



## **DYNASTY ENTERS INTO BINDING LETTER OF INTENT IN RESPECT OF A PROPOSED EQUITY INVESTMENT IN THE COMPANY**

**Vancouver, B.C., August 16, 2016** – Dynasty Metals & Mining Inc. ("Dynasty" or the "Company") (TSX: DMM, OTCQX: DMMIF) announced today that it has entered into a binding letter of intent (the "LOI") with Keith Piggott, Javier Reyes and Gregg Sedun (collectively, the "Investors"), pursuant to which the Investors have agreed to purchase from the Company, and the Company has agreed to issue to the Investors, on a private placement basis such number of common shares of the Company (each, a "Share"), at an issue price of C\$0.15 per Share, that results in aggregate gross proceeds of US\$4.0 million (which amount will be expressed in Canadian dollars in the definitive agreement 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 Toronto Stock Exchange Approval (the "TSX")) (the "Private Placement"). The Shares will be allocated among the Investors as agreed to by the Investors and set forth in the definitive agreement.

The terms of the LOI were negotiated and approved by a special committee (the "Special Committee") of the board of directors of Company (the "Board") on an arm's length basis. The Special Committee, comprised of independent Board members, was established by the Board to identify, evaluate and consider strategic alternatives available to Dynasty with a view to enhancing shareholder value.

Dynasty plans to use the proceeds from the Private Placement to settle certain amounts payable to the Ecuadorian government, creditors and employees and to provide additional working capital necessary to advance its mining projects in Ecuador.

In conjunction with the completion of the Private Placement (the "Closing"), the Board will be altered such that it is comprised of a majority of directors who are nominees of the Investors. Based on the current five member Board, at Closing, the directors of the Company are expected to be comprised of Robert Washer, Leonard Clough and three directors nominated by the Investors, and Edison Lopez Viteri, Brian Speechly and Mark Bailey are expected to resign as directors of the Company. The new Board is expected to appoint Keith Piggott as Chief Executive Officer of the Company (it being understood that Robert Washer is expected to resign as Chief Executive Officer of the Company while remaining as Chairman of the Company) and will appoint a new Chief Financial Officer.

Dynasty understands that Section 604(a)(i) of the TSX Company Manual will require the Private Placement to be approved by the Company's shareholders on the basis that completion of the Private Placement will materially affect control of the Company. However, the Company intends to apply for an exemption from the shareholder approval requirement pursuant to Section 604(e) of the TSX Company Manual on the basis of the Company being in serious financial difficulty.

Completion of the Private Placement is subject to a number of closing conditions including, but not limited to, the following:

- the Investors and the Company obtaining all required stock exchange, regulatory, corporate, shareholder and third party approvals and consents;
- the Company shall have entered into an agreement with Vertex Managed Value Portfolio and Vertex Enhanced Income Fund (collectively, "Vertex") to defer the debt payments owing by the Company to Vertex, on terms and in a form of agreement acceptable to the Investors and the Company, each acting reasonably;
- pursuant to an agreement in form and content satisfactory to the Investors and the Company, acting reasonably, Robert Washer shall have waived any and all change of control payments or bonuses that may otherwise be payable to him in connection with his ceasing to be Chief Executive Officer of the Company; and
- US\$700,000 owing to Robert Washer or companies managed by him shall be repaid through the conversion of such indebtedness into Shares, at the same price as the Private Placement.

With the approval of the Investors, the Company has reached an oral understanding with Vertex to amend the terms of the loan and to defer the debt payments. The Company and Vertex will work towards finalizing the amendment and obtaining any required approvals, including the TSX's.

The issuance of Shares in connection with certain amounts owing to Robert Washer shall constitute a related party transaction within the meaning of Multilateral Instrument 61-101 ("MI 61-101"). Management considers the transaction to be advantageous as it improves the Company's liquidity and working capital positions. The Private Placement was reviewed and approved by the Special Committee. The issuance of Shares to Robert Washer will be exempt from the formal valuation and minority approval requirements of MI 61-101 as it represents less than 25% of the Company's market capitalization.

"The Special Committee believes that the Private Placement is an important step for Dynasty in funding further development of our mining projects in Ecuador as it will allow us to settle certain debt obligations and maintain our mining concessions. This will allow us to better manage our cash flow so we can continue to develop our main project without liquidity interruptions and enhances the Company's overall financial flexibility."

"On behalf of the Investors group we are delighted to settle the terms of this transaction," commented Keith Piggott. "We have formed a new operations and management group that has identified a number of optimization initiatives that should stabilize operations in the near term and provide a basis for further development of a world class exploration portfolio. We have tremendous support from existing stakeholders and creditors and look forward to implementing our first 100 day plan. A special thanks to Mr. Robert Washer, the Board of Directors and shareholders of Dynasty Metals and Mining, the Special Committee, the Ecuadorian authorities for their commitment to our projects, Vertex, the TSX and especially the continued commitment of the employees and the local communities of Zaruma. We look forward to communicating our near term plan shortly."

### **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 Company's anticipated use of proceeds from the private placement, its ability to reach an acceptable agreement with Vertex, TSX approval of the Private Placement and the timing for approval and Closing of the Private Placement and the timing for Closing. 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.*