



# **ANNUAL REPORT**

## **30 JUNE 2010**

CORPORATE DIRECTORY

<b>Directors</b>	Ian Levy <i>BSc. MSc. DIC, FAIG, FAusIMM</i> (Non-Executive Chairman) Malcolm Carson <i>BSc (Geology) MSc (Nat Res Mgt)</i> UWA (Technical Director) Lewis Tay <i>BSc. DipAF</i> (Executive Director) Richard Oh <i>CA. MAICD</i> (Non-Executive Director) Graham Anderson <i>BBus, DipFP, CA</i> (Non-Executive Director)
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<b>ASX Code</b>	Shares – DMA Options – DMAO
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*CHAIRMAN'S LETTER*

Dear Shareholder,

I am pleased to report that Dynasty's 2010 iron ore exploration has significantly expanded the JORC-compliant iron ore resources approaching 500M tonnes discovered in 2009 and announced in March 2010. This exciting discovery resulted from an expenditure of less than \$1M and on behalf of shareholders, I congratulate Dynasty's executive and technical team for this outstanding achievement.

Exploration during 2010 continues to be successful and the company announced in its June quarterly report that it was "well on its way to achieving the exploration target of more than 1 billion tonnes of iron deposits at the Spearhole Prospect". This is another good result from a well-planned and well-managed exploration program.

Whilst the company was achieving these exploration successes, it was approached by Hebie Xing Hua Iron and Steel Co. Ltd ("Xing Hua") which is a medium sized steel producer in the Hebei region of China that is keen to build an iron ore supply business in Australia. Xing Hua made an offer to purchase 40 million shares at 16 cents and to be granted 20 million share options with an exercise price of 20 cents each. The plan was to form a strategic iron-ore partnership which was a third-party endorsement of Dynasty's iron ore exploration successes in the company's Pilbara tenements.

Your Directors considered this to be an opportunity to transform the company into a more aggressive player in the iron ore business. Xing Hua's proposal was put to Shareholders with an Independent Expert's Report. After careful review, the Expert considered the offer from Xing Hua to be not fair but reasonable, leaving the shareholders with a difficult choice.

Shareholders voted strongly against the deal with Xing Hua - a clear-cut statement from shareholders that the company should grow its iron-ore business further before considering a strategic alliance, unless that alliance involves a significant premium on prevailing share prices. This decision has provided clear guidance for your Directors and the executive team.

Your Company will continue to focus on the evaluation of the Prairie Downs Iron Deposit and to explore its extensive and highly prospective iron ore tenements in the Pilbara, Western Australia. To date, only a small proportion of Dynasty's Pilbara tenements have been explored and we have secured a new tenement in the area by a recent ballot against competition from the major iron ore companies.

**Progress in 2010:** Between May and September, exploration drilling has extended the iron resources well beyond the resources reported in March, especially to the south and southeast as predicted. Furthermore, the deposit is averaging approximately 60M tonnes per square kilometre of extension based on its substantial thickness and impressive continuity.

A state-of-the-art Sonic Drill Rig was also used to take "representative" bulk samples of 5 to 7 tonnes from a few "typical" sites for detailed beneficiation test-work. This material is being processed through a laboratory pilot test plant designed to start the determination of the optimum beneficiation process.

Results to date are encouraging with completion scheduled for late October 2010.

**Capital Raising:** In April, a placement of 10M shares to clients of Patersons at 21 cents raised \$2.1M before expenses which allowed the Company to undertake its aggressive 2010 exploration program as outlined above so as to determine the scope for a viable iron ore mining project at Prairie Downs.

**Focus:** your Company continues to rationalise its broad tenement portfolio in Western Australia, the Northern Territory and Victoria which cover several commodities including, coal, coal seam gas, gold, base metals and uranium. The focus remains on iron ore.

On behalf of the Board and shareholders, I thank the Dynasty management and technical team for their professional and technically astute work which is making the Company's projects increasingly valuable. We thank our shareholders for their ongoing support for the Company's activities.

**Ian Levy**  
**Chairman**  
**Dynasty Metals Australia Ltd**  
30 September 2010

*REVIEW OF OPERATIONS***Highlights of 2009-10**

- > Dynasty Metals (ASX Code: DMA) is an independent Australian exploration company focused on developing its major iron discovery on its Prairie Downs tenements.
- > Substantial drilling programs carried out at Dynasty's flagship Prairie Downs Iron Project in the Pilbara with 5,000m drilled this year bringing the total RC to 16,000m and a new 1,000m of Sonic holes drilled during the year.
- > Initial JORC-Compliant Inferred Resources of 453 million tonnes of Detrital Channel Iron and 23.3 million tonnes of Marra Mamba Iron Formation for an expenditure of less than \$1M.
- > The initial resource estimate, drilling has extended the Spearhole Detrital Channel Iron deposit from 10.8km<sup>2</sup> to 22.5km<sup>2</sup> in area with the majority of the area drilled in 2010 returning an average of 60 million tonnes per square kilometre.
- > Dynasty's exploration target of more than 1 billion tonnes of iron deposits is supported by drilling results from the 2010 drilling program.
- > Proof of Concept Test-work undertaken on iron samples during the period confirmed with RC drill cuttings that beneficiation can upgrade the material to a near-to commercial product.
- > The 2010 exploration program included more comprehensive beneficiation test-work undertaken on several "representative" bulk (five to seven tonne) samples taken with the revolutionary Sonic drilling technique.
- > The 2010 exploration program and associated activities have been designed to advance Prairie Downs Iron Project to the pre-feasibility stage by the end of 2010.
- > Interest expressed by various groups including successful Chinese explorers and Australian entities, in Dynasty's non-core coal, base metals, gold and uranium tenements.

Prairie Downs is the flagship iron ore project of Dynasty Metals and is located in Western Australia's prolific iron-producing Pilbara region. Less than 1% of Dynasty's extensive (~3,722km<sup>2</sup>) 100%-owned tenements have been drilled to date.

Dynasty's exploration in 2010 included evaluating three types of iron mineralisation at Prairie Downs and consisted of the following:

- > Extending the 453 million tonne Detrital Channel Iron deposits ("iron stone gravels") announced in March 2009 and which are present in massive "at surface" deposits
- > Undertaking the necessary beneficiation test-work on these iron stone gravels to accurately determine the processing route required to upgrade the material to marketable grades which involves simple beneficiation through physical processing.
- > Exploring for additional hidden Marra Mamba Iron deposits with Direct Shipping Ore ("DSO") grades of iron to add to the 23 million tonne JORC resource announced in March 2009
- > Testing the Iron-rich basal conglomerate deposits and related outcrops which are not yet drilled.
- > Geophysical surveys and geological mapping covering Dynasty's vast Prairie Downs tenement holding.

Initial drilling at Prairie Downs during the second half of 2009 provided strong confirmation of Dynasty's geological model and discovered extensive Detrital Channel Iron deposits.

**In March 2010, Dynasty announced initial JORC-Compliant Inferred Resources of 453 million tonnes of Detrital Channel Iron and 23.3 million tonnes of Marra Mamba Iron Formation.**

The 2010 exploration programs were aimed at further testing and significantly expanding the current resources, as well drilling a large iron-rich basal conglomerate for the first time. The planned drilling of the conglomerate did not occur in the recent program due to field constraints.

The exploration target for the iron stone gravel deposits is more than 1 billion tonnes of iron.

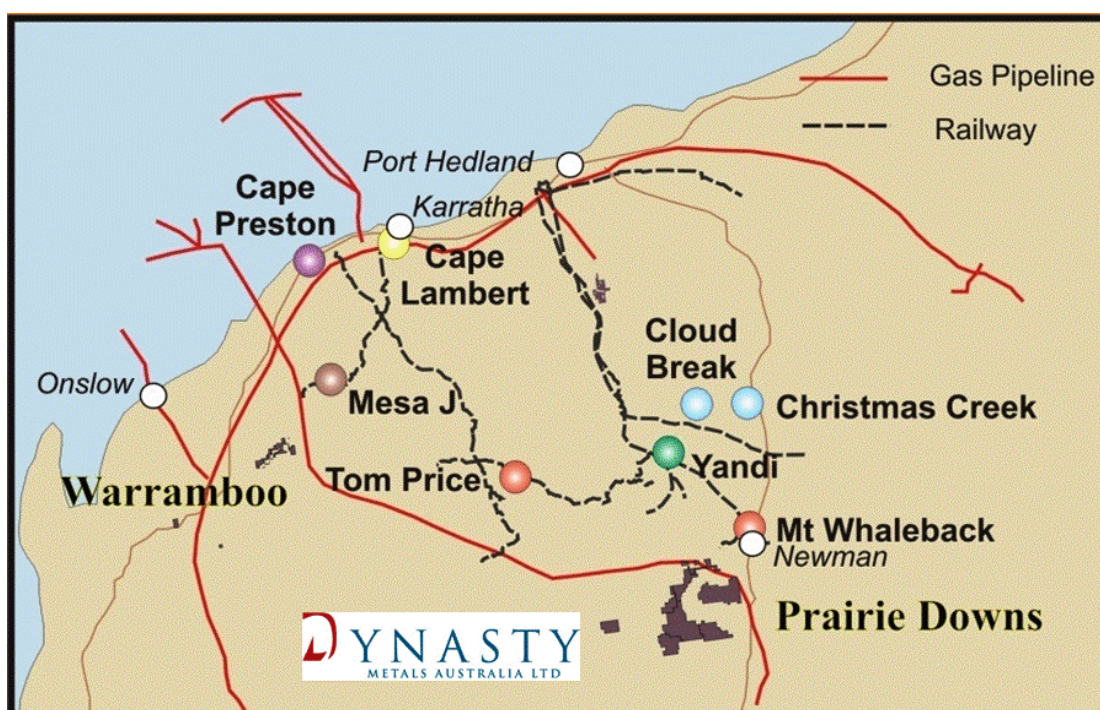
In parallel with drilling to assess the iron potential of this large holding, Dynasty is implementing studies over the course of 2010 that will provide a better understanding of the options to develop these substantial iron resources and form the basis of a pre-feasibility study.

In addition to iron ore, Dynasty has a broad portfolio of exploration projects in Western Australia, Northern Territory, Queensland and Victoria which include gold, uranium, coal, coal seam gas and other minerals.

The focus of the Company is iron ore. Therefore Dynasty is rationalising its non-iron tenements into three subsidiary companies which will alternatively hold uranium, gold, base metals, coal and coal seam gas exploration targets.

### ***Prairie Downs – Strategic Location***

Strategically located in the prolific iron ore producing Pilbara region, Dynasty's iron ore project tenements are approximately 40km southwest of Mt Newman.



*Figure 1 – Strategic Location of Dynasty's Pilbara Iron Ore Projects*

During the year, Dynasty continued to increase its ground position and now holds tenements covering 3,722km<sup>2</sup> at Prairie Downs.

Adjoining tenements in this tightly held area are owned by some of the world's largest iron ore mining companies such as BHP Billiton, Rio Tinto and Fortescue Metals.

The tenements are all centrally located near to advanced exploration projects and existing mining operations and infrastructure.

