



14 July 2009

Company Announcement Office
Australian Securities Exchange Limited

SHAREHOLDERS UPDATE

Please be advised that a letter updating the Company's current business development strategy and its exploration activities in the Pilbara region of Western Australia has been sent to shareholders today.

Please find a copy of the letter attached.

ENDS

For and Behalf of the Board

DYNASTY METALS AUSTRALIA LIMITED

Richard Oh CA MAICD
Chairman

14 July 2009

Dear Shareholder,

PILBARA UPDATES

Your board wishes to bring you up to date with respect to the company's current business development strategy and its exploration activities in the Pilbara region of Western Australia.

Field work and rock chip sampling of surface outcrop has confirmed geological concepts and identified up to 64.99% Fe in haematite and 58.84% Fe in channel iron deposits.

Table 1 - selected rock chip results - Marra Mamba Haematite 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

Table 2 - selected rock chip results - Spearhole West Channel Iron Prospect

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI
3004740	731254	7403972	60.22	4.95	2.44	0.011	5.12
3004741	731994	7402735	60.98	3.36	0.87	0.009	6.82
4004742	731970	7402715	58.77	4.68	3.23	0.028	7.15

Table 3 - selected rock chip results - 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

After technically reviewing Dynasty's projects the board decided to focus on exploration for iron ore as these projects potentially have a short lead time to development. Two areas at Warramboos in the Western Pilbara (east of Onslow) and Prairie Downs (40km south west of Mt Newman) have shown considerable promise and the scope to develop into commercial iron ore operations subject to exploration results. ***Consistent with this focus, your company has increased its iron ore tenements with new applications for tenements in the Pilbara.***

Prior to committing to iron ore, your board held detailed discussions with a number of potential Chinese investors (including steel producers) and were encouraged by their interest in our projects. Several of the professional investors who have taken part in the recent placement are closely associated with some of these groups.

The funds raised in the placement, will contribute to a planned \$1M drilling program (8,000m to 10,000m) which will commence immediately on receipt of all necessary approvals.

