

# Dynasty Reports Financial Results for the Three and Six Months Ended June 30, 2013

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 15, 2013) - Dynasty Metals & Mining Inc. ("Dynasty" or the "Company") (TSX:DMM)(OTCQX:DMMIF) announces that it has released its unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2013. The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's unaudited consolidated financial statements as at and for the three and six months ended June 30, 2013 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](http://www.dynastymining.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)).

All dollar amounts are in United States dollars unless otherwise stated.

The following tables show selected consolidated financial information as at and for the three and six months ended June 30, 2013.

Consolidated Statements of Financial Position, as at:

(Unaudited)	June 30 2013	March 31 2013	December 31 2012
<b>ASSETS</b>			
Current assets			
Cash	\$ 66,892	\$ 160,986	\$ 433,364
Receivables	66,184	58,216	54,021
Prepaid expenses	1,057,596	899,687	805,202
Inventory	3,033,867	3,309,890	3,064,284
	<u>4,227,539</u>	<u>4,428,779</u>	<u>4,356,871</u>
Advances and deposits	116,276	135,964	86,764
Mine properties, plant and equipment	53,917,009	54,928,654	55,564,745
Exploration and evaluation properties	13,951,966	13,886,772	12,836,750
	<u>\$ 72,212,790</u>	<u>\$ 73,380,169</u>	<u>\$ 72,845,130</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$ 7,595,113	\$ 6,974,162	\$ 6,453,096
Short term loans	1,147,044	1,843,694	600,000
	<u>8,742,157</u>	<u>8,817,856</u>	<u>7,053,096</u>
Provision for closure and restoration	1,710,276	1,693,637	1,676,998
	<u>10,452,433</u>	<u>10,511,493</u>	<u>8,730,094</u>
Shareholders' equity			
Capital stock	89,059,365	89,059,365	89,059,365
Contributed surplus	13,533,370	13,450,117	13,483,319
Deficit	(40,832,378)	(39,730,806)	(38,427,648)
	<u>61,760,357</u>	<u>62,868,676</u>	<u>64,115,036</u>
	<u>\$ 72,212,790</u>	<u>\$ 73,380,169</u>	<u>\$ 72,845,130</u>

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss:

(Unaudited)	For the Six Months Ended June 30 2013	For the Six Months Ended June 30 2012	For the Three Months Ended June 30 2013	For the Three Months Ended June 30 2012
<b>EXPENSES</b>				
Administrative salaries and benefits	\$ 499,031	\$ 462,881	\$ 250,076	\$ 220,326

Amortization and accretion	177,841	213,327	84,965	49,690
Bank interest and fees	48,780	56,680	24,003	14,024
Insurance	121,963	98,005	55,693	50,927
Management fees	138,808	217,067	67,613	143,652
Office and general	425,764	482,755	281,299	74,720
Professional fees	408,286	482,481	111,883	175,765
Rent, utilities and maintenance	134,876	154,798	68,531	128,580
Shareholder communication	26,373	44,183	6,522	12,643
Stock-based compensation	50,051	528,338	(6,747)	92,957
Transfer agent and filing fees	54,751	43,770	6,527	6,959
Travel and entertainment	116,449	168,339	40,760	79,700
	<u>\$ (2,202,973)</u>	<u>\$ (2,952,624)</u>	<u>\$ (991,125)</u>	<u>\$ (1,049,943)</u>
OTHER ITEMS				
Foreign exchange gain (loss)	<u>(201,759)</u>	<u>49,611</u>	<u>(110,449)</u>	<u>36,536</u>
Loss and comprehensive loss for the period	<u>\$ (2,404,732)</u>	<u>\$ (2,903,013)</u>	<u>\$ (1,101,574)</u>	<u>\$ (1,013,407)</u>
Troy ounces of gold sold	10,924	9,456	6,001	4,881
Troy ounces of silver sold	26,992	15,418	10,960	8,290
Total Sales <sup>(a)</sup>	<u>\$ 17,188,731</u>	<u>\$ 16,043,075</u>	<u>\$ 8,716,649</u>	<u>\$ 8,148,878</u>

(a) - 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 Reporting Standards.

## Production and Sales

For the six months ended June 30, 2013, the Company received proceeds of \$17.2 million from the sale of approximately 11,000 ounces of processed gold and 27,000 ounces of processed silver derived from intermittent operations at its processing plant in Zaruma during the continued development of the Zaruma mines.

Subsequent to June 30, 2013, and up to the date of this news release, the Company exported approximately 2,800 ounces of gold and 13,400 ounces of silver with an aggregate approximate value of \$3.9 million.

## Mining

The Company continues to concentrate development activities on the main mine "Cabo de Hornos" which provides the best access to the in situ resource. To date, a significant amount of the material mined has come from old workings, generally not included in the Company's resource estimate, using hand held drilling and trackless mining methods. The Company is currently mining and delivering to the plant an average of approximately 450 tonnes of resource and non-resource material of varying grades per day.

