



**DYNASTY REPORTS FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS
ENDED JUNE 30, 2012**

Vancouver, B.C., August 15, 2012 – Dynasty Metals & Mining Inc. ("Dynasty" or the "Company") (TSX: DMM, OTCQX: DMMIF) announces that it has released its consolidated financial statements for the three and six months ended June 30, 2012. The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2012 and the related notes thereto and the Company's management's discussion and analysis, which are available on the Company's website (www.dynastymining.com) and on SEDAR (www.sedar.com).

All dollar amounts in United States dollars unless otherwise stated.

The following tables show selected comparative consolidated financial information as at and for the three and six months ended June 30, 2012 and June 30, 2011.

Condensed Interim Consolidated Statements of Financial Position, as at:

(Unaudited)	June 30 2012	March 31 2012	December 31 2011
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,143,750	\$ 2,721,253	\$ 6,238,514
Receivables	163,570	121,820	53,479
Prepaid expenses	389,547	396,031	394,450
Inventory	<u>4,503,902</u>	<u>4,308,800</u>	<u>4,575,976</u>
	6,200,769	7,547,904	11,262,419
Advances and deposits	251,433	205,665	76,688
Mine properties, plant and equipment	52,413,848	52,694,268	52,109,644
Exploration and evaluation properties	<u>13,080,467</u>	<u>13,022,494</u>	<u>11,993,371</u>
	\$ 71,946,517	\$ 73,470,331	\$ 75,442,122
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 3,724,454	\$ 4,340,287	\$ 4,870,324
Provision for closure and restoration	<u>1,295,687</u>	<u>1,283,217</u>	<u>1,270,746</u>
	5,020,141	5,623,504	6,141,070
Shareholders' equity			
Capital stock	89,059,365	89,059,365	89,059,365
Contributed surplus	13,377,179	13,284,222	12,848,842
Deficit	<u>(35,510,168)</u>	<u>(34,496,760)</u>	<u>(32,607,155)</u>
	66,926,376	67,846,827	69,301,052
	\$ 71,946,517	\$ 73,470,331	\$ 75,442,122

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss):

(Unaudited)	For the Six Months Ended June 30 2012	For the Six Months Ended June 30 2011	For the Three Months Ended June 30 2012	For the Three Months Ended June 30 2011
EXPENSES				
Amortization and accretion	\$ 213,327	\$ 308,141	\$ 49,690	\$ 133,972
Management fees	217,068	123,518	143,652	62,171
Office and general	1,257,272	1,384,324	489,186	619,873
Professional fees	482,481	366,006	175,765	157,142
Shareholder communication	44,183	36,804	12,643	6,936
Stock-based compensation	528,338	996,602	92,957	377,290
Transfer agent and filing fees	43,770	50,456	6,959	3,952
Travel and entertainment	<u>168,339</u>	<u>152,801</u>	<u>79,700</u>	<u>72,480</u>
	<u>(2,954,778)</u>	<u>(3,418,652)</u>	<u>(1,050,552)</u>	<u>(1,433,816)</u>
OTHER ITEMS				
Interest income	2,154	8,583	609	4,880
Foreign exchange gain (loss)	<u>49,611</u>	<u>46,978</u>	<u>36,536</u>	<u>(43,468)</u>
	<u>51,765</u>	<u>55,561</u>	<u>37,145</u>	<u>(38,588)</u>
Loss and comprehensive loss for the period	(2,903,013)	(3,363,091)	(1,013,407)	(1,472,404)
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Troy ounces of gold sold	9,456	12,962	4,881	8,085
Troy ounces of silver sold	15,418	46,751	8,290	38,763
Total Sales*	<u>\$ 16,043,075</u>	<u>\$ 20,770,154</u>	<u>\$ 8,148,878</u>	<u>\$ 13,780,642</u>

* - Since operations at the Company's Zaruma Gold Project are in the pre-commercial phase, the proceeds from the sale of precious metals, net of production expenses and taxes, are credited to mine development costs and not recorded in the Company's consolidated statements of operations as permitted under International Financial Accounting Standards.

Production and Sales

For the six months ended June 30, 2012, the Company received proceeds of approximately \$16.0 million from shipments of approximately 9,500 ounces of processed gold and 15,400 ounces of processed silver derived from intermittent operations at its processing plant in Zaruma while continuing testing and making improvements to the facility.

A significant improvement the Company is currently making to the plant is the construction of a gravity concentration circuit to enable the more efficient processing of material containing high grade coarse gold. To date the Company has constructed and installed the majority of the crucial components of the circuit, including continuous stapes and a large high intensity leaching circuit, to increase efficiency and is currently estimated to be recovering approximately 90% of gold entering the circuit. A Falcon concentrator, acquired by the Company from a third party manufacturer, is on location in Zaruma and will be installed in due course. The high intensity leaching circuit will be used with the Falcon to process dore from concentrate on site rather than having to ship concentrate to a third party to be processed.

