

29 May 2012

ASX Announcement

JV PROJECT UPDATE – JORC COAL RESOURCE

Dynasty Metals Australia (ASX:DMA) holds a minority interest of approximately 8.65% in a joint venture company with a subsidiary of Tiaro Coal Limited (ASX:TCM). That joint venture company holds EPC 956 and EPC 957.

Please refer to ASX announcement released by Tiaro Coal dated 25 May 2012 in relation to EPC 956 and a maiden 40 Mt JORC coal resource.

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ASX Announcement
25 May 2012

Tiaro Project Maiden 40 Mt JORC Coal Resource

- 40 Mt JORC Resource at T9 Block A (2.5 km²), including Coking, PCI and Energy Coals
- Drilling to continue on remaining four T9 blocks B–E (19.0 km²)
- 17 seam groups identified

Runge Limited was commissioned by Tiaro Coal Ltd (**Tiaro**) to review the borehole data for Tiaro's T9 Block A coal deposit on EPC 956, situated within the Maryborough Basin in Southeast Queensland, create an updated geological model and provide a resource estimate, reported to JORC guidelines and standards.

The T9 Block A coal resource is located in the western portion of the T9 Exploration Target (Figure 2) and comprises multiple seam groups. The resource model has been created based on geological data from 17 RC and 10 cored boreholes. Analytical data from the 10 cored holes has been used to determine the coal quality model. All borehole depths have been validated against geophysical wireline data.

The Resources for this area have been determined and reported in accordance with the JORC code and are tabulated in Table 1.

Table 1 - Summary of Resources

Resource Category	Coal Volume (Million Cubic Metres)	Insitu (Million Tonnes) ¹
<100m		
Indicated	3.7	6.2
Inferred	6.1	10.5
Indicated + Inferred	9.8	16.8
100m to 200m		
Indicated	3.6	6.2
Inferred	9.9	17.0
Indicated + Inferred	13.4	23.2
Total Indicated	7.2	12.4
Total Inferred	16.0	27.6
Total Indicated + Inferred	23.2	40.0

¹ Coal volume x relative density

Seam Correlation

The T9 Block A project comprises 17 seam groups (Seam Group F to V) from top to bottom. Eleven of these seam groups (Tables 2 & 3) have been used in the determination of the coal resource in T9 Block A.

The coal seams within the resource area are relatively continuous. However correlation across adjacent holes is not always possible. The deposit dips to the south-east and is inferred to be bounded by thrust faults along the eastern and western margins.

Seam group thickness varies from 0.1m up to 2.4m. Partings between the seam groups may vary from 0 to 15m. The seam groups split several times into relatively thin bands. It is interpreted that the areas of seam splitting represent a lateral facies change and represent an area of greater sediment deposition.

Coal Quality

Tables 2 and 3 present a summary of Net Coal and Working Section raw coal quality for the T9 Block A resource. The raw coal qualities presented in Tables 2 and 3 have been plotted in Figure 2. This shows the possibility of two coal successions. There is increasing rank from Seam Groups H to K and from N to U. Seam Groups H, I and N may have coking properties after beneficiation while the remaining seams can possibly provide PCI and thermal products.

