DYNASTY
METALS AUSTRALIA LTD

ASX Announcement

24 September 2009

SIGNIFICANT DETRITAL / CHANNEL IRON DEPOSIT DISCOVERED

Key Highlights

- **Discovery of 3 detrital / channel iron deposits**
- **Spearhole detrital / channel iron deposit more than 1.6kms wide**
- **Drilling confirms Marra Mamba Iron Formation with continuous formation depth of up to 98m**

This release is to inform shareholders of the progress with Dynasty's iron ore exploration programs in the Pilbara Western Australia, see **Figure 1**.

Dynasty has completed a short reconnaissance drilling program at its Warramboo project area and is part way through a more substantial drilling program at Prairie Downs. Channel iron deposits were confirmed at Warramboo at a maximum depth of 14m and an average thickness up to 3m. A new program will be required to test for deeper parts of the channels and unexplored areas on the tenements.

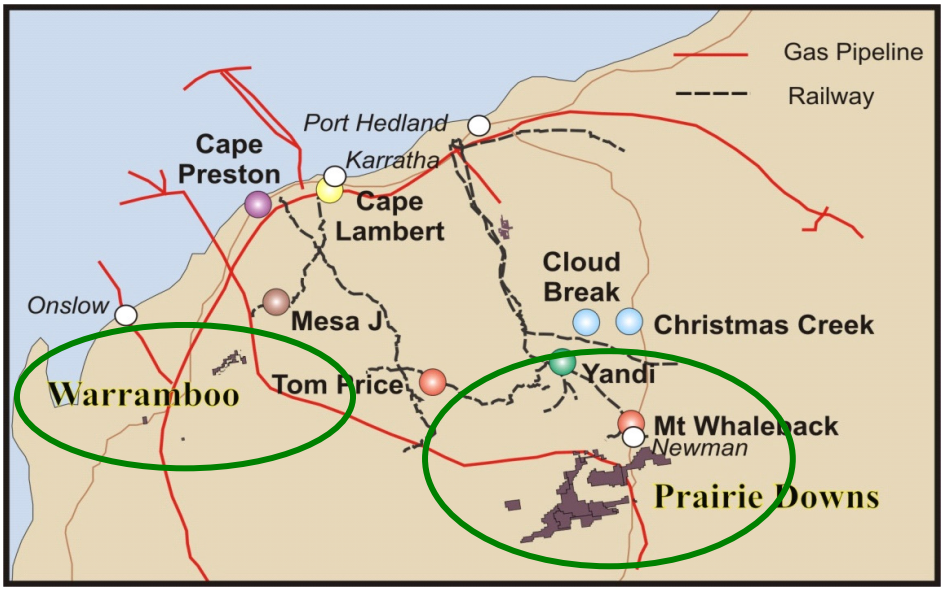

Figure 1 – location of Dynasty's Pilbara Iron Ore tenements (gray blocks)

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Prairie Downs Discoveries

Dynasty is pleased to announce it has made four discoveries which have confirmed interpreted geological models.

In summary, Dynasty reverse circulation drilling has intersected large thicknesses of Marra Mamba iron formation and three Detrital / Channel Iron deposits, with one channel proving to be more than 1.6km wide, see **Figure 2.**