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Mining

The Company is developing three separate mines, of which one mine, "Cabo de Hornos", currently supplies the majority of material to the plant for processing. A significant proportion of material processed to date has been excavated during mine development and is not part of the Company's estimated resource set out in its Technical Reports on the Zaruma Gold Project.

During the last quarter, as the declines at "Cabo de Hornos" have progressed to further depths to access the higher grade resource material there has been, and continues to be, an increased necessity to dewater the lower levels of the mine, leading to a slowing in mining operations. A primary cause of the accumulation in the water is believed to be the existence of the old abandoned mine workings in close proximity at the current level. Once the declines get beneath the level of the old mine workings the water intake to the mine is expected to subside.

The declines at the other two mines, "Barbasco and Ayampamba", are currently under construction with mining activity expected to commence later this year. The Company expects meaningful contributions from these mines once the declines are next to the resource zones and mining activities commence.

Liquidity

As at June 30, 2012, the Company had approximately \$3.5 million in cash and gold dore available for sale, compared to approximately \$9.0 million as at December 31, 2011.

The majority of the proceeds from the sale of precious metals continue to be re-invested in the Zaruma Gold Project to continue the advancement of the three declines and develop the project towards commercial production. The cash provided from gold and silver sales has allowed for the continued development of the project without the need for equity financing and further dilution to shareholders. As at June 30, 2012 the Company had 42.5 million shares outstanding and, with the exception of the exercise of incentive stock options, has not undertaken an equity financing since April, 2010.

Subsequent to June 30, 2012, and up to the date of this report, the Company produced dore bars containing an additional 3,087 ounces of gold and 12,177 ounces of silver, of which 1,467 ounces of gold and 6,963 ounces of silver have been sold to date for aggregate proceeds of approximately \$2.5 million.

As previously disclosed, on July 23, 2012 a large group of armed robbers gained access to the plant and escaped with dore bars containing approximately 1,300 ounces of gold and 4,000 ounces of silver, with an approximate market value of \$2 million. The Company has sufficient insurance to cover this type of loss with an internationally recognized insurance company. The Company has filed a claim and has been assisting the insurance company in their assessment of the claim, however there is no assurance at this time that the Company will receive the full amount claimed.

About Dynasty Metals & Mining

Dynasty Metals & Mining Inc. is a Canadian based mining company involved in the exploration and development of mineral properties in Ecuador.

The Company has the producing Zaruma Gold Project, the advanced-stage Jerusalem Project, and a highly prospective exploration project, the Dynasty Copper-Gold Belt, which includes the advanced-stage Dynasty Goldfield.

For further information regarding the Company's Zaruma project readers should refer to the Company's Independent Technical Report entitled "Independent Preliminary Assessment – Zaruma Project – El Oro Province" dated August 21, 2006, available on SEDAR at www.sedar.com.

For further information please visit the Company's website at www.dynastymining.com, or please contact:

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Forward-Looking Statements

This news release contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature, including, without limitation, statements regarding Dynasty's future plans, the commencement of activity at the Barbasco and Ayampamba mines, the expected benefits derived from the utilization of new equipment, and expectations relating to the Cabo de Hornos mine. Forward-looking statements are not based on historical facts, but rather on 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 Company's ability to complete construction of the declines at the Barbasco and Ayampamba mines, that the Company will be able to continue its progress in respect of its mines as planned, that the Falcon concentrator will be installed as described, that the Company will continue to sell processed gold and silver at levels that allow it to fund the continued development of its mining projects, that all necessary approvals and arrangements will be obtained and/or finalized in a satisfactory manner in order to continue developing the Company's projects, and that the Company's equipment will operate at expected levels. Often, but not always, forward-looking statements 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 statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Such forward-looking statements involve 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 statements. Important risks that could cause Dynasty's actual results, revenues, performance or achievements to differ materially from Dynasty's expectations include, among other things: (i) risks related to being an early stage producer; (ii) risks related to Dynasty's lack of history in producing metals from Dynasty's mineral exploration properties and its ability to successfully establish mining operations or profitably produce precious metals; (iii) that Dynasty will be unable to successfully negotiate agreements with the holders of surface rights on areas covered by Dynasty's project concessions; (iv) changes in the market prices of gold, silver, and other minerals, which, in the past, have fluctuated widely and which could affect the profitability of Dynasty's operations and financial condition; (v) risks related to governmental regulations, including taxation statutes; (vi) risks related to Dynasty's primary properties being located in Ecuador, including political, economic, and regulatory instability; and (vii) uncertainty in Dynasty's ability to obtain and maintain certain permits necessary to the Company's current and anticipated operations. A further description of these and other risks can be found in Dynasty's Annual Information Form for the year ended December 31, 2011, which is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Other than in accordance with its legal or 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.