During the current year the Company has been able to sufficiently dewater the decline at "Cabo de Hornos" to the current mine level and recommence the decline development in this area. The Company expects to be required to continue dewatering as the decline progresses downwards. However the volume of water to be removed is expected to be less as the Company moves beneath the abandoned mine workings.

The advance of the declines in the current year has allowed the Company to start accessing and mining higher grade areas contained in the Company's resource, particularly the Matalanga vein resulting in an increase in the average grade of the material mined and delivered to the plant, compared to the second half of last year.

Furthermore, the Company has been able to cut across the upper levels of other high grade veins which are

within the Company's resource, including the Soroche, Sucre and Tamayo veins with testing of these veins meeting the Company's expectations with respect to grade and width at the current level. The Company is now working to drive the declines below these higher grade veins during the current year which will allow for the commencement of the development and mining of these veins. This outlook is based on current operations, mine plans and exploration results, which are subject to change and cannot be assured (see "Critical Risk Factors" of the Company's Management's Discussion and Analysis, dated August 13, 2013, which is available at [www.sedar.com](http://www.sedar.com)).

## **Mining Law Amendments**

In mid-July, 2013 the Ecuadorian Government published amendments to the Mining Law in the official registry. The significant improvements to the mining law include:

- The creation of a new medium scale mining license for underground mining operations mining between 300 to 1,000 tonnes per day ("tpd") per concession. Operations that qualify for the medium scale mining license are required to pay a 4 % net smelter return ("NSR") royalty and are not required to enter into an exploitation contract with the Ecuadorian government, meaning that these operations are exempt from all windfall tax provisions;
- The reconfirmation of the inclusion of the small scale mining licenses for underground mining operations mining up to 300 tpd per concession. Operations that qualify for the small scale mining license are required to pay a 3 % NSR royalty and are not required to enter into an exploitation contract with the Ecuadorian government, meaning that these operations are also exempt from all windfall tax provisions;
- Large scale mining operations that mine in excess of 1,000 tpd per concession will have fixed NSR royalties between 5% and 8% and will have to negotiate an exploitation contract on a company by company basis with the Government. The easing of investment terms, will allow large scale mining companies to recover their investment before being subject to any windfall tax;
- The reduction of the number of permits required for every mining phase and the introduction of fixed timeframes that the Government agencies are required to adhere too when processing these applications. These improvements are expected to streamline the permitting process in the future; and
- Tougher sanctions for illegal mining, which include the confiscation of machinery and strong economic sanctions.

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

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

The Company's properties include the developing Zaruma Gold Project, at which the Company is engaged in intermittent production, 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](http://www.sedar.com).

Luis Bravo, a member of AUSIMM (Australian Institute of Mining and Metallurgy) and a "qualified person" within the definition of that term in the National Instrument 43-101, has supervised the preparation of the technical information contained in this news release.

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

## **Forward-Looking Information**

*This news release contains statements which are, or may be deemed to be, "forward-looking information"*

*and which are prospective in nature, including, without limitation, statements regarding Dynasty's future plans and expectations relating to the Cabo de Hornos mine and the process of accessing higher grades of precious metals as the Company advances through declines. Forward-looking information is not based on historical facts, but rather on 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 continue progress through its declines with minimal or no interruption, that the Company will be able to continue its progress in respect of its mines as planned, 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 the Company will have access to capital if required, 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 information can be identified by the use of forward-looking words such as "plans", "expects", "estimates", "forecasts", "projects", "intends", "anticipates" 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. 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 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 prior mining activity at Dynasty's mines and declines, (ii) uncertainties relating to Dynasty's mineral resource estimates (iii) risks related to availability of capital on satisfactory terms, (iv) risks related to being an early stage producer; (v) 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; (vi) that Dynasty will be unable to successfully negotiate agreements with the holders of surface rights on areas covered by Dynasty's project concessions; (vii) 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; (viii) risks related to governmental regulations, including taxation statutes; (ix) risks related to Dynasty's primary properties being located in Ecuador, including political, economic, and regulatory instability; (x) uncertainty in Dynasty's ability to obtain and maintain certain permits necessary to maintain the Company's current and anticipated operations, and other risks disclosed in Dynasty's Annual Information Form for the year ended December 31, 2012 and other public filings, which are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://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 information, whether as a result of new information, future events or otherwise.*

## Contact

Dynasty Metals & Mining Inc.  
Murray Oliver  
(604) 687-7810 or Toll Free: 1 888 735-3881 (NA only)  
[info@dynastymining.com](mailto:info@dynastymining.com)  
[www.dynastymining.com](http://www.dynastymining.com)  
Brisco Capital Partners Corp.  
Scott Koyich  
(403) 262-9888  
[Scott@briscocapital.com](mailto:Scott@briscocapital.com)

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