

ANNUAL REPORT
2012



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CHAIRMAN'S LETTER

For year ended 30 June 2012

Dear Shareholder,

It is with great pleasure that I present to you the 2012 Annual Report for Dynasty Metals Australia Limited.

Your board is committed to continuing to grow the company's iron ore resources by exploring the new exploration targets and conducting further beneficiation study on the billion tonne Spearhole project.

2013 is to be an exciting year for Dynasty as we look to develop the opportunities presented by both infrastructure development, joint venture agreements your company has with other companies that should see some benefits flowing to Dynasty throughout the year, and also the development of new projects into economically viable assets.

Corporate Matters

At the 2011 AGM, shareholders voted on a number of changes to the company's board. Since then, the board has worked together to strengthen the company's governance framework, which has been assisted by the appointment of a new company secretary.

Business Activities – Exploration, Metallurgy, Joint Ventures and others

In October 2010 your company reported a significant 1.4 billion tonne JORC inferred resource which includes approximately 7.2 million tonnes of 58.7%CaFe grade ore. Recently your company engaged China North Eastern University (NEU) to complete a beneficiation study which aims to improve the current beneficiation processes and results. Your company is working closely with NEU to fine tune the beneficiation process.

Dynasty entered into a joint venture agreement with China Coal Geological Engineering Corporation (CCGEC) in relation to its non-core tenements held by Goldstone Resources Pty Ltd (Goldstone). CCGEC contributed \$2 million to Goldstone to be used to fund further exploration of these tenements. CCGEC and its associate received a 60% interest in Goldstone, and Dynasty retains the balance. To date there has been extensive geophysical surveying completed by Fugro to provide drilling targets.

Dynasty's agreement with Atlas Iron Limited in relation to the North Shaw Project E52/2728 (now part of Atlas' Abydos Project), entered into in June 2006 provides Dynasty with a 2% royalty payment from iron ore produced from that tenement. This project has been slated by Atlas for production in April 2013 and we have made approaches to Atlas seeking further information regarding the project and the timelines. This agreement only extends to Atlas the iron ore rights and not other minerals.

Recently Dynasty announced the sale of its interest in a joint venture company with Tiaro Coal Ltd (ASX:TCM), in exchange for 3 million shares in TCM, subject to 12 month escrow. Dynasty was of the view that it was better served by this strategy of allocating the funds towards exploration of its core tenements than to continue to participate in funding the joint venture. Dynasty remains optimistic of the success of the Tiaro project and welcomes the opportunity that this sale transaction provides to continue to participate in the upside potential whilst providing liquidity after the expiration of the 12 month escrow period.

During the course of the year your company secured two strategic and prospective tenements which added to the current iron ore portfolio. E52/2591 has been granted and is located near BHP's Mt Newman operation. The 20.5 km² area is highly prospective for DSO targets. The second tenement, E47/2396, is subject to the execution of a heritage agreement with the native title group. The project is located 8kms North-West of Rio Tinto's Marandoo mine. The regional magnetics, for this tenement show anomalies consistent with Marra Mamba Formation under cover.

Queensland Rail Limited (QRN) recently announced its intention to build an independent rail network in the Pilbara region. QRN is in discussions with Atlas Iron and Wah Nam (previously Brockman Resources) as foundation customers and is hoping to provide rail infrastructure to other companies in the Pilbara region. The proposed rail corridor is less than 75kms from Dynasty's Spearhole in Prairie Downs. Dynasty continues to follow the progress of QRN and looks forward to further developments of this exciting infrastructure project.

Your board holds the view that the recent fall in the iron ore spot price may be a short term correction. The board remains confident with the flagship billion tonne Prairie Downs Project, and aims to achieve more exploration success over the DSO target zones to complement the current resources. In addition, your board has been constantly evaluating various other mineral opportunities to enhance the returns to shareholders.

I take this opportunity to thank our directors for their efforts throughout the year. I also would like to thank the shareholders for their continued support and together with my fellow directors I look forward to taking on another challenging but rewarding year ahead.



Thomas Pickett
Independent Chairman

28 September 2012

REVIEW OF OPERATIONS

For year ending 30 June 2012

HIGHLIGHTS OF 2011 - 2012

- Dynasty Metals is a West Australian exploration company focused on developing its iron ore projects.
- Preliminary scoping study completed confirming the economic potential of the Spearhole Deposit.
- Grant of new tenements in the Pilbara region. Some of these tenements are within a few kilometres of known deposits and are considered highly prospective.
- Finalisation of Joint Venture of non-core projects held by Goldstone and commencement of exploration on those tenements, including a large airborne geophysical survey over the Stanley Nabberu area and rock chips collection.

Dynasty is a dynamic company that is implementing its strategy to rapidly emerge as a Pilbara iron ore producer.

OPERATIONS REVIEW

The Company has made significant progress over the past year, building on the remarkable success of the resource upgrades at its flagship Prairie Downs project. The strategic focus on the Company's activities over the past year has included:

- Advancement of the significant discoveries in the 100% owned Prairie Downs project through metallurgical and economic studies.
- Continued exploration across the remaining landholdings within the Pilbara region.
- Successful granting of new tenements adjacent to existing mining operations.
- Farm-out of non-core tenements.

In October 2010, Dynasty announced a JORC-Compliant Inferred Resources of 1.4 billion tonnes of Detrital Channel Iron in addition to the 23.3 million tonnes of Marra Mamba Iron Formation announced in March 2010.

With such a large resource defined, work on the resource has focused on beneficiation processes and a preliminary scoping study to advance the project.

PRAIRIE DOWNS

Strategic Location

Strategically located in the prolific iron ore producing Pilbara region, Dynasty's iron ore project tenements are approximately 40km south-west of Mt Newman (See Figure 1 on the following page).

During the year, Dynasty has had several tenements granted and now holds tenements covering over 4,000km² across the Pilbara.

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 (See Figure 2).

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

Beneficiation

Following the discovery of 1.4 billion tonnes of ironstone gravel detritals within Dynasty's E52/1927 Prairie Downs project, beneficiation testing has been focusing on low cost gravity and magnetic processing without grinding for the 930 million tonne inferred resource grading at 27% Fe (material > 6mm has been crushed to < 6mm for the testing).

The resource is made up of unconsolidated gravels starting at the surface and continuing to depths of around 30m. The material may be mined at a low cost and hence the testing has been on sonic drilling samples taken through the entire resource, rather than specific horizons.

The results referred to here are based on the processing of larger samples from two separate areas. These preliminary results are presented as a range of results to reflect the variation in test results of different materials, separation methods and density cut-offs. Further testing is underway to optimise the process and maximise the yield.

Over 50% of the materials are fines of < 1mm size. **This fraction can be removed easily and economically, and processed separately using spirals and magnetic separation.** The coarser material (> 1mm) grades around 37-40% prior to beneficiation. The yield on the beneficiation of this material is around 25-35% (13-18% of bulk sample). **This low cost upgrade to the material may be critical to the economics of the beneficiation process.**

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

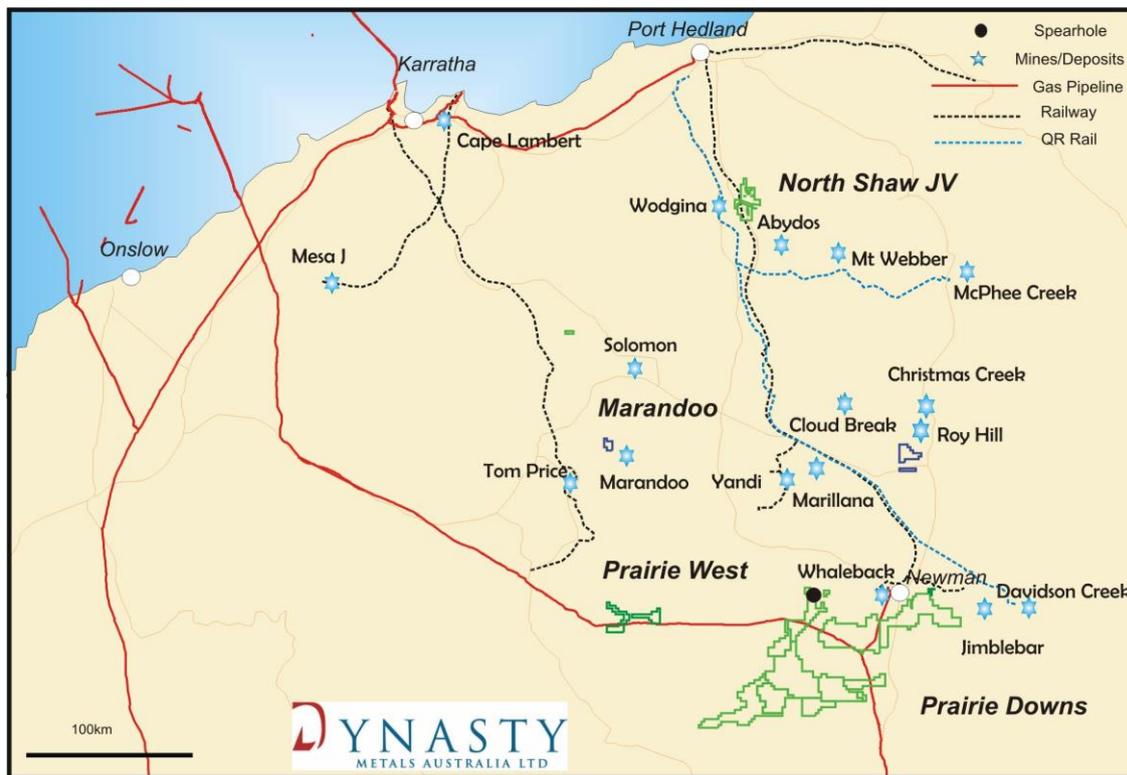


Figure 1 Strategic Location of Dynasty's Pilbara Iron Ore Projects

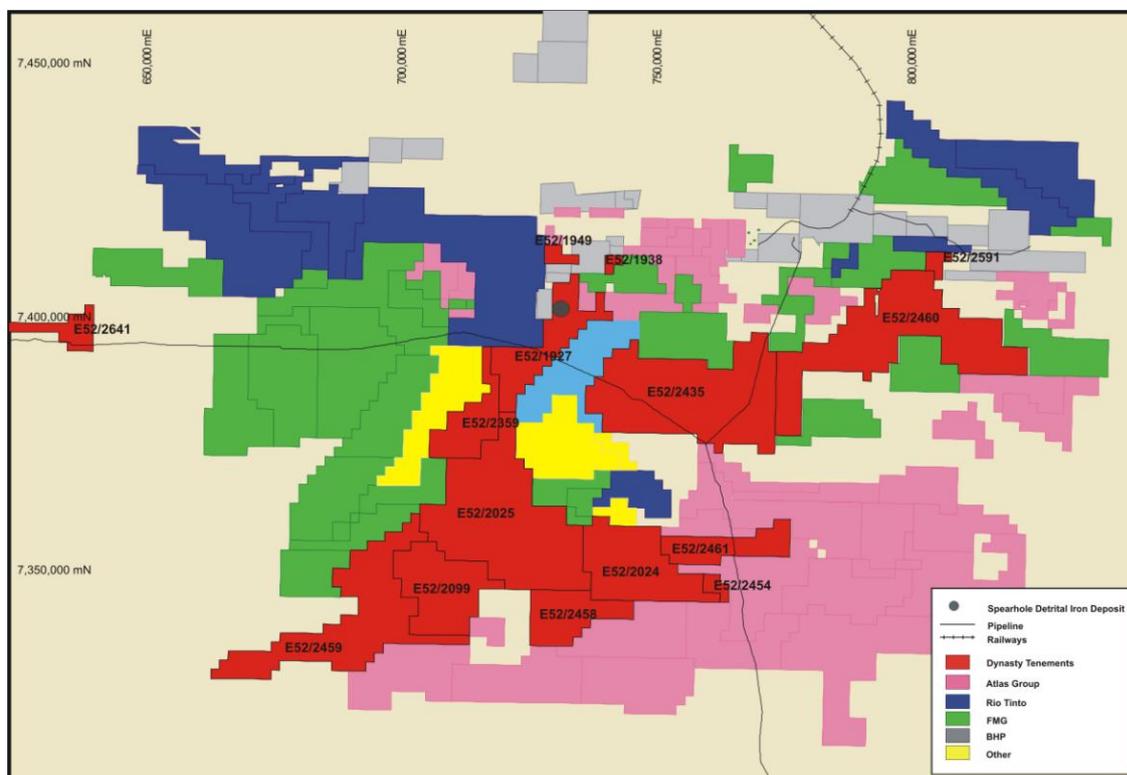


Figure 2 Tenement Holdings in the vicinity of Prairie Downs

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

Results for the testing have identified the following range estimates for the products. **The mid grade product will be examined for further potential upgrade to increase the overall yield.**

| | Yield | Fe | SiO ₂ | Al ₂ O ₃ | TiO ₂ | P |
|------------|--------|--------|------------------|--------------------------------|------------------|------------|
| High Grade | 13-18% | 56-59% | 6.0-7.5% | 5.5-6.5% | 1.7-2.0% | 0.03-0.05% |
| Mid Grade | 14-18% | 40-45% | 15-20% | 8-12% | 0.5-1.5% | 0.03-0.05% |

Following this, testing samples have been sent to Chinese Northeastern University (NEU) to further improve the beneficiation Fe grade and yield. NEU is one of the leading research institutions in iron ore beneficiation and processing.

Resources

The Detrital Channel Iron is an unconsolidated ironstone gravel deposit made up of sand, clay and fragments of haematite and goethite rich material (See Figure 3). A majority of this material is likely sourced from the Marra Mamba Iron Formation. The resource generally starts from surface with little overburden present across the whole deposit.

The detrital channel is contained within a large drainage system between outcropping Brockman and Marra Mamba Iron Formations.

Table 1 – Inferred Resources for Spearhole Detrital Iron Deposit (October 2010 Estimate)

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

*Calced Fe ("CaFe") = $Fe / ((100 - LOI) / 100)$

Resource calculations on the 2010 drilling were completed in October 2011 and are shown above in Table 1.