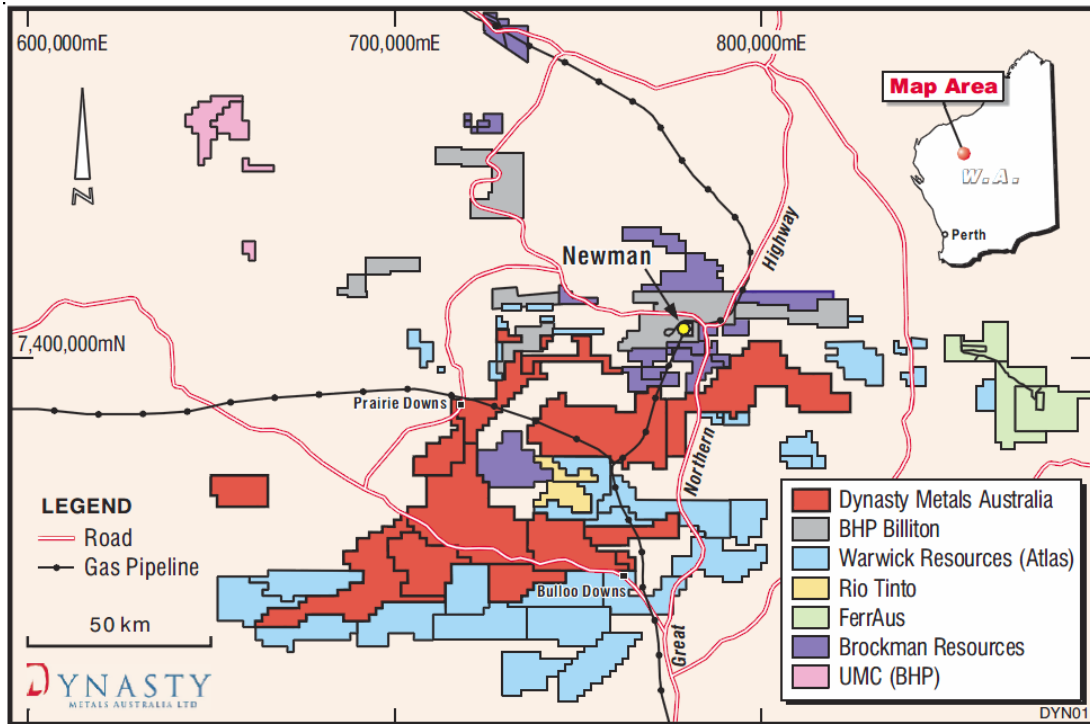


Figure 2 Tenement Holdings in the vicinity of Prairie Downs

**Prairie Downs – Geology**

The complex Hamersley Formation which contains Brockman and Marra Mamba Iron Formations dominates the northern portion of Dynasty’s tenements at Prairie Downs.

Erosion of these major iron formations over the past 2.5 billion years has provided the material for vast deposits of Detrital Iron and Channel Iron.

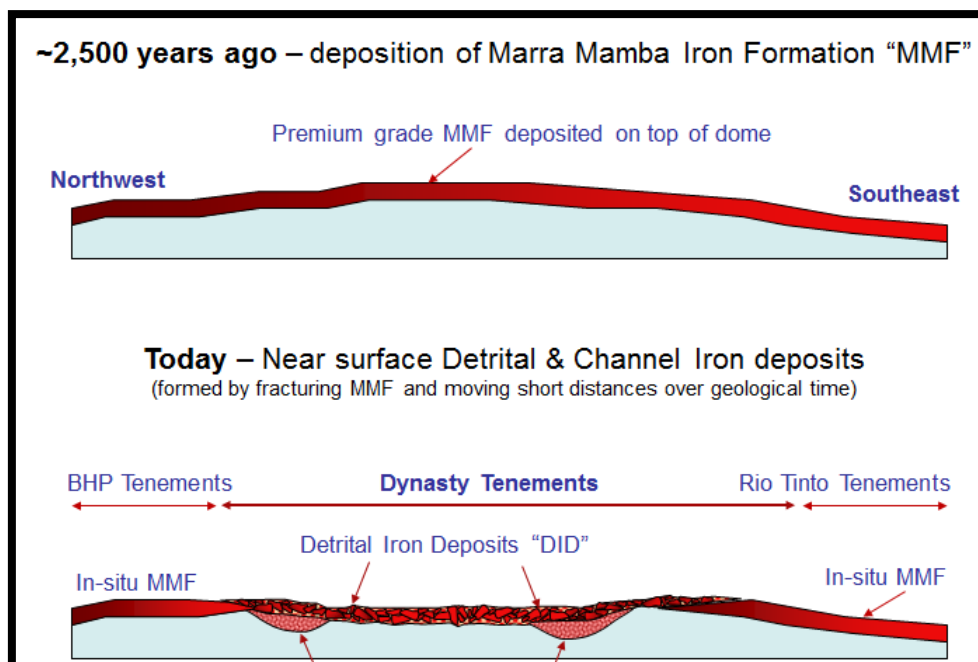


Figure 3 – Schematic Evolution of Detrital and Channel Iron Deposits at Prairie Downs

The Prairie Downs Fault cuts Dynasty's tenement package in a northwesterly direction and separates the Hamersley Formation from Bangemall Basin sediments to the south. These sediments have a coarse basal conglomerate consisting mainly of clasts of Hamersley Iron Formation rocks, or their equivalent. Gold and copper mineralisation is present in the region.

The area is underlain by granites which are outcropping in Dynasty's tenements to the east. Dolerite intrusive and sills are also present of varying ages. The majority of the tenements are covered by Tertiary and Quaternary sediments formed by vast current and paleo-river channels which host the Tertiary Channel Iron and the younger Detrital Channel Iron deposits.

### **Prairie Downs – Exploration**

The aims of Dynasty's exploration programs over the past year have been:

- > further testing and significantly expanding the current resources, with an exploration target of more than 1 billion tonnes of iron deposits;
- > hidden hard-rock hematite (DSO) deposits;
- > the ancient Archaean Iron formation in the north of the tenements;
- > iron-rich zones within the large basal conglomerate hard-rock formation; and
- > to generally advance the understanding of the iron mineralisation present in the Prairie Downs tenements
- > to determine the optimum processing route for the iron stone gravel deposits

Substantial exploration programs were carried out during the year and included:

- > An aerial geophysical survey;
- > Reverse-circulation ("RC") drilling programs; and
- > A Sonic drilling program.

Dynasty's drilling to date has focussed on the Spearhole Prospect in the northern part of E52/1927, covering only a small portion of the Prairie Downs tenements.

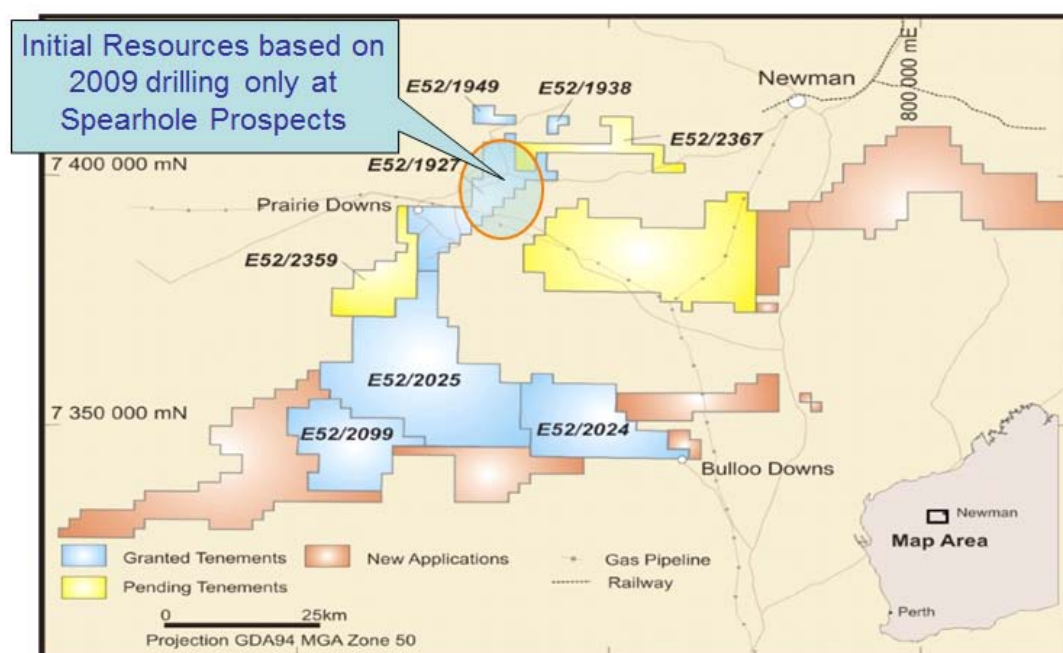


Figure 4 – Dynasty's tenements at Prairie Downs



During the second half of 2009, a 300 hole (9,979m) reconnaissance drilling program was carried out at the Spearhole Prospect for a cost of \$1.2 million.

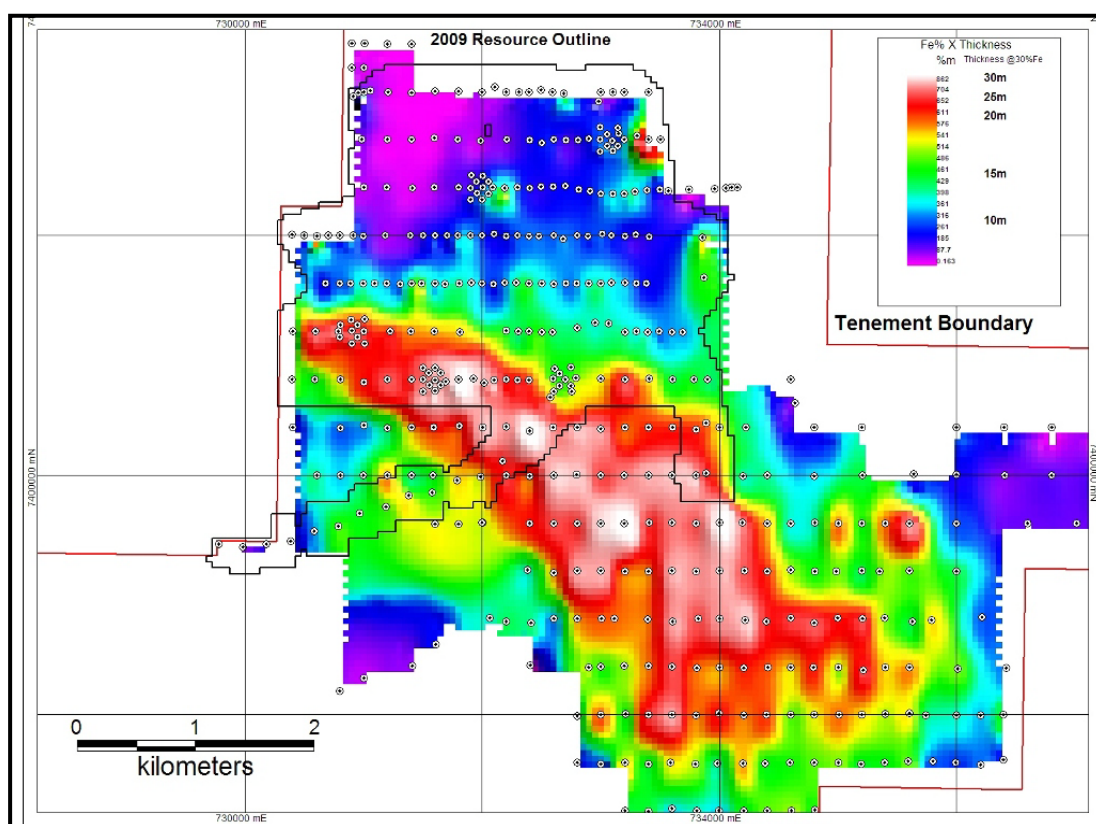
A \$2.5 million exploration program commenced in May 2010. Drilling completed to date during 2010 has comprised 5,089m of RC drilling and 1,092m of sonic drilling.

At the Spearhole Prospect, the RC drilling program has:

- > infilled and extended the has current 453 million tonne Inferred Resource to the south and south east;
- > defined continuous thick (30m) from surface higher-grade iron zones; and
- > tested “extension” areas to the south and south east of established resource.

