantly enhanced the prospectivity of the Prairie Downs tenements and the scope to identify commercial quantities of DSO in CID and Marra Mamba deposits.*

Dynasty is currently preparing a drilling program with the aim to evaluate the following:

- Thickness and grade of the Marra Mamba Formation
- Identify any southern extension of the Marra Mamba
- Identify the extent, thickness and grade of CID in the Northern area
- Evaluate the most promising areas of potential buried CID and DID from the geophysical surveys and geological mapping

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

**Malcolm Carson (Technical Director) on 0417692849**
**Lewis Tay (Executive Director) on 0433166818**
**Richard Oh (Chairman) on 0411697249**

*Qualifying statement*
*Malcolm Carson has compiled the information in this report from information supplied by Dynasty Metals 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.*

Att: rock chip sample results

**Table 4 –rock chip sample results – Warramboo (E08/1620)**

| East | North | Sample ID | Fe | $SiO_2$ | $Al_2O_3$ | P | LOI | Lithology |
|---|---|---|---|---|---|---|---|---|
| 393904 | 7556591 | 3004701 | 19.26 | 56.28 | 9.09 | 0.051 | 5.37 | Tp |
| 393904 | 7557190 | 3004702 | 30.04 | 38.03 | 10.73 | 0.027 | 6.81 | Tp |
| 393502 | 7556900 | 3004703 | 33.13 | 40.86 | 2.72 | 0.030 | 7.87 | Tp |
| 393232 | 7556716 | 3004704 | 54.37 | 7.15 | 3.48 | 0.014 | 11.36 | Tp |
| 392781 | 7556337 | 3004705 | 53.30 | 10.67 | 3.22 | 0.022 | 9.92 | Tp |
| 392725 | 7555793 | 3004706 | 32.42 | 37.42 | 7.34 | 0.025 | 8.21 | SDST |
| 392782 | 7556657 | 3004707 | 53.18 | 8.44 | 3.09 | 0.011 | 11.54 | Tp |
| 392766 | 7557243 | 3004708 | 35.63 | 37.46 | 2.43 | 0.033 | 8.52 | Tp |
| 393004 | 7557353 | 3004709 | 50.94 | 12.49 | 3.10 | 0.035 | 10.92 | Tp |
| 389608 | 7555267 | 3004710 | 41.30 | 27.29 | 1.45 | 0.080 | 9.87 | Tp |
| 389729 | 7555402 | 3004711 | 48.77 | 17.72 | 1.92 | 0.055 | 9.51 | Tp |
| 389533 | 7555185 | 3004712 | 45.64 | 22.75 | 1.95 | 0.046 | 9.84 | Tp |
| 389618 | 7555154 | 3004713 | 56.50 | 5.52 | 2.91 | 0.045 | 10.98 | Tp |
| 389697 | 7555194 | 3004714 | 41.20 | 26.30 | 4.19 | 0.043 | 9.59 | Tp |
| 391700 | 7555790 | 3004715 | 40.79 | 27.46 | 3.35 | 0.029 | 9.44 | Tp |
| 391757 | 7555878 | 3004716 | 36.32 | 38.35 | 1.19 | 0.033 | 7.68 | Tp |
| 391633 | 7555837 | 3004717 | 49.28 | 16.35 | 2.82 | 0.025 | 10.44 | Tp |
| 391565 | 7555720 | 3004718 | 44.56 | 23.19 | 2.79 | 0.025 | 10.00 | Tp |
| 391522 | 7555835 | 3004719 | 49.72 | 8.57 | 8.60 | 0.025 | 11.77 | Tp |
| 391670 | 7556007 | 3004720 | 37.83 | 30.28 | 4.53 | 0.029 | 9.21 | Tp |
| 391790 | 7556099 | 3004721 | 37.75 | 34.61 | 2.08 | 0.023 | 8.55 | Tp |
| 391802 | 7556235 | 3004722 | 32.78 | 38.66 | 6.08 | 0.029 | 6.91 | Tp |
| 391702 | 7556319 | 3004723 | 37.03 | 26.96 | 10.13 | 0.023 | 8.81 | Tp |
| 391432 | 7555728 | 3004724 | 48.88 | 15.98 | 2.65 | 0.017 | 10.41 | Tp |
| 391209 | 7555566 | 3004725 | 38.75 | 31.62 | 2.24 | 0.019 | 9.16 | Tp |
| 391227 | 7555295 | 3004726 | 47.05 | 17.47 | 3.64 | 0.023 | 10.82 | Tp |
| 391119 | 7555187 | 3004727 | 38.38 | 32.82 | 2.17 | 0.030 | 8.91 | Tp |
| 391050 | 7555338 | 3004728 | 34.52 | 38.68 | 3.00 | 0.028 | 7.74 | Tp |
| 391101 | 7555472 | 3004729 | 38.76 | 32.59 | 2.11 | 0.026 | 8.58 | Tp |
| 390730 | 7555314 | 3004730 | 48.42 | 17.55 | 2.09 | 0.017 | 10.02 | Tp |
| 390301 | 7555698 | 3004731 | 44.79 | 22.20 | 2.64 | 0.023 | 10.37 | Tp |
| 390233 | 7555717 | 3004732 | 44.68 | 23.01 | 2.22 | 0.034 | 9.51 | Tp |
| 389600 | 7555103 | 3004733 | 46.47 | 18.84 | 3.35 | 0.064 | 10.95 | Tp |
| 389242 | 7555386 | 3004734 | 45.53 | 21.99 | 1.79 | 0.051 | 9.92 | Tp |
| 394870 | 7556889 | 3004735 | 6.13 | 84.90 | 2.76 | 0.052 | 1.86 | SDST |
| 389210 | 7555227 | 3010691 | 42.88 | 21.01 | 1.92 | 0.059 | 11.56 | CID |
| 389243 | 7555024 | 3010692 | 56.25 | 4.53 | 1.69 | 0.038 | 12.62 | CID |
| 389242 | 7555390 | 3010693 | 50.84 | 11.69 | 3.01 | 0.104 | 11.27 | CID |
| 389053 | 7555596 | 3010694 | 46.70 | 20.33 | 2.72 | 0.050 | 9.74 | CID |
| 394346 | 7557564 | 3010695 | 38.08 | 32.03 | 3.29 | 0.029 | 9.38 | Tp |
| 394078 | 7557499 | 3010696 | 46.96 | 16.54 | 4.55 | 0.016 | 10.33 | Tp |
| 393981 | 7557537 | 3010697 | 53.01 | 7.78 | 3.61 | 0.019 | 11.78 | Tp |