Spearhole - Scoping Study

MPS Engineering was commissioned in November 2011 to complete a high level scoping study on Dynasty's Spearhole detrital ironstone gravel project. The results of this study have indicated the project is technically and financially viable based on the current beneficiation testing results and resource figures. A conservative yield of 15% was assumed for the purposes of the study as this has consistently been achieved in testing. The study does not include the Marra Mamba DSO resource or any other potential DSO in the area.

The study was designed to provide high level estimates of operating expenses (OPEX) and capital expenses (CAPEX) for the project based on current knowledge.

The beneficiation studies are at a more advanced stage allowing for a more rigorous definition of costs. Assumptions of realistic estimates of rail transport costs, port costs and mining were made based on known costs for other similar operations but no study has been completed on the various options available.

The study found that the economics of the project were enhanced in the larger plant, and all figures here are based on this larger plant producing 5.25Mtpa of concentrate. It is possible that the economics will be further enhanced in an even larger plant.

In April 2012 QR National announced its intention to build a new independent rail from Port Headlands to East Pilbara, which opens up the opportunities for Dynasty to access this rail network to Port Hedland. **The Board is actively investigating the viability of this option which could greatly improve the initial scoping study economics.**

Prairie Downs Exploration (April 2012 – June 2012)

Two drilling programs were completed targeting Channel Iron Deposit (CID), Bedded Iron Deposit (BID) and Detrital resources across the large Prairie Downs landholding. A total of over 3000m of RC drilling was undertaken across large zones of recent alluvial cover. The targets included:

- Magnetic anomalies within E52/1927 with stratigraphic holes to determine whether there is Hamersley Basin sediments under cover south of Dynasty's existing Spearhole and Marra Mamba Resources;
- Surficial indications of CID on E52/1949; and
- Potential CID and Detrital targets across the southern tenements of the project area.

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

Results from the stratigraphic drilling showed narrow intersections of BIF within thicker sedimentary sequences. These BIF's are currently interpreted to be part of the Hamersley basin sequence. Work is continuing to determine what formation they are from to focus future drilling in the area (See Figure 4).

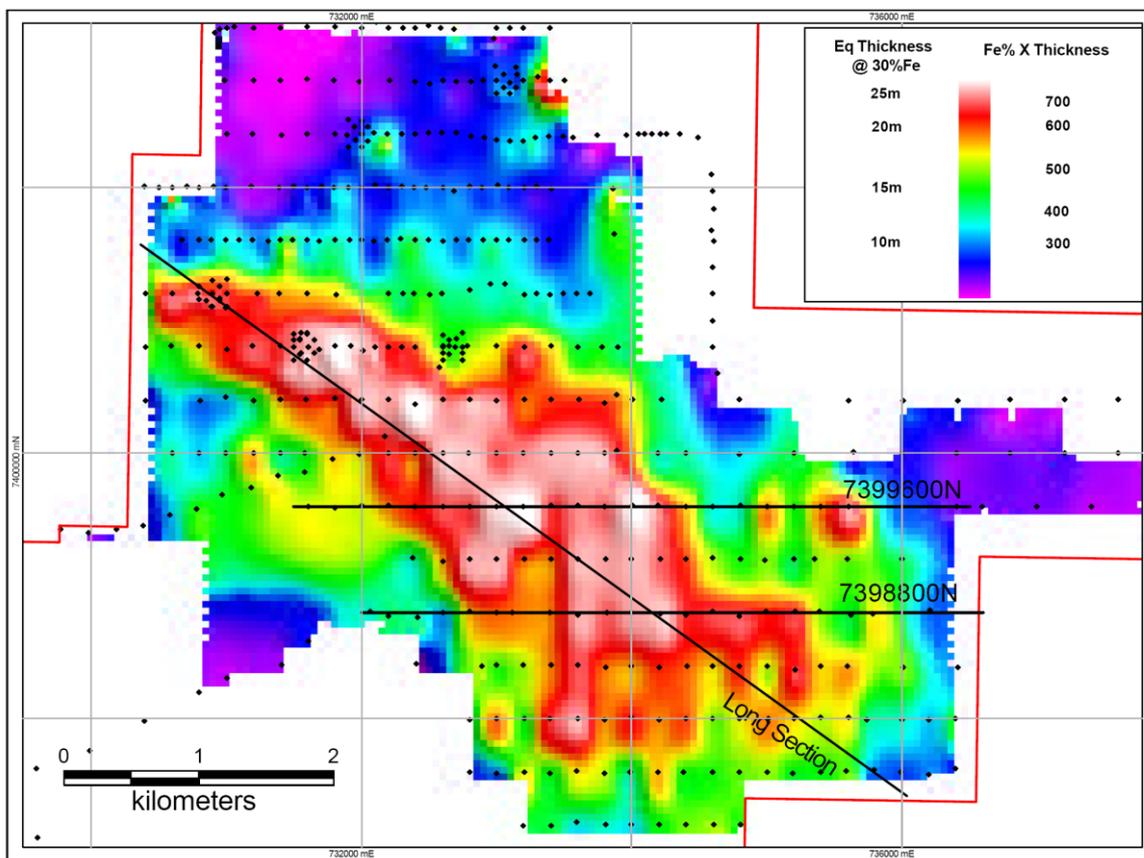


Figure 3 The extensive ironstone gravels in paleochannels as discovered in the 2009 and 2010 drilling program

Magnetic indications show these intersections have significant associated magnetic anomalies and these may represent substantial targets.

In addition to this drilling in the northern tenement, E52/1949 returned sparse indications of CID mineralisation which will require further drilling along major channels to determine if any significant CID accumulations are present.

The drilling across tertiary/quaternary paleochannels in the southern Prairie Project area was completed in May. This drilling covered 4 tenements over a distance of 50km. The program identified major paleochannels with up to 40m of transported detritals. Some of these zones contained pisolitic material thought to have been sourced from upstream Hamersley Basin ironstones. The most developed of these zones included a section channel of 2.4km width with up to 21m of anomalous pisolite bearing material. The pisolites were within a sand and clay material with a maximum grade of 39.5% Fe. The overall grade of this material is variable with the best intercept from hole BDRC032 with 21m @25.8% Fe (27.8% Calcined Fe) from 5m depth. This is similar to some intercepts from the Spearhole area. Elevated values were also found in 2 holes on the end of a line some 24km south-west of this zone. Dynasty believes that there is potential for accumulations of both tertiary CID and Quaternary Detritals within this broad paleochannel.

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

Table 1 Significant intercepts for Pisolithic material

| Hole_ID | From | To | Width | Fe | SiO ₂ | Al ₂ O ₃ | P | LOI | CaFe |
|---------|------|----|-------|-------|------------------|--------------------------------|-------|-------|-------|
| BDRC029 | 34 | 40 | 6 | 22.49 | 39.78 | 16.20 | 0.027 | 7.00 | 24.20 |
| BDRC030 | 26 | 33 | 7 | 22.43 | 37.52 | 14.44 | 0.027 | 8.04 | 24.37 |
| BDRC031 | 23 | 29 | 6 | 24.93 | 36.90 | 15.38 | 0.027 | 6.59 | 26.69 |
| and | 37 | 41 | 4 | 27.76 | 25.65 | 18.91 | 0.017 | 10.41 | 31.02 |
| BDRC032 | 5 | 26 | 21 | 25.81 | 34.84 | 15.74 | 0.026 | 7.33 | 27.80 |
| incl | 7 | 18 | 11 | 28.69 | 33.61 | 13.93 | 0.032 | 6.48 | 30.66 |
| and | 21 | 26 | 5 | 27.50 | 29.81 | 17.21 | 0.015 | 8.60 | 30.03 |
| BDRC033 | 2 | 11 | 9 | 28.65 | 31.55 | 16.21 | 0.021 | 8.34 | 31.18 |
| BDRC053 | 19 | 22 | 3 | 25.20 | 44.81 | 12.09 | 0.040 | 3.98 | 26.24 |
| BDRC054 | 29 | 35 | 6 | 31.88 | 32.60 | 13.27 | 0.037 | 4.94 | 33.54 |

*Calcined Fe ("CaFe") = $Fe / ((100 - LOI) / 100)$

In addition to these encouraging results, secondary copper staining was observed in BDRC004 with elevated geochem to 500ppm Cu over a metre. This is in the region of known copper occurrences and is considered to enhance the regions base metal potential.

Regional traverses in the base metal target zone (See Figure 5) were also undertaken during the period to enhance the understanding of the mineralisation potential in the area. There are extensive mafic intrusive and some major structures that would be potential sources and traps for base metal mineralisation and evaluation of this area will continue.

NEW PILBARA TENEMENTS

E52/2591, Newman (20.5km²)

Field visits to this new area found the area was all under cover with only minor float/subcrop in the north, thought to be part of the Fortescue Group. The lack of outcrop is likely the main reason no work has previously been completed in the area and a ground magnetic survey will be completed to target RC drilling (See Figure 6).

E52/2640 and 2641, Prairie West (160 km²)

These tenements are 60km west of Dynasty's Prairie Downs Project and Spearhole Deposit, which were granted during the last quarter of the financial year. The areas are in a similar geological setting to the Spearhole Project with potential CID and detrital deposits and a possibility of buried Hamersley in parts. Previous work had been restricted to gold, base metal and uranium exploration. Historical drilling had identified large paleo-channels but only limited assaying for iron was undertaken (See Figure 7).

Reconnaissance work is planned for the second quarter of the 2013 financial year.

E47/2396, Marandoo (24.3 km², Application)

This tenement is just 8kms from Rio Tinto's Marandoo mine. The tenement is mostly covered by recent alluvium. It is prospective for Marra Mamba Formation and Channel Iron Deposits below this cover. Publicly available geophysics shows anomalous magnetic zones that could correlate with Marra Mamba Formation – the host rock of the Marandoo deposit (See Figure 8.1 and 8.2).

Goldstone JV

Reflecting the Company's focus on its Pilbara iron ore projects, Dynasty's Board and technical team evaluated the non-core assets and identified 4 projects of ongoing value to Dynasty:

- Stanley Nabberu Project (base metals, gold and uranium);
- Hyden Gold Project (gold and nickel) ;
- Hector Bore – Mt Philips Project (uranium); and
- Irwin River Coal Seam Gas -Petroleum Exploration Licenses (coal and coal seam gas).

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

In mid 2011, Dynasty transferred the Hyden, Hector Bore, Stanley & Nabberu tenement groups into a 100% owned subsidiary Goldstone Resources Pty Ltd. A farm-out joint venture arrangement with China Coal Geological Engineering Corporation (CCGEC) was concluded, and CCGEC contributed \$2 million to Goldstone for a combined 60% interest between it and its associated company. CCGEC has a further option to increase their interest to 80% via a capital contribution of \$750,000 within three years. All funds contributed are to be used for exploration activities. This joint venture provides Dynasty's shareholders with exposure to any discoveries on these green-field tenements while allowing Dynasty to focus on their iron ore tenements.

Activities to date have focused on prospect identification work, which has included a major airborne survey over the Stanley Nabberu tenements. This survey is currently undergoing detailed evaluation and will identify a large number of targets for further ground evaluation.

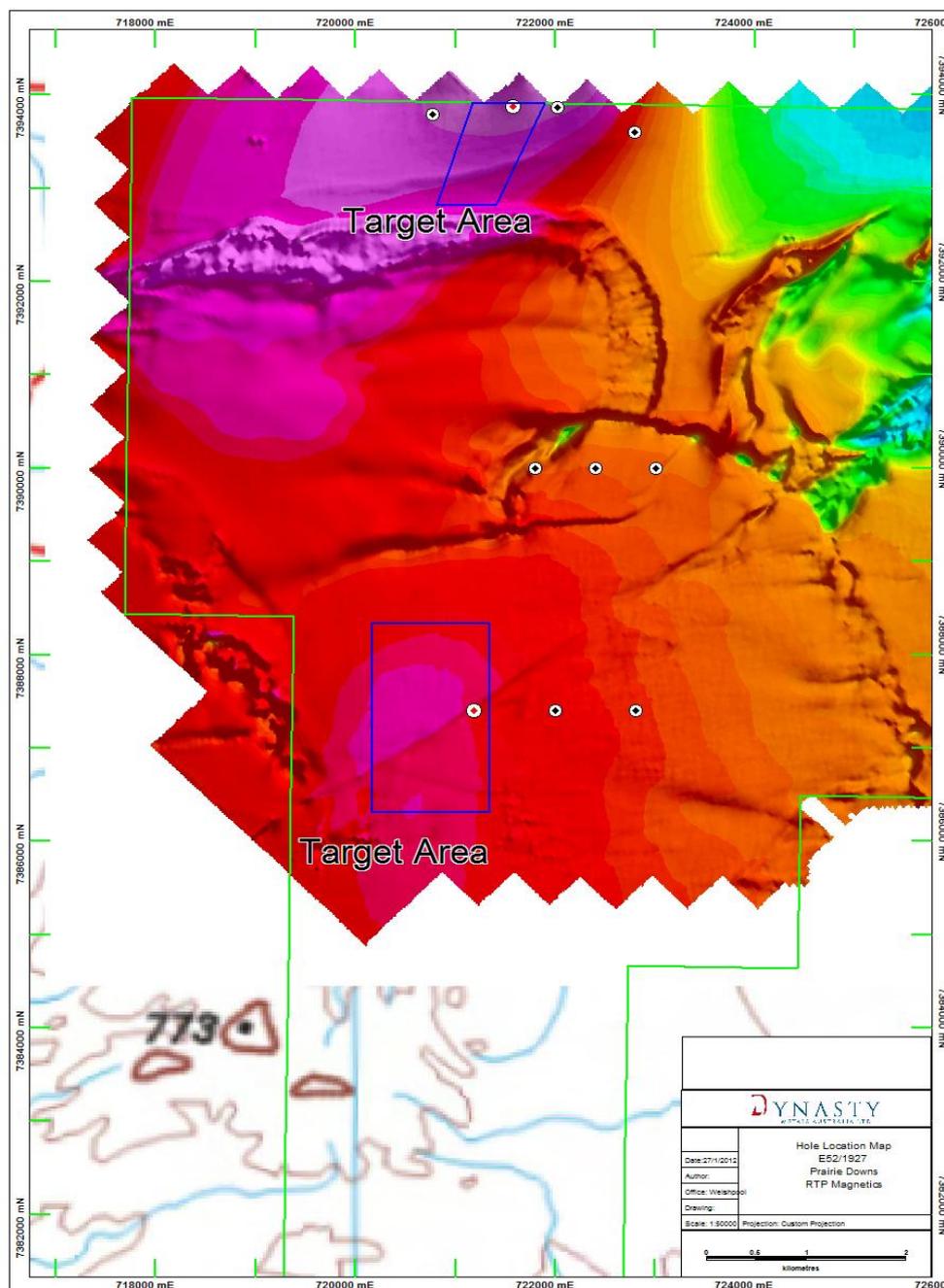


Figure 4 Prairie Downs Iron Project – Red holes are those in which Iron Formation was intersected and target zones for further mineralisation