This recent drilling has extended the known detrital (iron stone gravels) iron mineralisation approximately 4 km to the southeast, over an additional area of ~12 km<sup>2</sup> as *Figure 5* below illustrates.

**The program to date has confirmed that Dynasty is well on the way to achieving its exploration target of more than 1 billion tonnes of iron deposits at the Spearhole Prospect.**



*Figure 5 – shows the extension of the channel to the south south east as defined in the 2009 program and in the initial stage of the 2010 Exploration Program*

The iron deposits remain at surface, with grades and thicknesses consistent with (and in places better than) the same style of mineralisation contained in the current resource defined by drilling during 2009.

Figure 5 above clearly shows that the 453 million tonne JORC deposit announced in March 2009 (i.e. the highlighted surrounding the 2009 drillholes) covers a sub-optimal deposit and that the 2010 drilling has defined a thick contiguous system of iron stone gravels. This outcome was interpreted as the target from the 2009 exploration drilling and as a consequence the 2010 drilling program was designed to test this prediction, as illustrated in Figure 5.

The detrital iron stone gravel mineralisation is contained within a massive drainage system covering 40 km<sup>2</sup> on Dynasty tenements and between outcropping Brockman and Marra Mamba Iron Formations and is thought to predominantly comprise Marra Mamba clasts.

Drilling during 2010 included a Sonic drill rig which drills a 150mm hole in unconsolidated material and gives an excellent high volume “representative” sample of in-situ material and ideal for metallurgical and beneficiation test-work.

A relatively new exploration technique, Sonic drilling provides continuous and relatively undisturbed core samples which are ideal for assessing ore characterisation, density and metallurgical characteristics required for optimal beneficiation processes.



*Figure 6 – Photos of Sonic drill rig showing collecting, laying out and measuring large diameter sample*

The sonic rig has drilled large diameter holes in five areas of the Spearhole Detrital Channel Iron deposit. The aim has been to collect bulk samples “representative” of the in-situ material which are composited into five to seven tonne parcels for beneficiation test-work in Perth laboratories. Results from this test-work are expected at the end of October.

The Sonic drilling program has also provided valuable information on the size and distribution of the detrital iron in the stratigraphy. The better understanding of the deposit has led to observing consistent lower-grade interburden between iron-rich layers which may be possible to mine and remove selectively.

Overall, these initial results confirm a number of similarities between Dynasty's Prairie Downs deposit and Brockman Resources' 1.6 billion tonne Marillana Detrital Channel Iron Deposit, 100km to the north of Prairie Downs.



*Bort Longyear Sonic Drill Rig at dawn, Prairie Downs.*

### **Prairie Downs – Other Activities During 2010**

Drilling and other activities are systematically progressing Dynasty's Prairie Downs Project towards the commencement of a pre-feasibility study in late 2010.

Various experts are being progressively engaged by Dynasty in relation to aspects of the pre-feasibility study, including:

- > metallurgical consultants to assist with beneficiation test-work, e.g. the design of the process (beneficiation flow sheet), interpretation of the results and determination of beneficiation costs;
- > environmental consultants for seasonal base-line flora and fauna studies; and
- > engineering consultants to analyse alternative mine plan, transport and ship-loading infrastructure options.

### **Prairie Downs – Economic Considerations**

The potential development of Dynasty's Detrital Channel Iron deposit is likely to benefit from the following economic advantages:

- > Economies of scale (>15 million tonne per annum iron ore production);
- > Low mining costs due to a low to absence of overburden and low to negligible strip ratio (waste to ore) and a free digging, relatively soft, unconsolidated iron deposit;
- > Simple physical processing to achieve marketable grades of iron & silica; and
- > Sweet spots, high-grade zones and hematite ores all contribute to uplift average grades.

Dynasty believes that the Spearhole Detrital Channel Iron Resource at Prairie Downs has a reasonable probability of proving to be economic to mine and beneficiate.

**Several existing infrastructure options are available which include access to established infrastructure in the Pilbara for Dynasty's centrally located project at Prairie Downs**

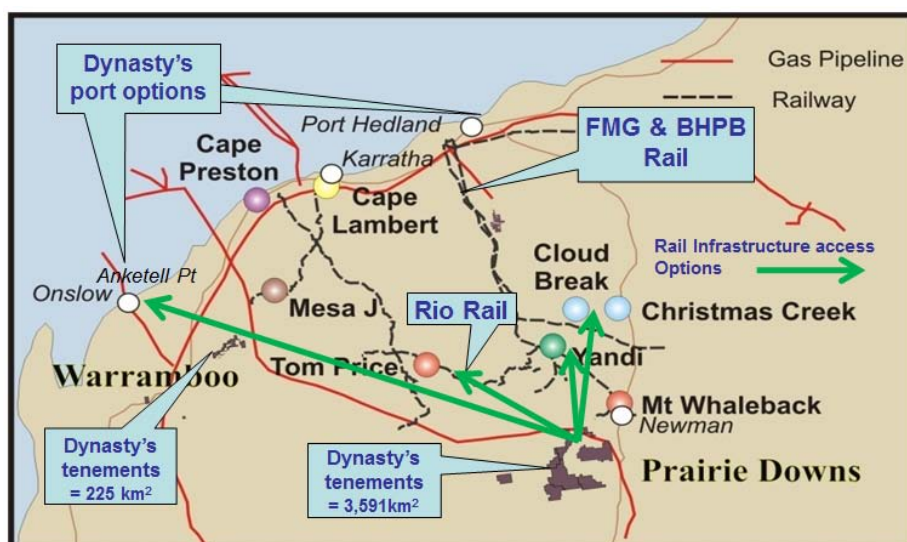


Figure 7 – infrastructure options

Encouragement has occurred with developments during the year in the National Tribunal investigating third party infrastructure access in the Pilbara and from the developments with the Fortescue Metals Group which have resulted in the development of the procedures for an access regime for new iron ore producers.

In addition to the obvious established routes, Dynasty has been considering alternative transportation options which would give the company independence in the handling of its iron ore.

Further there are a number of small to medium sized stranded deposits adjacent and near-to Dynasty's Prairie Downs Project which could potentially add significantly to the economics of using the Onslow port and associated rail access infrastructure to transport iron ore from this region; together with the opportunity to blend with these partners to produce a higher value product.

### **Rationalisation of Non-Core Tenements**

Reflecting the Company's focus on its Pilbara iron ore projects, Dynasty's Board decided in April 2010 to transfer all its non-iron tenements to the following three new wholly owned subsidiaries:

- > Scorpion Resources Limited – Stanley Nabberu Tenements (base metals, gold and uranium);
- > Irwin Energy Limited – Irwin River Coal and Petroleum Exploration Licenses (coal and coal seam gas); and
- > Taurus Resources Limited – W.A. miscellaneous gold, uranium and base metals tenements.

Dynasty continues to progress the potential spin-offs of the above three subsidiaries into separately listed companies.

On completion of the tenement transfer and securing further tenements as may be appropriate, the Board intends to provide a priority-offer and/or in-specie distribution of the shares in the subsidiaries to Dynasty shareholders at that time, so as to unlock value in these areas for the benefit of shareholders.

Dynasty has also been progressing discussions with Chinese and Australian companies that may provide funding to advance exploration of these non-core tenements, potentially in conjunction with Dynasty divesting the assets to a separately listed company.

### **Mineral Resources Statement**

In March 2010, Dynasty announced the following maiden JORC-Compliant Inferred Resources for the Prairie Downs Project:

#### **Inferred Resources – Spearhole Detrital Iron Deposit**

Tonnes Mt*	Fe %	Calcined Fe "CaFe" %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	Cut-Off Grade % Fe
129.0	30.5	33.0	30.6	13.9	0.03	7.8	>27% Fe
264.6	27.4	29.7	33.0	14.8	0.03	8.0	>22% Fe
369.5	25.2	27.4	35.5	15.5	0.03	8.3	>17% Fe
452.8	23.1	25.2	37.0	15.8	0.04	8.7	Total Resource

\* Detrital Deposit density assumed at 2.4 dry tonnes per cubic metre

#### **Inferred Resources - Marra Mamba Deposit**

Tonnes Mt *	Fe %	Calcined Fe "CaFe" %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %	Cut Off Grade % Fe
7.2	53.7	58.7	9.4	4.3	0.05	8.5	>50% Fe
23.3	44.2	48.3	21.9	5.2	0.04	8.0	Total Resource

\* Marra Mamba Deposit density assumed at 2.8 dry tonnes per cubic metre

The above resources are based on 9,979 metres drilled by Dynasty at its Prairie Downs project between August and October 2009. The program was of a reconnaissance nature and was designed to test the geological concept that channel iron deposits existed in the valley between BHB Billiton's Brockman and Marra Mamba Formation deposits to the west and an unnamed Archaean Iron Formation to the east.

Holes were drilled on a 400 by 200 and 400 by 100m spacing to a maximum depth of 60m and an average depth of 31.5m. The maximum depth of iron mineralisation identified during the program was 48m.

The resource for the Spearhole Detrital iron deposit, includes all assays from reverse-circulation drill holes SERC001 to SERC184 and SWRC001 to SWRC012.

The resources for the Marra Mamba Hematite Deposit include all assays from reverse-circulation drill holes MMRC001 to MMRC029.

QAQC data were reviewed by Dynasty's consultants which analytical results included certified reference material, field duplicates and pulp duplicates. Analysis of samples of certified material showed that the analytical accuracy was within the tolerance limits.

The independent laboratory used for the analysis of drill samples was Nagrom, based in Kelmscott Western Australia.

The Spearhole Channel Iron mineralisation improves towards the south and south-east and deepens at the confluence of two channels. Drilling data included in the above resource estimate is in the northern, shallower portion of the deposits identified so far.

***Dynasty is dynamic company that is implementing its strategic plan to rapidly emerge as a new Pilbara iron ore producer and exporter***

### **Competent Persons**

#### *Qualifying Statement:*

*Malcolm Carson has compiled the information in this report from information supplied to Dynasty Metals Limited. Malcolm Carson has sufficient experience that is relevant to the style of mineralisation, the types of deposit under consideration and to the activity that he is undertaking and qualifies as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code").*

*Mr Carson is a Member of the AusIMM and an Executive Director of Dynasty Metals.*

*Mr Carson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

#### *JORC Statement:*

*All resources reported in this report have been determined by Dynasty's independent consultants, Terra Search Pty Ltd in conjunction with Geonomik Pty Ltd. All resources have been classified by Geonomik Pty Ltd as an Inferred resource and reported in accordance with the 2004 edition of the JORC Code.*

*The information in this summary report relates to the Mineral Resource at Spearhole is based on the information compiled by Mr David Jenkins (Sampling Techniques and Data) and Mr Arnel Mendoza (Estimating and reporting of Mineral Resources) who are Members of the Australian Institute of Geoscientists. Mr David Randal Jenkins and Mr Arnel Mendoza have sufficient experience in the style of mineralization and type of deposit under consideration and the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code. Mr Jenkins and Mr Mendoza consent to the inclusion in the report of the matters based on the information in which it appears.*

*Analytical assay data presented in this report has been certified by Dr Shane Wilson BSc Hon First Class (Chemistry) PhD (Analytical Chemistry) Grad Dipl Sci (Extractive Metallurgy). Dr Wilson has sufficient experience with the ore types under consideration and the analytical techniques and instrumentation required in the assay process to qualify as a Competent Person as defined in the JORC Code. Dr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*DIRECTORS' REPORT*

Your directors of Dynasty Metals Australia Limited submit herein the annual financial report of the company for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows.