## Table 5 – rock chip sample results – Prairie Downs (all results) (E52/1927)

| Sample ID | East | North | Fe | $SiO_2$ | $Al_2O_3$ | P | LOI | Lithology |
|---|---|---|---|---|---|---|---|---|
| 3004736 | 733830 | 7405233 | 58.55 | 6.44 | 2.30 | 0.060 | 7.02 | PIST |
| 3004737 | 733865 | 7405374 | 47.79 | 8.36 | 9.15 | 0.027 | 13.01 | PIST |
| 3004738 | 733846 | 7405535 | 43.82 | 12.58 | 12.00 | 0.017 | 11.41 | PIST |
| 3004739 | 733246 | 7405535 | 58.84 | 4.54 | 5.00 | 0.027 | 4.55 | SDST |
| 3004740 | 731254 | 7403972 | 60.22 | 4.95 | 2.44 | 0.011 | 5.12 | SDST |
| 3004741 | 731994 | 7402735 | 60.98 | 3.36 | 0.87 | 0.009 | 6.82 | CHRT |
| 3004742 | 731970 | 7402715 | 58.77 | 4.68 | 3.23 | 0.028 | 7.15 | FEST |
| 3004743 | 728520 | 7399335 | 60.25 | 3.08 | 1.99 | 0.050 | 8.63 | FEST |
| 3004744 | 728543 | 7399250 | 48.88 | 15.32 | 3.17 | 0.087 | 10.58 | FEST |
| 3004745 | 728215 | 7399150 | 55.48 | 7.66 | 3.13 | 0.041 | 3.50 | FEST |
| 3004746 | 728344 | 7399140 | 56.05 | 7.84 | 1.52 | 0.057 | 9.60 | FEST |
| 3004747 | 728404 | 7399060 | 60.63 | 3.87 | 1.75 | 0.069 | 7.45 | FEST |
| 3004748 | 728241 | 7399060 | 60.40 | 6.12 | 2.00 | 0.033 | 5.06 | FEST |
| 3004749 | 728206 | 7398937 | 60.92 | 3.46 | 1.47 | 0.059 | 7.76 | FEST |
| 3004750 | 728253 | 7398946 | 64.99 | 2.58 | 0.72 | 0.048 | 3.02 | FEST |
| 3004751 | 728318 | 7398949 | 44.02 | 29.53 | 1.93 | 0.046 | 5.38 | FEST |
| 3004752 | 728353 | 7398864 | 59.67 | 2.94 | 0.99 | 0.073 | 9.85 | FEST |
| 3004753 | 728267 | 7398858 | 57.85 | 5.88 | 1.25 | 0.064 | 9.35 | FEST |
| 3004754 | 728202 | 7398868 | 60.11 | 7.78 | 1.65 | 0.021 | 4.46 | FEST |
| 3004755 | 728284 | 7398769 | 60.10 | 1.95 | 1.03 | 0.085 | 10.68 | FEST |
| 3004756 | 728472 | 7398745 | 59.43 | 2.76 | 1.02 | 0.109 | 10.35 | FEST |
| 3004757 | 728462 | 7398650 | 59.69 | 3.16 | 1.57 | 0.102 | 9.42 | FEST |
| 3004758 | 728427 | 7398650 | 26.29 | 56.67 | 0.81 | 0.056 | 4.22 | FEST |