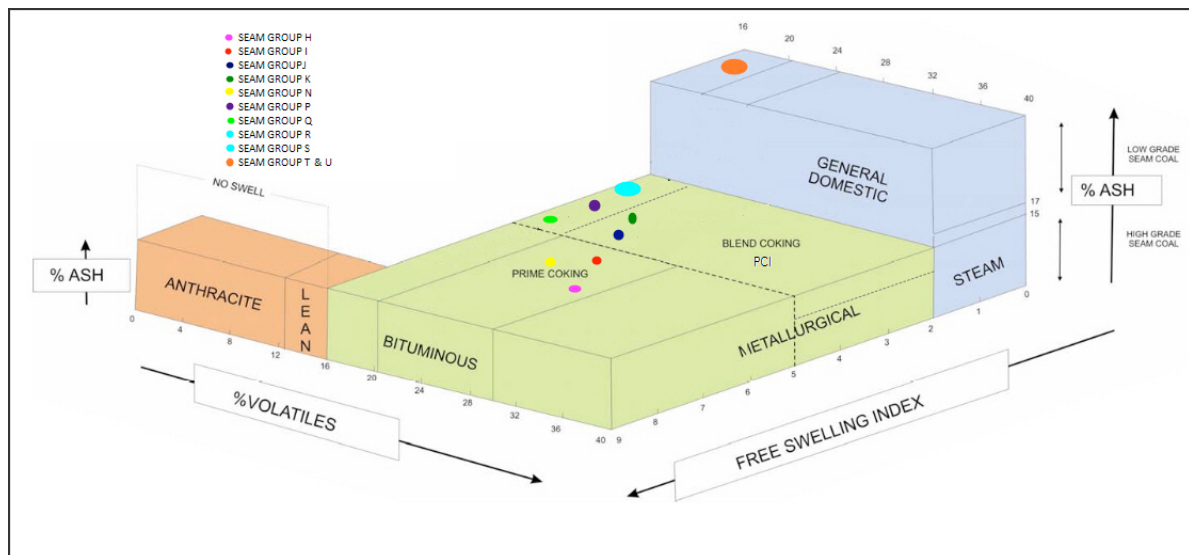


Figure 1 - T9 Block A - raw coal quality classification chart

It is evident that individual plies within the Seam Groups (N - Q) exhibit high CSN indices (>8) indicating increasing coal rank with depth up to a limit. Coking properties thereafter starts to decrease. Due to parting being composited in the database to create the working section model these higher CSN values are not clearly evident. However with further wash table data on the respective working sections it may be possible to extract both Coking and PCI grade coals from most of the seams. This will only be evaluated once the economics of the yield cut-offs can be determined.

Table 2 – Net Coal Raw Quality

SEAM GROUP	Mean Seam Thickness <100m (metres)	Mean Seam Thickness 100-200m (metres)	Relative Density g/cc (ad)	Total Moisture % (ad)	ASH % (ad)	Volatile Matter % (ad)	Fixed Carbon % (ad)	Crucible Swelling Number (ad)
H	0.9	0.7	1.5	2.3	30.1	29.7	38.0	7.4
I	1.1	1.1	1.6	2.5	38.6	26.3	32.7	5.6
J	0.5	0.4	1.6	2.4	40.3	24.5	32.8	4.7
K	0.0	0.7	1.7	2.4	45.5	22.9	29.1	4.2
N	0.8	0.8	1.6	1.8	32.1	24.9	41.1	6.5
P	0.9	0.9	1.7	2.3	44.3	17.5	35.9	4.4
Q	0.6	0.8	1.7	2.0	40.8	17.8	39.3	4.8
R	1.0	0.9	1.7	2.3	44.4	15.4	37.9	2.9
S	1.4	1.3	1.7	1.9	39.9	15.3	42.8	2.5
T	1.2	0.9	1.6	2.0	35.2	15.2	47.7	0.7
U	2.0	1.4	1.7	1.9	37.1	12.5	48.5	0.3

The coal qualities presented in Table 2 represents only net coal and is void of any in seam partings. All parting qualities that have been inferred have been excluded in the above table in order to provide a reasonable expectation of coal classification and utilization. These qualities have been graphically plotted on the generalized coal classification chart presented in Figure 1.

Table 3 – Working Section Raw Quality

SEAM GROUP	Mean Seam Thickness <100m (metres)	Mean Seam Thickness 100-200m (metres)	Relative Density g/cc (ad)	Total Moisture % (ad)	ASH % (ad)	Volatile Matter % (ad)	Fixed Carbon % (ad)	Crucible Swelling Number (ad)
H	0.9	0.7	1.6	2.3	34.8	27.6	35.3	6.9
I	1.1	1.1	1.7	2.6	43.1	24.0	30.4	5.0
J	0.5	0.4	1.7	2.5	45.1	22.1	30.3	4.0
K	0.0	0.7	1.8	2.5	46.7	21.9	29.0	4.2
N	0.8	0.8	1.6	2.0	37.0	22.8	38.2	5.6
P	0.9	0.9	1.8	2.5	51.2	15.1	31.2	3.1
Q	0.6	0.8	1.7	2.1	43.4	17.1	37.4	4.0
R	1.0	0.9	1.7	2.3	44.9	15.4	37.4	2.7
S	1.4	1.3	1.9	2.0	47.8	13.4	36.8	2.0
T	1.2	0.9	1.7	2.1	38.8	14.6	44.6	0.6
U	2.0	1.4	1.8	2.1	43.5	11.5	42.9	0.3

The coal qualities presented in Table 3 represents the combined working section qualities. All in seam partings have been mathematically composited to provide a combined raw coal quality of the modelled working sections. Although these qualities represent significantly higher raw ash qualities these may be beneficiated to provide mineable products such as Coking and PCI grade coals.

