

ASX Code: DMA



1 March 2011

Company Announcement Office  
ASX Limited

## **SHAREHOLDER CIRCULAR**

Please see the attached shareholder circular to be dispatched to Dynasty Metals Australia Limited shareholders.

### **For further information or enquiries please contact:**

Fergus Ross at Six Degrees Investor Communication on 02 9230 0661

1 March 2011

## **CIRCULAR TO SHAREHOLDERS**

Dear Dynasty shareholder

### **Extra-ordinary general meeting of shareholders to be held on 21 March 2011**

I refer to the shareholder extra-ordinary general meeting (“EGM”) convened by Mr Lewis Tay to be held on 21 March 2011, and at which proposed resolutions will be put to Dynasty’s shareholders for the removal of Messrs Ian Levy, Malcolm Carson, and Graham Anderson as Directors of Dynasty.

The Board has resolved to establish an Independent Board Committee (“IBC”) so that the Company and its Directors may discharge their obligations with respect to the forthcoming Shareholder EGM. Those duties include the disclosure of information within their knowledge which is material to enable Dynasty’s shareholders to determine their actions including whether or not to attend the EGM.

The purpose of this circular is to provide that information.

### **Circumstances in which Lewis Tay’s executive director powers were terminated**

In February 2010, it became evident to the Directors that Lewis Tay, as Executive Director of Dynasty, had purchased large numbers of speculative shares in mining companies in the name of Dynasty. When the Board met on the 23 February 2010 to discuss this situation, the value of Dynasty’s share trading and cash account that was being operated by Mr Tay, was \$1,068,000.

Mr Tay was told by the Dynasty Chairman during the Board meeting discussion, that:

*“Share trading is not our core business, and that shareholders have invested in the company and given Directors the responsibility to spend money on exploration, not the trading of shares.”*

The Minutes of the Dynasty Board meeting of 23 February 2010 record:

*Mr Tay advised that he had been undertaking trading in Atlas Iron and Cudoco as well as the holding position in Poseidon and Fairstar”*

*The Board discussed the policy of share trading.*

*The Board RESOLVED to:*

- 1. Transfer the broker cash account to a term deposit;*
- 2. Cease the purchase of new shares;*
- 3. Immediately sell those holdings in stocks with high liquidity;*
- 4. Immediately sell the holdings in Cudoco by end of February 2010;*
- 5. Sell progressively into the market for those stocks with low liquidity with a view to have a nil investment by 30 June 2010.”*

It was later discovered that Mr Tay did not comply with the Board resolutions 2, 3 and 4 and had continued buying and selling new speculative stocks after February 2010 in the DMA account – in the name of Dynasty.

In early January 2011 it came to the Director’s attention that Mr Tay was still purchasing speculative shares in Dynasty’s name, using Dynasty funds. The other directors were not aware of this because Mr

Tay had arranged for the share trading statements not to be sent to Dynasty's Sydney or Perth offices, but instead to a private Post Office Box used by himself and some other Dynasty shareholders.

The trading statements indicate that in the December 2010 quarter, Mr Tay had been buying heavily into Argonaut Resources Limited (ASX:ARE) in Dynasty's name by purchasing over 4 million shares thus making Dynasty a major shareholder. This contravened the 23rd Feb 2010 Board direction to cease buying any shares and to divest all existing shares.

An urgent Board meeting was called at the earliest opportunity on Monday 17<sup>th</sup> January 2011. At this meeting, a number of apparent financial and corporate irregularities that concerned the Board were discussed, including the unauthorised share trading.

Regardless of whether Dynasty suffered a net profit or loss as a result of Mr Tay's actions, his direct and persistent defiance of a Board directive and his use of a personal post office box in relation to these activities, meant that the Board had lost faith in Mr Tay and considered it had no option other than to immediately terminate his executive powers.

The majority of the Board (with Mr Richard Oh dissenting) also recommended to Mr Tay that it would be appropriate for him to resign as a Director of Dynasty Metals. Mr Tay declined to follow that recommendation and on 18 January 2011 requested that the Directors of the company call a meeting to consider the proposed resolutions to remove Messrs Levy, Carson and Anderson.

#### **Mr Tay's qualification**

Shareholders should also note the claim made by Mr Tay in his Notice of Meeting that he "holds a Bachelor of Science Degree".

Following inquiries by the Board, Mr Tay indicated that his degree was awarded by the University of Technology Sydney (UTS). UTS stated that it had no record of conferring a Bachelor of Science, or any other degree, on Mr Tay. Mr Tay has since stated that he attended UTS under the name of Kin Yu Cheng and has since changed his name to Lewis Tay. UTS have stated that a Kin Yu Cheng studied at UTS from 1986 to 1991 and was awarded a Bachelor of Applied Science in Computing Science, not the Degree of Bachelor of Science.

Yours Sincerely,

The Independent Board Committee

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