**DIRECTORS**

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

**Ian Levy (Non-Executive Chairman)** *BSc. MSc. DIC, FAIG, FAusIMM*

Ian has had more than 30 years experience in both mining geology and mineral exploration including 12 years with Western Mining Corporation Limited (WMC) and 11 years experience in mining business development positions. Ian has worked in development roles for mining-exploration companies including Pancontinental Mining and Gympie Gold Limited. Between 2005 and 2007 he was Chief Executive Officer (CEO) of nickel mine developer Allegiance Mining NL and is currently CEO of Australian Bauxite Limited.

Ian has served as a Director of Gloucester Coal Ltd 2004 to 2009 and as Chairman of D'Aguilar Gold Limited 2003 to 2009. Mr Levy has been Federal President of the Australian Institute of Geoscientists and was a member of the Joint Ore Reserve Committee (JORC) for 11 years including four years as Vice Chairman.

**Malcolm Carson (Technical Director)** *BSc (Geology) MSc (Nat Res Mgt) UWA*

Mr Carson has broad qualifications and experience in the mining sector. His formal qualifications include a BSc (Geology) and an MSc in Natural Resource Management (economics, resource management and environment).

Since 1970, Mr Carson has worked in many aspects across the mineral resource industry including exploration, mining, environmental approvals, business development commercial evaluation, manufacturing, banking and finance, corporate and government. He has a depth of experience in all these areas and has worked in Australia, Africa and Asia.

After working as an exploration geologist Mr Carson spent several years as a senior executive in the public sector responsible for the facilitation of resources development and in the investment banking sector in project and corporate finance and treasury.

**Lewis Tay (Executive Director)** *BSc. DipAF*

Lewis Tay has a Bachelor of Science Degree and also holds a Graduate Diploma of Applied Finance. He has been actively and successfully involved in property development, commodity trading, and share market investment particularly in Australian resource companies over the last 15 years. In that time he has established some healthy and useful business relationships with various Australian, Chinese and Japanese companies. These relationships together with his extensive contacts could be invaluable to the company's future fortunes.

**Richard Oh (Non-Executive Director)** *CA. MAICD*

Richard has been a Chartered Accountant with 35 years experience including being a stock broker principal for more than 12 years. He was a founding shareholder and director of two boutique stock broking firms in Perth and held positions of executive director and managing director in these firms. As a stockbroker he was instrumental in the listing of numerous companies including resources exploration companies. He has also previously held positions of chairman, director and company secretary at various times in resources, property and industrial listed and unlisted public companies.

Richard was formerly the non-executive Chairman of Accent Resources NL, an ASX listed company. He is also a member of the Australian Institute of Company Directors and a foundation member of the West Australian Chinese Chamber of Commerce.

**Graham Anderson (Non-Executive Director/Company Secretary) *BBus, DipFP, CA***

Graham Anderson is a Chartered Accountant who operates his own specialist accounting and management consultancy practice. From 1990 to 1997 he was an audit partner of Duesburys and from 1997 to 1999 he was an audit partner at Horwath Perth. He is a Chairman and Company Secretary of APA Financial Services Ltd, Director and Company Secretary of Echo Resources Limited, Pegasus Metals Limited, Mamba Minerals Limited and Catalpa Resources Limited.

**Low Hock Peng (Non-Executive Director) – Resigned on 2 July 2009**

Lock Hock Peng was appointed on the 18 November 2008 and resigned on 2 July 2009

**DIRECTORS' INTERESTS**

As at the date of this report the relevant interest of each Director in the shares and options of the Company are:

	Shares		Options	
	In own name	In other names	In own name	In other names
Ian Levy	–	–	–	1,000,000
Richard Oh	–	–	–	2,000,000
Lewis Tay	3,118,409	–	5,000,000	–
Graham Anderson	–	750,000	–	1,000,000
Malcolm Carson	–	52,436	–	2,500,000

**NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

The principal activity of the Group during the year was exploration and evaluation of mineral licences. The principal activities of the Group during the year are set out in the Review of Operations section.

**RESULTS OF OPERATIONS AND FINANCIAL POSITION**

The results of the operations and the financial position are summarised below:

	2010	2009
	\$	\$
Loss after tax	(5,778,447)	(2,508,855)
Basic and diluted earnings per share	0.0831	0.0451
Total assets	3,764,834	4,169,843
Total liabilities	1,014,244	279,297
Net current assets	2,058,492	2,885,063
Net assets	2,750,590	3,890,546

No dividend has been paid during the year, or is recommended for the financial year ended 30 June 2010.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group during the financial year not otherwise dealt with in this report and the financial statements.

**SIGNIFICANT EVENTS AFTER BALANCE DATE**

A proposal for an equity placement to a Chinese steel producer, Hebei XingHua Iron and Steel Co. Ltd, to raise \$6,400,000 was voted against by shareholders at the General Meeting held on 27 September 2010.

No other matters have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2010, of the Company; or
- (b) the results of those operations; or
- (c) the state of affairs, in financial years subsequent to 30 June 2010, of the Company.

**FUTURE DEVELOPMENTS**

Likely future developments in the operations of the Group are referred to elsewhere in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

**ENVIRONMENTAL REGULATION AND PERFORMANCE**

In the course of exploration, the Group carries out sampling and drilling operations that have environmental implications both by way of in situ activities and also gaining access to sites. In such cases, rehabilitation of land and the elimination of any dangerous earthworks are a normal requirement. Apart from this, the Group is not subject to any particular or significant environmental regulation.

**DIRECTORS' BENEFITS**

Since the date of the last Directors' Report, no Director has received, or become entitled to receive, (other than a remuneration benefit included in Notes to the financial statements), a benefit because of a contract that:

- (a) the Director; or
- (b) a firm of which the Director is a member; or
- (c) an entity in which the Director has a substantial financial interest; has made (during the year ended 30 June 2010, or at any other time) with the Company; or
- (d) an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive, the benefit (if any).

**INDEMNIFICATION OF AUDITORS AND DIRECTORS**

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporation Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the Company or of any related body corporate against a liability incurred as such an officer.



### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under legislation such as section 237 of the Corporations Act of Australia for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the consolidated entity with leave of the court under such legislation.

### NON-AUDIT SERVICES

The current auditor has not charged the Group for non audit services during the year. The Board of Directors is satisfied that the general standard for audit independence imposed by the Corporations Act 2001 has been met.

The previous group auditor, PKF Chartered Accountants resigned from the audit on account of certain changes within their partnership. The directors have filled the casual vacancy by appointing Deloitte Touche Tohmatsu.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and is noted in page 22.

### DIRECTORS MEETINGS

The number of meetings attended by each Director of the Company during the financial year was:

	<b>Board Meetings</b>		<b>Audit Committee Meetings</b>	
	<b><i>Number held and entitled to attend</i></b>	<b><i>Number attended</i></b>	<b><i>Number held and entitled to attend</i></b>	<b><i>Number attended</i></b>
Ian Levy	4	4	-	-
Richard Oh	4	4	-	-
Lewis Tay	4	4	-	-
Graham Anderson	4	4	-	-
Malcolm Carson	4	4	-	-

*Note – no Audit Committee Meetings were held during the year as the function of the audit committee was dealt with by full board.*

*REMUNERATION REPORT*

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

**A Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive rewards satisfy the following key criteria for good reward governance practises:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency and capital management

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

The Board has established a remuneration committee which provides advice on remuneration and incentive policies and practises and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors. The Corporate Governance Statement provides further information on the role of this committee.

*Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board has also considered the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

*Directors' fees*

The current base remuneration was last reviewed with effect from 17 January 2009. The Chairman's and other non-executive directors remuneration is inclusive of committee fees.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$200,000 per annum and was approved by shareholders at the General Meeting on 24 July 2007.

**B Details of Remuneration***Amounts of remuneration*

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) and specified executives of the Group are set out in the following tables:

	Short term benefits		Post-employment	Share based payments	Total	Options as % of remuneration
	Salary & fees	Other	Superannuation	Options		
	\$	\$	\$	\$	\$	
<b>Year ended 30 June 2010</b>						
Ian Levy	66,000	-	-	118,100	184,100	64%
Lewis Tay	120,000	-	-	590,500	710,500	83%
Richard Oh	38,000	-	-	236,200	274,200	86%
Graham Anderson*	36,000	68,750	-	118,100	222,850	53%
Malcolm Carson	214,000	-	-	295,250	509,250	58%
Low Hock Peng	-	-	-	-	-	0%
	<b>474,000</b>	<b>68,750</b>	-	<b>1,358,150</b>	<b>1,900,900</b>	<b>71%</b>
<b>Year ended 30 June 2009</b>						
Lewis Tay	120,000	-	-	-	120,000	0%
Richard Oh**	60,000	48,375	-	-	108,375	0%
Graham Anderson*	36,000	68,750	-	-	104,750	0%
Malcolm Carson***	86,000	35,900	-	19,250	141,150	14%
Garry Hemming	1,500	-	-	-	1,500	0%
Low Hock Peng	-	-	-	-	-	0%
	<b>303,500</b>	<b>153,025</b>	-	<b>19,250</b>	<b>475,775</b>	<b>4%</b>

\* GDA Corporate, an entity controlled by Mr. Graham Anderson has been paid \$68,750 (2009:\$68,750) by the group for providing company secretarial, administrative and accounting services.

\*\* The group paid \$48,375 in 2009 to Richard Oh & Co, an entity controlled by Mr. Richard Oh for providing consulting services to the group.

\*\*\* The group paid \$35,900 in 2009 to Minerals Resources Consultants Pty Ltd, an entity controlled by Mr. Malcolm Carson for providing consulting services to the group.

## Total remuneration for the year

	CONSOLIDATED	
	2010	2009
	\$	\$
Short term benefits	542,750	456,525
Post-employment benefits	-	-
Share based payments	1,358,150	19,250
	<b>1,900,900</b>	<b>475,775</b>

**C Service agreements**

The details of service agreements of the key management personnel of the group are as follows:

Mr. Malcolm Carson – Technical Director

- Appointment commencing 1<sup>st</sup> September 2008;
- Cash remuneration is fixed at \$10,000 per month;
- 500,000 unlisted options granted at 2008 annual general meeting exercisable at \$0.20 and expiring on 1 September 2010; and
- A minimum of one month notice is required in the event of termination. No compensation is payable upon termination of the service agreement.

There are no other service agreements in place.

**D Share based compensation****Options granted to Directors**

During the year, 11,500,000 unlisted options exercisable at \$0.20 each expiring on 21 December 2011, were issued to Directors.

**Options and rights over equity instruments granted as compensation**

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the past two years and details of options that were vested during the past two years are as follows:

	Options granted (Nos.)	Grant date	Expiry date	Exercise price	Grant date fair value	Options vested (Nos.)
<b>Year ended 30 June 2010</b>						
Ian Levy	1,000,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181	1,000,000
Lewis Tay	5,000,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181	5,000,000
Richard Oh	2,000,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181	2,000,000
Graham Anderson	1,000,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181	1,000,000
Malcolm Carson	2,500,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181	2,500,000
	<b>11,500,000</b>					<b>11,500,000</b>
<b>Year ended 30 June 2009</b>						
Malcolm Carson	500,000	28/11/2008	01/09/2010	\$ 0.2000	\$ 0.0385	500,000
	<b>500,000</b>					<b>500,000</b>

The fair value of the options has been assessed applying the Black-Scholes valuation technique.

The following key variables have been applied in computation of the fair value at grant dates:

	Director options 2010	Director options 2009
Strike price	\$ 0.2000	\$ 0.2000
Share price on grant date	\$ 0.2300	\$ 0.1000
Volatility in share price	82%	150%
Risk free rate	4.61%	5.25%
Dividend yield	0.00%	0.00%

The fair value of the options is recognised as an expense over the period from grant to vesting date. The amount recognised as part of share-based payments expense during the year was \$2,125,800.