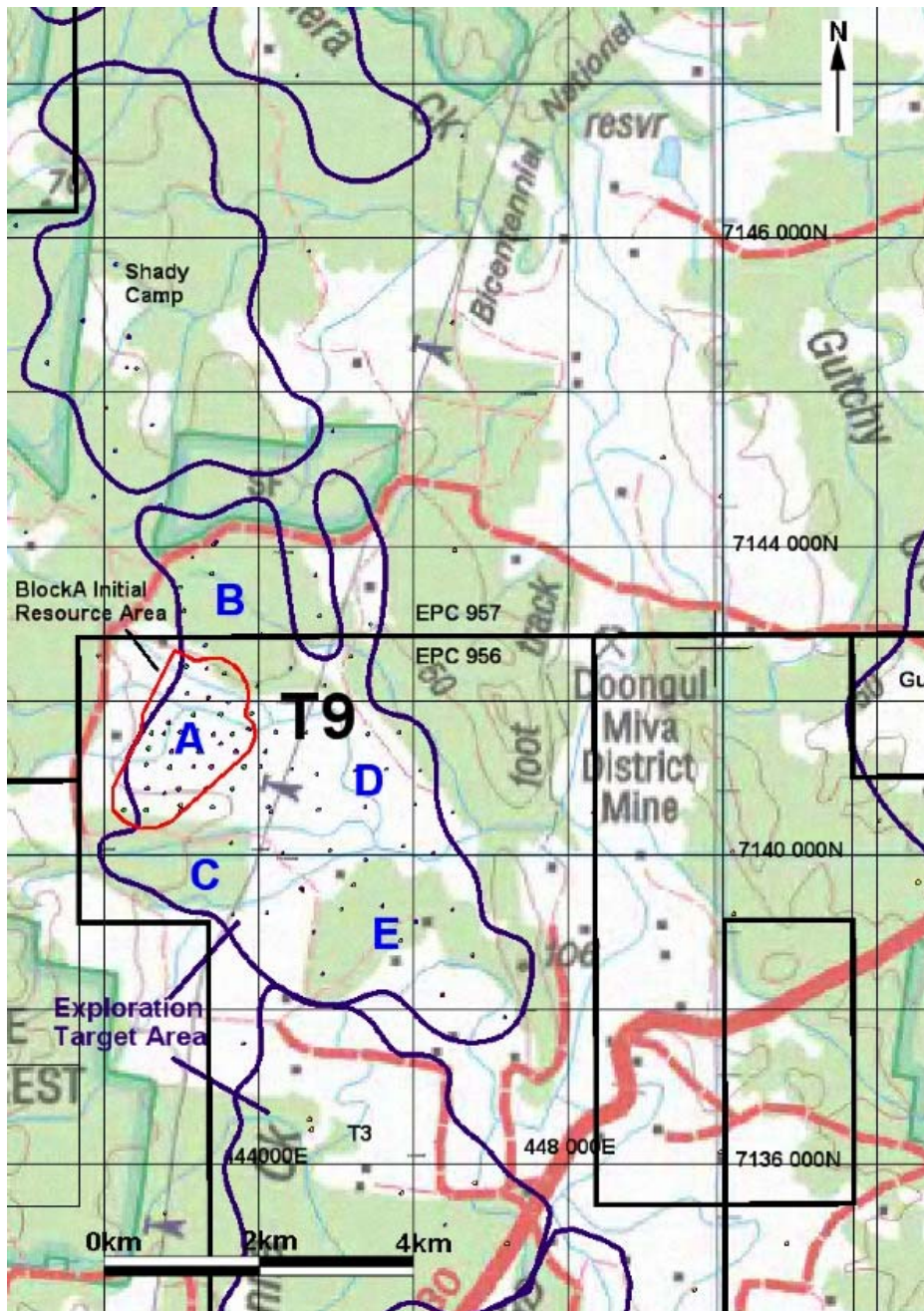


Figure 2 – T9 Block A in relation to four Blocks B-E; still subject to JORC determination

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JORC Resource Competent Persons Statement

Technical information in this report in relation to the JORC Resource for T9 Block A has been compiled by Mr Gordon Naidoo, Senior Geologist, Runge Limited. Mr Naidoo is a member of the Australasian Institute of Mining and Metallurgy and a Certified Professional for Coal, and has sufficient experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The resource information in this report is being released to the Australian Securities Exchange. Mr Naidoo consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 25 May 2012 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code).