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

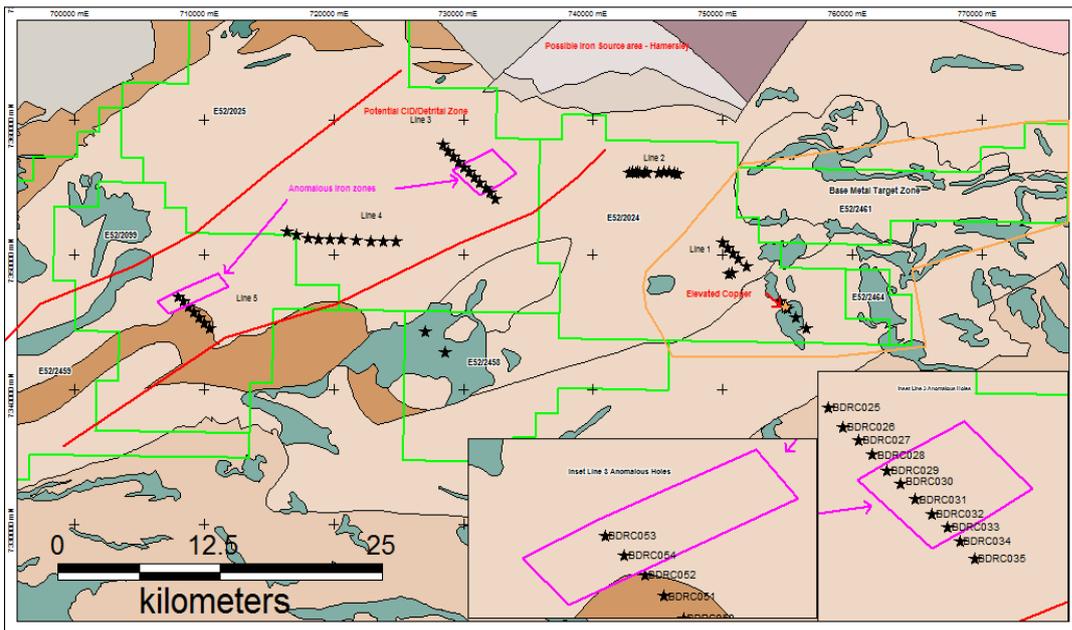


Figure 5 Drilling Program Southern Prairie Downs Tenements 2012

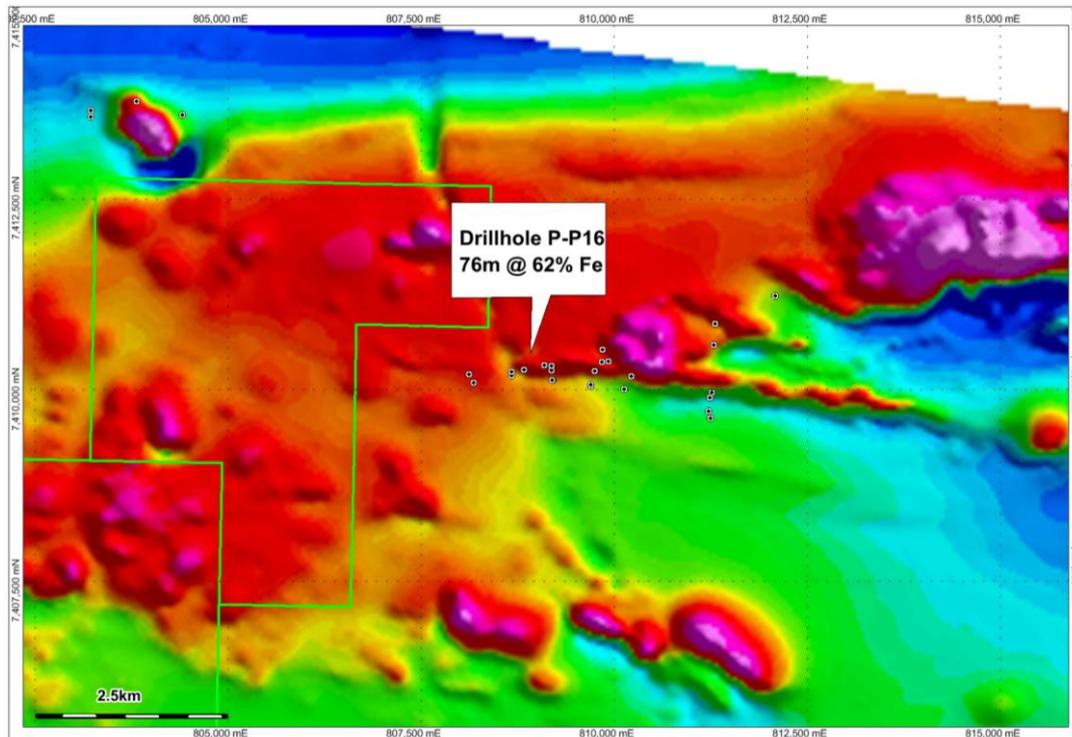


Figure 6 Newman project E52/2591 Magnetics and nearby drillings

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

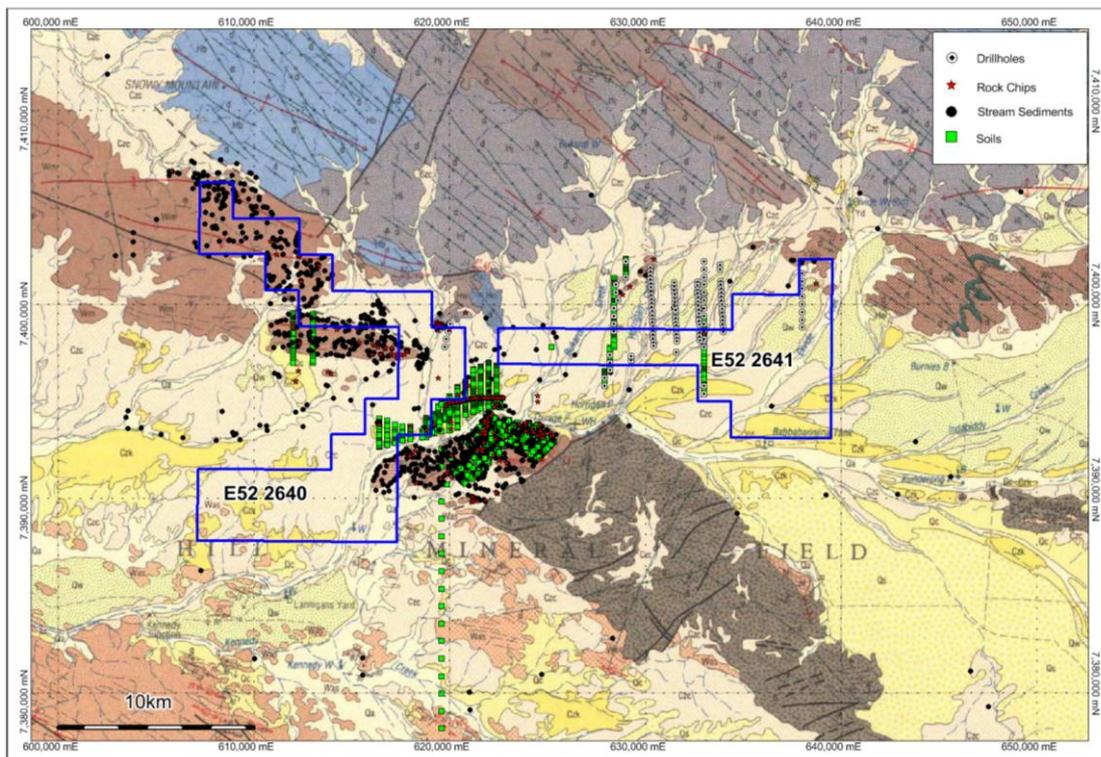


Figure 7 Prairie West Project E52/2640 and E52/2641

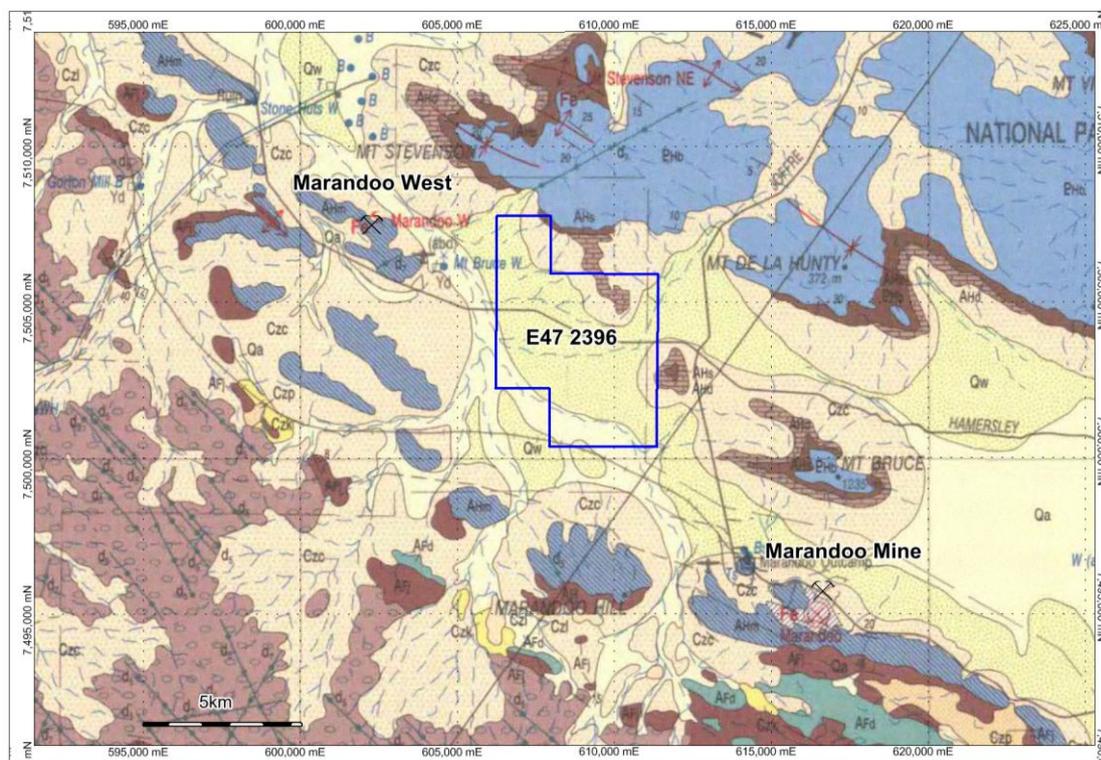


Figure 8.1 Marandoo Project E47/2396 Geology and Magnetics

REVIEW OF OPERATIONS (CONTINUED)

For year ended 30 June 2012

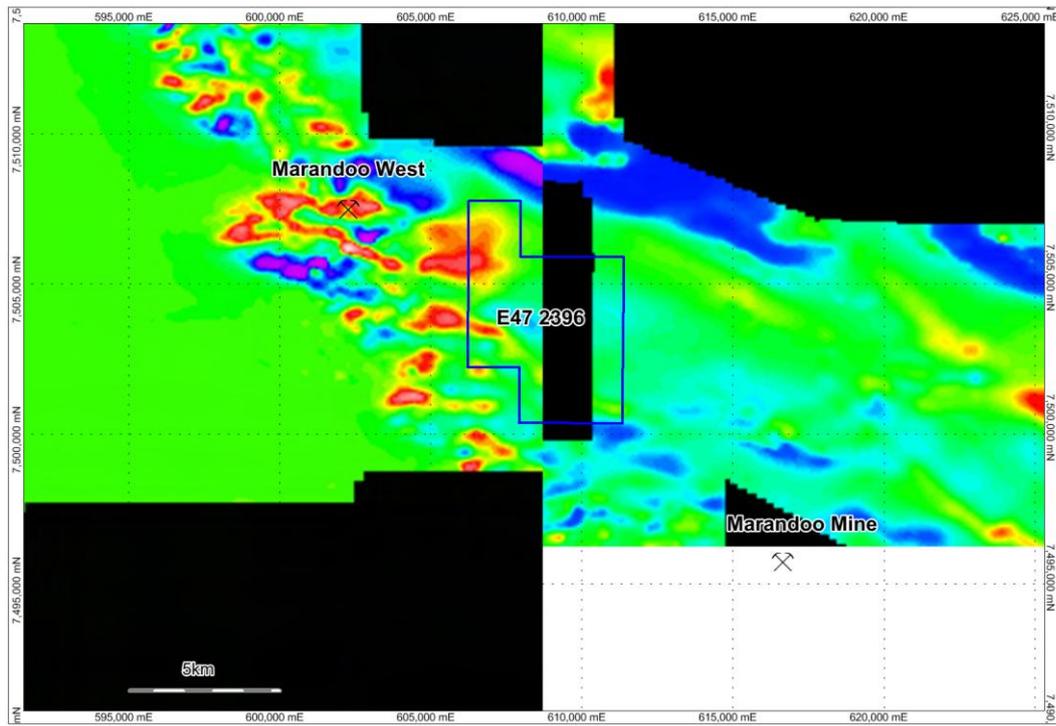


Figure 8.2 Marandoo Project E47/2396 Geology and Magnetics

MINERAL RESOURCES STATEMENT

For year ended 30 June 2012

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 % | CaFe % | SiO ₂ % | Al ₂ O ₃ % | P % | LOI % | Cut-Off Grade % Fe |
|--------------|-------------|-------------|-----------------------|-------------------------------------|-------------|------------|-----------------------|
| 449 | 31.5 | 34.0 | 30.2 | 13.6 | 0.04 | 7.5 | >27% Fe |
| 586 | 30.2 | 32.7 | 31.6 | 13.9 | 0.04 | 7.6 | >25% Fe |
| 800 | 28.4 | 30.8 | 33.5 | 14.4 | 0.04 | 7.7 | >22% Fe |
| 932 | 27.4 | 29.7 | 34.6 | 14.7 | 0.04 | 7.8 | >20% Fe |
| 1,118 | 25.9 | 28.1 | 36.1 | 15.0 | 0.04 | 7.9 | >17% Fe |
| 1,400 | 23.5 | 25.5 | 38.6 | 15.5 | 0.03 | 8.1 | Total Resource |

*Calcined Fe ("CaFe") = Fe/((100-LOI)/100)

Inferred Resources - Marra Mamba Deposit

| Tonnes Mt * | Fe % | CaFe % | SiO ₂ % | Al ₂ O ₃ % | 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 19,326 metres drilled by Dynasty at its Prairie Downs project between August 2009 and September 2010. 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 400m x 200m and 400m x 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 resources for the Spearhole 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 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.

