

14<sup>th</sup> March 2011

## **A Letter to Dynasty Metals Australia Ltd Shareholders From Lewis Tay**

Dear Shareholders,

This is the final week before the EGM is to be held on the 21<sup>st</sup> March 2011, and an important time for shareholders to decide how to cast their votes as the outcome of the EGM is a crucial step in directing the future activities of the company.

Regardless of the outcome of the EGM, I believe that my message to shareholders and the Board is loud and clear: **Dynasty needs a new Board, with members who are committed to the company, are able to work as a cohesive team and are capable of devoting the due time necessary to progressing Dynasty's business plan to extract maximum value from Dynasty's Western Australian iron ore assets, while minimising costs.** A key part of the proposed changes is to establish a focused board and management team with the skill set to deliver on this plan. For obvious reasons, it is important that the team is based in Perth and that the proposed changes are made.

On the 9<sup>th</sup> and 11<sup>th</sup> of March 2011, Messrs Levy, Carson and Anderson released announcements claiming that I was seeking to control Dynasty and that I added little or no value. Contrary to the view of Messrs Levy, Carson and Anderson, I believe that shareholders can judge for themselves who is really trying to control this company with minimum commitment in terms of their shareholding, as well as who has been the key driver in Dynasty being repositioned to a company focused on creating value from Western Australian iron ore assets.

Further, while selectively seeking to release announcements to further their own ends, Messrs Levy, Carson and Anderson have elected to omit key relevant facts:

- Mr. Ian Levy is the full time MD of a bauxite company based in NSW, Australian Bauxite Ltd;
- Mr. Graham Anderson currently sits on the boards of 5 other companies; and
- Mr. Malcolm Carson spends the majority of his time in Sydney, and he will be the Chairman of a new float, Lithex Resources [www.lithex.com.au](http://www.lithex.com.au).

Notwithstanding these facts, Messrs Levy, Carson and Anderson still claim that they represent the best interests of shareholders and the company.

Additionally, Messrs Levy, Carson and Anderson have misled shareholders by benchmarking my performance by comparing Dynasty's share price to prominent iron ore explorers for the period of 2007 – 2011, without stating that Dynasty only commenced drilling for iron ore in late August 2009, while the peer companies stated, (AGO, BRM, GIR, FRS, CFE, and BCI), all discovered iron ore in 2006 or earlier. This creates a significantly distorted comparison.

Messrs Levy, Carson and Anderson have released a number of circulars to shareholders that I believe portray a very biased and not necessarily accurate view of the history of Dynasty. Further, Messrs Levy, Carson and Anderson control the voting of the Board, and the announcements released by the company and the decisions of the Board do not necessarily reflect the opinions and views of all directors. For these reasons, and in the interests of keeping all shareholders informed, I believe that it is important for me to provide shareholders with the following historical facts to allow shareholders to make their own judgements as to the validity of the recent announcements made by Messrs Carson, Levy and Anderson:

- In October 2007, I restructured the Dynasty Board and strategic direction, with the support from shareholders, as the company was heading to explore for coal seam gas in WA;

- In January 2008, I was appointed to be the Executive Director to run Dynasty. **\$2.2m was raised largely through my efforts in March 2008;**
- **In July 2008, as Executive Director, I engaged the services of Terra Search to be the technical consultant to the company, and Hetherington as the tenement manager,** with the knowledge and support of Mr Oh who was then the non executive chairman. The Perth office was closed in 2008 as a result of the global financial crisis in order to reduce costs as the Company's main interest then was in the Tiara Coal Joint Venture Project based in Queensland and therefore an office was to be established in Sydney instead;
- During Terra Search's engagement, **the Western Australian Pilbara tenements with high potential iron ore deposits were identified by Mr. Dave Jenkins** (Principle Geologist of Terra Search) as part of his desktop study of Dynasty's tenements. **This prospect was further confirmed by a field trip made by Mr Jenkins and myself in August 2008;**
- A drilling program was then designed by Terra Search during May/June 2009 and approved by myself from a financial perspective and Mr Carson from a technical perspective. **To fund this program, \$830,000 was raised largely through my efforts in July 2009 during my trip to China;**
- Drilling companies were shortlisted by Terra Search and one was unanimously selected by myself, Mr. Jenkins and Mr. Carson. The drilling program commenced on the 26<sup>th</sup> August 2009 with very encouraging results;
- At the Annual General Meeting held on the 25<sup>th</sup> of November 2010, a meaningful number of votes were cast against the re-election of Mr. Carson as a director. Shareholders also expressed concerns over the size of the Board and expressed support for the re-establishment of a WA based board and management team in line with the focus on Western Australian assets;
- Following the concerns articulated above and as a result of certain other internal disagreements amongst the Board, on 2<sup>nd</sup> February 2011, I called an EGM of shareholders as I believed the actions, skill sets, geographic locations and time being spent on Dynasty business by Messrs Levy, Carson and Anderson had resulted in the Board becoming dysfunctional, and the Board controlled by Messrs Levy, Carson and Anderson was not acting in the interests of **all shareholders.**

**My actions in calling the EGM were driven by my duty as a director to act in the interests of all shareholders by enabling Dynasty to have a fully functioning Board, focused on maximising the potential of Dynasty's Western Australian iron ore assets.**

In closing, I urge all shareholders to vote for the resolutions. A new era for Dynasty will begin with your sincere support.

Yours Faithfully



Lewis Tay

Non Executive Director, Dynasty Metals Australia Ltd