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

- i. The value of options granted in the year is the fair value of the options calculated at grant date using a binomial valuation methodology. The total value of the options granted is included in the table above.
- ii. The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.
- iii. The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using a Black-Scholes model with no adjustments for whether the performance criteria have or have not been achieved.

Movement in share based options during the year or since the end of the financial year.

	<b>Director options 2010</b>	<b>Director options 2009</b>
	Nos.	Nos.
Balance at 30 June 2009	-	500,000
Granted during 2010	11,500,000	-
Balance at 30 June 2010	<b>11,500,000</b>	<b>500,000</b>
Expired by the date of this report	-	(500,000)
Balance at the date of this report	<b>11,500,000</b>	-

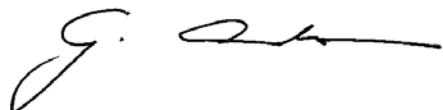
### **E Additional information**

Summary of group's performance and movements in Dynasty Metals Australia Limited's share price over the last five years:

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	\$	\$	\$	\$	\$
Revenue	572,998	318,119	776,437	191,685	81,155
Net loss before tax	(5,807,812)	(2,630,842)	(2,987,487)	(1,058,156)	(486,132)
Net loss after tax	(5,778,447)	(2,508,855)	(2,987,487)	(1,058,156)	(486,132)
Closing share price at reporting dates	\$ 0.1400	\$ 0.1250	\$ 0.2750	\$ 0.2800	\$ 0.3100
Basic and diluted loss per share	\$ 0.0831	\$ 0.0451	\$ 0.0639	\$ 0.0326	\$ 0.0234
Dividends per share	\$ -	\$ -	\$ -	\$ -	\$ -

The Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'G. Anderson', written over a horizontal line.

**GRAHAM ANDERSON**  
Director

Perth, Western Australia  
Dated 30 September 2010



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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The Board of Directors  
Dynasty Metals Australia Limited  
Suite 2, Mezzanine Floor  
35 -37 Havelock Street  
WEST PERTH PERTH WA 6005

30 September 2010

Dear Board Members

**Dynasty Metals Australia 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 Metals Australia Limited.

As lead audit partner for the audit of the financial statements of Dynasty Metals Australia Limited for the financial year ended 30 June 2010, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink that reads "Chris Nicoloff".

**Chris Nicoloff**  
Partner  
Chartered Accountants



Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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## Independent Auditors' Report to the members of Dynasty Metals Australia Limited

### Report on the Financial Report

We have audited the accompanying financial report of Dynasty Metals Australia Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 25 to 50.

#### *Directors' Responsibility for the Financial Report*

The directors of the Dynasty Metals Australia Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu



*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's Opinion*

In our opinion:

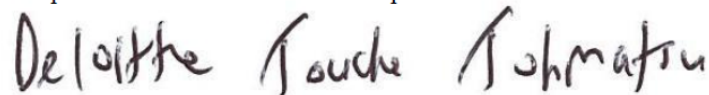
- (a) the financial report of Dynasty Metals Australia Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

**Report on the Remuneration Report**

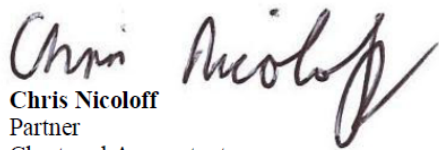
We have audited the Remuneration Report included in pages 17 to 20 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the Remuneration Report of Dynasty Metals Australia Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



**Chris Nicoloff**

Partner

Chartered Accountants

Perth, 30 September 2010

*DIRECTORS' DECLARATION*

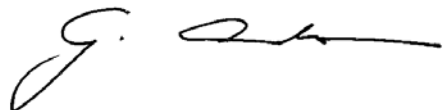
In accordance with a resolution of the directors of Dynasty Metals Australia Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) The Financial Report also complies with the International Financial Reporting Standard as stated in Note 2(a)
- (d) The Directors have been given the declarations required by section 295A of the Corporations Act 2001
- (e) The disclosures in the remuneration report comply with the Corporations Regulations 2001.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Board



**GRAHAM ANDERSON**  
Director

Perth, Western Australia  
Dated 30 September 2010

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010	2009
		\$	\$
<b>Continuing operations</b>			
Finance income		74,400	216,755
Other income		498,598	101,364
		<b>572,998</b>	<b>318,119</b>
Employee benefits expenses		(537,250)	(372,250)
Exploration expenses		(3,019,832)	(1,456,006)
Impairment of available for sale financial assets		(34,514)	(364,628)
Share based payment expenses		(2,125,800)	(127,803)
Administrative and other expenses		(663,414)	(628,274)
<b>Loss before income tax</b>	3	<b>(5,807,812)</b>	<b>(2,630,842)</b>
Income tax benefit / (expense)	5	29,365	121,987
<b>Net loss after tax attributable to owners of the group</b>		<b>(5,778,447)</b>	<b>(2,508,855)</b>
<i>Other comprehensive income</i>			
Gain on fair value of available for sale financial assets		596,481	408,406
Transfer of gains to profit or loss upon disposal		(498,598)	(1,783)
Impairment of available for sale investments		(376,621)	(2,265,071)
Movement in foreign exchange rates		-	(889)
Tax effect of movements in available for sale financial asset reserve		83,622	557,535
Total other comprehensive income for the year		(195,117)	(1,301,803)
<b>Total comprehensive loss attributable to owners of the group</b>		<b>(5,973,564)</b>	<b>(3,810,658)</b>
Net Loss per share (in cents)			
Basic and diluted for the year	4	(8.31)	(4.51)

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	CONSOLIDATED	
		2010	2009
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	2,842,133	2,958,663
Trade and other receivables	7	212,005	200,038
Prepayments		18,599	5,659
Total current assets		<b>3,072,736</b>	<b>3,164,360</b>
<b>Non-current assets</b>			
Other financial assets	8	543,303	998,530
Property, plant and equipment	9	148,795	6,953
Total non-current assets		<b>692,098</b>	<b>1,005,483</b>
Total assets		<b>3,764,834</b>	<b>4,169,843</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	1,014,244	279,297
Total current liabilities		<b>1,014,244</b>	<b>279,297</b>
Total liabilities		<b>1,014,244</b>	<b>279,297</b>
<b>Net assets</b>		<b>2,750,590</b>	<b>3,890,546</b>
<b>EQUITY</b>			
Contributed equity	11	12,819,061	10,111,253
Reserves	12	2,924,499	993,816
Accumulated losses		(12,992,970)	(7,214,523)
Total equity		<b>2,750,590</b>	<b>3,890,546</b>

## STATEMENT OF CASH FLOWS

## For the year ended 30 June 2010

	Notes	CONSOLIDATED	
		2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(3,501,374)	(2,964,302)
Interest received		74,400	252,974
<b>Cash generated / (used) in operating activities</b>	6	<u>(3,426,974)</u>	<u>(2,711,328)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(150,923)	(2,069)
Proceeds from sale of plant and equipment		-	19,750
Acquisition of available for sale financial assets		(2,649,723)	-
Proceeds from sale of available for sale financial assets		3,403,282	-
<b>Cash generated / (used) in investing activities</b>		<u>602,636</u>	<u>17,681</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of equity		2,880,000	908,553
Cost of raising equity		(172,192)	-
<b>Cash generated / (used) in financing activities</b>		<u>2,707,808</u>	<u>908,553</u>
Net increase/(decrease) in cash and cash equivalents		<b>(116,530)</b>	<b>(1,785,094)</b>
Cash and cash equivalent at the beginning of the year		<u>2,958,663</u>	<u>4,743,757</u>
Cash and cash equivalent at the end of the year	6	<u><b>2,842,133</b></u>	<u><b>2,958,663</b></u>

## STATEMENT OF CHANGES IN EQUITY

## For the year ended 30 June 2010

	CONSOLIDATED			
	Ordinary Shares	Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
<b>At 30 June 2008</b>	<b>9,311,253</b>	<b>2,000,266</b>	<b>(4,705,668)</b>	<b>6,605,851</b>
Loss for the year	-	-	(2,508,855)	(2,508,855)
Other comprehensive income for the year	-	(1,301,803)	-	(1,301,803)
Total comprehensive loss for the year	-	(1,301,803)	(2,508,855)	(3,810,658)
Issue of shares	800,000			800,000
Issue of options	-	167,550	-	167,550
Share based payments	-	127,803	-	127,803
<b>At 30 June 2009</b>	<b>10,111,253</b>	<b>993,816</b>	<b>(7,214,523)</b>	<b>3,890,546</b>
Loss for the year	-	-	(5,778,447)	(5,778,447)
Other comprehensive income for the year	-	(195,117)	-	(195,117)
Total comprehensive loss for the year	-	(195,117)	(5,778,447)	(5,973,564)
Issue of shares	2,707,808			2,707,808
Share based payments	-	2,125,800	-	2,125,800
<b>At 30 June 2010</b>	<b>12,819,061</b>	<b>2,924,499</b>	<b>(12,992,970)</b>	<b>2,750,590</b>

---

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

The financial report of Dynasty Metals Australia Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 30 September 2010.

Dynasty Metals Australia 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 Group during the year was exploration and evaluation of mineral licences.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Preparation**

The financial statements have been prepared on the basis of historical cost. 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.

*Statement of compliance*

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

**(b) New standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will be mandatory for the Company's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. This could potentially have impact on the financial statements. The management is analysing the amendments to assess the impact.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities. The amendments, which will become mandatory for the 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- Revised AASB 2009-5. Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions, resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. The amendments, which become mandatory for the Company's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

**Adoption of new or revised accounting standards**

The following standards, amendments to standards and interpretations have been adopted by the entity for the current financial year:

- AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101. AASB 101(September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
- AASB 8: Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8. This standard supersedes AASB 114, Segment Reporting which adopts a management reporting approach to segment reporting. The group has revised its disclosure requirements in accordance with AASB 8, for the group's operating segments as monitored by management.
- AASB 3 Business Combinations (Revised), AASB 127 Consolidated and Separate Financial Statements (Amended), AASB2008-3 Amendments to AASBs arising from AASB 3 and AASB 127. The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively. These changes are expected to impact the group only when the group undertakes any acquisition of business in future.

**(c) Basis of consolidation**

A controlled entity is any entity Dynasty Metals Australia Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included / excluded from the date control was obtained or until the date control ceased.

The consolidated financial statements comprise the financial statements of Dynasty Metals Australia Limited and its controlled subsidiaries ('the Group').

**(d) Foreign currency translation**

Both the functional and presentation currency of the group is Australian Dollar.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at reporting date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.



**(e) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**(f) Employee Benefits Expenditure**

Employee benefits such as salary and wages are measured at the rate at which the entity expects to settle the liability; and recognised during the period over which the employee services are being rendered.

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**(g) Exploration and evaluation expenses**

The group expenses all exploration and evaluation expenses as they are incurred.

**(h) Share based payment**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the groups's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**(i) Income Taxes**

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

**(j) Earnings per share**

*a. Basic earnings per share*

Basic earnings per share is determined by dividing the group operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*b. Diluted earnings per share*

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share by taking into account amounts paid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

**(k) Cash and Cash Equivalent**

Cash comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(l) Trade and Other Receivable**

Receivables are recognised and carried at original costs less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

**(m) Property, Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

The useful life of the assets have been set at the following levels to determine the depreciation rates:

- Plant and equipment: 2.5 to 4.5 years

The carrying amount of the property, plant and equipment are reviewed by the management to determine the adequacy of the depreciation charged at the end of each reporting period. Any excess or shortfall in depreciation charged is being adjusted in the income statement in the year in which such adjustments are being made as a reversal of the depreciation expense.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

**(n) Recoverable Amount of Assets**

At each reporting date, the group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair

value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(o) **Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received. Liabilities expected to be settled within the normal trading cycle are carried at costs, and those expected to be settled beyond 12 months are measured at amortised costs.