Competent Persons Qualifying Statement:

Qualifying Statement: The information in this report that relates to exploration results and mineral resource calculations has been compiled by Mr David Jenkins a full time employee of Terra Search Pty Ltd, geological consultants employed by Dynasty Metals. Mr Jenkins is a Member of the Australian Institute of Geoscientists and has sufficient experience in the style of mineralisation and type of deposit under consideration and the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results ("JORC Code"). Mr Jenkins consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

DIRECTORS' REPORT

For year ending 30 June 2012

The directors of Dynasty Metals Australia Limited ('the company') present their report together with the financial statements of the Company for the year ended 30 June 2012 ('the reporting period') and the auditor's report thereon.

The Company is a company limited by shares and is incorporated and domiciled in Australia.

Directors

The directors of the Company at any time during or since the end of the financial year are:

| Name | Period of Directorship |
|-----------------------------------------------|-------------------------------------|
| Thomas Pickett (Chairman) | Appointed 19 September 2011 |
| Lewis Tay (Managing Director) | Appointed 21 January 2008 |
| Bin Wang (Non-executive Director) | Appointed 19 September 2011 |
| Bo Xin Dong (Alternate Director for Bin Wang) | Appointed 7 December 2011 |
| Richard Oh (Executive Chairman) | 26 October 2007 - 19 September 2011 |
| Nicolas Revell (Non-executive Director) | 20 April 2011 - 19 September 2011 |
| Xiao Sun (Non-executive Director) | 25 November 2010 –19 September 2011 |
| Terry Gygar (Alternate Director for Xiao Sun) | 6 January 2011 – 19 September 2011 |

Nature of operations and principal activities

During the year, the principal activity of the Company continued to be the exploration and evaluation of mineral licences.

Results of operations and financial position

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

| | 2012 \$ | 2011 \$ |
|----------------------------------|------------|-------------|
| Loss after tax | (769,706) | (3,455,347) |
| Basic and diluted loss per share | 0.0073 | 0.0399 |
| Total assets | 3,738,428 | 4,522,505 |
| Total liabilities | 482,529 | 642,700 |
| Net current assets | 1,472,943 | 3,355,243 |
| Net assets | 3,255,899 | 3,879,805 |

A review of the Company's exploration activities is set out in the Operations Review on pages 4 to 12.

Dividends

No dividends were paid or declared by the Company during or since the year ended 30 June 2012.

Shares and option

The following changes in issued capital occurred during the year:

- 1,000,000 shares issued in consideration for brokerage services provided as part of the capital raising in 2011, raising \$4.5 million. This issue of shares was approved by shareholders at the AGM on 19 September 2011;
- 17,450,000 unlisted options (exercise price of \$0.20), expired unexercised on 21 December 2011.

Board Changes

At the Company's 2011 Annual General Meeting, shareholders voted in favour of the appointment of two new directors (Tom Pickett and Bin Wang), and voted against the election or re-election of a number of other directors. This resulted in the Board's size reducing to the current three directors. On 21 September 2011 Lewis Tay (an existing non-executive director) was appointed Managing Director, and Tom Pickett was appointed Chairman.

Farm-out arrangements and other non-core investments

Consistent with the Board's ongoing strategy to actively seek to divest non-core tenements, the Company entered into a joint-venture arrangement in relation those tenements held by its then wholly owned subsidiary Goldstone Pty Ltd. Further detail in relation to this agreement is on page 8 of the Operations Review.

DIRECTORS' REPORT (CONTINUED)

For year ended 30 June 2012

Litigation

All litigation matters were resolved during the year, and the Company is not currently involved in any litigation.

Significant changes in state of affairs

Other than discussed above, there were no significant changes in the state of affairs of the Company during the year ended 30 June 2012.

Significant events after balance date

On 6 August 2012 the Company entered into an agreement with Tiaro Coal Limited (ASX:TCM) to transfer its minority interest of 8.65% in a joint venture company to Tiaro Coal in exchange for 3,000,000 ordinary shares in Tiaro Coal. The shares are escrowed until 8 August 2013.

Other than as discussed above, there has not arisen in the interval between the end of the reporting period and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Future developments

Likely future developments in the operations of the Company 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 Company and expected results of those operations would, in the opinion of the Directors, be speculative only.

Environmental regulation and performance

In the course of exploration, the Company 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 Company is not subject to any particular or significant environmental regulation.

Information on directors

Thomas Pickett LLB

Independent Chairman

Tom holds a Bachelor of Laws and was admitted as a solicitor of the Supreme Court of Queensland in 1996. Tom has broad experience in the mining industry and has held a number of corporate roles in the mining and finance industries.

Tom was also a director of CuDeco Ltd (ASX:CDU) from 2002 to 2005, and continued as in-house counsel until 2009. Tom was involved in all aspects of the company's governance and compliance, and operations and implementation of policies and procedures surrounding mine planning.

Appointed September 2011.

Lewis Tay BAppSc GradDipAF

Managing Director

Lewis holds a Bachelor of Applied Science and a Graduate Diploma of Applied Finance.

Lewis has been actively involved in mining investment, commodity trading, and corporate finance with a focus on Australian resource companies over the last 20 years, and worked with a number of investor companies in China, Hong Kong and South East Asia.

Appointed Executive Director in January 2008 and Managing Director since September 2011.

Bin Wang MFin

Non-executive Director

Bin holds a Master of International Finance & Business Management, and is a resident of China.

Bin has held directorships and other governance roles with a number of companies listed on the Shanghai Stock Exchange. Bin's previous roles include CEO of Shanghai Hywood Capital Co Ltd and General Partner of Shanghai Gosun Venture Capital Fund.

Bin brings a wealth of experience in finance, acquisition and derivative investment in China, as well as extensive experience in capital raising and resource management across both private sector and public companies.

Appointed September 2011.

DIRECTORS' REPORT (CONTINUED)

For year ended 30 June 2012

Bo Xin Dong MBus (Bkg&Fin)

Alternate Director for Bin Wang

Bo Xin holds a Masters in Business (Banking and Finance) from Monash University. He was a member of CFA Society (Hong Kong) until 2008 and is currently a part-time lecturer in finance and economics at Shanghai University.

Bo Xin is a professional venture capital investor with a specialist focus on the mining industry, and is current president of Hywood Capital. Between 2005 and 2011 he was Capital Structure Department manager for Huawei Technology, the largest telecommunication equipment provider in the world. And prior to that he was finance manager for China Southern Airlines.

Other directors who held office during the year

Richard Oh (Executive Chairman) and Nicholas Revell (Non-executive Director) retired on 19 September 2011, and Xiao Dong Sun was removed on 19 September 2011 at the Company's AGM.

Richard Oh CA MAICD

Mr Oh has been a Chartered Accountant for over 35 years and a stock broker for more than 12 years. He also previously held positions of chairman, director and company secretary in numerous resources, property and technology companies, including five listed public companies.

Nicholas Revell BSc (Geology)

Mr Revell has 20 years experience in mine geology and exploration geology and wide experience in a number of commodities including gold, base metals and iron ore. Mr Revell is a director of Forte Consolidated Ltd (ASX:FRC) and previously a director of Mayan Iron Ore Corporation Limited (ASX:MYN), Sunseeker Minerals Ltd (ASX:SKM) and Kidman Resources Ltd (ASX:KDR).

XiaoDong Sun LLB, LLM

Ms Sun has worked in a variety of roles in China, including acting as an assistant/translator/consultant to Australian companies seeking to establish businesses in China.

Terry Gygar R.F.D. LLB(Hons)

Mr Gygar was the Alternate Director for Ms Sun. Mr Gygar is an Associate Professor in the Faculty of Law at Bond University. He is a former Australian Regular Army Officer who served in the permanent forces for 7 years, and was the Liberal Member for Stafford in the Queensland Parliament (1974 - 1989).

Company secretary

Louise Edwards LLB MBA ACIS

Louise was appointed Company Secretary in February 2012. Louise previously worked as a corporate lawyer and has over twelve years experience in corporate roles for listed finance and investment companies in Australia and the UK. Louise holds a Bachelor of Laws, a Masters in Business Administration (AGSM), and was admitted as a solicitor of the Supreme Court of Queensland in 1998. Louise is an Associate of Chartered Secretaries of Australia.

Directors meetings

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2012, and the number of meetings attended by each Director were:

| Board Meetings | Held | Attended |
|------------------------------------|-------------|-----------------|
| Thomas Pickett | 5 | 5 |
| Lewis Tay | 8 | 8 |
| Bin Wang | 5 | 1 |
| Bo Xin Dong (Alternate for B Wang) | 4 | 4 |
| Richard Oh | 3 | 2 |
| Nicholas Revell | 3 | 2 |
| Xiao Dong Sun | 3 | - |
| Terry Gygar (Alternate for X Sun) | 3 | 3 |

Under the Company's Constitution, documents containing written resolutions assented to by directors are to be taken as a minute of a meeting of Directors or of a Committee (as the case may be). There were seven written resolutions assented to by the Board this financial year, in addition to those meetings referred to above.

The Audit Committee was established in April 2012 however no meetings were held prior to 30 June 2012.

DIRECTORS' REPORT (CONTINUED)

For year ended 30 June 2012

Directors' interests

The relevant interest of each director in shares and options issued by the Company, as notified by the directors in accordance with s205G(1) of the Corporations Act 2011, at the date of this report is as follows:

| | 2012 | | 2011 | |
|-----------------------------|-----------|---------|-----------|-----------------------------------|
| | Shares | Options | Shares | Options (\$0.20, exp 21/12/11) |
| Thomas Pickett ¹ | 2,500 | - | N/A | N/A |
| Lewis Tay | 3,168,409 | - | 3,118,409 | 5,000,000 |
| Bin Wang ¹ | - | - | N/A | N/A |
| Bo Xin Dong ¹ | 5,319,164 | - | N/A | N/A |

¹ Appointed during the year ended 30 June 2012

For details of the directors' share transactions refer to Note 20 'Related Party Transactions'.

Share options

No share options have been granted during or since the end of the reporting period. As at the date of this report there are no unissued shares of the Company under option.

Indemnification and insurance of officers and auditors

Indemnification

Rule 28 of the Company's constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, officers of the Company for all losses and liabilities incurred by the person on their position as an officer of the Company or of a related body corporate. The directors may also determine that the same indemnity be provided to officers of related bodies corporate of the Company and Company auditors. In accordance with the requirements of section 199A of the Corporations Act, Rule 28 does not indemnify an officer for any liability involving a lack of good faith. No indemnity has been granted to an auditor of the Company. The Company has not been required to indemnify any officer under Rule 28 since its incorporation.

Rule 28 also permits the Company to purchase and maintain directors' and officers' insurance policies.

In conformity with Rule 28, the Company is party to Deeds of Indemnity in favour of each of the Directors referred to in this report who held office during the year and the Company Secretary. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. The Company is not aware of any liability having arisen, and no claims have been made, during or since the financial year under the Deeds of Indemnity.

Insurance premiums

During the year, the Company paid premiums for contracts insuring directors and officers of the Company against certain liabilities (subject to certain exclusions and to the extent permitted by law) for the year ended 30 June 2012. The directors have not included details for the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability insurance contract as (in accordance with normal commercial practice) such disclosure is prohibited under the terms of the contracts.

REMUNERATION REPORT (AUDITED)

The Directors of the Company present the Remuneration Report prepared in accordance with section 300A of the Corporations Act for the year ended 30 June 2012.

Principles of Compensation

The Company's Board comprises a Managing Director, and two non-executive directors. The Company does not have any employees. Therefore, remuneration disclosures in this report relate to the remuneration of the directors.

The Company engages David Jenkins of Terra Search Pty Ltd to provide consultant geological services, Hetherington Exploration and Mining Title Services Pty Ltd to provide tenement management services, PKF Mack & Co to provide financial and accounting services and Louise Edwards to provide company secretarial services.

The Company's constitution provides that Directors may be paid such remuneration as is determined from time to time in general meeting. The Board Charter discloses the main corporate governance practices of the Board including a detailed definition of independence, a framework for the identification of candidates for apportionment to the Board, requirements regarding conflicts of interest, and the role and responsibility of the board. The cap on Director remuneration is \$200,000 for non-executive directors in aggregate per annum as approved by shareholders at the General Meeting on 24 July 2007. Superannuation contributions and insurance premiums are also paid by the Company in accordance with the law and the Company's Constitution. Each director has

DIRECTORS' REPORT (CONTINUED)

For year ended 30 June 2012

entered into a Deed of Access, Indemnity and Insurance with the Company and is covered by the Company's Directors and Officers Liability Insurance.