| 3004759 | 728775 | 7398150 | 58.48 | 5.03 | 1.66 | 0.062 | 8.72 | CHRT |
| 3004760 | 728771 | 7398104 | 2.15 | 96.08 | 0.26 | 0.060 | 0.11 | CHRT |
| 3004761 | 728243 | 7397746 | 32.60 | 52.68 | 0.20 | 0.033 | 0.49 | CHRT |
| 3004762 | 728357 | 7397640 | 8.65 | 86.19 | 0.20 | 0.051 | 0.59 | CHRT |
| 3004763 | 728169 | 7397542 | 36.13 | 46.59 | 0.53 | 0.078 | 0.54 | CHRT |
| 3004764 | 728229 | 7397551 | 20.80 | 69.01 | 0.61 | 0.045 | 0.88 | CHRT |
| 3004765 | 728333 | 7397553 | 18.38 | 72.12 | 0.49 | 0.080 | 1.11 | CHRT |
| 3004766 | 728395 | 7397550 | 2.75 | 95.61 | 0.33 | 0.102 | 0.17 | CHRT |
| 3004767 | 728716 | 7397550 | 4.79 | 85.32 | 5.03 | 0.050 | 1.78 | SDST |
| 3004768 | 728348 | 7397438 | 5.06 | 90.27 | 1.28 | 0.057 | 0.53 | CHRT |
| 3004769 | 728230 | 7397468 | 25.62 | 62.91 | 0.45 | 0.045 | 0.25 | CHRT |
| 3004770 | 728347 | 7397355 | 22.02 | 67.50 | 0.50 | 0.049 | 0.45 | CHRT |
| 3004771 | 733290 | 7408487 | 57.71 | 4.39 | 2.57 | 0.040 | 10.37 | FEST |
| 3004772 | 733327 | 7408425 | 38.19 | 32.97 | 2.99 | 0.038 | 8.77 | FEST |
| 3004773 | 733309 | 7408260 | 4.39 | 91.97 | 0.40 | 0.097 | 0.85 | CHRT |
| 3004774 | 733447 | 7407527 | 19.85 | 66.54 | 0.27 | 0.045 | 3.72 | CHRT |
| 3004775 | 733691 | 7407010 | 47.57 | 16.20 | 4.52 | 0.033 | 9.89 | PIST |
| 3004776 | 733929 | 7407030 | 57.66 | 6.22 | 3.26 | 0.012 | 7.04 | PIST |
| 3004777 | 734330 | 7407550 | 51.28 | 7.60 | 5.13 | 0.022 | 11.91 | PIST |
| 3004778 | 734017 | 7407590 | 58.69 | 8.49 | 1.70 | 0.015 | 4.50 | PIST |
| 3004779 | 732638 | 7404773 | 48.08 | 9.38 | 8.37 | 0.042 | 11.94 | CHRT |
| 3004780 | 733040 | 7404783 | 47.61 | 5.07 | 5.11 | 0.064 | 6.53 | PIST |
| 3004781 | 733572 | 7405150 | 53.80 | 9.98 | 1.48 | 0.218 | 10.30 | PIST |
| 3004782 | 733767 | 7405029 | 40.90 | 18.00 | 9.16 | 0.027 | 10.55 | PIST |
| 3004783 | 734782 | 7405371 | 51.11 | 11.69 | 2.73 | 0.308 | 11.14 | PIST |