Beneficiation testing confirms 120Mt ~ 167Mt DSO grade product potential at Spearhole

Dynasty Metals Limited (ASX: DMA) is an Australian exploration company focused on developing its iron ore projects in the Pilbara region of Western Australia.

As at release date of 12th August 2011:

Issued Shares: 104.4M

Options: 17.4M @ $0.20

Market Cap: $20M

For further information please contact:

Michael van Uffelen
+61 8 9426 8999

Key Points

> **Beneficiation testing confirms the presence of DSO grade material within the gravels.**

> Beneficiation testing on material >27% Fe shows a likely yield of between 13-18%, **producing 121.2Mt to 167.8Mt of DSO grade material** from the current Spearhole discovery, with a potential grade range of **56-58% Fe**, 6-7.5% SiO_2, 5.5 - 6.5 % Al_2O_3.

> **There is a further 14-18% yield (or around 150Mt) of a midgrade product of 40-45% Fe.** Investigations into the upgrading of the midgrade ores are undertaking.

Spearhole Beneficiation

Following the discovery of 1.4Bt of ironstone gravel detritals within Dynasty's E52/1927 Prairie Downs project, beneficiation testing has been focusing on **low cost gravity and magnetic processing without grinding** for the 930 Mt inferred resource grading at >27%Fe. Material >6mm has been crushed to under 6mm for the testing.

The resource is made up of unconsolidated gravels starting at the surface and continuing to depths of around 30m. The material should be able to be bulk mined at a low cost and hence the testing has been on sonic drilling samples taken through the entire resource, rather than specific horizons.

The results referred to here are based on the processing larger samples from two separate areas, Area 3 and Area 2 (Figure 1).

These preliminary results are presented as a range of results to reflect the variation in results of testing different materials and different separation methods and density cutoffs. Area 3 showed superior yield and grade to Area 2. Further testing is underway to optimise the process and maximise the yield.

Spearhole Beneficiation – continued…

Over 50% of the materials are fines of <1mm size. **This fraction can be removed simply and cheaply and processed separately using spirals and magnetic separation.** The coarser material (>1mm) grades around 37-40% prior to beneficiation. The yield on the beneficiation of this material is around 25-35% (13-18% of bulk sample). **This low cost upgrade to the material may be critical to the economics of the beneficiation process.**

Results for the testing have identified the following range estimates for the products. **The mid grade product will be examined for further potential upgrade to increase the overall yield.**

	Yield	Fe	SiO2	Al2O3	TiO2	P
High Grade	13-18%	56-59%	6.0-7.5%	5.5-6.5%	1.7-2.0%	0.03-0.05%
Mid Grade	14-18%	40-45%	15-20%	8-12%	0.5-1.5%	0.03-0.05%

Prairie Downs – Current Resource

On 27 October 2010, Dynasty announced a **1.4 billion tonne JORC-Compliant inferred Resource including 932 million tonnes at 27.4% Fe at a cut-off grade of 20% Fe** for the Company's Spearhole Detrital Iron deposit ("ironstone gravel") at Prairie Downs in the Pilbara region of Western Australia.