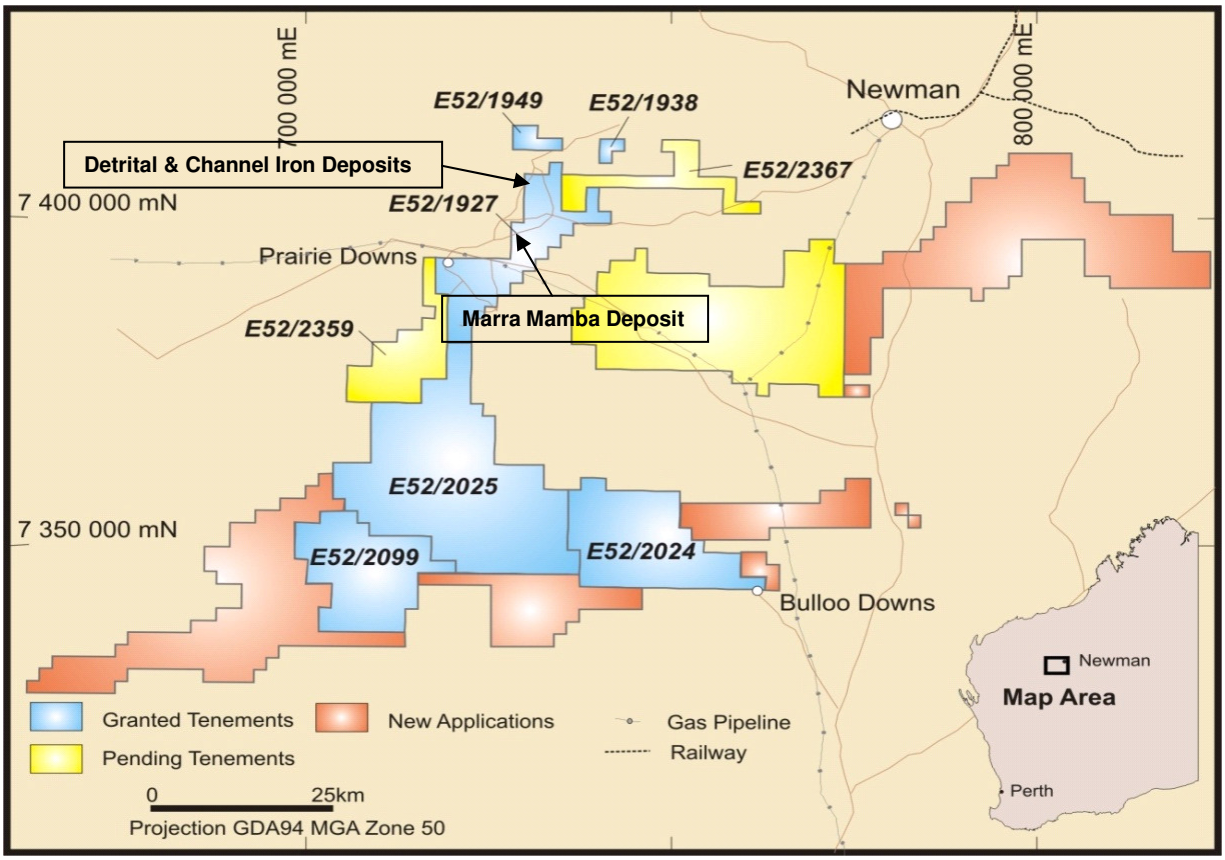

Figure 2 –location of Detrital Channel Iron, Channel Iron and Marra Mamba Deposits

Marra Mamba Iron Formation Confirmed

Dynasty has confirmed the presence of Marra Mamba Iron Formation in 12 drill holes drilled in tenement EL52/1927 (see Figure 2), with one drill hole intersecting a continuous 98 metres of the Formation. The estimated average thickness of the deposit is 80 metres.

Marra Mamba Formation is an important iron ore rock formation mined extensively in major iron ore mines of the Pilbara.

Dynasty will continue to explore using geophysics, for buried east faulted blocks of Marra Mamba to the South East of the Marra Mamba Deposit, within EL52/1927.

Three Detrital/Channel Iron Deposits Intersected

Dynasty has discovered three detrital / channel iron deposits in a wide-spaced drilling grid drilled in the northern part of EL52/1927. Channel iron deposits are accumulations of iron ore fragments, nodules and pisolites in ancient river channels called “paleochannels”.

The Spearhole detrital/channel iron deposit is over 1.6 kilometres wide with a maximum depth of approximately 35 metres and average depth of approximately 20 metres. The intersections show visual concentrations of iron in pisolitic material within several metres of Detrital and Channel Iron deposits. Some of the pisolites show high concentrations of haematite, see example **Figure 4.**

Figure 4 - concentrated haematite iron fragment in pisolite from Spearhole Channel Iron Deposit

Testing for up-stream and down-stream extensions (see **Figure 5)** of the Spearhole Channel and further definition of the Northern Channel is underway.

In addition to the extensive Spearhole paleochannel at least two other smaller channels up to 8m deep and over 400 to 600 metres wide have been identified.

These channels are part of a substantial ancient and current drainage system over 8km long within Dynasty’s tenements. The channel system rises in a broad valley which lies within the northern part of EL52/1927 and which drains outcropping Marra Mamba Formation, Brockman Formation and Achaean banded iron formations, all of which could be source rocks for the iron ore fragments in the channels.

Figure 5 shows the extent of current drainage systems within the tenement, which are considered to most likely reflect ancient drainage patterns.

