

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2012

SUMMARY

- > Ground magnetics identified potential Marra Mamba direct shipping ore (DSO) targets near Newman.
- > Drilling program planned to test these DSO targets.
- > Native title negotiations near completion on Marandoo tenements with grant of the tenements to follow.
- > Infrastructure solutions for the flagship Spearhole Project are being examined along with ongoing beneficiation testing.
- > Airborne magnetic survey flown as part of the Goldstone JV has identified several anomalous zones with minimal previous exploration.

EXPLORATION ACTIVITIES

A 220 line kilometre ground magnetic survey has been successfully completed over Dynasty's E52/2591 tenement, 20 kilometres east of Newman. This tenement is covered by recent alluvials and has been ignored by previous explorers despite having significant Marra Mamba hosted mineralisation in outcropping areas adjacent to the tenement and being **in the vicinity of BHP's world class Mt Whaleback and Jimblebar mines. E52/2591 is also within 25 kilometres to the QRN's proposed rail corridor** which aims to service a number of small to medium iron ore producers in the East Pilbara region.

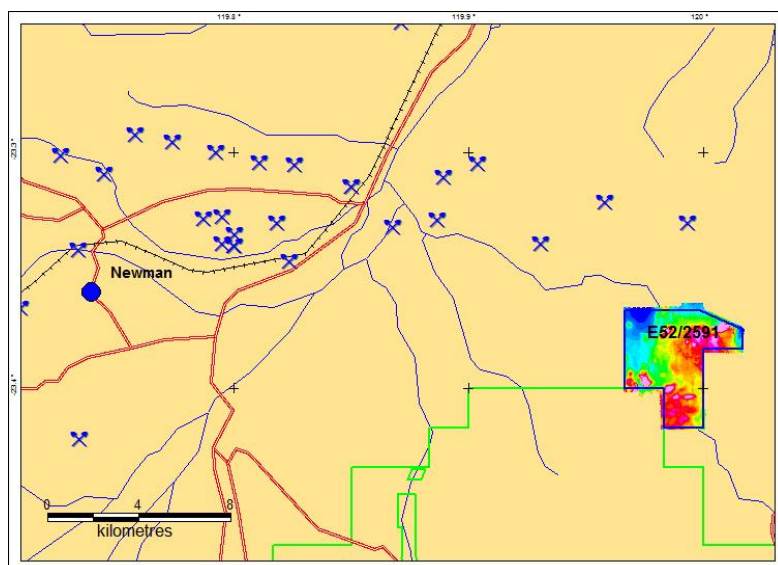


Figure 1, Newman project E52/2591 location showing nearby mines

The survey has defined several areas with anomalous magnetics, with characteristics consistent with buried Marra Mamba formation. The most promising of these is consistent with an extension of the formation across a northwest trending fault. **If this is the case it is hoped that this zone will contain**

Spearhole Project

Dynasty is concentrating on infrastructure solutions for their flagship Spearhole Project where there is 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**. Preliminary discussions with other stakeholders in the region are underway.

Table 2 – Inferred Resources for Spearhole Detrital Iron Deposit (October 2010 Estimate)

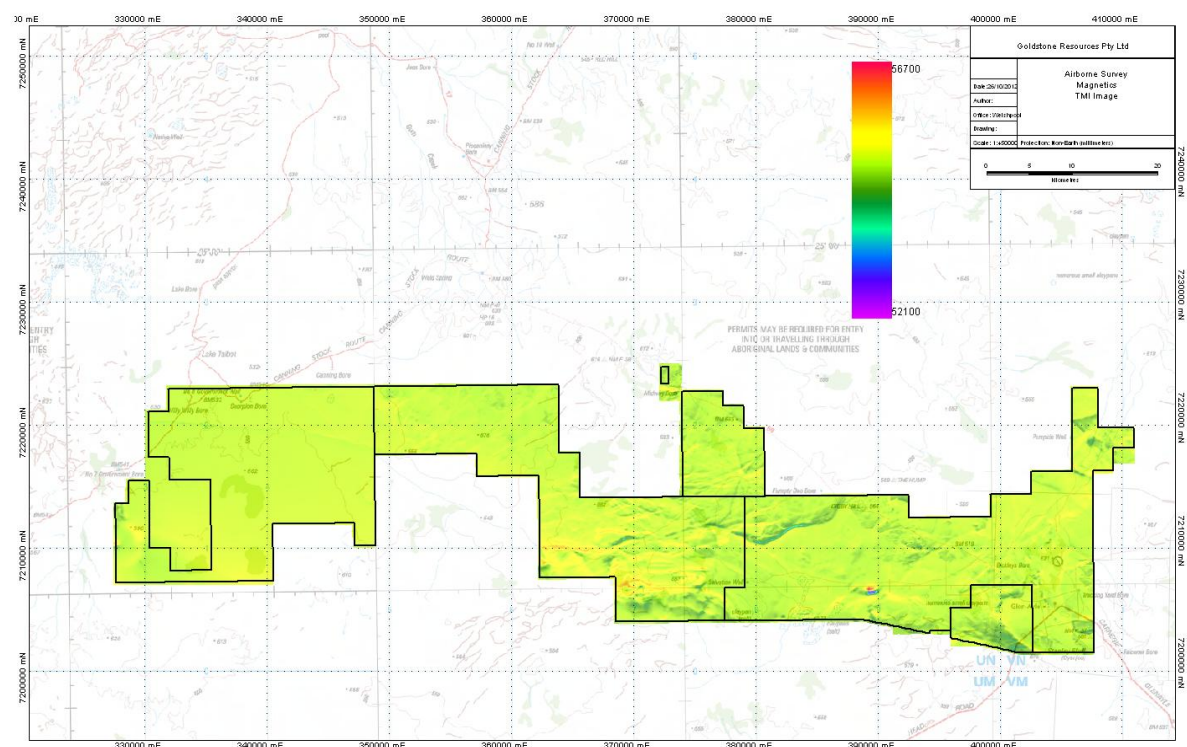
Tonnes (Mt)	Fe %	CaFe* %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %	Cut-Off Grade % Fe
932	27.4	29.7	34.6	14.7	0.04	7.8	>20% Fe
1,400	23.5	25.5	38.6	15.5	0.03	8.1	Total Resource

