



## **Dynasty Provides First 100 Days Corporate Update**

**Vancouver, B.C., January 9, 2017** – Dynasty Metals & Mining Inc. ("**Dynasty**" or the "**Company**") (TSX: DMM, OTCQX: DMMIF) is pleased to provide an update on its first 100 days of operations since the change of management disclosed in its press release issued on September 14, 2016.

### ***Highlights of corporate update***

- Dynasty Goldfields' road access construction to the first mining area was completed, and mining activities commenced by Green Oil, the Company's contract miners, during the end of December 2016.
- Zaruma Project's mining activities recommenced on a small scale, with high grade pillar materials.
- Payment of outstanding concession fees has brought all of the key concessions into good standing.
- Private placement of US\$1.0 million convertible debenture announced for additional working capital.

### ***Dynasty Goldfields' Project***

- Obtained access agreements and land operating agreements with local communities and landowners.
- Road access construction to the first mining areas was completed in late December 2016.
- Mining activities commenced by Green Oil, the Company's contract miner, during the end of December 2016.
- Open cut mining operation and hauling the ore to the Company's treatment plant at Portovelo conducted through contract mining, with geological and mining grade control being performed by the Company's personnel.
- Ore is being mined from a series of shallow open cuts on many veins, from 3 to 10 metres wide indicated from surface trenching and many short drill holes, with an average expected grade of between 3.0 and 4.0 grams gold per ton based on current testing results.
- The target production from this location is 500 tons per day ("**tpd**"), which is expected to be achieved in Q1 2017.

### ***Zaruma Project***

- Mining recommenced on a small scale, with high grade pillar material, at the Company's underground mine in Zaruma, with a view to cleaning up the mine and opening up blocks of ore for consistent production using low cost selective mining methods. It is expected that the mine will achieve production of a minimum of 100 tpd in Q1 2017.

- Pumping level is being maintained but not lowered until the detailed mine plan is completed. Negotiations are underway to share the cost of dewatering lower levels of the district with other regional mine owners.
- Employee numbers have been reduced to increase efficiencies. Redundancy agreements have been reached whereby termination benefits will be paid out over time to conserve cash flow.
- Machinery use has been reduced to achieve lower cost mining methods. All lower ramp development has ceased and access development minimized while the mine re-establishes cash flow from stoping.
- The Company has implemented a policy of regularizing operations of informal miners within its concessions. This is in line with the government policy of maintaining environmental and safety standards for informal miners. To date, at least 20 such agreements have been ratified. This has assisted the Company with good community relations.

### ***Production forecast***

- The treatment plant at Portovelo has been overhauled, and the secondary crusher rebuilt, one 1,000 tpd ball mill was relined.
- The treatment plant recommenced operations on 3,000 tons of ore from the Zaruma mine, while ore from the Dynasty Goldfields Project is being stockpiled at the plant.
- In Q1 and Q2 2017, it is expected that the plant will build up production from 500 tpd to between 800 and 1,000 tpd, depending on grind size for mineral liberation.
- During the early stage of production, Dynasty Goldfields Project will be the principal source of feed, with ore from the Zaruma mine stockpiled and treated when sufficient ore is available for reasonable mill runs.

### ***Exploration***

- The Company has large concessions over the Dynasty Goldfields Project, which have considerable potential for higher grade underground mining from several veins that are easily accessible. Exploration by small scale development adits and drilling will better define areas to mine. The intention is to increase the grade going to the Portovelo Plant.
- The Copper Duke Goldfields, which is closer by road to the Zaruma plant than the Dynasty Goldfields, has a vein swarm indicated from surface sampling. This needs to be drill tested. The Company has its own new diamond drill on site to perform this work. The intention is to increase and maximize higher grade feed for the Zaruma plant.
- The Dynasty Goldfields has several wide intersections of porphyry mineralization with promising indications of gold. As soon as cash flow permits, the Company intends to do further exploration work in this area.

### ***Government, wages, vendor liabilities update***

At the time of the completion of the private placement and change of management in September 2016, the Company was experiencing significant setbacks in three primary areas: taxes owed to the Government, outstanding wages to employees, and vendor debts.

