



Dynasty Resources Limited
(formerly Dynasty Metals Australia Limited)

Half-Year Financial Report
31 December 2013

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Corporate Information

Company Particulars	Dynasty Resources Limited ACN 110 385 709 The Company is an exploration company with its securities listed only on the Australian Securities Exchange.
Registered Office	83 Brisbane Street Perth WA 6000 Telephone: +61 8 6316 4414 Facsimile: +61 8 6316 4404 Email: admin@dynastyresources.com.au Website: www.dynastyresources.com.au
Directors	Thomas Pickett (Independent Chairman) Lewis Tay (Managing Director) Bin Wang (Non-executive Director) Bo Xin Dong (Alternate Director for Bin Wang)
Company Secretary	Louise Edwards
Auditor	Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St Georges Terrace Perth WA 6000
Share Registrar	Security Transfer Registrars Pty Ltd Suite 1, Alexandra House 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233

DIRECTORS' REPORT

The directors of Dynasty Resources Limited (the "Company") submit their report for the half-year ended 31 December 2013.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Tom Pickett LLB	(Non-Executive Chairman)
Lewis Tay B.App.Sc.DipAF	(Managing Director)
Bin Wang	(Non-Executive Director)
Bo Xin Dong	(Alternate Director for Bin Wang)

REVIEW OF OPERATIONS***Exploration Update***

The Company's activities in the six months to 31 December 2013 focussed primarily on reviewing all projects to maximise long term shareholder value, however reducing expenditure commitments in the short term. It is envisaged that various non-core tenements will likely be relinquished to reduce commitments over the coming period.

Exploration highlights for the period included:

- The review of drilling at the Marandoo Project confirms the potential of the sequence to host high grade iron mineralisation.
- The grant of new tenements in the Eastern Goldfields region near Laverton are prospective for gold and nickel.
- Several opportunities have been examined with some reaching a more advanced stage of due diligence. These opportunities are being evaluated for their economic potential in both the short term and the long term prospectively of the project areas.
- The refinement of the beneficiation process for the Spearhole resource is continuing to enhance the yield and/or grade of the beneficiation products.

RESULTS OF OPERATIONS

The Company incurred an after tax operating loss for the half-year ended 31 December 2013 of \$957,380 (2012: \$283,497).

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Deloitte Touche Tohmatsu, which is included on page 5.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Lewis Tay
Managing Director
Perth, 12 March 2014

The Board of Directors
Dynasty Resources Limited
83 Brisbane Street
PERTH WA 6000

12 March 2014

Dear Board Members

Dynasty Resources Limited

In accordance with section 307C of the Corporations Act 2001, I provide the following declaration of independence to the directors of Dynasty Resources Limited.

As lead audit partner for the review of the financial statements of Dynasty Resources Limited for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, the only contravention of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

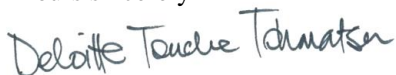
is set out below:

During the current review period, Deloitte Touche Tohmatsu's quality control system identified that the lead auditor for Dynasty Resources Limited for the financial year ended 30 June 2013 participated in the review of the financial statements for the half year ended 31 December 2013, and was not eligible to participate in the review due to the auditor rotation requirements of the Corporations Act 2001.

All reasonable steps have now been undertaken to ensure compliance with the auditor rotation requirements and the individual has played no further role in relation to the review of Dynasty Resources Limited for the half year ended 31 December 2013.