The Chairman was entitled to fees of \$60,000 per annum (including superannuation) for the reporting, and non-executive directors were entitled to \$40,000 per annum (including superannuation). The Managing Director was entitled to fees of \$120,000 per annum (including superannuation) for the year. The Managing Director is not entitled to receive any termination or retirement benefits.

In accordance with the requirements of the constitution, Directors' remuneration is fixed. The Board undertakes an annual review of compensation arrangements for executive and non-executive directors to ensure compensation arrangements are market competitive and adequately reflect the skills, expertise and time demands on directors.

Details of Remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company (as defined in section 300A of the Corporations Act 2001) are set out in the following tables:

| | Short term benefits | | Post-employment | Total |
|--------------------------------|---------------------|---------------|-----------------|----------------|
| | Salary & fees | Other | Superannuation | |
| Year ended 30 June 2012 | \$ | \$ | \$ | \$ |
| Thomas Pickett | 46,667 | - | - | 46,667 |
| Lewis Tay | 117,401 | - | - | 117,401 |
| Bin Wang | - | - | - | - |
| Bo Xin Dong | - | - | - | - |
| Richard Oh | 36,000 | - | - | 36,000 |
| Xiao Dong Sun | 7,900 | - | - | 7,900 |
| Terry Gygar | - | - | - | - |
| Nicholas Revell | 20,959 | - | - | 20,959 |
| | 272,327 | - | - | 272,327 |
| Year ended 30 June 2011 | | | | |
| Richard Oh | 65,903 | - | - | 65,903 |
| Lewis Tay | 92,000 | - | - | 92,000 |
| Stephen Penrose ¹ | - | 7,838 | - | 7,838 |
| Xiao Dong Sun | 21,600 | - | - | 21,600 |
| Nicholas Revell | 11,629 | - | - | 11,629 |
| Terry Gygar | 3,200 | - | - | 3,200 |
| Ian Levy | 40,000 | - | - | 40,000 |
| Graham Anderson ² | 27,900 | 59,100 | - | 87,000 |
| Malcolm Carson ³ | 199,800 | - | - | 199,800 |
| | 462,032 | 66,938 | - | 528,970 |

1. Mr Stephen Penrose was appointed the Independent Chairman for the EGM on 21 March 2011. The legal firm in which he is a partner were paid fees for his services.

2. GDA Corporate, an entity controlled by Mr. Graham Anderson was paid \$59,100 (2010:\$68,750) by the Company for providing company secretarial, administrative and accounting services to 31 March 2011.

3. The Company paid \$199,800 to Minerals Resources Consultants Pty Ltd, an entity controlled by Mr. Malcolm Carson for providing consulting services to the Company.

Total remuneration for the year

| | Consolidated | |
|--------------------------|----------------|----------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Short term benefits | 272,327 | 528,970 |
| Post-employment benefits | - | - |
| Share based payments | - | - |
| | 272,327 | 528,970 |

DIRECTORS REPORT (CONTINUED)

For year ended 30 June 2012

Share based compensation (see note 20C where further details are provided)

Options and rights over equity instruments granted as compensation

During the year the following share-based payment arrangements were in existence:

| Grant Date | Expiry Date | Exercise Price | Grant date fair value | Vesting date |
|------------|-------------|----------------|-----------------------|------------------|
| 24/11/2009 | 21/12/2011 | \$0.20 | \$0.1181 | At date of grant |

Lewis Tay held 5,000,000 options on the terms as referred to above. These options lapsed unexercised on 21 December 2011.

Since the end of this reporting period, no options were issued to Directors as compensation.

Total expenses arising from share-based payment transactions recognised during the year and prior year, as part of the employee benefit expense was \$nil (2011: \$nil).

Additional information

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

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|----------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Revenue | 1,488,680 | 107,584 | 572,998 | 318,119 | 776,437 |
| Net loss before tax | (1,132,145) | (3,455,347) | (5,807,812) | (2,630,842) | (2,987,487) |
| Net loss after tax | (769,706) | (3,455,347) | (5,778,447) | (2,508,855) | (2,987,487) |
| Closing share price at reporting dates | \$ 0.0860 | \$ 0.1800 | \$ 0.1400 | \$ 0.1250 | \$ 0.2750 |
| Basic and diluted loss per share | \$ 0.7300 | \$ 0.0399 | \$ 0.0831 | \$ 0.0451 | \$ 0.0639 |
| Dividends per share | \$ - | \$ - | \$ - | \$ - | \$ - |

Non-audit services

During the year, Deloitte Touche Tohamatsu, the Company's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, Deloitte Touche Tohamatsu, and its related practices for non-audit services provided during the year are set out in Note 3 of the Financial Statements.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and is noted in page 21.

DIRECTORS REPORT (CONTINUED)

For year ended 30 June 2012

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 21 and forms part of the Directors' Report for the year ended 30 June 2012.

This report is made in accordance with a resolution of the Directors.



Lewis Tay
Managing Director

Sydney
28 September 2012

AUDITOR'S INDEPENDENCE DECLARATION

For year ended 30 June 2012



Deloitte Touche Tohmatsu
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The Board of Directors
Dynasty Metals Australia Limited
Level 4
35 Havelock Street
WEST PERTH WA 6005

28 September 2012

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 2012, 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



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For year ended 30 June 2012

| | Notes | 2012 \$ | 2011 \$ |
|-----------------------------------------------------------------------|-------|--------------------|--------------------|
| Continuing operations | | | |
| Interest income | | 155,347 | 108,252 |
| Gain on disposal of shares in subsidiary | | 1,333,333 | - |
| Other income/(loss) | | - | (668) |
| | | 1,488,680 | 107,584 |
| Share of losses of associates accounted for using the equity method | 18 | (5,837) | - |
| Employee benefits expenses | | (351,163) | (549,751) |
| Exploration expenses | | (1,591,778) | (2,092,449) |
| Loss on fair value of available for sale financial assets | | (40,737) | - |
| Impairment of loan to a subsidiary | | (183,782) | - |
| Administrative and other expenses | | (447,528) | (920,731) |
| Loss before income tax | 3 | (1,132,145) | (3,455,347) |
| Income tax benefit / (expense) | 5 | 362,439 | - |
| Net loss after tax attributable to owners of the Company | | (769,706) | (3,455,347) |
| <i>Other comprehensive income</i> | | | |
| Transfer of gains to profit or loss upon disposal | | - | (123,861) |
| Tax effect of movements in available for sale financial asset reserve | | - | 34,342 |
| Total other comprehensive income for the year | | - | (89,519) |
| Total comprehensive loss attributable to owners of the Company | | (769,706) | (3,544,866) |
| Net loss per share (in cents) | | | |
| Basic and diluted for the year | 4 | (0.73) | (3.99) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

| | Notes | 2012 \$ | 2011 \$ |
|---------------------------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 1,813,615 | 3,889,140 |
| Trade and other receivables | 8 | 141,857 | 75,758 |
| Prepayments | | - | 33,045 |
| Total current assets | | 1,955,472 | 3,997,943 |
| Non-current assets | | | |
| Investments accounted for using the equity method | 18 | 1,327,496 | - |
| Other financial assets | 9 | 346,851 | 393,728 |
| Property, plant and equipment | 10 | 108,609 | 130,834 |
| Total non-current assets | | 1,782,956 | 524,562 |
| Total assets | | 3,738,428 | 4,522,505 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 482,529 | 642,700 |
| Total current liabilities | | 482,529 | 642,700 |
| Total liabilities | | 482,529 | 642,700 |
| Net assets | | 3,255,899 | 3,879,805 |
| EQUITY | | | |
| Contributed equity | 12 | 17,815,378 | 17,355,778 |
| Reserves | 13 | - | 2,972,344 |
| Accumulated losses | | (14,559,479) | (16,448,317) |
| Total equity | | 3,255,899 | 3,879,805 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For year ended 30 June 2012

| | Notes | 2012 | 2011 |
|-----------------------------------------------------------|-------|-------------------------|-------------------------|
| | | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (2,273,211) | (3,940,514) |
| Interest received | | 146,823 | 108,252 |
| Income tax refund | | 362,439 | - |
| Cash used in operating activities | 7 | <u>(1,763,949)</u> | <u>(3,832,262)</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | (601) | - |
| Loan to other entities | | (317,116) | - |
| Acquisition of available for sale financial assets | | - | (651,511) |
| Proceeds from sale of available for sale financial assets | | - | 710,656 |
| Proceeds to/(from) bonds/guarantees | | 6,140 | - |
| Cash (used in) / from investing activities | | <u>(311,577)</u> | <u>59,145</u> |
| FINANCING ACTIVITIES | | | |
| Proceeds from issue of equity | | - | 4,837,395 |
| Cost of raising equity | | - | (17,271) |
| Cash from financing activities | | <u>-</u> | <u>4,820,124</u> |
| Net increase/(decrease) in cash and cash equivalents | | (2,075,525) | 1,047,007 |
| Cash and cash equivalent at the beginning of the year | | 3,889,140 | 2,842,133 |
| Cash and cash equivalent at the end of the year | 6 | <u>1,813,615</u> | <u>3,889,140</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2012

| | Ordinary Shares | Reserves | Accumulated losses | Total equity |
|------------------------------------------------|-------------------|------------------|---------------------|------------------|
| | \$ | \$ | \$ | \$ |
| At 30 June 2010 | 12,819,061 | 2,924,499 | (12,992,970) | 2,750,590 |
| Loss for the year | - | - | (3,455,347) | (3,455,347) |
| Other comprehensive income for the year | - | (89,519) | - | (89,519) |
| Total comprehensive loss for the year | - | (89,519) | (3,455,347) | (3,544,866) |
| Issue of shares | 4,837,395 | - | - | 4,837,395 |
| Issue of options to consultants | - | 137,607 | - | 137,607 |
| Capital raising costs | (300,678) | - | - | (300,678) |
| Other | - | (243) | - | (243) |
| At 30 June 2011 | 17,355,778 | 2,972,344 | (16,448,317) | 3,879,805 |
| Loss for the year | - | - | (769,706) | (769,706) |
| Other comprehensive income for the year | - | - | - | - |
| Total comprehensive loss for the year | - | - | (769,706) | (769,706) |
| Transfer relating to options exercised/expired | 313,800 | (2,972,344) | 2,658,544 | - |
| Issue of shares to consultant | 180,000 | - | - | 180,000 |
| Capital raising costs | (34,200) | - | - | (34,200) |
| At 30 June 2012 | 17,815,378 | - | (14,559,479) | 3,255,899 |

NOTES TO THE FINANCIAL STATEMENTS

For year ended 30 June 2012

1. CORPORATE INFORMATION

The financial report of Dynasty Metals Australia Limited ('Company') for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 28 September 2012.

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 Company during the year was exploration and evaluation of mineral licences.

The Registered Office of the Company is at Level 4, 35 Havelock Street, West Perth, WA, 6005.

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, Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and complies with other requirements of the law, as appropriate for-profit oriented entities.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) New standards and interpretations

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

AASB 1054 Australian Additional Disclosures

The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

(c) New standards and interpretations not yet adopted

The AASB has issued the following new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

| AASB No. | Title | Issue Date | Operative Date (Annual reporting periods beginning on or after) |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------------------------------------------------------|
| 9 | Financial Instruments | Dec 2010 | 1 Jan 2013 |
| 10 | Consolidation | Aug 2011 | 1 Jan 2013 |
| 11 | Joint Arrangements | Aug 2011 | 1 Jan 2013 |
| 12 | Disclosure of Interests in Other Entities | Aug 2011 | 1 Jan 2013 |
| 13 | Fair Value Measurement | Sep 2011 | 1 Jan 2013 |
| 119 | Employee Benefits | Sep 2011 | 1 Jan 2013 |
| 127 | Separate Financial Statements (Revised) | Aug 2011 | 1 Jan 2013 |
| 128 | Investments in Associates and Joint Ventures (Reissued) | Aug 2011 | 1 Jan 2013 |
| 1053 | Application of Tiers of Australian Accounting Standards | Jun 2010 | 1 Jul 2013 |
| 2010 – 2 | Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements | Jun 2010 | 1 Jul 2013 |
| 2010 – 7 | Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | Dec 2010 | 1 Jan 2013 |
| 2010 – 8 | Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] | Dec 2010 | 1 Jan 2012 |
| 2010 – 10 | Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7] | Dec 2010 | 1 Jan 2013 |
| 2011 - 4 | Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] | Jul 2011 | 1 Jul 2013 |
| 2012 - 2 | Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] | Jun 2012 | 1 Jan 2013 |
| 2012 - 3 | Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] | Jun 2012 | 1 Jan 2014 |
| 2012 - 5 | Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] | Jun 2012 | 1 Jan 2013 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

AUSTRALIAN INTERPRETATIONS

| | | | |
|----|-----------------------------------------------------------|----------|------------|
| 20 | Stripping Costs in the Production Phase of a Surface Mine | Nov 2011 | 1 Jan 2013 |
|----|-----------------------------------------------------------|----------|------------|

(d) 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.

(e) 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 Company'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.

(f) Exploration and evaluation expenses

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

(g) 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 Company'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.

(h) Income Taxes

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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 reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

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

(i) Earnings per share

a. Basic earnings per share

Basic earnings per share is determined by dividing the Company 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.

(j) 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 Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) 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.

(l) 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 used 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.

(m) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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 reporting 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 Company commits to purchase the asset.

