

DYNASTY

RESOURCES LIMITED

Dynasty Resources Limited

ABN 80 110 385 709

**Half-Year Financial Report
31 December 2014**

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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 2014.

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 2014 focused primarily on reviewing all projects to maximise long term shareholder value but with a reduction on expenditure commitments in the short term.

Exploration highlights for the period included:

- Grant of four new tenements from across Western Australia including two gold/nickel prospective tenements in the Edjudina region of Western Australia, one gold/copper prospective tenement in the Gascoyne region of Western Australia and one gold/base metals/iron prospective tenement from the Eastern Pilbara. The Company considers these tenements to be highly prospective; and
- Continued review of existing projects to examine various avenues to maximise shareholder value within these projects.

To continue with the Company's exploration program, it needs to raise additional capital and that has therefore been a focus during the period.

RESULTS OF OPERATIONS

The Company incurred an after tax operating loss for the half-year ended 31 December 2014 of \$605,893 (2013: \$957,380).

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 29 January 2015, 15 million new shares were issued via a placement to sophisticated investors at an issue price of \$0.01 raising \$150,000.

Other than the item mentioned above, no further 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.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Deloitte Touche Tohmatsu, which is included on page 6.

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
Sydney, 16 March 2015

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

16 March 2015

Dear Board Members

Dynasty Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to 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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions 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.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Notes	31 December 2014 \$	31 December 2013 \$
Continuing Operations			
Revenue	4	20,749	187,421
Exploration expenditure		(88,935)	(409,211)
Impairment on fair value of available for sale financial assets		(263,819)	(67,934)
Share of loss of associate accounting for using the equity method	5	-	(393,127)
Employee expenses		(120,000)	(120,000)
Professional fees		(63,006)	(76,812)
Depreciation		(10,790)	(10,909)
Other expenses		(80,092)	(88,626)
Loss from continuing operations before income tax		(605,893)	(957,380)
Income tax		-	-
Loss from continuing operations after tax		(605,893)	(957,380)
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		(605,893)	(957,380)
Loss is attributable to			
Members of the parent		(605,893)	(957,380)
Total comprehensive income/(loss) is attributable to:			
Members of the parent		(605,893)	(957,380)
Earnings per share (cents per share)			
- basic: for loss for the half-year		(0.51)	(0.81)
- diluted: for loss for the half-year		(0.51)	(0.81)

The accompanying condensed notes form part of this financial report

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Notes	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	109,464	458,860
Trade and other receivables		667	21,872
Total Current Assets		110,131	480,732
Non-Current Assets			
Investments accounted for using the equity method		1	1
Other financial assets	7	77,145	340,964
Property, plant and equipment		62,013	72,804
Total Non-Current assets		139,159	434,301
TOTAL ASSETS		249,290	1,211,291
LIABILITIES			
Current liabilities			
Trade and other payables		86,323	125,640
Total Current Liabilities		86,323	125,640
TOTAL LIABILITIES		86,323	125,640
NET ASSETS		162,967	786,860
EQUITY			
Contributed equity	8	18,459,716	18,459,716
Reserves		79,987	79,987
Accumulated losses		(18,376,736)	(17,770,843)
TOTAL EQUITY		162,967	768,860

The accompanying condensed notes form part of this financial report

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Notes	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(369,480)	(597,821)
Interest received		2,265	12,248
Net cash used in operating activities		(367,215)	(585,573)
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		17,819	592,469
Net cash provided by investing activities		17,819	179,277
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 financing activities		-	395,066
Net decrease in cash and cash equivalents		(349,396)	(11,230)
Cash and cash equivalents at the beginning of the period		458,860	766,160
Cash and cash equivalents at the end of the period	6	109,464	754,930

The accompanying condensed notes form part of this financial report

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Contributed Equity	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2014	18,459,716	79,987	(17,770,843)	768,860
Loss for the period	-	-	(605,893)	(605,893)
Other comprehensive income for the period, net of income tax	-	-	-	-
Total comprehensive income for the period	-	-	(605,893)	(605,893)
Transactions with owners in their capacity as owners				
Issue of shares	-	-	-	-
Issue of options	-	-	-	-
Capital raising costs	-	-	-	-
Balance at 31 December 2014	18,459,716	79,987	(18,376,736)	162,967
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	-	79,987	-	79,987
Capital raising costs	(84,919)	-	-	(84,919)
Balance at 31 December 2013	18,459,716	79,987	(17,354,290)	1,185,412

The accompanying condensed notes form part of this financial report

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

The financial report of Dynasty Resources Limited (the "Company") for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 15 March 2015.