Accordingly I consider that the independence of Deloitte Touche Tohmatsu in respect to the review of the financial statements of Dynasty Resources Limited for the half year ended 31 December 2013 has not been impaired.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Notes	31 December 2013 \$	31 December 2012 \$
Continuing Operations			
Revenue	4	187,421	922,866
Exploration expenditure		(409,211)	(504,691)
Impairment in investments		(67,934)	(262,085)
Share of loss of associate	5	(393,127)	(377,226)
Other expenses		(274,529)	(412,367)
Loss from continuing operations before income tax		(957,380)	(633,503)
Income tax benefit		-	350,006
Loss from continuing operations after tax		(957,380)	(283,497)
Other comprehensive income, net of income tax Items that may be reclassified subsequently to profit or loss			
Fair value gains on available-for-sale financial assets		-	-
Tax effect on fair value gains		-	-
Total other comprehensive income, net of income tax		-	-
Total comprehensive income/(loss) for the period		(957,380)	(283,497)
Profit/(loss) is attributable to			
Members of the parent		(957,380)	(283,497)
Total comprehensive income/(loss) is attributable to:			
Members of the parent		(957,380)	(283,497)
Earnings per share (cents per share)			
- basic: for loss for the half-year		(0.81)	(0.27)
- diluted: for loss for the half-year		(0.81)	(0.27)

The accompanying condensed notes form part of this financial report

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Notes	31 December 2013 \$	30 June 2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	754,930	766,160
Trade and other receivables		22,060	48,501
Total Current Assets		776,990	1,955,472
Non-Current Assets			
Investments accounted for using the equity method		57,239	450,367
Other financial assets	7	293,468	558,137
Property, plant and equipment		83,594	93,988
Total Non-Current assets		434,301	1,102,492
TOTAL ASSETS		1,211,291	1,917,153
LIABILITIES			
Current liabilities			
Trade and other payables		25,879	169,427
Total Current Liabilities		25,879	169,427
TOTAL LIABILITIES		25,879	169,427
NET ASSETS		1,185,412	1,747,726
EQUITY			
Contributed equity	8	18,459,717	18,144,636
Reserves		79,985	-
Accumulated losses		(17,354,290)	(16,396,910)
TOTAL EQUITY		1,185,412	1,747,726

The accompanying condensed notes form part of this financial report

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Notes	31 December 2013 \$	31 December 2012 \$
Cash flows from operating activities			
Payments to suppliers and employees		(597,821)	(1,014,102)
Interest paid		-	(3,301)
Income tax refund		-	350,006
Interest received		12,248	57,232
Net cash provided by/(used in) operating activities		(585,573)	(610,165)
Cash flows from investing activities			
Payment for property, plant and equipment		(515)	-
Payments for investment securities		(562,677)	-
Proceeds from sales of tenements		150,000	-
Proceeds on sale of investment securities		592,469	26,744
Net cash provided by/(used in) investing activities		179,277	26,744
Cash flows from financing activities			
Proceeds from issue of equity instruments		400,000	-
Proceeds from issue of options		79,985	-
Payment for share issue costs		(84,919)	-
Net cash provided by/(used in) financing activities		395,066	-
Net increase/(decrease) in cash and cash equivalents		(11,230)	(583,421)
Cash and cash equivalents at the beginning of the period		766,160	1,813,615
Cash and cash equivalents at the end of the period	6	754,930	1,230,194

The accompanying condensed notes form part of this financial report

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Contributed Equity	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2013	18,144,636	-	(16,396,910)	1,747,726
Loss for the period	-	-	(957,380)	(957,380)
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	(957,380)	(957,380)
Transactions with owners in their capacity as owners				
Issue of shares	400,000	-	-	400,000
Issue of options	-	79,985	-	79,985
Capital raising costs	(84,919)	-	-	(84,919)
Balance at 31 December 2013	18,459,717	79,985	(17,354,290)	1,185,412
Balance at 1 July 2012	17,815,378	-	(14,559,479)	3,255,899
Loss for the period	-	-	(283,497)	(283,497)
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	(283,497)	(283,497)
Transactions with owners in their capacity as owners				
Share-based payments	110,000	-	-	110,000
Balance at 31 December 2012	17,925,378	-	(14,842,976)	3,082,402

The accompanying condensed notes form part of this financial report

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**1. CORPORATE INFORMATION**

The financial report of Dynasty Resources Limited (the "Company") for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on March 2014.

Dynasty Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company during the half-year was exploration and evaluation of mineral licences.