(s) 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 Statement of Cash Flow 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

(t) Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

3. REVENUE AND EXPENDITURE

CONSOLIDATED

2012 **2011**
\$ \$

Included in loss for the year are:

Income

Net (loss) gain on sale of available for sale financial assets transferred from equity to income (see note 13)

- 123,861

Expenses

Directors fees and remuneration

272,317 528,970

Depreciation expenses

22,826 17,961

Investigation into share trading activities

- 61,763

Legal fees associated with the EGM on 21 March 2011

- 347,583

Auditors' remuneration

For audit and review of financial report

Deloitte Touche Tohmatsu

38,125 32,432

other services – Research & Development Tax concession

131,898 -

170,023 **32,432**

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

2012 **2011**
\$ \$

Net loss attributable to equity holders from continuing operations

(769,706) (3,455,347)

Net loss attributable to ordinary shareholders for diluted earnings per share

(769,706) (3,455,347)

No

No

Weighted average number of ordinary shares for basic earnings per share

105,125,975 86,641,733

Adjusted weighted average number of ordinary shares for diluted earnings per share

105,125,975 86,641,733

Earnings per share basic and diluted (in cents)

(0.73) (3.99)

Options outstanding at reporting date

(Considered as anti-dilutive and hence not considered in above)

- 17,450,000

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

5. INCOME TAX

| | CONSOLIDATED | |
|-----------------------------------------------------------------------------------------|------------------|------------------|
| | 2012 | 2011 |
| | \$ | \$ |
| The components of income tax benefit / (expense) comprise | | |
| <i>Recognised in income statement:</i> | | |
| Current tax | 362,439 | - |
| Deferred tax | - | - |
| | 362,439 | - |
| <i>Recognised in statement of changes in equity:</i> | | |
| Current tax | - | - |
| Deferred tax | - | (34,342) |
| | - | (34,342) |
| Reconciliation of income tax expense to statutory income tax: | | |
| Accounting loss before income tax | (1,132,145) | (3,455,347) |
| Tax / (benefit) at statutory rate of 30% | (339,644) | (1,036,604) |
| Non deductible expenses | 1,751 | - |
| Prior year R&D Tax Concession | (362,439) | - |
| Income tax benefit not brought into account | 337,893 | 1,036,604 |
| Income tax (benefit) / expense reported in income statement | (362,439) | - |
| Weighted average effective tax rate | 43% | 0% |
| Components of deferred taxes: | | |
| <i>Deferred tax assets</i> | | |
| Carry forward revenue losses | 4,256,807 | 4,246,144 |
| Blackhole deduction | 50,015 | - |
| Non deductible accruals | - | 91,513 |
| | 4,306,822 | 4,337,657 |
| Deferred tax asset recognised to the extent of deferred tax liability at reporting date | - | - |
| <i>Deferred tax liabilities</i> | | |
| Property Plant & Equipment | 3,701 | - |
| Accrued interest | 2,557 | - |
| | 6,258 | - |
| Net deferred tax asset / (liability) | 4,300,564 | 4,337,657 |
| Unrecognised deferred tax asset | 4,300,564 | 4,337,657 |

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

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the Company continues to comply with the conditions for deductibility imposed by law; and
- (c) 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 Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

6. CASH AND CASH EQUIVALENT

| | CONSOLIDATED | |
|---------------------------------------------------------------------------------------------------|------------------|------------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Reconciliation of cash | | |
| For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise the following: | | |
| Cash at bank and in hand | 410,290 | 148,326 |
| Short Term Deposits | 1,403,325 | 3,740,814 |
| | <u>1,813,615</u> | <u>3,889,140</u> |

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

7. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

| | CONSOLIDATED | |
|--------------------------------------------------------------------|--------------------|--------------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Loss for the year | (769,706) | (3,455,347) |
| <i>Adjustments for:</i> | | |
| Impairment of related party loan | 183,782 | - |
| Share of losses of associate | 5,837 | - |
| Gain on disposal of shares in subsidiary | (1,333,333) | - |
| Loss / (gain) on fair value of available for sale financial assets | 40,737 | (123,861) |
| Depreciation and amortisation | 22,826 | 17,961 |
| <i>Movement in working capital items:</i> | | |
| (Increase) / decrease in receivables | 84,968 | 136,247 |
| (Increase) / decrease in prepayments | 33,045 | (14,446) |
| Increase / (decrease) in payables | (32,105) | (392,816) |
| Net cash from operating activities | <u>(1,763,949)</u> | <u>(3,832,262)</u> |

Non-cash investing and financing activities

There were 1,000,000 fully paid ordinary shares issued in consideration for brokerage services totalling \$180,000. An amount of \$34,200 was capitalised to equity as this was directly related to share issue costs.

8. TRADE AND OTHER RECEIVABLE

| | CONSOLIDATED | |
|---------------------------------------------------|----------------|---------------|
| | 2012 | 2011 |
| | \$ | \$ |
| <i>Current</i> | | |
| Accrued interest from financial institutions | 8,524 | - |
| GST receivable | - | 69,758 |
| Other receivable | - | 6,000 |
| Loan receivable – Goldstone Resources Pty Limited | <u>133,333</u> | - |
| | <u>141,857</u> | <u>75,758</u> |
| <i>Ageing of receivables:</i> | | |
| Recoverable within 3 months | 141,857 | 75,758 |
| Recoverable more than 3 months | - | - |
| | <u>141,857</u> | <u>75,758</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

9. OTHER FINANCIAL ASSETS

| | CONSOLIDATED | |
|-------------------------------------------|----------------|----------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Term deposits with financial institutions | 222,092 | 228,231 |
| Available for sale financial assets | 124,759 | 165,497 |
| | <u>346,851</u> | <u>393,728</u> |

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

Available for sale financial assets are the Company'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 reporting date represent 2,546,099 ordinary equity shares in Argonaut Resources NL (2011: 2,546,099)

10. PROPERTY, PLANT AND EQUIPMENT

| | CONSOLIDATED | |
|-----------------------------------------------|----------------|----------------|
| | 2012 | 2011 |
| | \$ | \$ |
| <i>Plant and equipment</i> | | |
| At cost | 170,009 | 169,409 |
| Accumulated depreciation | (61,400) | (38,574) |
| | <u>108,609</u> | <u>130,834</u> |
| <i>Movement in net carrying amount</i> | | |
| Balance at the beginning of the year | 130,834 | 148,795 |
| Additions | 601 | - |
| Depreciation for the year | (22,826) | (17,961) |
| Balance at the end of the year | <u>108,609</u> | <u>130,834</u> |

11. TRADE AND OTHER PAYABLE

| | CONSOLIDATED | |
|----------------------------|----------------|----------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Trade and other payable | 464,795 | 642,700 |
| GST payable | 17,734 | - |
| | <u>482,529</u> | <u>642,700</u> |
| Payable maturity analysis: | | |
| Payable within 3 months | <u>482,529</u> | <u>642,700</u> |

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

12. CONTRIBUTED EQUITY

| | CONSOLIDATED | | | |
|------------------------------------------------------|--------------------|-------------------|--------------------|-------------------|
| | 2012 | | 2011 | |
| | Nos. | \$ | Nos. | \$ |
| <i>Movement of ordinary shares on issue:</i> | | | | |
| Balance at the beginning of the year | 104,383,509 | 17,355,778 | 77,681,312 | 12,819,061 |
| Issued at \$0.18 ⁽ⁱ⁾ | 1,000,000 | 180,000 | 25,152,197 | 4,527,395 |
| Option conversion at \$0.20 | - | - | 1,550,000 | 310,000 |
| Transfer upon exercise of option from option reserve | - | 313,800 | - | - |
| Equity issue costs | - | (34,200) | - | (300,678) |
| Balance at the end of the year | 105,383,509 | 17,815,378 | 104,383,509 | 17,355,778 |

Fully paid ordinary shares carry one vote per share and carry a right to dividends. These shares have no par value.

⁽ⁱ⁾ On 24 June 2011 13,500,000 shares were issued to wholesale and sophisticated investors at \$0.18. The arranging broker was due a fee of \$145,800 or be issued 1,000,000 shares in the Company, subject to shareholder approval. On 19 September 2011 shareholders approved the issue of these shares.

Movement in options outstanding:

| | 20 cents options expiring | 20 cents options expiring | 20 cents options expiring |
|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | 3/02/2014 | 21/12/2011 | 01/09/2010 |
| | Nos. | Nos. | Nos. |
| Year ended 30 June 2012 | | | |
| Balance at the beginning of the year | - | 17,450,000 | - |
| Issued during the year | - | - | - |
| Exercised during the year | - | - | - |
| Lapsed during the year | - | (17,450,000) | - |
| Balance at the end of the year | - | - | - |
| Year ended 30 June 2011 | | | |
| Balance at the beginning of the year | - | 18,000,000 | 500,000 |
| Issued during the year | 1,000,000 | - | - |
| Exercised during the year | (1,000,000) | (550,000) | - |
| Lapsed during the year | - | - | (500,000) |
| Balance at the end of the year | - | 17,450,000 | - |

Capital Management Policy

The Company's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The Company manages its contributed equity and reserves as part of its capital. The Company 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 Company are funded through equity raised in various tranches. The overall capital management policy of the Company remains unchanged and is consistent with prior years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

13. RESERVES

Movement in reserves

CONSOLIDATED

| | Available for sale financial assets reserve | Share options reserve | Foreign currency translation reserve | Total |
|---------------------------------------------------|---------------------------------------------------|--------------------------|-----------------------------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| At 30 June 2010 | 89,519 | 2,834,737 | 243 | 2,924,499 |
| Issue of options to consultants | - | 137,607 | - | 137,607 |
| Transfer of gains to profit or loss upon disposal | (123,861) | - | - | (123,861) |
| Tax effect of movement in reserves | 34,342 | - | - | 34,342 |
| Other movements | - | - | (243) | (243) |
| At 30 June 2011 | - | 2,972,344 | - | 2,972,344 |
| Transfer options exercised/expired | - | (2,972,344) | - | (2,972,344) |
| At 30 June 2012 | - | - | - | - |

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 reporting 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.

14. SHARE BASED PAYMENTS

A Share based option payments made during the year

No share based payment options were granted during the current year: The following share based payment options were granted during the prior year.

| | Nos. | Grant date | Expiry | Exercise price | Fair value at grant date |
|-------------------------|-----------|------------|------------|----------------|-----------------------------|
| Consultant options 2011 | 1,000,000 | 25/11/2010 | 03/02/2014 | \$ 0.2000 | \$ 0.1376 |

The options were exercised on 23 February 2011.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

Fair value of share based payment options granted

- B** The fair value of the options was assessed applying the Black-Scholes valuation technique. The following key variables were applied in computation of the fair value at grant date:

| | Consultants options 2011 | |
|---------------------------|---------------------------------|--------|
| Strike price | \$ | 0.2000 |
| Share price on grant date | \$ | 0.2500 |
| Volatility in share price | | 121% |
| Risk free rate | | 4.50% |
| Dividend yield | | 0.00% |

C *Movement in share based payment options*

The movement in share based payment options were:

| | Nos. | Average exercise price |
|--------------------------------|--------------|-------------------------------|
| Balance at 30 June 2010 | 18,500,000 | \$ 0.2000 |
| Expired during 2011 | (500,000) | \$ 0.2000 |
| Exercised during 2011 | (1,550,000) | \$ 0.2000 |
| Issued during 2011 | 1,000,000 | \$ 0.2000 |
| Balance at 30 June 2011 | 17,450,000 | \$ 0.2000 |
| Expired during 2012 | (17,450,000) | \$ 0.2000 |
| Exercised during 2012 | - | |
| Issued during 2012 | - | |
| Balance at 30 June 2012 | - | |

D *Share based payment options outstanding at year end*

| | CONSOLIDATED | |
|--------------------------------------|---------------------|-------------------|
| | 2012 | 2011 |
| | Nos. | Nos. |
| 20 cents options expiring 21/12/2011 | - | 17,450,000 |
| | - | 17,450,000 |

15. COMMITMENTS AND CONTINGENCIES

Tenement commitments

In order to maintain an interest in the mining and exploration tenements in which the Company is seeks to retain and does not intend to relinquish within the next 12 months, the Company is committed to meet the conditions under which the tenements were granted. The timing and amount of exploration expenditure commitments and obligations of the company are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest. These obligations are not provided for in the financial report.

Outstanding exploration commitments for those tenements the Company does not intend to relinquish 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):

| | CONSOLIDATED | |
|-------------------------|---------------------|-------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Payable within one year | 660,000 | 2,407,000 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

Capital commitments

At 30 June 2012, the Company had no other capital commitments (2011: Nil).

Contingencies

At 30 June 2012, the Company had no contingencies (2011: Nil).

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Company 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 minimise the risk.

The financial instruments expose the Company 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 | |
|------------------------------------------------|------------------|------------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Cash and cash equivalents (i) | 1,813,615 | 3,889,140 |
| Trade and other receivables (i) | 141,857 | 75,758 |
| Term deposits with financial institutions (ii) | 222,092 | 228,231 |
| Available for sale financial assets (iii) | 124,759 | 165,497 |
| Trade and other payables (i) | (482,529) | (642,700) |
| | 1,819,794 | 3,715,926 |

- (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 Company'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 and other receivables are noted below:

| | CONSOLIDATED | |
|-----------------------------|----------------|---------------|
| | 2012 | 2011 |
| | \$ | \$ |
| Recoverable within 3 months | 141,857 | 75,758 |
| | 141,857 | 75,758 |

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 Company transacts with highly reputed financial institutions which are subject to strict prudential norms by legislation / regulations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

Liquidity risk:

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

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

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

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

| | Weighted Avg Interest Rate % | < 3 months \$ | > 3 months \$ | Total \$ |
|------------------------------------------|------------------------------------|------------------|------------------|------------------|
| 2012 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | - | (482,529) | - | (482,529) |
| | | (482,529) | | (482,529) |
| Financial assets: | | | | |
| Cash and cash equivalents | 4.35 | 1,813,615 | - | 1,813,615 |
| Trade and other receivables | - | 141,857 | - | 141,857 |
| Term deposit with financial institutions | 1.45 | - | 222,092 | 222,092 |
| Available for sale financial assets | - | - | 124,759 | 124,759 |
| | | 1,955,472 | 346,851 | 2,302,323 |
| 2011 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | | (642,700) | - | (642,700) |
| | | (642,700) | - | (642,700) |
| Financial assets: | | | | |
| Cash and cash equivalents | | 3,889,140 | - | 3,889,140 |
| Trade and other receivables | | 75,758 | - | 75,758 |
| Term deposit with financial institutions | | - | 228,231 | 228,231 |
| Available for sale financial assets | | 165,496 | - | 165,496 |
| | | 4,130,395 | 228,231 | 4,358,626 |

Interest rate risk:

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

The Company'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 Company's operations.