(p) **Provisions**

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(q) **Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(r) **Financial Instruments**

Financial instruments are recognised when the entity becomes party to the contractual provisions of the instrument. The derecognition of a financial instrument takes place when the entity no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(s) **Investments**

All investments are initially recognised at fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available for sale, are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which point the cumulative gain or loss previously reported in equity is included in the income statement.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is subsequently the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

Parent's investments in the subsidiaries are accounted at "cost" per AASB 127. The management assess the carrying amount of such investments at each balance date, and any impairment therein is provided for.

**(t) Other Taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(u) Critical accounting judgements and key sources of estimation uncertainty**

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

*Share based payments*

The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the options. To estimate this fair value an option pricing model has been used. There are many variables and assumptions used as inputs into the model (which have been detailed in Notes). If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised.

*Available for sale financial assets*

The available for sale financial assets are measured at their fair value on each reporting date. The fair values are measured with reference to their closing market rates. The management has to apply judgement to determine if a decline in each investment's fair value below their costs is impairment. In making such judgement, the management considers the trend in movement of investment's fair value from the observable market data and the volatility in such movements over a period of time.

**3. REVENUE AND EXPENDITURE**

	CONSOLIDATED	
	2010	2009
	\$	\$
<b>Included in loss for the year are:</b>		
<i>Income:</i>		
Net gain on sale of available for sale financial assets	498,598	1,783
Write back of deposit for acquiring equity in the group *	-	100,000
<i>Expenses:</i>		
Directors fees and remuneration	537,250	372,250
Depreciation expenses	9,081	12,400

\* The deposit was paid by Henan Rebecca Holding (Group) Inc on 9 February 2009 to raise \$5 million through placement of shares. The contract has been subsequently abandoned and the deposit is non-refundable per the terms of the contract.

**Auditors' remuneration**

For audit and review of financial report

PKF Chartered Accountants	8,000	21,080
Deloitte Touche Tohmatsu	16,000	-
For other services	-	-
	<b>24,000</b>	<b>21,080</b>

**4. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders (after deducting interest on the convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options and dilutive partly paid contributing shares).

The following reflects the income and share data used in the total operations basic and dilutive earnings per share computations:

	CONSOLIDATED	
	2010	2009
	\$	\$
Net loss attributable to equity holders from continuing operations	(5,778,447)	(2,508,855)
Net loss attributable to equity holders of parent	(5,778,447)	(2,508,855)
Net loss attributable to ordinary shareholders for diluted earnings per share	(5,778,447)	(2,508,855)
	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of ordinary shares for basic earnings per share.	69,563,125	55,631,312
Adjusted weighted average number of ordinary shares for diluted earnings per share.	69,563,125	55,631,312
Options outstanding at reporting date (Considered as anti-dilutive and hence not considered in above)	18,500,000	27,067,029

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before completion of these financial statements.

**5. INCOME TAX**

	CONSOLIDATED	
	2010	2009
	\$	\$
The components of income tax benefit / (expense) comprise of:		
<i>Recognised in income statement:</i>		
Current tax	-	-
Deferred tax	29,365	121,987
	<u>29,365</u>	<u>121,987</u>
<i>Recognised in statement of changes in equity:</i>		
Current tax	-	-
Deferred tax	83,622	557,535
	<u>83,622</u>	<u>557,535</u>
Reconciliation of income tax expense to statutory income tax:		
Accounting loss before income tax	(5,807,812)	(2,630,842)
Tax benefit at statutory rate of 30%	(1,742,344)	(789,253)
Non deductible expenses		12,842
Share based payments	637,739	38,341
Income tax benefit not brought into account	1,133,970	860,058
Income tax benefit / (expense) reported in income statement	<u>29,365</u>	<u>121,988</u>
Weighted average effective tax rate	0%	0%
<b>Components of deferred taxes:</b>		
<i>Deferred tax assets</i>		
Carry forward revenue losses	3,209,540	2,091,079
Blackhole deduction	36,616	22,156
Impairment of investments	-	109,388
Non deductible accruals	4,500	3,916
	<u>3,250,656</u>	<u>2,226,539</u>
Deferred tax asset recognised to the extent of deferred tax liability at balance date	1,548	12,503
<i>Deferred tax liabilities</i>		
Accrued interest	1,548	12,503
	<u>1,548</u>	<u>12,503</u>
Net deferred tax asset / (liability)	<u>-</u>	<u>-</u>
Unrecognised deferred tax asset	<u>3,249,108</u>	<u>2,214,036</u>

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- the group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the company in utilising the benefits.

**Tax consolidation:**

For the purpose of income taxation, the Company and its 100% controlled Australian entities have not elected to form a tax consolidated group.

**6. CASH AND CASH EQUIVALENT**

	CONSOLIDATED	
	2010	2009
	\$	\$
<b>Reconciliation of cash</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash at bank and in hand	2,313,458	1,448,663
Short Term Deposits	528,674	1,510,000
	<u>2,842,133</u>	<u>2,958,663</u>

*Cash at bank and in hand earns interest at floating rates based on daily bank rates.*

**Reconciliation of operating loss to operating cash flows:**

Loss for the year	(5,778,447)	(2,508,855)
<i>Adjustments for:</i>		
Gain on sale of financial assets	(498,598)	(1,783)
Depreciation and amortisation	9,081	12,400
Impairment of financial assets	34,514	364,628
Share based payments	2,125,800	127,803
Gain on sale of plant and equipment	-	(1,783)
Deferred tax benefit	(29,365)	(121,987)
<i>Movement in working capital items:</i>		
(Increase) / decrease in receivables	(11,966)	(5,745)
(Increase) / decrease in prepayments	(12,940)	-
Increase / (decrease) in payables	734,947	(576,006)
Net cash from operating activities	<u><b>(3,426,974)</b></u>	<u><b>(2,711,328)</b></u>

**7. TRADE AND OTHER RECEIVABLE**

	CONSOLIDATED	
	2010	2009
	\$	\$
Accrued interest from financial institutions	5,160	41,677
GST receivable	193,279	57,561
Other receivable	13,566	100,800
	<u><b>212,005</b></u>	<u><b>200,038</b></u>
Ageing of receivables:		
Recoverable within 3 months	212,005	200,038
	<u><b>212,005</b></u>	<u><b>200,038</b></u>

**8. OTHER FINANCIAL ASSETS**

	CONSOLIDATED	
	2010	2009
	\$	\$
Term deposits with financial institutions	215,443	27,035
Available for sale financial assets	327,860	971,495
	<u>543,303</u>	<u>998,530</u>

Term deposits are restricted cash balances held by financial institutions as security against the guarantees issued to State Governments for the group's exploration tenements.

Available for sale financial assets are group's investment in equity of listed entities. These are measured at their fair value applying the closing market rate on the reporting dates. Investments at balance date represent:

- (a) 2,000,000 ordinary equity shares in Fairstar Resources Limited (2009: 2,000,000)
- (b) 227,978 ordinary equity shares in Poseidon Nickel Limited (2009: 227,978)
- (c) 20,000 ordinary equity shares in Cudeco Limited (2009: Nil)
- (d) 860,000 ordinary equity shares in Argonaut Resources NL (2009: Nil)

These investments have not been consolidated as the group neither controls nor is a position to exert significant influence over financial and operating decisions of these entities.

**9. PROPERTY, PLANT AND EQUIPMENT**

	CONSOLIDATED	
	2010	2009
	\$	\$
<b><i>Plant and equipment</i></b>		
At cost	169,409	18,485
Accumulated depreciation	(20,613)	(11,532)
	<u>148,795</u>	<u>6,953</u>
<b><i>Movement in net carrying amount</i></b>		
Balance at the beginning of the year	6,953	36,838
Additions	150,923	2,069
Disposals	-	(19,554)
Depreciation for the year	(9,081)	(12,400)
Balance at the end of the year	<u>148,795</u>	<u>6,953</u>

**10. TRADE AND OTHER PAYABLE**

	CONSOLIDATED	
	2010	2009
	\$	\$
Trade and other payable	1,014,244	279,297
	<u>1,014,244</u>	<u>279,297</u>
Payable maturity analysis:		
Payable within 3 months	1,014,244	279,297
	<u>1,014,244</u>	<u>279,297</u>

Trade and other payables are unsecured and generally payable on 30 to 90 day credit terms.



**11. CONTRIBUTED EQUITY**

	CONSOLIDATED			
	2010		2009	
	Nos.	\$	Nos.	\$
<i>Movement of ordinary shares on issue:</i>				
Balance at the beginning of the year	63,631,312	10,111,253	55,631,312	9,311,253
Issued at \$0.10	-	-	8,000,000	800,000
Issued at \$0.10	300,000	30,000	-	-
Issued at \$0.21	10,000,000	2,100,000	-	-
Option conversion at \$0.20	3,750,000	750,000	-	-
Equity issue costs	-	(172,192)	-	-
Balance at the end of the year	<b>77,681,312</b>	<b>12,819,061</b>	<b>63,631,312</b>	<b>10,111,253</b>

Fully paid ordinary shares carry one vote per share and carry a right to dividends

*Movement in options outstanding:*

	CONSOLIDATED				
	20 cents options expiring 21/12/2011 Nos.	20 cents options expiring 01/09/2010 Nos.	20 cents options expiring 30/11/2009 Nos.	35 cents options expiring 28/02/2010 Nos.	30 cents options expiring 31/12/2009 Nos.
<b>Year ended 30 June 2010</b>					
Balance at the beginning of the year	-	500,000	5,150,000	20,917,029	500,000
Issued during the year	18,000,000	-	-	-	-
Exercised during the year	-	-	(3,750,000)	-	-
Lapsed during the year	-	-	(1,400,000)	(20,917,029)	(500,000)
Balance at the end of the year	<b>18,000,000</b>	<b>500,000</b>	-	-	-
<b>Year ended 30 June 2009</b>					
Balance at the beginning of the year	-	-	-	20,917,029	500,000
Issued during the year	-	500,000	5,150,000	-	-
Exercised during the year	-	-	-	-	-
Lapsed during the year	-	-	-	-	-
Balance at the end of the year	-	<b>500,000</b>	<b>5,150,000</b>	<b>20,917,029</b>	<b>500,000</b>

**Capital Management Policy**

The group's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The group manages its contributed equity and reserves as part of its capital. The group has no debt obligations and is not subject to any externally imposed capital requirements.

As is similar with many other exploration companies, the operational requirements of the group are funded through equity raised in various tranches. The overall capital management policy of the group remains unchanged and is consistent with prior years.

**12. RESERVES***Movement in reserves*

	CONSOLIDATED			
	Available for sale financial assets reserve \$	Share options reserve \$	Foreign currency translation reserve \$	Total \$
<b>At 30 June 2008</b>	<b>1,585,550</b>	<b>413,584</b>	<b>1,132</b>	<b>2,000,266</b>
Issue of options	-	167,550	-	167,550
Share based payments	-	127,803	-	127,803
Gain on fair value of available for sale financial assets	408,406	-	-	408,406
Transfer of gains to profit or loss upon disposal	(1,783)	-	-	(1,783)
Impairment of available for sale investments	(2,265,071)	-	-	(2,265,071)
Movement in foreign exchange rates	-	-	(889)	(889)
Tax effect of movement in reserves	557,535	-	-	557,535
<b>At 30 June 2009</b>	<b>284,636</b>	<b>708,937</b>	<b>243</b>	<b>993,816</b>
Share based payments	-	2,125,800	-	2,125,800
Gain on fair value of available for sale financial assets	596,481	-	-	596,481
Transfer of gains to profit or loss upon disposal	(498,598)	-	-	(498,598)
Impairment of available for sale investments	(376,621)	-	-	(376,621)
Movement in foreign exchange rates	-	-	-	-
Tax effect of movement in reserves	83,622	-	-	83,622
<b>At 30 June 2010</b>	<b>89,519</b>	<b>2,834,737</b>	<b>243</b>	<b>2,924,499</b>

***Available for sale financial ("AFS") assets reserve***

The reserve represents the accumulated gains and losses in the fair value movement of AFS financial assets existing at each balance date. The balance of each AFS investment is reclassified to profit or loss upon derecognition of the asset or when impairment exceeds the available balance.

