



## **DYNASTY ANNOUNCES RELIANCE ON FINANCIAL HARDSHIP EXEMPTION IN RESPECT OF PRIVATE PLACEMENT FINANCING**

**Vancouver, B.C., September 7, 2016** – Further to its press releases of August 16, 2016 and August 30, 2016, Dynasty Metals & Mining Inc. ("**Dynasty**" or the "**Company**") (TSX: DMM, OTCQX: DMMIF) would like to provide additional disclosure concerning elements of the proposed private placement (the "**Private Placement**") of common shares of the Company (each, a "**Share**") to Keith Piggott, Javier Reyes and Gregg Sedun (collectively, the "**Lead Investors**") as well as other investors (collectively, with the Lead Investors, the ("**Investors**"), which are required pursuant to the policies of the Toronto Stock Exchange (the "**TSX**") in connection with a financial hardship exemption, as follows:

- The subscription price of C\$0.15 per Share is approximately a 12% discount to the market price of C\$0.17 per Share based on the volume weighted average trading price of Shares on the TSX for the five trading days immediately prior to, and including, August 12, 2016 (being the date that the binding letter of intent was entered into between Dynasty and the Lead Investors).
- On the completion of the proposed Private Placement (the "**Closing**"), the Investors will receive such number of Shares, at an issue price of C\$0.15 per Share, that results in aggregate gross proceeds of US\$4.0 million to the Company.
- The aggregate number of Shares issuable to the Investors and to companies managed by Robert Washer, Chief Executive Officer of the Company, in connection with the proposed Private Placement will be expressed in Canadian dollars in the definitive agreement and will be based on the Canadian/United States dollar noon exchange rate reported by the Bank of Canada as at the day immediately preceding the date of the definitive agreement or such other date that is acceptable to the Company and the Investors, subject to the approval of the TSX. Based on the Canadian/United States dollar noon exchange rate reported by the Bank of Canada on August 31, 2016, approximately 41,121,864 Shares will be issued to the Investors and to companies managed by Mr. Washer, which represents approximately 88.04% of the currently issued and outstanding Shares and approximately 46.82% of the expected issued and outstanding Shares on Closing (both, on a non-diluted basis).
- On Closing, companies managed by Mr. Washer are expected to hold approximately 19,238,568 Shares, which represents approximately 41.19% of the currently issued and outstanding Shares and approximately 21.91% of the expected issued and outstanding Shares on Closing (both, on a non-diluted basis), assuming and including the issue of the Shares upon the completion of the Private Placement and the issue of approximately 6,124,533 Shares (the "**Shares for Debt Settlement**") upon the conversion of approximately US\$700,000 in debt owed to companies managed by Mr. Washer (for funds previously loaned to the Company) at the same price as the Private Placement as contemplated by the Company's press release of August 16, 2016. The Shares being issued in connection with the Shares for Debt Settlement represents approximately

13.11% of the currently issued and outstanding Shares and approximately 6.97% of the expected issued and outstanding Shares on Closing (both, on a non-diluted basis).

As a condition to Closing, Dynasty entered into a restructuring agreement dated September 7, 2016 (the "**Restructuring Agreement**") with Vertex Managed Value Portfolio and Vertex Enhanced Income Fund (collectively, "**Vertex**") to defer the debt payments owing by the Company to Vertex. Pursuant to the Restructuring Agreement, the Company will issue the following securities to Vertex in exchange for cancellation of the existing debt owed to Vertex:

- i. Secured US\$1,500,000 promissory notes incurring interest at 12% with a one year maturity date;
- ii. Secured US\$1,500,000 promissory notes incurring interest at 12% with a two year maturity date;
- iii. US\$1,000,000 freely assignable convertible promissory notes incurring interest at 12% with a two year maturity date, convertible into Shares at C\$0.30 per Share, to be secured by a second lien pledge of all of the issued and outstanding capital of Elipe S.A. (the "**Convertible Note**")
- iv. Share purchase warrants (each, a "**Warrant**"), exercisable on or before the second anniversary of the date of issuance such Warrants, to purchase an aggregate of 2,400,000 Shares, with an exercise price per Warrant equal to C\$0.15, subject to receipt of approval from the TSX (the "**Additional Warrants**").

In addition, pursuant to the Restructuring Agreement, the 600,000 Warrants currently held by Vertex will be repriced to C\$0.15 and their expiry will be extended to the second anniversary date of the issuance of such Warrants, subject to receipt of approval from the TSX, and the Company will pay to Vertex all accrued and unpaid interest owing in respect of the current debt. The Warrant exercise price of C\$0.15 per is approximately a 44% discount to the market price of C\$0.27 per Share based on the volume weighted average trading price of Shares on the TSX for the five trading days immediately prior to, and including, September 2, 2016.