*Calced Fe ("CaFe") = $\text{Fe} / ((100 - \text{LOI}) / 100)$

Beneficiation testing is progressing well, focussing on the upgrading of midgrade (40-50% Fe) tailings from the beneficiation process.

GOLDSTONE JV

Data has been received from Fugro by conducting a major aeromagnetic and radiometric survey across the Stanley Nabberu project area. This data is currently being interpreted to design drilling targets for Iron ore, uranium and base metals. Further flight programs are planned for the Mt Phillips – Hector Bore areas.



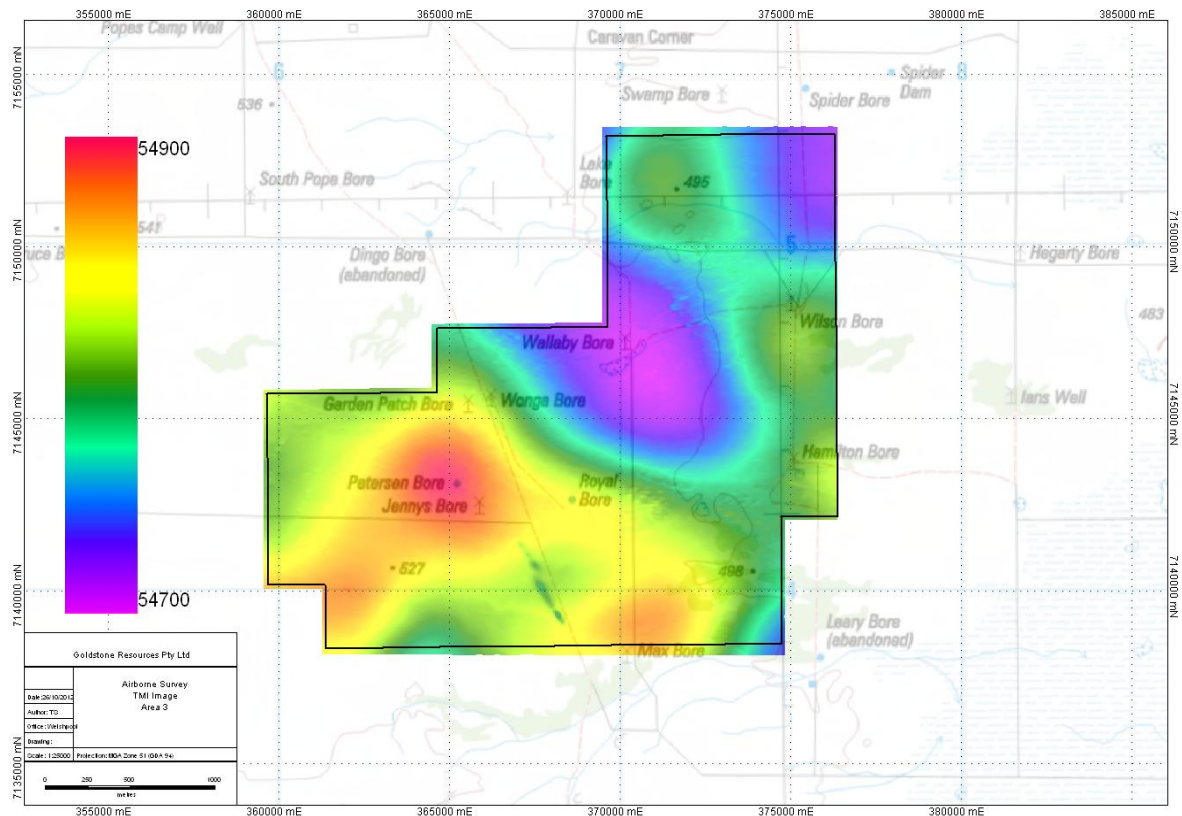


Figure 4, Goldstone JV Stanley Naberru area 2 and area 3 magnetics

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration results and mineral resource calculations has been compiled by Mr David Jenkins, a full time employee of Terra Search Pty Ltd, geological consultants employed by Dynasty Metals Australia Ltd. 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.

CORPORATE PROFILE

Dynasty Metals Australia Limited
ACN 110 385 709

Directors Details

Thomas Pickett	Independent Chairman
Lewis Tay	Managing Director
Bin Wang	Non-executive Director

Company Secretary

Louise Edwards

Registered Office and Principal Place of Business

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Share Details

As at 30 September 2012, there were 105,383,510 ordinary shares on issue.