The Company is in the business of exploration of mineral resources. Earning interest income is not the primary objective of the business. The Company 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 Company'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 | |
|--------------------------------------------|--------------|-----------|
| | 2012 | 2011 |
| | \$ | \$ |
| Interest bearing cash and term deposits | 2,035,707 | 4,117,371 |
| Impact on profit and equity - +1% movement | 20,357 | 41,174 |
| Impact on profit and equity - -1% movement | (20,357) | (41,174) |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

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

| | CONSOLIDATED | |
|-----------------------------|--------------|-------|
| | 2012 | 2011 |
| Cash and cash equivalents | 4.03% | 5.40% |
| Trade and other receivables | NIL | NIL |
| Trade and other payables | NIL | NIL |

Foreign currency risk:

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.

Commodity price risk:

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

Equity price risk:

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

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

In 2011, the Company changed this objective in order to invest surplus cash in time deposits in order to remain highly liquid in preparation for future activities on its core tenements.

The sensitivity of the available for sale financial assets to a 10% change in market prices are noted below:

| | CONSOLIDATED | |
|---------------------------------------------|--------------|------------|
| | 2012 | 2011 |
| Available for sale financial assets | \$ 124,759 | \$ 165,496 |
| Impact on profit and equity - +10% movement | 12,476 | 16,550 |
| Impact on profit and equity - -10% movement | (12,476) | (16,550) |

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|-----------------|---------|---------|---------|---------|
| | \$ | \$ | \$ | \$ |
| <i>Assets</i> | | | | |
| Ordinary shares | 124,759 | - | - | 124,759 |
| Total assets | 124,759 | - | - | 124,759 |

There were no transfers between levels during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

17. 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 | 2012 | Equity interest 2011 |
|--------------------------------------------|-----------------|------|-------------------------|
| <i>Parent Entity</i> | | | |
| Dynasty Metals Australia Limited | Australia | - | - |
| <i>Controlled Entities</i> | | | |
| Scorpion Resources Limited ^(a) | Australia | - | 100% |
| Taurus Resources Limited ^(a) | Australia | - | 100% |
| Goldstone Resources Pty Ltd ^(b) | Australia | 40% | 100% |

^(a) Scorpion Resources Limited and Taurus Resources Limited were deregistered on 13 July 2011 and 25 January 2012 respectively.

^(b) Goldstone Resources Pty Ltd interest was diluted to 40% in April 2012, upon China Coal Geology Engineering Corporation (CCGEC) and Dawn Chorus Resources Pty Ltd contributing \$2 million cash for a 60% interest. An additional 1,454,545 fully paid ordinary share were issued to the Company upon the above dilution, which has been fair valued at \$1,333,333. The fair value was based upon the capital contributed by CCGEC's for that interest. This transaction resulted in a loss of control of this subsidiary. Refer to Note 18 for further details.

18. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

| | CONSOLIDATED | |
|-------------------------|--------------|------|
| | 2012 | 2011 |
| Investment in associate | 1,327,496 | - |

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

| | CONSOLIDATED Percentage interest 2012 |
|-----------------------------|---------------------------------------------|
| Goldstone Resources Pty Ltd | 40% |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

Information relating to the associates is set out below:

| | CONSOLIDATED 2012 |
|-----------------------------------------------|----------------------|
| <i>Share of assets and liabilities</i> | |
| Current assets | 681,652 |
| Non-current assets | 675,887 |
| Total assets | <u>1,357,539</u> |
| Current liabilities | 30,043 |
| Non-current liabilities | - |
| Total liabilities | <u>30,043</u> |
| Net assets | <u>1,327,496</u> |
| <i>Share of revenue, expenses and results</i> | |
| Revenue | - |
| Expenses | (5,837) |
| Loss before income tax | <u>(5,837)</u> |

19. SEGMENT INFORMATION

Management has determined that the Company has one reportable segment, being mineral exploration in Australia. As the Company is focused on exploration, the Board (Chief Operating Decision Maker) 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 Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

20. RELATED PARTY TRANSACTIONS

A Directors

The names of persons who were directors of the Company at any time during the financial year are as follows: Thomas Pickett, Lewis Tay, Bin Wang, Bo Xin Dong, Richard Oh, Xiao Dong Sun and Nicholas Revell.

Lewis Tay is the Company's only executive director, and there are no other employees.

B Key management personnel compensation

The key management personnel compensation is as follows:

| | 2012 \$ | 2011 \$ |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 272,327 | 528,970 |
| Post-employment benefits | - | - |
| | <u>272,327</u> | <u>528,970</u> |

Individual director's compensation and disclosures

Information regarding individual director's compensation as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

C Directors interest in shares

From time to time directors of the Company, or their director-related entities, may purchase or sell the Company's securities through the Australian Stock Exchange in accordance with the Company's trading policy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

| Year ended 30 June 2012 | Opening balance | Purchases | Sales | Other | Closing balance |
|------------------------------|-----------------|-----------|-------|-------|-----------------|
| Thomas Pickett ³ | 2,500 | - | - | - | 2,500 |
| Lewis Tay | 3,118,409 | 50,000 | - | - | 3,168,409 |
| Bin Wang ³ | - | - | - | - | - |
| Bo Xin Dong ^{1,3} | 5,319,164 | - | - | - | 5,319,164 |
| Richard Oh ² | - | - | - | - | - |
| Xiao Dong Sun ² | - | - | - | - | - |
| Nicolas Revell ² | - | - | - | - | - |
| Neil Fearis ^{1,2,3} | - | - | - | - | - |
| Terry Gyger ^{1,2} | 3,750 | - | - | - | 3,750 |

¹ Alternate director

² Ceased to be a director on 19 September 2011. Balance represents holding at resignation date.

³ Appointed after 1 July 2011. Balance at 1 July 2011 represents holdings at appointment date

| Year ended 30 June 2011 | Opening balance | Purchases | Sales | Change in indirect holdings | Closing balance |
|------------------------------|-----------------|-----------|-------|--------------------------------|-----------------|
| Richard Oh ² | - | - | - | - | - |
| Lewis Tay | 3,118,409 | - | - | - | 3,118,409 |
| Xiao Dong Sun | - | - | - | - | - |
| Nicolas Revell | - | - | - | - | - |
| Terry Gyger ¹ | - | 3,750 | - | - | 3,750 |
| Ian Levy ² | - | - | - | - | - |
| Graham Anderson ² | 750,000 | - | - | - | 750,000 |
| Malcolm Carson ² | 52,436 | - | - | - | 52,436 |

¹ Alternate director

² Ceased to be a director on 31 March 2011. Balance represents holding at resignation date.

D Directors interest in options

| Year ended 30 June 2012 | Opening balance | Issued | Expired | Closing balance |
|------------------------------|--------------------|--------|-------------|-----------------|
| Thomas Pickett ³ | - | - | - | - |
| Lewis Tay | 5,000,000 | - | (5,000,000) | - |
| Bin Wang | - | - | - | - |
| Bo Xin Dong ¹ | - | - | - | - |
| Richard Oh ² | 2,000,000 | - | (2,000,000) | - |
| Xiao Dong Sun ² | - | - | - | - |
| Nicholas Revell ² | - | - | - | - |
| Neil Fearis ^{1,2} | - | - | - | - |
| Terry Gyger ^{1,2} | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

| | Opening balance | Issued | Expired | Closing balance |
|--------------------------------|--------------------|--------|-----------|-----------------|
| Year ended 30 June 2011 | | | | |
| Richard Oh | 2,000,000 | - | - | 2,000,000 |
| Lewis Tay | 5,000,000 | - | - | 5,000,000 |
| Xiao Dong Sun | - | - | - | - |
| Nicholas Revell | - | - | - | - |
| Terry Gyger ¹ | - | - | - | - |
| Ian Levy ³ | 1,000,000 | - | - | N/A |
| Graham Anderson ³ | 1,000,000 | - | - | N/A |
| Malcolm Carson ³ | 3,000,000 | - | (500,000) | N/A |

¹ *Alternate director*

² *Ceased to be a director on 19 September 2011.*

³ *Ceased to be a director on 21 March 2011*

E Loans from key management personnel and their related parties

During the year ended 30 June 2012 the Company did not enter into loans with key management personnel or their related parties.

F Transactions with related parties

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

Balances due to directors for fees and charges at 30 June 2012 was \$nil (2011:11,629)

21. EVENTS AFTER REPORTING DATE

There are no events subsequent to 30 June 2012 that have a material impact on the financial statements as presented, other than the following:-

- On 6 August 2012 the company announced entered into an agreement with Tiaro Coal Limited (ASX:TCM) to transfer its minority interest of 8.65% in a joint venture company to Tiaro Coal in exchange for 3,000,000 ordinary shares in Tiaro Coal. The shares have been issued to the company and are escrowed until 8 August 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For year ended 30 June 2012

22. PARENT ENTITY DISCLOSURES

The following details information related to the parent entity, Dynasty Metals Australia Limited (the parent entity), at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

| | 2012 | 2011 |
|-----------------------------------|------------------|--------------------|
| | \$ | \$ |
| Financial Position | | |
| Assets | | |
| Current assets | 1,955,472 | 3,997,943 |
| Non-current assets | 1,788,793 | 524,562 |
| Total assets | 3,744,265 | 4,522,505 |
| Liabilities | | |
| Current liabilities | 482,529 | 642,700 |
| Total liabilities | 482,529 | 642,700 |
| Net assets | 3,261,736 | 3,879,805 |
| Equity | | |
| Contributed equity | 17,815,378 | 17,355,778 |
| Reserves | - | 2,972,344 |
| Accumulated losses | (14,553,642) | (16,448,317) |
| Total equity | 3,261,736 | 3,879,805 |
| Financial Performance | | |
| Loss for the year | (763,869) | (3,455,347) |
| Other comprehensive income | - | (89,519) |
| Total comprehensive income | (763,869) | (3,544,866) |

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.

DIRECTORS' DECLARATION

30 June 2012

In the directors' opinion:

- (a) the financial statements and notes set out on pages 14 - 46 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance, as represented by the results of its operations, changes in equity and its cashflows, for the reporting period ended on that date;
- (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; and
- (c) The financial statements comply with International Financial Reporting Standards.

While the Company does not have any employees, the directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the relevant service providers who collectively perform the functions of Chief Executive Officer and Chief Financial Officer as they relate to the Company.

This declaration is made in accordance with a resolution of the directors.



Lewis Tay
Managing Director

Sydney
28 September 2012



Deloitte Touche Tohmatsu
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Independent Auditor's 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 consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated 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 22 to 47.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those 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 of the financial report that gives a true and fair view, 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 Limited

AUDIT REPORT (CONTINUED)

For year ending 30 June 2012

Deloitte.

Auditor's Independence Declaration

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

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 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 19 of the directors' report for the year ended 30 June 2012. 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

Opinion

In our opinion the Remuneration Report of Dynasty Metals Australia Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants
Perth, 28 September 2012

CORPORATE GOVERNANCE STATEMENT

For year ended 30 June 2012

The Board of Dynasty Metals Australia Limited ('the Company') are committed to maintaining high standards of ethical behaviour and having an effective system of corporate governance, which is commensurate with the size of the Company and the nature of its business operations and activities.

The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles) provide a framework for good corporate governance. Commensurate with the spirit of the Principles, the Company has sought to apply the recommendations to the extent the Board considered their implementation was practical and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. Copies of relevant corporate governance policies referred to in this Statement are available on Dynasty Metals Australia's website at www.dynastymetals.com.au in the Corporate Governance section.

1 Laying solid foundations for management and oversight

Role of the board

The Board acknowledges its accountability to shareholders for creating shareholder value within a framework that protects the rights and interests of shareholders and ensures that the Company is being properly managed.

The Board's key roles and responsibilities are formalised in the Board Charter which is available on the Company's website.

In summary, the board's responsibilities include:

- Strategy - formulating the corporate strategy and annual business plan;
- Financial performance – adopting an annual budget and monitoring overall financial performance;
- Financial reporting – considering and approving the half-yearly and annual financial statements;
- Risk management - ensuring that effective audit, risk management and regulatory compliance programs are implemented to protect the Company's assets and shareholder value;
- Board performance and composition – evaluating the performance and composition of the Board, including the ongoing appointment of the Managing Director; and
- Continuous disclosure – ensuring that the market and shareholders are continuously informed of material information.

The Board has delegated responsibility for day to day management of the Company's operations to the Managing Director, subject to agreed delegated authority limits and formal approval processes.

Delegation to Board Committees

During the year the board established an Audit and Risk Committee. The role and responsibilities of the Audit and Risk Committee are outlined in the Audit and Risk Committee Charter and are to review the integrity, quality and reliability of financial reporting and risk management systems of the Company.

Director's attendance at board and committee meetings during the past year is set out in the Director's Report.

Other Delegations

The Board has appointed the following parties to provide technical and consulting services to the Company:

- Terra Search provide geological consulting services pursuant to a services agreement that outlines the role and responsibilities of Terra Search in relation to the provision of a comprehensive range of exploration and technical functions on behalf of the Company;
- Chris Larder is engaged as a consultant metallurgist. The services agreement with Mr Larder outlines his role and responsibilities, primarily in relation to ongoing supervision of beneficiation work, assist the Company in making its application for a mining lease, and integrating new technical information into broader feasibility studies;
- Hetherington is engaged to provide exploration tenure management services across all tenements held by the Company;
- PKF Mack & Co is engaged to provide accounting and administration services in accordance with a services agreement. The services agreement outlines the role and responsibilities of PKF Mack & Co in relation to a comprehensive range of financial and administration functions on behalf of the Company;
- The Company Secretary is appointed pursuant to a services agreement, and is responsible for monitoring the company's compliance with statutory and internal governance requirements, in addition to supporting the board in fulfilling its overall responsibilities and general management duties.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

For year ended 30 June 2012

Board Performance

The Board reviews its performance on an annual basis. The process for conducting the review is agreed by the Board and typically includes the use of a questionnaire, with a written report summarising the results and recommendations presented to the Board and discussed at a Board meeting. This review was undertaken during the year.