- Payment of outstanding concession fees has brought all of the key concessions into good standing, with the remaining non-core concessions either being sold, negotiated for operating agreements or reduced in size.

- Agreements have been reached with employees to defer outstanding claims, with some employees continuing employment and some being downsized to improve efficiencies.
- Negotiations are underway with most suppliers to pay outstanding indebtedness, with some settlements and payment plans agreed to. Most suppliers have agreed to defer payment claims to allow the mine and plant to ramp up to production in the short term.

### ***Vertex Managed Value Portfolio and Vertex Enhanced Income Fund (collectively, "Vertex") Restructuring***

On September 7, 2016, the Company entered into a restructuring agreement dated September 7, 2016 (the "**Restructuring Agreement**") with Vertex, to defer the debt payments owing by the Company to Vertex. Please refer to the Company's press release issued on September 7, 2016 for further details.

### ***Vancouver Corporate***

- Downsized current head office space.
- Reduced head count.
- Senior management and directors are receiving no cash salary or fees until the Company is further capitalized or generates positive cash flow.

### ***Private placement – convertible debenture***

The Company is pleased to announce an offering, on a private placement basis, of a US\$1.0 million convertible secured subordinated debenture with the following key terms (the "**Private Placement**"):

- 2 years maturity.
- 12% interest per annum.
- CAD\$0.25/share conversion rate, based on the noon Bank of Canada Canadian dollar/US dollar exchange rate on the date immediately preceding the closing of the offering.
- Secured through a pledge of all of the issued and outstanding share capital of Elipe S.A., an indirect wholly owned subsidiary of the Company, ranking behind the Vertex loans outstanding.
- CAD\$50,000 finance fee.
- Four month hold period.

Credipresto SAPI de CV SOFOM ENR ("**Credipresto**") will be the subscriber for in the Private Placement. Credipresto has already fully advanced the US\$1.0 million in multiple tranches over time, which debt will be replaced by the convertible debenture. Based on current exchange rates, if the convertible debenture is fully converted into common shares of the Company, approximately 5,317,200 common shares of the Company would be issuable to Credipresto. The offering is subject to customary closing conditions including Toronto Stock Exchange approval, and is expected to close on or before January 31, 2017.

The proceeds of the loan will be used for working capital and general corporate purposes.

Keith Piggott, President and Chief Executive Officer of Dynasty commented: "We are happy that the first 100 days of our new management with a diverse skilled team, has implemented initial changes to improve efficiency, together with bringing on stream the Dynasty Goldfields Project, restarting the

Portovelo Treatment Plant and recommencing operations at the Zaruma mine. The loan from Credipresto will provide Dynasty extra working capital to further advance our operations in Ecuador which is expected to bring the Company to positive cash flow in 2017. I would especially like to thank The Minister of Mines in Ecuador and other officials for their advice in strengthening our social and local relationships and concession restructuring, and also the dignitaries of the local communities of Zaruma, Portovelo and Celica who have facilitated our ability to recommence operations."

### **About Dynasty Metals & Mining**

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 Goldfields 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:

Keith Piggott, Chief Executive Officer  
Email: [info@dynastymining.com](mailto:info@dynastymining.com)

Scientific and technical information relating to Zaruma and Dynasty Goldfields presented herein have been reviewed and approved by Rodney A. Blakestad, J.D., C.P.G., a Qualified Person as defined in Nation Instrument 43-101.

### **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 use of proceeds from the Private Placement, plans for completion of the Restructuring Agreement and the Company's production forecasts. Forward looking information is based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including assumptions relating to the ability of the Company and the other parties thereto to satisfy the conditions required in order to complete the Private Placement, the Restructuring Agreement and all related arrangements; the Company's ability to successfully implement its business plan in respect of its Ecuador projects; the expected benefits of the Private Placement, Restructuring Agreement and new management on the business of the Company; and the Company's ability to reach agreements with the Ecuadorian Government, employees and vendors regarding debts. 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, that the conditions to closing the Private Placement will not be satisfied and that the Company will be unable to complete the Private Placement, that the conditions to closing the Restructuring Agreement will not be satisfied and that the Company will be unable to complete the Restructuring Agreement; the Company will not be able to successfully implement its business plan in respect of its Ecuador projects under new management and a reconstituted board; and 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.