***Share options reserve***

The balance in the reserve represents proceeds from issue of options and also the fair value of options granted to directors and others.

***Foreign currency translation reserve***

The balance in the reserve represents the exchange gain or loss arising translation of foreign operations net assets at closing rate and the equity at various other rates. The balance in the reserve shall be transferred to accumulated losses when the foreign operations are disposed of.

### 13. SHARE BASED PAYMENTS

#### A. *Share based option payments made during the year*

The following share based payment options were granted during the current and prior year:

	Nos.	Grant date	Expiry	Exercise price	Fair value at grant date
Director options 2010	11,500,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181
Consultants options 2010	6,500,000	24/11/2009	21/12/2011	\$ 0.2000	\$ 0.1181
Director options 2009	500,000	28/11/2008	01/09/2010	\$ 0.2000	\$ 0.0380
Consultants options 2009	5,150,000	28/11/2008	30/11/2009	\$ 0.2000	\$ 0.0211

During the year ended 30 June 2010, the group granted options to certain directors and options on the following terms:

- 11,500,000 unlisted options issued to directors in consideration for their services to the group. These options were approved by the shareholders in the 2009 annual general meeting. These options are exercisable at \$0.20 each and are expiring on 21/12/2011. There is no vesting or market conditions attached to these options.
- 6,500,000 unlisted options issued to three consultants in consideration for services provided to the group's operations. The issue of options were approved by the shareholders in the 2009 annual general meeting. These options are exercisable at \$0.20 and are expiring on 21/12/2011. There is no vesting or market conditions attached to these options.

During the year ended 30 June 2009, the group granted options to certain directors and options on the following terms:

- 500,000 unlisted options issued to a director in consideration for their services to the group. These options were approved by the shareholders in the 2008 annual general meeting. These options are exercisable at \$0.20 each and are expiring on 01/09/2010. There is no vesting or market conditions attached to these options.
- 5,150,000 unlisted options issued to three consultants in consideration for services provided to the group's operations. The issue of options were approved by the shareholders in the 2008 annual general meeting. These options are exercisable at \$0.20 and are expiring on 30/11/2009. There is no vesting or market conditions attached to these options.

#### B. *Fair value of share based payment options granted*

The fair value of the options has been assessed applying the binomial valuation technique. The following key variables have been applied in computation of the fair value at grant dates:

	Director options 2010	Consultants options 2010	Director options 2009	Consultants options 2009
Strike price	\$ 0.2000	\$ 0.2000	\$ 0.2000	\$ 0.2000
Share price on grant date	\$ 0.2300	\$ 0.2300	\$ 0.1000	\$ 0.1000
Volatility in share price	82%	82%	150%	150%
Risk free rate	4.61%	4.61%	5.25%	5.25%
Dividend yield	0.00%	0.00%	0.00%	0.00%

**C. Movement in share based payment options**

The movement in share based payment options were:

	Nos.	Average exercise price
<b>Balance at 30 June 2008</b>	21,417,029	\$ 0.3488
Issued during 2009	5,650,000	\$ 0.2000
Exercised during 2009	-	-
Expired during 2009	-	-
<b>Balance at 30 June 2009</b>	<b>27,067,029</b>	<b>\$ 0.3178</b>
Expired during 2010	(22,817,029)	\$ 0.3397
Exercised during 2010	(3,750,000)	\$ 0.2000
Issued during 2010	18,000,000	\$ 0.2000
<b>Balance at 30 June 2010</b>	<b>18,500,000</b>	<b>\$ 0.2000</b>

**D. Share based payment options outstanding at year end**

	CONSOLIDATED	
	2010	2009
	Nos.	Nos.
20 cents options expiring 21/12/2011	18,000,000	-
20 cents options expiring 01/09/2010	500,000	500,000
20 cents options expiring 30/11/2009	-	5,150,000
35 cents options expiring 28/02/2010	-	20,917,029
30 cents options expiring 31/12/2009	-	500,000
	<b>18,500,000</b>	<b>27,067,029</b>

**14. COMMITMENTS AND CONTINGENCIES****Tenement commitments**

In order to maintain an interest in the mining and exploration tenements in which the company is involved, the company is committed to meet the conditions under which the tenements were granted and the obligations of any joint venture agreements. 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 are as follows (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):

Otherwise, since the last annual report date, there has been no material change to any contingent liabilities or contingent asset.

	CONSOLIDATED	
	2010	2009
	\$	\$
Payable within one year	2,431,798	1,884,700

Otherwise, since the last annual report date, there has been no material change to any contingent liabilities or contingent asset.

**Capital commitments**

At 30 June 2010, the Group had no capital commitments (2009: Nil)

**Contingencies**

At 30 June 2010, the Group had no contingencies.

**15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial instruments of the group comprise of (i) cash and cash equivalents; (ii) trade and other receivables; (iii) other financial assets; and (iv) trade and other payables.

Risk management is carried out under the policies approved by the Board of Directors. The Board identifies and evaluates the risk and takes appropriate measures to minimize the risk.

The financial instruments expose the group to certain risks. The nature and extent of such risks, and the management's risk management strategy are noted below.

**A Fair value of financial instruments**

	CONSOLIDATED	
	2010	2009
	\$	\$
Cash and cash equivalents (i)	2,842,133	2,958,663
Trade and other receivables (i)	212,005	200,038
Term deposit with financial institutions (ii)	215,443	27,035
Available for sale financial assets (iii)	327,860	971,495
Trade and other payables (i)	(1,014,244)	(279,297)
	<b>2,583,196</b>	<b>3,877,934</b>

- (i) The fair values are close approximation of the carrying amounts on account of the short maturity cycle.
- (ii) The fair values are close approximation of the carrying amounts as these deposits are interest bearing and are rolled over at short maturity.
- (iii) These are measured at fair value applying the closing market rate at reporting date.

**B Risk management strategies****Credit risk:**

The group's credit risks arise from potential default of trade and other receivables. The maximum credit exposure is limited to the carrying amount of trade and other receivables as noted in the statement of financial position.

The ageing analysis of the trade debtors are noted below:

	CONSOLIDATED	
	2010	2009
	\$	\$
Recoverable within 3 months	212,005	200,038
	<b>212,005</b>	<b>200,038</b>

The receivable balances consist primarily of GST credits. The credit risk arising from such balances are considered to be very minimal as these are receivable from the Australian Commonwealth.

Credit risk also exists in relation to the probable default of the financial institutions in honouring the cash and term deposit balances at maturity. However, this is considered to be low as the group transacts with highly reputed financial institutions which are subject to strict prudential norms by legislation / regulations.

**Liquidity risk:**

The group's liquidity risks arise from potential inability of the group to meet its financial obligations as and when they fall due, generally due to shortage of cleared funds.

The group is exposed to liquidity risk on account of trade and other payables.

The group manages its liquidity risk through continuously monitoring the cleared funds position; and by utilising short term cash budgets.

The contractual maturity analysis of group's financial instruments are noted below:

	<b>&lt; 3 months</b>	<b>&gt; 3 months</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2010</b>			
<b>Financial liabilities:</b>			
Trade and other payables	1,014,244	-	1,014,244
	<b>1,014,244</b>	<b>-</b>	<b>1,014,244</b>
<b>Financial assets:</b>			
Cash and cash equivalents	2,842,133	-	2,842,133
Trade and other receivables	212,005	-	212,005
Available for sale financial assets	327,860	-	327,860
	<b>3,381,997</b>	<b>-</b>	<b>3,381,997</b>
<b>2009</b>			
<b>Financial liabilities:</b>			
Trade and other payables	279,297	-	279,297
	<b>279,297</b>	<b>-</b>	<b>279,297</b>
<b>Financial assets:</b>			
Cash and cash equivalents	2,958,663	-	2,958,663
Trade and other receivables	200,038	-	200,038
Available for sale financial assets	971,495	-	971,495
	<b>4,130,196</b>	<b>-</b>	<b>4,130,196</b>

**Interest rate risk:**

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and term deposits with financial institutions are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Group's operations.

The group is in the business of exploration of mineral resources. Earning interest income is not the primary objective of the business. The group does not have any debt obligations. Hence the management does not closely monitor the movements in market interest rates as these do not have material impact on group's business activities. The cash balances and term deposits are placed at the prevailing short term market interest rates with credit worthy financial institutions.

The sensitivity of the interest bearing financial instruments to a 1% change in market interest rate are noted below:

	CONSOLIDATED	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Interest bearing cash and term deposits	3,057,575	2,985,697
Impact on profit and equity - +1% movement	30,576	29,857
Impact on profit and equity - -1% movement	(30,576)	(29,857)

The weighted average effective interest rate on the financial instruments were:

	CONSOLIDATED	
	2010	2009
Cash and cash equivalents	2.57%	3.66%
Trade and other receivables	NIL	NIL
Trade and other payables	NIL	NIL

**Foreign currency risk:**

The group's foreign currency risk exposure arises primarily from its operations in Botswana. The group is exposed to the market movements in foreign currency exchange rate between Australian Dollar and Pula (Botswana currency).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities dominated in a currency that is not the entity's functional currency and net investments in foreign operations. The functional and presentation currency of Dynasty Metals Australia Limited is Australian Dollar.

The transactions and balances in Pula were minimal during 2010 and 2009, and the management do not consider the market exchange rate movements to have any material impact on the performance of the group.

**Commodity price risk:**

The Group is not currently exposed to the movement in market commodity prices as the group continues to be an explorer.

**Equity price risk:**

Equity price risk is the risk that movement in fair of group's financial instruments will be affected by changes in market prices of equity instruments. The group is exposed to this risk on account of its available-for-sale financial assets.

The group's objective is to invest surplus cash in equity instruments within the mining sector. However, the management manages the equity price risk through diversification.

The sensitivity of the interest bearing financial instruments to a 1% change in market interest rate are noted below:

	CONSOLIDATED	
	2010	2009
	\$	\$
Available for sale financial assets	327,860	971,495
Impact on profit and equity - +10% movement	32,786	97,150
Impact on profit and equity - -10% movement	(32,786)	(97,150)

## 16. CONSOLIDATED ENTITIES

The consolidated financial statements include the financial statements of Dynasty Metals Australia Limited and the subsidiaries listed in the following table.

	Incorporated in	Equity interest	
		2010	2009
<i>Parent Entity</i>			
Dynasty Metals Australia Limited	Australia	-	-
<i>Controlled Entities</i>			
Scorpion Resources Limited	Australia	100%	100%
Irwin Energy Limited	Australia	100%	100%
Dunblane Enterprise Pty Ltd	Botswana	100%	100%

## 17. SEGMENT INFORMATION

Management has determined that the group has one reportable segment, being mineral exploration in Australia and Botswana. As the group is focused on exploration, the Board monitors the company based on actual versus budgeted exploration expenditure incurred by area of interest.

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

## 18. DIRECTOR AND EXECUTIVE DISCLOSURES

### A Detail of specified directors and executives

#### *Specified directors:*

Ian Levy	Non-executive chairman (appointed 01/08/2009)
Lewis Tay	Executive director
Richard Oh	Non-executive director
Graham Anderson	Non-executive director and company secretary
Malcolm Carson	Technical director

#### *Retired directors:*

Garry Hemming	Non-executive director (resigned 15/08/2008)
Low Hock Peng	Non-executive director (resigned 02/07/2009)

#### *Specified executives*

There are no Specified Executives during 2010 and 2009.

