

25 November 2010

Company Announcements Office  
ASX Limited

### **CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING, 25 NOVEMBER 2010**

This is a watershed general meeting and I am delighted with the strong turnout. During 2010 Dynasty's iron ore exploration significantly expanded the JORC-compliant iron ore resources by 300% to 1.4 billion tonnes of ironstone gravels at the Spearhole Prospect which are an emerging ore type that will become increasingly important as the new iron age expands global steel production. I congratulate Dynasty's senior executive leadership and technical team for this outstanding and cost-efficient achievement. We will now make the investing public more aware of the company's outstanding results and this increased investor awareness will help deliver value to shareholders.

Whilst the company was achieving these exploration successes, it was approached by Hebei 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 do more traditional capital raisings to 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. We have heard the shareholders loud and clear and we will act accordingly.

Your Company recently announced that Dynasty will significantly increase exploration of its highly prospective iron ore tenements in the Pilbara, Western Australia and I am confident that this exciting 2011 program will materially increase the company's iron ore resources. To date, less than 2% of Dynasty's Pilbara tenements have been explored and the results

have been wonderful. Furthermore, we have recently secured new tenements in the area by a ballot against competition from the major iron ore companies. When these new tenements are granted, we will commence exploration on them – we will find out why several major companies were aggressively bidding for these areas.

Results to date from beneficiation testwork are encouraging, especially the production of a premium-grade, high purity DSO grade iron ore product which has demonstrated that we may be pleasantly surprised by the potential for our Spearhole Deposit to supply both niche markets and to be a blend into the typical suite of Pilbara iron ores.

**Capital Raising:** In April, a placement of 10M shares to clients of Patersons stockbrokers at 21 cents raised \$2.1M before expenses which allowed the Company to undertake its aggressive 2010 exploration program at Prairie Downs. In early October, a 15% placement in Dynasty at \$0.18/share was made to Xing Hua by the issue of 11,652,197 fully paid ordinary shares, for a total capital injection of \$2.1 million. The shares are voluntary escrowed for 12 months from the date of issue. We welcome all new shareholders.

Your Company is maintaining its aggressive exploration projects and is in the process of strengthening its management structure. The lessons we have learnt during 2010 tell us that whilst we must focus on expanding our iron ore assets, our shareholders and other investors must be kept abreast of progress and fully understand how remarkably successful your company really is.

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 and rest assured that we are responding to the recent helpful shareholder guidance. Thank you.

**Ian Levy**  
**Chairman**  
**Dynasty Metals Australia Ltd**  
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