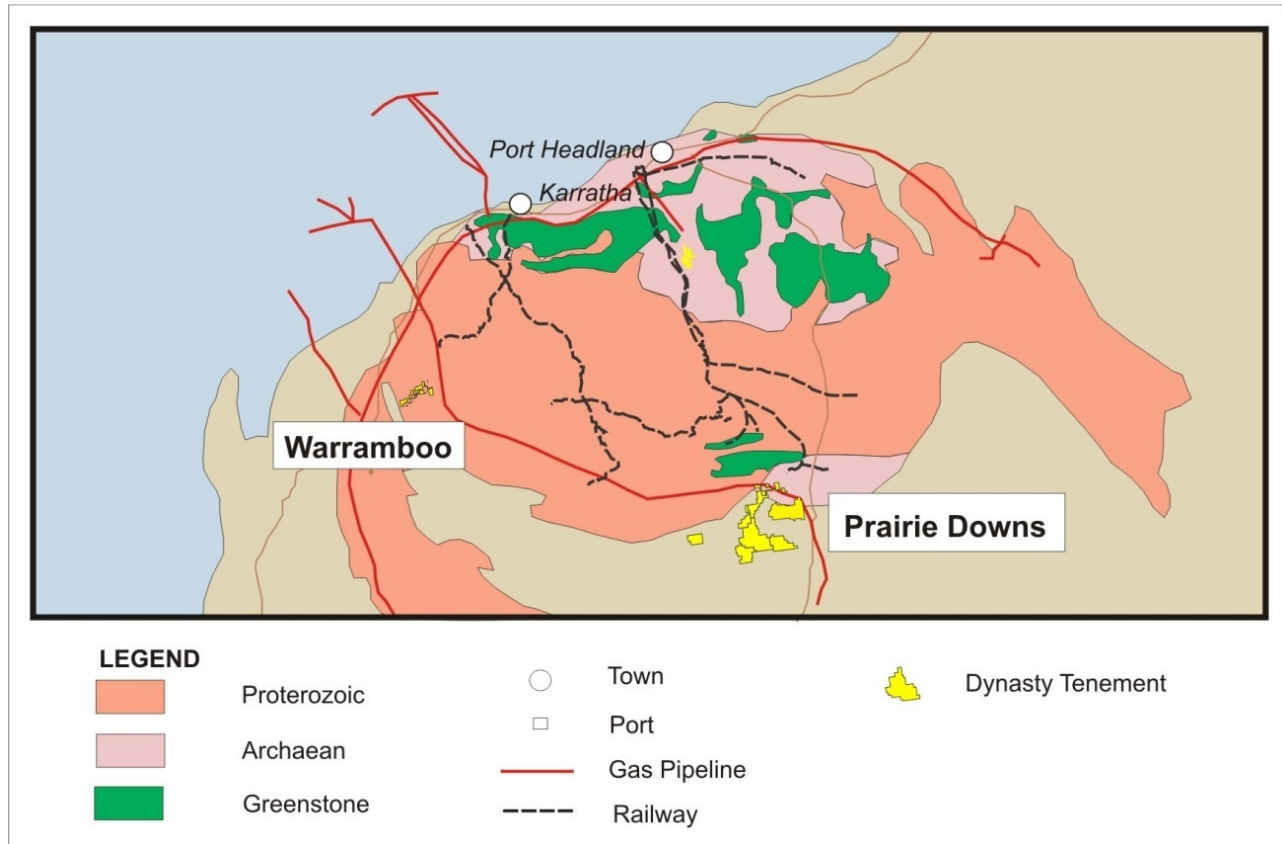


Figure 1 – location of Dynasty’s Prairie Downs, Warrambo tenements

At Prairie Downs geological research and field reconnaissance work proved these areas to contain bedded haematite, channel iron and detrital iron deposits (see results of rock chip samples in Tables 1 to 3 above).

Drill targets at Prairie Downs include **Marra Mamba Formation** which is one of the principal source of the haematite rich bedded iron deposits (direct shipping ore) in the Pilbara (e.g. Mt Whaleback, West Angeles) and sedimentary iron deposits which are the principal source of **channel iron** (direct shipping ore) in the Pilbara (e.g. Robe River Mesas, Yandicoogina).

The geological model for Prairie Downs, considered that the alluvial valley to the south west of an outcrop of a north westerly dipping Marra Mamba Formation (striking 12km) should contain Tertiary pisolites The following figures illustrate the geological concept.

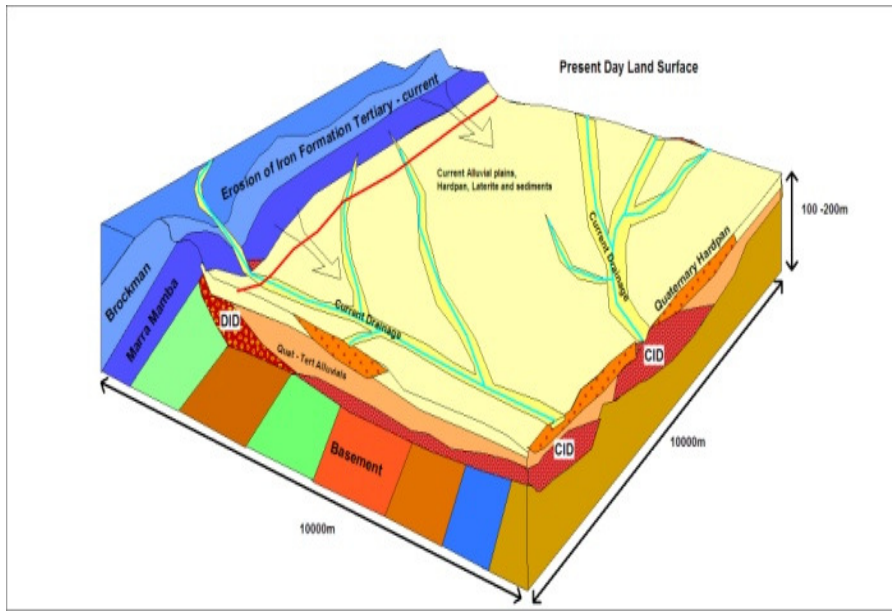


Figure 2 – conceptually illustrates the current land surface, showing recent alluvial cover and drainage in the valley adjacent to a large NW dipping outcrop of Marra Mamba formation.