### B Remuneration of specified directors and executives

	Short term benefits		Post-employment	Share based payments	Total	Options as % of remuneration
	Salary & fees	Other	Superannuation	Options		
	\$	\$	\$	\$	\$	
<b>Year ended 30 June 2010</b>						
Ian Levy	66,000	-	-	118,100	184,100	64%
Lewis Tay	120,000	-	-	590,500	710,500	83%
Richard Oh	38,000	-	-	236,200	274,200	86%
Graham Anderson*	36,000	68,750	-	118,100	222,850	53%
Malcolm Carson	214,000	-	-	295,250	509,250	58%
Low Hock Peng	-	-	-	-	-	0%
	<b>474,000</b>	<b>68,750</b>	-	<b>1,358,150</b>	<b>1,900,900</b>	<b>71%</b>
<b>Year ended 30 June 2009</b>						
Lewis Tay	120,000	-	-	-	120,000	0%
Richard Oh**	60,000	48,375	-	-	108,375	0%
Graham Anderson*	36,000	68,750	-	-	104,750	0%
Malcolm Carson***	86,000	35,900	-	19,250	141,150	14%
Garry Hemming	1,500	-	-	-	1,500	0%
Low Hock Peng	-	-	-	-	-	0%
	<b>303,500</b>	<b>153,025</b>	-	<b>19,250</b>	<b>475,775</b>	<b>4%</b>



\* GDA Corporate, an entity controlled by Mr. Graham Anderson has been paid \$68,750 (2009:\$68,750) by the group for providing company secretarial, administrative and accounting services.

\*\* The group paid \$48,375 in 2009 to Richard Oh & Co, an entity controlled by Mr. Richard Oh for providing consulting services to the group.

\*\*\* The group paid \$35,900 in 2009 to Minerals Resources Consultants Pty Ltd, an entity controlled by Mr. Malcolm Carson for providing consulting services to the group.

### C Option holding of specified directors and executives

	Opening balance	Granted as remuneration	Acquired	Expired	Net other change	Closing balance
	Nos.	Nos.	Nos.	Nos.	Nos.	Nos.
<b>Year ended 30 June 2010</b>						
Ian Levy	-	1,000,000	-	-	-	1,000,000
Lewis Tay	2,211,820	5,000,000	-	(2,211,820)	-	5,000,000
Richard Oh	-	2,000,000	-	-	-	2,000,000
Graham Anderson	500,000	1,000,000	-	(500,000)	-	1,000,000
Malcolm Carson	500,000	2,500,000	-	-	-	3,000,000
Low Hock Peng	-	-	-	-	-	NA
	<b>3,211,820</b>	<b>11,500,000</b>	<b>-</b>	<b>(2,711,820)</b>	<b>-</b>	<b>12,000,000</b>
<b>Year ended 30 June 2009</b>						
Lewis Tay	2,211,820	-	-	-	-	2,211,820
Richard Oh	-	-	-	-	-	-
Graham Anderson	500,000	-	-	-	-	500,000
Malcolm Carson	-	500,000	-	-	-	500,000
Garry Hemming	-	-	-	-	-	NA
Low Hock Peng	-	-	-	-	-	-
	<b>2,711,820</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,211,820</b>

The options granted to Directors during the prior period were granted pursuant to shareholder resolution and were issued for NIL consideration. All options granted as remuneration vest immediately, and these options do not carry any vesting conditions.

### D Shareholding of specified directors and executives

	Opening balance	Granted as remuneration	Acquired	Disposed	Closing balance
	Nos.	Nos.	Nos.	Nos.	Nos.
<b>Year ended 30 June 2010</b>					
Ian Levy	-	-	-	-	-
Lewis Tay	3,088,409	-	30,000	-	3,118,409
Richard Oh	-	-	-	-	-
Graham Anderson	1,000,000	-	-	(250,000)	750,000
Malcolm Carson	-	-	52,436	-	52,436
Low Hock Peng	500,000	-	-	-	NA
	<b>4,588,409</b>	<b>-</b>	<b>82,436</b>	<b>(250,000)</b>	<b>3,920,845</b>

	Opening balance	Granted as remuneration	Acquired	Disposed	Closing balance
	Nos.	Nos.	Nos.	Nos.	Nos.
<b>Year ended 30 June 2009</b>					
Ian Levy	2,877,512	-	210,897	-	3,088,409
Lewis Tay	-	-	-	-	-
Richard Oh	1,000,000	-	-	-	1,000,000
Graham Anderson	-	-	-	-	-
Malcolm Carson	-	-	-	-	NA
Low Hock Peng	-	-	500,000	-	500,000
	<u>3,877,512</u>	<u>-</u>	<u>710,897</u>	<u>-</u>	<u>4,588,409</u>

All equity transactions with specified directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

#### **E Loans to specified directors and executives**

There were no loans made to specified directors or executives during the year (2009: NIL)

#### **F Other balances with specified directors and executives**

Balances due to directors and executives for fees and charges:\$15,840.

### **19. RELATED PARTY TRANSACTIONS**

Other than those noted in the directors and executive disclosures, there are no other related party transactions or balances during 2010 and 2009.

### **20. EVENTS AFTER BALANCE SHEET DATE**

There are no events subsequent to 30 June 2010 that have a material impact on the financial statements as presented.

### **21. COMPARATIVE PRESENTATION**

The prior year comparatives have been reclassified and restated to conform to the reporting year presentation.

In particular this includes presentation of the movement in available for sale financial assets reserves and the foreign currency translation reserves in statement of comprehensive income (including the tax effect) which were previously recognised in statement of changes in equity.

**22. PARENT ENTITY DISCLOSURES**

The following details information related to the parent entity, Dynasty Metals Australia Limited (the parent entity), at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b><i>Financial Position</i></b>		
<b>Assets</b>		
Current assets	3,085,830	3,177,458
Non-current assets	692,262	1,005,647
<b>Total assets</b>	<b>3,778,092</b>	<b>4,183,105</b>
<b>Liabilities</b>		
Current liabilities	1,029,844	279,463
<b>Total liabilities</b>	<b>1,029,844</b>	<b>279,463</b>
<b>Net assets</b>	<b>2,748,248</b>	<b>3,903,642</b>
<b>Equity</b>		
Contributed equity	12,819,061	10,111,253
Reserves	2,922,583	993,573
Accumulated losses	(12,993,396)	(7,201,184)
<b>Total equity</b>	<b>2,748,248</b>	<b>3,903,642</b>
<b><i>Financial Performance</i></b>		
Loss for the year	(5,792,212)	(2,506,170)
Other comprehensive income	(195,117)	(1,300,914)
<b>Total comprehensive income</b>	<b>(5,987,329)</b>	<b>(3,807,084)</b>

No guarantees have been entered into by the parent in relation to the debts of its subsidiaries.

The parent had no commitments to purchase property, plant and equipment or contingent liabilities at year end.

*TENEMENT SCHEDULE***(As at the date of this annual report)**

Project	Lease	Commodity	Holder	Shares	Locality	Status
<b>West Australia Tenements</b>						
WARRAMBOO	E08/1620-l	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	GRANTED
YANREY	E08/1699	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	E08/1774	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
UAROO	E08/1817	Uranium and Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
MT PHILLIPS	E09/1337	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
MT PHILLIPS	E09/1338	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
HECTOR BORE	E09/1339	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1927-l	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1938-i	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1948	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/1949	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/2024	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/2025	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
PRAIRIE DOWNS	E52/2099	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2265	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2266	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2267	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
NABBERU	E69/2268	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
NABBERU	E69/2269	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2270	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2294	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2295	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2296	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2297	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
STANLEY	E69/2300	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
IRWIN	E70/3476	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	GRANTED
IRWIN	E70/3477	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	GRANTED
HYDEN	E74/333	Gold and Nickel	Dynasty Metals Australia Ltd	100	WA	GRANTED
HYDEN	E77/1248	Gold and Nickel	Dynasty Metals Australia Ltd	100	WA	GRANTED

Project	Lease	Commodity	Operator	Shares	Locality	Status
HYDEN	E77/1326	Gold and Nickel	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	P08/550	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	P08/551	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
WARRAMBOO	p08/564	Uranium	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3533	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3534	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3535	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
SOUTHERN CROSS	p77/3536	Gold	Dynasty Metals Australia Ltd	100	WA	GRANTED
ATLAS	E45/2728	Gold, Base Metals	Dynasty Metals Australia Ltd	100	WA	GRANTED
<b>West Australia Applications</b>						
WARRAMBOO	E08/2050	Iron	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2359	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2367	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2435	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2458	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2459	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2460	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2461	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
PRAIRIE DOWNS	E52/2464	Iron, Copper, Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3158	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3190	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3501	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3667	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3668	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3669	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3670	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3671	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION
SOUTH WEST	E70/3672	Iron and Base Metals	Dynasty Metals Australia Ltd	100	WA	APPLICATION

Project	Lease	Commodity	Operator	Shares	Locality	Status
IRWIN	E70/3676	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3677	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	E70/3678	Coal	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/566	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	P08/567	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/568	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/569	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/570	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/571	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	P08/572	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/573	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/574	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/575	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/576	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	P08/577	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/578	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/579	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/580	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/581	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
WARRAMBOO	p08/582	Iron - Fe	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	EP 31/07-8	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	APPLICATION
IRWIN	EP 32/07-8	Coal Seam Gas	Dynasty Metals Australia Ltd	100	WA	APPLICATION
<b>Victoria</b>						
BENDOC	EI 4799	Gold	Dynasty Metals Australia Ltd	100	VIC	GRANTED
BENDOC	EI 4824	Gold	Dynasty Metals Australia Ltd	100	VIC	GRANTED
<b>Northern Territory</b>						
PEAKED HILL	EI25624	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED
MT WELDON	EL25626	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED
HANSON RIVER	EI25627	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED
POSSUM CREEK	EI25628	Uranium	Dynasty Metals Australia Ltd	100	NT	GRANTED

## STOCK EXCHANGE INFORMATION AS AT 29 SEPTEMBER 2010

**SHARE SPREAD****Distribution of Holders**

1 - 1,000	25
1,001 - 5,000	94
5,001 - 10,000	158
10,001 - 100,000	417
100,001 and above	118
<b>TOTAL</b>	<b>812</b>

**TWENTY LARGEST SHAREHOLDERS**

The names of the twenty largest holders of quoted ordinary shares are:

#	Holder Name	Number Held	Percentage
1	MR LEWIS TAY	3,118,409	4.01%
2	MR MENG XIN GAO	2,500,000	3.22%
3	HSBC CUSTODY NOMINEES	2,429,899	3.13%
4	MS MIAN WANG	2,250,527	2.90%
5	MR ZHIFANG ZHANG	2,000,000	2.57%
6	MR XIANG GAO	1,900,000	2.45%
7	JF APEX SECURITIES BERHAD	1,838,486	2.37%
8	MR QINGHUA ZHANG	1,786,751	2.30%
9	MR TING LAM	1,736,185	2.24%
10	MR MU PO ZHU	1,645,585	2.12%
11	MR SHLOMO THALER	1,622,971	2.09%
12	MS LAY KEE TAY	1,593,469	2.05%
13	MR KING SIANG TIONG	1,521,870	1.96%
14	FANCHEL PTY LIMITED	1,500,000	1.93%
15	ANZ NOMINEES LIMITED	1,424,000	1.83%
16	MS RITA MARIAN BROOKS &	1,369,196	1.76%
17	MR WEN CHAO HU &	1,170,000	1.51%
18	MRS PING LIN	1,137,024	1.46%
19	CHEZ DEVELOPMENTS PTY LTD	1,070,000	1.38%
20	MR ERQIANG XIAO	1,000,000	1.29%