On Closing, assuming that Vertex exercises all 2,400,000 Additional Warrants being issued to Vertex pursuant to the Restructuring Agreement and converts the entire outstanding amount of the Convertible Note into Shares, the aggregate number of Shares issuable to Vertex will be approximately 6,698,333 Shares. On Closing, assuming that Vertex exercises all 2,400,000 Additional Warrants being issued to Vertex pursuant to the Restructuring Agreement and converts the entire outstanding amount of the Convertible Note into Shares, the aggregate number of Shares issuable to Vertex, the Investors and to companies managed by Robert Washer will be approximately, 47,820,197 Shares, which represents approximately 102.38% of the currently issued and outstanding Shares and approximately 54.45% of the expected issued and outstanding Shares on Closing (both, on a non-diluted basis), assuming and including the issue of the Shares upon the completion of the Private Placement and the Shares for Debt Settlement.

In addition, further to the Company's news release dated August 31, 2016, the Company confirms that it has entered into definitive agreements in respect of the Private Placement and is proceeding with the closing of the Private Placement, which is scheduled to close on September 9, 2016.

### **Financial Hardship Exemption**

As the aggregate number of Shares issuable pursuant to the Private Placement and the Shares for Debt Settlement exceeds 25% of the currently issued and outstanding Shares (and the price per Share is less than

the market price under TSX policies), greater than 10% of the currently issued and outstanding Shares are issuable to insiders of the Company and since the exercise price of the Warrants is less than the market price, Dynasty would ordinarily be required to obtain shareholder approval pursuant to Sections 607(e), (g)(i) and (g)(ii) of the TSX Company Manual (the "**Manual**"). However, the Company has applied to the TSX, pursuant to the provisions of Section 604(e) of the Manual, for a "financial hardship" exemption from the requirements to obtain shareholder approval, on the basis that the Company is in serious financial difficulty and that the Private Placement, the Shares for Debt Settlement and the Restructuring Agreement are designed to improve the Company's financial situation. The application was made upon the recommendations of the special committee of the board of directors of the Company, free from any interest in the transactions and unrelated to the parties involved in the transactions, and was based on their determination that the transactions are reasonable for Dynasty in the circumstances.

The Company expects that, as a consequence of its financial hardship application, the TSX will place Dynasty under remedial delisting review, which is normal practice when a listed issuer seeks to rely on this exemption. Although the Company believes that it will be in compliance with all continued listing requirements of the TSX upon conclusion of the delisting review, no assurance can be provided as to the outcome of such review and therefore, continued qualification for listing on the TSX.

As of June 30, 2016, in addition to outstanding amounts owing to workers at the Company's Zaruma Gold project and to Vertex Managed Portfolio and Vertex Enhanced Income Fund, the Company has significant overdue accounts payable of approximately US\$10.3 million in the aggregate, which is comprised of amounts owing to creditors, income taxes, royalties, sales taxes and other withholding taxes owed to the Ecuadorian Government. The proposed Private Placement, the Shares for Debt Settlement and the Restructuring Agreement are important steps for Dynasty in funding further development of its mining projects in Ecuador, as they will allow the Company to settle the foregoing debt obligations and maintain its mining concessions.

### **About Dynasty Metals & Mining Inc.**

Dynasty Metals & Mining Inc. is a Canadian based mining company involved in the mining, exploration and development of mineral properties in Ecuador. The Company is currently focused on gold production and continued development at its Zaruma Gold Project. The Company also owns the Dynasty Goldfield Project, a permitted property 180km southwest of the Zaruma project, and the Jerusalem Project, an exploration property immediately south of the Fruta del Norte project.

For further information please visit the Company's website at [www.dynastymining.com](http://www.dynastymining.com) or please contact:

Robert Washer, CEO

Email: [info@dynastymining.com](mailto:info@dynastymining.com)

### **Forward-Looking Information**

*This news release contains statements which are, or may be deemed to be, "forward-looking information" which are prospective in nature. Often, but not always, forward-looking information can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this news release includes, without limitation, statements regarding the risk that the Company may not be able to access additional capital pursuant to the proposed Private Placement, that the Company will not be granted the financial hardship exemption from the TSX, that the funds raised pursuant to the proposed Private Placement will be sufficient for the Company to carry on as a going concern for six months without additional funds and other factors beyond our control. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause Dynasty's actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Important risks that could cause Dynasty's*

*actual results, revenues, performance or achievements to differ materially from Dynasty's expectations include, among other things, risks found in Dynasty's Annual Information Form for the year ended December 31, 2015, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Other than in accordance with regulatory obligations, Dynasty is not under any obligation and Dynasty expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*