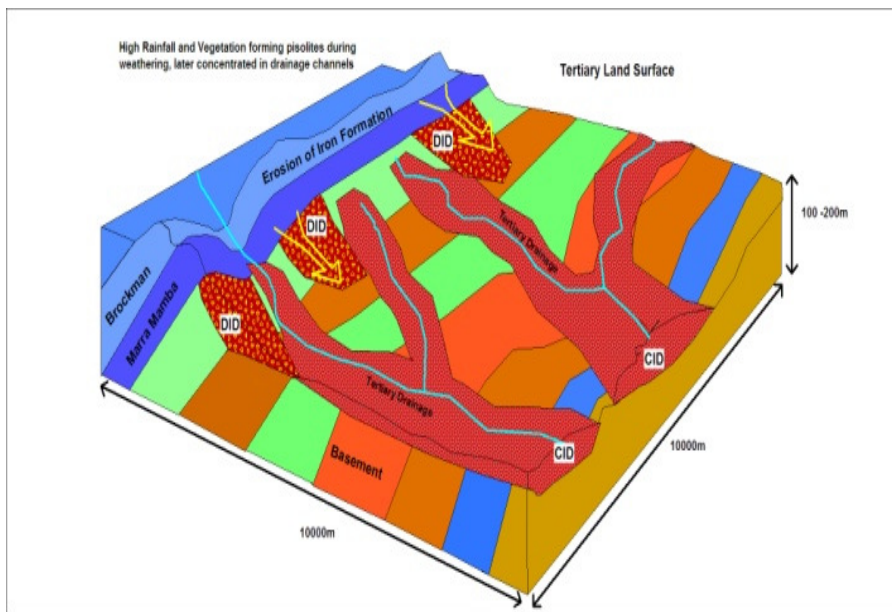


Figure 3 – conceptually illustrates the presence of Tertiary Channel Iron deposits beneath the recent alluvial cover shown above in Figure 2

Follow up field work has confirmed the presence of outcropping Tertiary channel Iron deposits and further, the analysis of 'rock chip samples' produced results of iron mineralisation consistent with grades required for commercial deposits (see Tables 1 to 3 above).

In addition to these discoveries four other iron targets and one copper target were identified at Prairie Downs which include Marra Mamba formation, an older Archaean iron formation, an iron rich conglomerate and detrital iron deposits. Fieldwork and research has also revealed the potential for additional channel iron deposits, elsewhere on the tenement block.

At Warrambo Dynasty's technical team considered there was scope for channel iron deposits associated with the massive Robe River pisolite unit. Follow up field work has confirmed the presence of these deposits. Drill targets include a deposit of channel iron over a 6km length which was recently sampled (see Table 4) and a second valley within the tenement which is considered to also have good potential for hosting a Tertiary paleochannel.

Table 4 - selected rock chip results - Warrambo

Sample ID	East	North	Fe	SiO2	Al2O3	P	LOI
3004704	393232	7556716	54.37	7.15	3.48	0.014	11.36
3004705	392781	7556337	53.30	10.67	3.22	0.022	9.92
3004707	392782	7556657	53.18	8.44	3.09	0.011	11.54
3004709	393004	7557353	50.94	12.49	3.10	0.035	10.92
3004713	389618	7555154	56.50	5.52	2.91	0.045	10.98
3010692	389243	7555024	56.25	4.53	1.69	0.038	12.62
3010693	389242	7555390	50.84	11.69	3.01	0.104	11.27
3010697	393981	7557537	53.01	7.78	3.61	0.019	11.78
3010698	393734	7557562	51.64	10.11	3.58	0.014	11.47
3010699	393520	7557548	52.27	9.39	2.87	0.032	12.14

Your board will be implementing the drilling program on both Prairie Downs and Warrambo in the September quarter and we look forward to reporting the results.

Yours sincerely

Richard Oh
CHAIRMAN
DYNASTY METALS AUSTRALIA

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.