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 period ended 31 December 2014, 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 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 2014 annual financial report for the financial year ended 30 June 2014, 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.

Going Concern

The half-year financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company incurred a net loss after tax for the half-year ended 31 December 2014 of \$605,893 (2013: \$957,380) and experienced net cash outflows from operating activities of \$367,215 (2013: \$585,573). As at 31 December 2014, the company had cash assets of \$109,464 (30 June 2014: \$458,860). Subsequent to the end of the half-year, the company raised \$150,000 via a placement. The company is dependent upon raising additional funding of at least \$350,000 by June 2015 in order to meet its contractual commitments and working capital requirements for the 12 month period from the date of signing the financial report.

These conditions indicate a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

The company is in discussions regarding a proposed capital raising to be undertaken in the near future. The capital raising is currently expected to be underwritten and finalised by the end of May 2015.

The directors have prepared a cash flow forecast which indicates that the company will have sufficient cash flows to meet minimum operating overheads and committed expenditure

CONDENSED NOTES TO THE FINANCIAL STATEMENTS (continued)**Going Concern (continued)**

requirements for the 12 month period from the date of signing the financial report if they are successful in relation to the matters referred to above.

The directors are confident that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate.

Should the company be unable to achieve successful outcomes in relation to the matters referred to above, there is a material uncertainty whether the company will be able to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

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 its 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 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non- Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part C: 'Materiality'

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Company's condensed financial statements.

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

The Company has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS (continued)**Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'**

The Company has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal.

These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Company's condensed financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'**Part C – 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Company's condensed financial statements.

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

	31 December 2014	31 December 2013
<i>Revenue</i>	\$	\$
Interest revenue	2,932	7,629
Gain on sale of investments	17,817	29,792
Gain on sale of joint venture interest	-	150,000
	<u>20,749</u>	<u>187,421</u>
<i>Expenses</i>		
Director's fees and remuneration	120,000	120,000
Depreciation	10,790	10,909
Exploration expenditure	88,935	409,211
	<u>219,725</u>	<u>540,120</u>

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

	31 December 2014	31 December 2013
Share of loss – associate	-	393,127

The investment in associate was impaired to \$1 as at 30 June 2014.

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:

	31 December 2014	30 June 2014
Cash at bank and in hand	109,464	458,860
	<u>109,464</u>	<u>458,860</u>

7. OTHER FINANCIAL ASSETS

	31 December 2014	30 June 2014
Term deposits with financial institutions	22,060	22,060
Available for sale financial assets	55,085	318,904
	<u>77,145</u>	<u>340,964</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 2014.

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

	<i>31 December 2014</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	118,518,669	18,459,716
Issue of shares during the period	-	-
Equity issue costs	-	-
At 31 December 2014	118,518,669	18,459,716
<i>(ii) Options</i>		
<i>Movement in options on issue</i>		
Balance at beginning of financial period	8,000,000	79,987
Issue of options during the period	-	-
At 31 December 2014	8,000,000	79,987

9. COMMITMENTS AND CONTINGENCIES**Tenement commitments**

In order to maintain an interest in all of the mining and exploration tenements the Company currently holds, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report.

Outstanding exploration commitments for the Company's tenements are \$285,866 (no estimate has been given of expenditure commitments beyond 12 months as this is dependent on the directors' ongoing assessment of operations and, in certain circumstances, Native Title negotiations).

Capital commitments and Contingencies

Since the last annual reporting date, there have been no material changes to any capital commitments and contingencies.

10. EVENTS AFTER THE REPORTING DATE

On 29 January 2015, 15 million new shares were issued via a placement to sophisticated investors at an issue price of \$0.01 raising \$150,000.

Other than the item mentioned above, no further 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 Company.

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

Sydney, 16 March 2015

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 statement of financial position as at 31 December 2014, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 7 to 16.

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 gives a true and fair view and 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 2014 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.

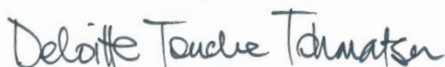
Conclusion

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 company's financial position as at 31 December 2014 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*.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 2 in the financial report which indicates that the company incurred a net loss of \$605,893 and experienced net cash outflows from operating activities of \$367,215 during the half-year ended 31 December 2014. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants
Perth, 16 March 2015