Performance and evaluation of key executives

The Company's only executive director is the Managing Director, and the Company does not have any employees. The Company undertakes an annual review of the Managing Director's performance, together with all key service providers.

The Managing Director's remuneration package does not include a discretionary element.

The board believes that the Company complies with Principle 1 and its recommendations.

2 Structuring the Board to add value

Composition of the board

The names of the directors who held office during the year are detailed in the Director's Report, together with details of each director's skills, experience and expertise and whether the director is considered to be 'independent'.

The composition of the Board is reviewed annually by the Board to ensure it has an appropriate mix of skills and experience that enables the directors individually, and the Board collectively, to:

- have a proper understanding of, and competence to deal with, the current and emerging issues of the Company and can effectively review and challenge the performance of those consultants and other advisors engaged to assist the Company in its exploration and other activities; and
- discharge their legal duties and responsibilities effectively and efficiently.

The board currently determines a schedule of meetings at the beginning of each year. Additional meetings are held as required to address specific issues. Standing items include the financial reports, exploration reports and updates, and governance matters. Representatives from the Company's key services providers, including Terra Search and Chris Larder who provide geological and other consultancy services, are involved in regular discussions with directors in relation to the Company's ongoing exploration activities.

Director Independence

The board recognises that independent directors are important in assuring shareholders that the Board is able to act in the best interests of the Company and independently of management.

The independence of directors is reviewed annually. Based on Dynasty Metal's criteria for assessing director independence, independent directors are asked to confirm whether they have any interests or relationships that may impact either on their ability to act in the best interests of the Company or independently of management. The criteria used to assess independence, including guidance for determining materiality, are reviewed annually and are set out in the Board Charter.

As at the date of this Statement the board comprises one independent director (Thomas Pickett, Chairman), one non-executive director (Bin Wang) and one executive director (Lewis Tay, Managing Director). Bin Wang is not considered independent given his business relationship with Bo Xin Dong, who is a substantial shareholder of the Company. The board acknowledges Principle 2.1 and the recommendation that a majority of the Board be independent. Given the size of the Company, the board considers the current board size and composition is appropriate. The board notes that a majority of the directors are non-executive.

To assist directors to fully meet their responsibilities to bring an independent view on matters before them, each director has the right of access to all relevant company information and, subject to prior consultation with the Chair, may seek independent professional advice at the Company's expense.

The board believes that the Company complies with Principle 2 and its recommendations, other than in relation to Principle 2.2 as set out above.

3 Promotion of ethical and responsible decision making

Code of conduct

The Director's Code of Conduct summarises the responsibilities of the directors in maintaining the Company's commitment to high standards of ethical conduct. A copy of the Code of Conduct is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

For year ended 30 June 2012

The Code of Conduct forms part of a broad framework of corporate policies which apply to directors, officers and those working on the behalf of Dynasty Metals, and sets out the parameters for ethical behaviour and business practices expected of those engaging in corporate activity on behalf of the Company. These policies detail standards and expectations relating to:

- stakeholders and maintaining high standards of service and a commitment to fair value;
- conflicts of interest and prevention of Company representatives taking advantage of property, information or position for personal gain; and
- reporting of unethical behaviour.

Trading in company securities

Directors and employees are allowed to acquire shares in the Company provided they comply with the provisions of the Securities Dealing Policy.

The policy details the insider trading provisions contained in the *Corporations Act* to be considered at any time a director or other advisor to the Company is considering trading in company shares. In addition, the policy provides for designated trading windows, requirements for pre-clearance at certain times, exclusions on other types of dealings (including short-term trading), and an obligation on directors and officers to disclose all trades in company shares.

The Securities Dealing Policy is available on the Company's website.

Diversity

The Board has adopted a Diversity Policy which is available on the Company's website. Taking into consideration the scale of the Company's operations, the size of the Board, and that the Company does not have any employees, the Board has not established measurable objectives relating to diversity in accordance with Principle 3.3.

The composition of the board is however reviewed on an annual basis and in the event a vacancy arises, the Board Charter requires that diversity be considered as part of the criteria in assessing candidates. As at the date of this Statement, the Board is composed of three male directors. The company secretary is female.

The board believes that the Company complies with Principle 3 and its recommendations, other than in relation to Principle 3.3 as set out above.

4 Safeguarding integrity in financial reporting

Audit Committee

Given the size of the Company's Board, the functions of the Audit and Risk Committee are fulfilled by the full Board. The independent Chair of the Board also chairs the meetings of the Audit and Risk Committee.

The Audit and Risk Committee Charter outlines the Committee's role and responsibilities and is available on the Company's website.

External Auditor

The Audit and Risk Committee meets with the external auditor at least once each year to review the adequacy of external audit arrangements. The external auditors have a direct line of communication at any time to the Chairman of the Board.

The Company's external audit is undertaken by Deloitte Touche Tohmatsu (Perth) and the audit engagement partner is required to be changed at regular intervals and no less than every 5 years.

The board believes the company complies with Principle 4 and its recommendations, other than in relation to Principle 4.2 relating to the composition of the Audit Committee.

5 Timely and balanced disclosure

The Company has a written Continuous Disclosure Policy and other procedures designed to ensure shareholders and the market is provided with relevant and accurate information in a timely manner.

It is the Company's policy that any price-sensitive material for public announcement will be reviewed internally before issue, expressed in a clear and objective manner, and lodged with the ASX as soon as practicable.

The policy is available on the Company's website, and is reviewed annually to ensure it continues to meet best practice developments in the area.

The board believes that the Company complies with Principle 5 and its recommendations.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

For year ended 30 June 2012

6 Respecting the rights of shareholders

The Company is committed to keeping shareholders fully informed of significant developments and activities of the company. Information is communicated to shareholders through the annual report, half-yearly report, announcements made to the ASX, the annual general meeting ('AGM') and the Company's website which has a dedicated investor relations section.

The board also encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and to enable shareholders to meet with the board and ask questions in relation to any aspect of the Company's activities.

The external auditor also attends the AGM to be available to answer shareholder's questions about the conduct of the audit, the preparation and content of the auditor's report, the Company's accounting policies and auditor independence.

The Company encourages shareholders to access the Annual Report online to assist with the company's commitment to the environment, as well as being more cost efficient. A printed copy of the Annual Report is only sent to those shareholders who have elected to receive it. Otherwise shareholders will be notified when the Annual Report is available to be accessed via the Company's website or sent via email.

The board believes that the Company complies with Principle 6 and its recommendations.

7 Recognising and balancing risk

The board oversees the establishment, implementation, and review of the risk management system for the Company.

Major business risks arise from such matters as commodities price, environment, technical risks of mineral exploration, human resources, financial reporting and continuous disclosure obligations.

To assist the board in managing these risks, policies and procedures are in place relating to:

- effectiveness and efficiency in usage of the Company's resources via an annual budgeting process, controls around expenditure approvals, and monthly financial reporting;
- regular reporting from the company's advisors on geology and tenement management;
- engagement of specialist advisors where required to ensure the Company has access to appropriate expertise.

Further, the board has received from those who collectively fulfil the functions of chief executive officer and chief financial officer written affirmations that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and to the extent, in which they relate to financial reporting, that the company's risk management and compliance and internal control systems are operating effectively in all material respects.

The board believes that the Company complies with Principle 7 and its recommendations.

8 Remunerating fairly and responsibly

The board carries responsibility for the approval of all remuneration matters, including the appointment terms for key service providers to the company.

Full details of director's remuneration are set out in the Remuneration Report which is contained within the Directors Report.

No director is entitled to receive termination payments on their retirement from office other than payments accruing from superannuation contributions which comprise part of their remuneration.

There are currently no options on issue or unvested entitlements for any director. If any such entitlements are issued in the future, the Company's Securities Dealing Policy prohibits the holder from entering into any hedging arrangements prior to the vesting of the securities.

The board believes that the Company complies with Principle 8 and its recommendations.

The Board of Dynasty Metals Australia Limited ('the Company') are committed to maintaining high standards of ethical behaviour and having an effective system of corporate governance, which is commensurate with the size of the Company and the nature of its business operations and activities.

The ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (Principles) provide a framework for good corporate governance. Commensurate with the spirit of the Principles, the Company has sought to apply the recommendations to the extent the Board considered their implementation was practical and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. Copies of relevant corporate governance policies referred to in this Statement are available on Dynasty Metals Australia's website at www.dynastymetals.com.au in the Corporate Governance section.

TENEMENT SCHEDULE

As at 21 September 2012

| Project | Lease | Commodity | Holder | Locality |
|------------------------------|----------|-------------|----------------------------------|----------|
| Prairie Downs | E52/2024 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2025 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/1927 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/1949 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/1938 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2464 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2099 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2359 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2591 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E47/2404 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2459 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2458 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2640 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2641 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2367 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2461 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2460 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Prairie Downs | E52/2435 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Atlas Iron JV ⁽¹⁾ | E45/2728 | Iron - Fe | Dynasty Metals Australia Limited | WA |
| Mt Phillips ⁽²⁾ | E09/1337 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Hector Bore ⁽²⁾ | E09/1339 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Hector Bore ⁽²⁾ | E09/1710 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Hector Bore ⁽²⁾ | E09/1711 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Hector Bore ⁽²⁾ | E09/1753 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2265 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2266 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2267 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Nabberu ⁽²⁾ | E69/2268 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Nabberu ⁽²⁾ | E69/2269 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2270 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2294 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2295 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2296 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2297 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Stanley ⁽²⁾ | E69/2300 | Uranium - U | Goldstone Resources Pty Ltd | WA |
| Hyden ⁽²⁾ | E74/333 | Gold - Au | Goldstone Resources Pty Ltd | WA |

⁽¹⁾ The Company has entered into an agreement with Atlas Iron in relation to the iron ore rights, and the company will receive a 2% royalty from production

⁽²⁾ The Company holds a 40% interest in Goldstone Resources Pty Ltd

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited listing rules and not disclosed elsewhere in this report is set out below as at 20 September 2012:

Substantial Shareholders

The number of shares held by Substantial Shareholders and their associates are set out below:

| Substantial shareholders | No. of shares held | Percentage of issued shares |
|--------------------------------------|--------------------|-----------------------------|
| Hebei Xinghua Iron & Steel Australia | 11,652,197 | 11.06% |
| Lian Xie | 8,000,000 | 7.59% |
| Jian Wei Shi | 5,500,000 | 5.22% |
| Bo Xin Dong | 5,319,164 | 5.05% |

Distribution of shareholders

| No. of shares held | No. of shareholders within category |
|--------------------|-------------------------------------|
| 1 - 1000 | 37 |
| 1,001 – 5,000 | 98 |
| 5,001 – 10,000 | 145 |
| 10,001 – 100,000 | 352 |
| 100,001 and over | 106 |
| Total | 738 |

As at 20 September 2012 there were 139 shareholders holding less than a marketable parcel of ordinary shares (5,882 shares).

Classes of shares and voting rights

There is only one class of shares on issue and all shares carry equal voting rights.

As at 30 June 2012 there were no options on issue.

Twenty largest shareholders

The twenty largest registered shareholders of the company as at 20 September 2012 were:

| | No. of shares held | Percentage of Issued shares |
|--------------------------------|--------------------|-----------------------------|
| Hebei Xinghua Iron and Steel | 11,652,197 | 11.06% |
| Mr Lian Xie | 10,488,599 | 9.95% |
| Mr Jianwei Shi | 5,500,000 | 5.22% |
| Mr Bo Xin Dong | 5,319,164 | 5.05% |
| Mr Lewis Tay | 3,168,409 | 3.01% |
| JP Morgan Nominees Australia | 3,002,961 | 2.85% |
| Mrs Zhenghua Wang | 3,000,000 | 2.85% |
| Mr Meng Xin Gao | 2,500,000 | 2.37% |
| Ms Mian Wang | 2,250,527 | 2.14% |
| JF APEX Securities Berhad | 1,970,486 | 1.87% |
| Mr Zhifang Zhang | 1,950,300 | 1.85% |
| Mrs Shoshana Koncepolski | 1,866,259 | 1.77% |
| Ms Lay Kee Tay | 1,793,469 | 1.70% |
| CHEZ Developments Pty Ltd | 1,640,000 | 1.56% |
| Mr Xiang Geo | 1,274,000 | 1.21% |
| Mr Zhi Fang Zhang | 1,204,604 | 1.14% |
| Mr Wen Chao Hu and Mrs Min Zhu | 1,170,000 | 1.11% |
| Mrs Ping Lin | 1,137,024 | 1.08% |
| Mr Patrick Chew | 1,055,000 | 1.00% |
| Citicorp Nominees Pty Ltd | 1,020,000 | 0.97% |
| Top 20 Total | 62,962,999 | 59.76% |
| Balance of Register | 42,420,510 | 40.24% |
| Grand Total | 105,383,509 | 100.00% |

CORPORATE DIRECTORY

| | |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Company Particulars | Dynasty Metals Australia Limited ACN 110 385 709 The Company is an exploration company with its securities listed only on the Australian Stock Exchange. |
| Registered Office | Level 4, 35-37 Havelock Street West Perth WA 6005 Telephone: +61 8 6316 4414 Facsimile: +61 8 6316 4404 Email: admin@dynastymetals.com.au Website: www.dynastymetals.com.au |
| Directors | Thomas Pickett (Independent Chairman) Lewis Tay (Managing Director) Bin Wang (Non-executive Director) Bo Xin Dong (Alternate director for Bin Wang) |
| Company Secretary | Louise Edwards |
| Auditor | Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St Georges Terrace Perth WA 6000 |
| Share Registrar | Security Transfer Registrars Pty Ltd Suite 1, Alexandra House 770 Canning Highway Applecross WA 6153 Telephone: +61 8 9315 2333 Facsimile: +61 8 9315 2233 |