During the financial year, the Company changed its name from Dynasty Metals Australia Limited to Dynasty Resources Limited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**Statement of Compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new or revised accounting standards and interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)

- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior half-years except below:

First time application of AASB 13: Fair Value Measurement

The Company has adopted the requirements of AASB 13 for the first time in the current financial statements. The standard provides guidance on how to determine fair value and requires disclosures about fair value measurement. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs.

Impact of the application of AASB 12: Disclosure of Interests in Other Entities

The Company has adopted the requirements of AASB 12 for the first time in the current financial statements. AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. However this did not result in any changes to the Company's half year financial statements.

Certain amendments/revisions have been made to the Australian Accounting Standards that could potentially impact the future financial reports of the Company. These are noted below:

New or revised requirements	Effective from	Impact on the Company's financial statements
AASB 9 Financial Instruments (December 2009), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures AASB 9 introduces new requirements for classifying and measuring financial assets.	Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015	Not material

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)

New or revised requirements	Effective from	Impact on the Company's financial statements
<p>AASB 9 Financial Instruments (December 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</p> <p>A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 Financial Instruments: Recognition and Measurement.</p>	<p>Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015</p>	<p>Not material</p>

3. SEGMENT INFORMATION

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

Information reported to the Company's board of directors for the purposes of resource allocation and assessment of performance is more specifically focused on mineral exploration.

Management has determined that the Company has one reportable segment, being mineral exploration in Australia. As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure.

This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)**4. REVENUE, INCOME AND EXPENSES****Revenue, Income and Expenses from Continuing Operations**

	31 December 2013	31 December 2012
<i>Revenue</i>	\$	\$
Interest revenue	7,629	52,866
Gain on sale of investments	29,792	-
Gain on sale of joint venture interest	150,000	870,000
	<u>187,421</u>	<u>922,866</u>
<i>Expenses</i>		
Director's fees and remuneration	120,000	149,315
Depreciation	10,909	11,021
Exploration expenditure	409,211	504,691
	<u>540,120</u>	<u>665,027</u>

5. SHARE OF LOSS OF ASSOCIATE ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2013	31 December 2012
Share of loss - associate	393,127	377,226

6. CASH AND CASH EQUIVALENTS

For the purposes of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	754,930	1,230,194
	<u>754,930</u>	<u>1,230,194</u>

7. OTHER FINANCIAL ASSETS

	31 December 2013	30 June 2013
Term deposits with financial institutions	-	197,735
Available for sale financial assets	293,468	361,402
	<u>293,468</u>	<u>558,137</u>

Available for sale financial assets are the Company's investment in equity of listed entities. The fair value computation is categorised under "level 1" hierarchy per AASB 13. The valuation is based on the quoted prices of these financial assets in an active market as at 31 December 2013.

CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (continued)**8. CONTRIBUTED EQUITY**

	<i>31 December 2013</i>	
	<i>No.</i>	<i>\$</i>
<i>(i) Ordinary shares</i>		
<i>Movement in ordinary shares on issue</i>		
Balance at beginning of financial period	110,518,669	18,144,636
Issue of shares during the period	8,000,000	400,000
Equity issue costs	-	(84,919)
At 31 December 2013	118,518,669	18,459,717
<i>(ii) Options</i>		
<i>Movement in options on issue</i>		
Balance at beginning of financial period	-	-
Issue of options during the period	8,000,000	79,985
At 31 December 2013	8,000,000	79,985

During the half-year, the company issued 8,000,000 unlisted options (2012: Nil) at \$0.01 per option, with an exercise price of \$0.05, and expiring on 18 September 2015.

9. COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there have been no material changes to any contingent liabilities or contingent assets.

10. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in the future financial years.

DIRECTORS' DECLARATION

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Lewis Tay
Managing Director

Perth, 12 March 2014

Independent Auditor's Review Report to the Members of Dynasty Resources Limited

We have reviewed the accompanying half-year financial report of Dynasty Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Dynasty Resources Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Dynasty Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Dynasty Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Dynasty Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith

Neil Smith
Partner
Chartered Accountants
Perth, 12 March 2014