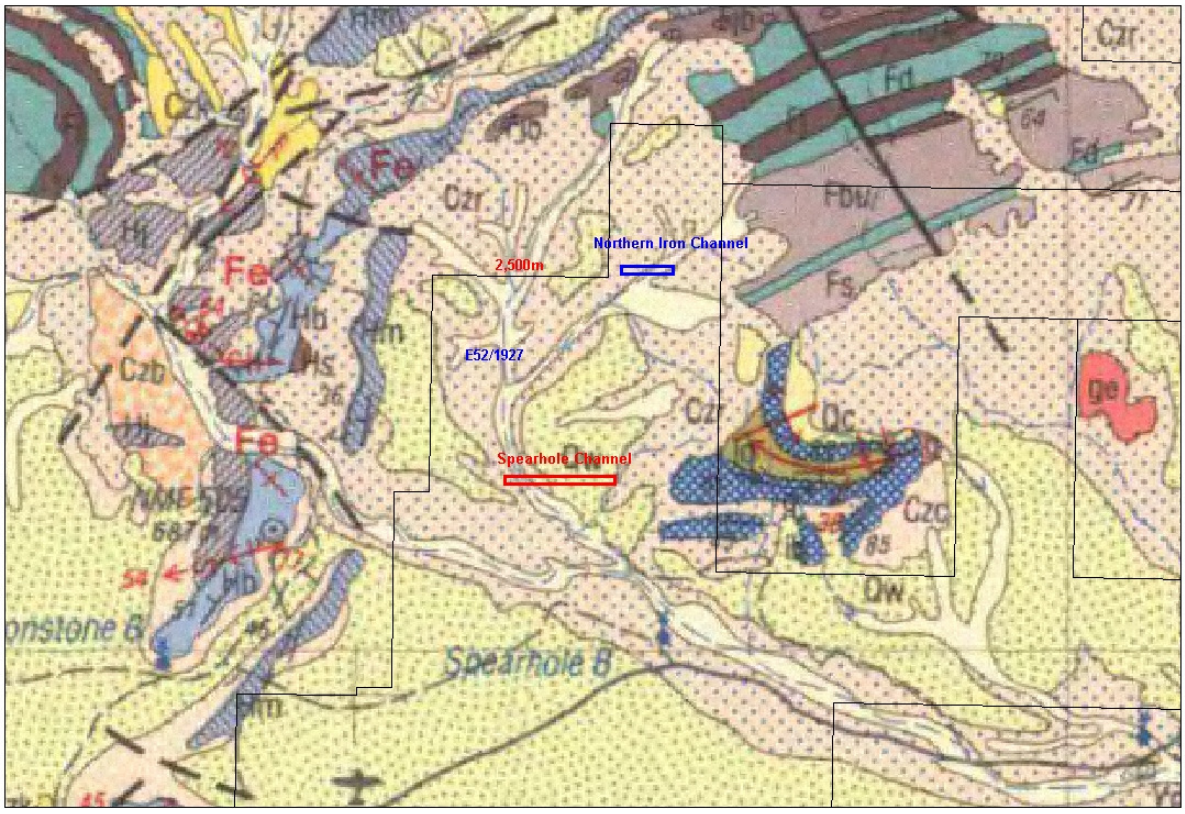

Figure 5 – Location of Spearhole & Northern Paleochannels and the Current Drainage System

In addition to the confirmation of Tertiary haematite pisolites in the drill cuttings, site geologist's carried out further reconnaissance mapping and identified Channel Iron sub crop and float showing well preserved petrified wood fragments, see **Figure 6**.

Figure 6 - example of Channel Iron sub-crop, showing well formed pisolites and petrified wood fragments

The presence and size of the channel demonstrates that there is the potential for significant tonnes of commercial Channel Iron Deposits in the area "if good grade is encountered". Samples have been sent to the laboratory and results will show the most prospective zones within the channel system to target further drilling.

The discovery of these significant detrital iron and channel iron systems represents a technical success and confirms the Dynasty and Terra Search technical team's geological models and targets which have been described in previous releases to the market.

The majority of Dynasty's iron ore tenements remain relatively under-explored and the knowledge gained from the current drilling programs will prove highly valuable in future exploration with work done to date representing less than 5% of Dynasty's tenement area at Prairie Downs.

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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, the types of deposit under consideration and to the activity that he is undertaking and qualifies 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.