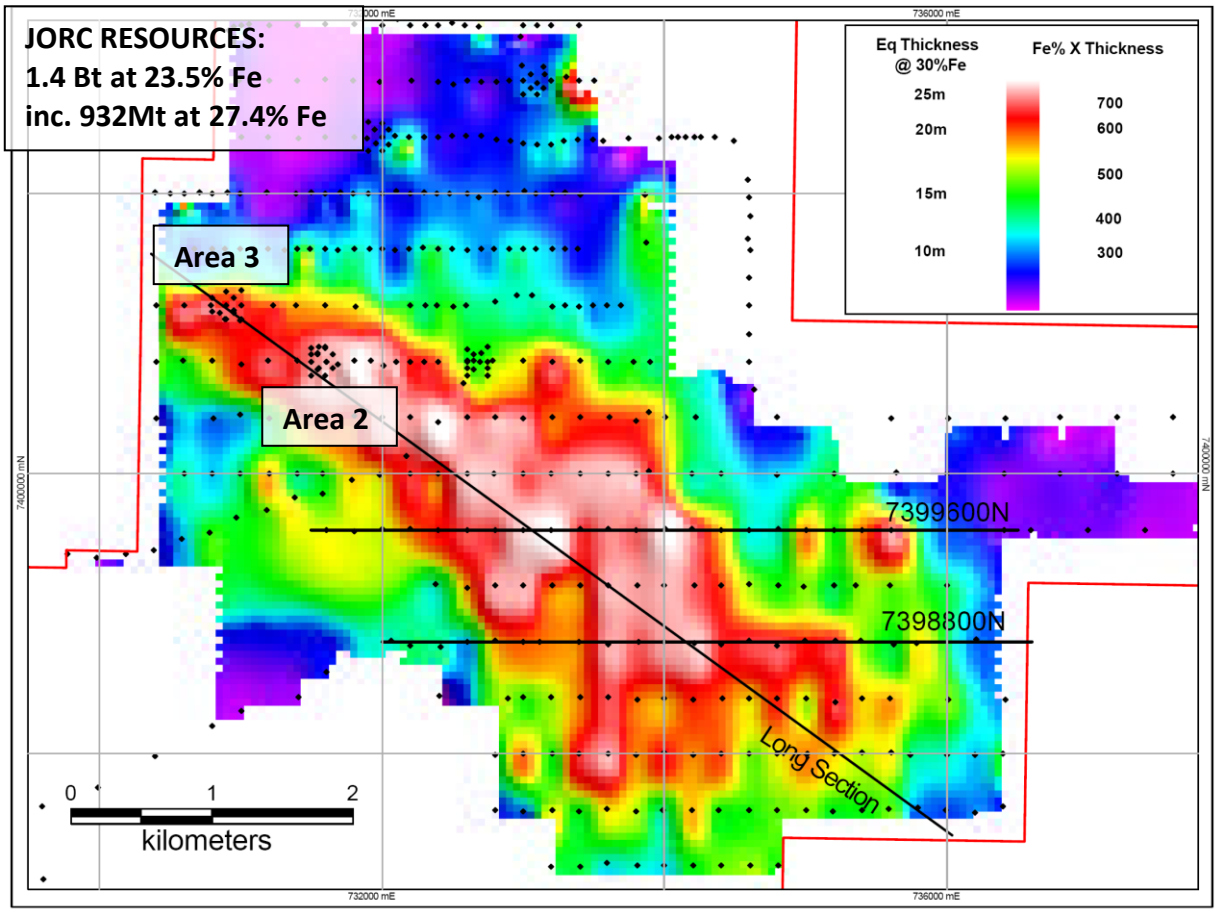

Figure 1 – distribution (Fe grade x thickness) of the iron mineralisation at the Spearhole Detrital Iron Deposit showing Areas 2 and 3.

The Resources defined to date are set out in **Table 1** below**.**

Tonnes Mt	Fe %	Calcined Fe* "CaFe" %	SiO_2 %	Al_2O_3 %	P %	LOI %	Cut-Off Grade % Fe
449	31.5	34.0	30.2	13.6	0.04	7.5	>27% Fe
586	30.2	32.7	31.6	13.9	0.04	7.6	>25% Fe
800	28.4	30.8	33.5	14.4	0.04	7.7	>22% Fe
932	**27.4**	**29.7**	**34.6**	**14.7**	**0.04**	**7.8**	**>20% Fe**
1,118	25.9	28.1	36.1	15.0	0.04	7.9	>17% Fe
1,400	**23.5**	**25.5**	**38.6**	**15.5**	**0.03**	**8.1**	**Total Resource**

*Calcined Fe ("CaFe") = Fe/((100-LOI)/100)

Table 1 – Inferred Resources for Spearhole Detrital Iron Deposit (October 2010 Estimate)

Competent Person

Qualifying Statement: The information in this report that relates to exploration results and mineral resource calculations has been complied by Mr David Jenkins a full time employee of Terra Search Pty Ltd, geological consultants employed by Dynasty Metals. Mr Jenkins is a Member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation and type of deposit under consideration and the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Jenkins consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mr Jenkins consents to the inclusion in the report of the matters based on the information in which it appears.