# Dynasty Reports Financial Results for the Year Ended December 31, 2013 and the Commencement of Commercial Production at the Zaruma Gold Project

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Mar 31, 2014) - Dynasty Metals & Mining Inc. ("Dynasty" or the "Company") (TSX:DMM)(OTCQX:DMMIF) announces that it has released its audited consolidated financial statements for the years ended December 31, 2013 and 2012 and that is has commenced commercial production at the Zaruma Gold Project ("Zaruma Project") effective October 1, 2013. The selected financial information presented herein is qualified in its entirety by, and should be read in conjunction with, the Company's audited consolidated financial statements as at and for the year ended December 31, 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) and on SEDAR ( www.sedar.com).

All dollar amounts in United States dollars unless otherwise stated.

**Zaruma Gold Project Operating Results**

| | | Three months ended December 31, 2013 (unaudited) |
|---|---|---|
| Gold Revenue | $ | 15,670,352 |
| Gold sales (ounces) | | 12,355 |
| Average realized price per ounce | $ | 1,269 |
| Mined material milled (tonnes) | | 29,948 |
| Average grade (grams/tonne) | | 15.14 |
| Average recovery (%) | | 94.3 |
| Gold production (ounces) | | 13,748 |
| Cash costs (US$/oz Au)[a,b] | $ | 592 |
| Cash costs (US$/tonne Au)[a,b] | $ | 272 |
| All-in sustaining cash cost (US$/oz Au)[a,b] | $ | 791 |

a. Net of by-product credits
b. Non-GAAP measure.

The Company commenced accounting for the Zaruma Project as being in commercial production commencing on October 1, 2013 as the project was meeting production milestones to be operating, for accounting purposes, in the way intended by Management. During the period the Company processed approximately 325 tonnes per day ("tpd") of mined material which was below the threshold previously set to indicate commercial production. However, since the average grade of this material was significantly higher than the average grade previously set to indicate the commencement of commercial production, the decision was made to treat the Zaruma Project as though it was operating in the way intended by Management and thus as having commenced commercial production, effective October 1, 2013.

The Company previously commenced the development of three separate declines, being "Cabo de Hornos", "Ayapamba" and "Barbasco", at the Zaruma Project to access the mineral resource contained therein. Primarily as a result of budget constraints in 2013, the Company concentrated development activities on the main decline, "Cabo de Hornos", since it provided the best access to the in-situ resources and where the installation of an electrical sub-station allows the mine to be powered from the main grid.

The average grade of material processed during the period was 15.14 grams per tonne ("g/t"). Substantially all the high grade material mined in the period was from certain sections of the Soroche vein where the grade was particularly high. The average processing rate of 325 tpd represents less than one third of the current installed capacity of the Zaruma processing plant.

Cash costs per ounce and all-in sustaining cash costs per ounce for the three months ending December 31, 2013 were $592 and $791 respectively.

It is not uncommon or unexpected to encounter areas of the deposit with significantly higher or lower grades as compared to the average grade previously disclosed in the Company's mineral resource estimate for its Zaruma Project, since the resource at Zaruma is known to contain a significant variability in grade between different areas, which are often in close proximity to each other. As a result it is unlikely that the Company will achieve a consistent monthly production profile during this early production phase of operations, until material is mined from additional multiple veins.

In the near term, the Company intends to remain focused on developing the main decline with the intent to continue to develop high grade gold veins in the area which will provide access to additional mining faces which in turn is expected to improve production. This outlook is based on current operations, mine plans and exploration results, which are subject to change and as such cannot be assured.

Subsequent to December 31, 2013, the average grade to date has dropped compared to the fourth quarter of 2013 but has still remained consistent with the overall average resource grade. The average daily tonnage of material processed through the mill in 2014 to date is markedly lower than the average achieved in the fourth quarter of 2013 due to the reallocation of resources at the beginning of the year to carry out normal course maintenance and development work on the main decline earlier in the year. This maintenance and development work is now complete and the Company is refocussing on mining resource grade material to be delivered to the mill for processing. However, there is therefore no assurance that the results achieved by the Company in the fourth quarter of 2013 will remain consistent over future periods or be representative of stable ongoing results from our mining activities at our Zaruma Project in the near term.

The following tables show selected consolidated financial information for the nine months ending September 30, 2013, three months ending December 31, 2013 and the years ending December 31, 2013 and 2012.

| | Nine months ended September 30, 2013 | Three months ended December 31, 2013 | Year ended December 31, 2013 | Year ended December 31, 2012 |
|---|---|---|---|---|
| OPERATING REVENUES | $ - | $ 15,937,132 | $ 15,937,132 | $ - |
| OPERATING COSTS | | | | |
| Mining and processing | | 7,501,301 | 7,501,301 | - |
| Royalties | | 794,852 | 794,852 | - |
| Amortization and accretion | | 1,418,870 | 1,418,870 | - |
| | - | 9,715,023 | 9,715,023 | - |
| EARNINGS FROM MINE OPERATIONS | - | 6,222,109 | 6,222,109 | - |
| EXPENSES | | | | |
| Corporate and administrative | 2,964,981 | 1,388,010 | 4,352,991 | 5,186,016 |
| Stock-based compensation | 435,684 | 22,383 | 458,067 | 634,477 |
| | 3,400,665 | 1,410,393 | 4,811,058 | 5,820,493 |
| EARNINGS BEFORE INCOME TAXES | (3,400,665 ) | 4,811,716 | 1,411,051 | (5,820,493 ) |
| INCOME TAXES | | | | |
| Current tax expense | - | 1,446,349 | 1,446,349 | |
| Unrecoverable tax pre-payments | - | 538,991 | 538,991 | |
| LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD | (3,400,665 ) | 2,826,376 | (574,289 ) | (5,820,493 ) |
| Ounces of gold sold in commercial production | - | 12,355 | 12,355 | - |

| | | | | |
|---|---|---|---|---|
| Ounces of gold sold in pre-commercial production | 15,244 | - | 15,244 | 16,470 |
| Total ounces of gold sold in period | 15,244 | 12,355 | 27,599 | 16,470 |

**Consolidated Statements of Financial Position,** as at:

| | December 31 2013 | December 31 2012 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash | $ 4,913,500 | $ 433,364 |
| Receivables | 20,162 | 54,021 |
| Prepaid expenses | 556,380 | 805,202 |
| Inventory | 4,320,543 | 3,064,284 |
| | 9,810,585 | 4,356,871 |
| Advances and deposits | 306,348 | 86,764 |
| Mine properties, plant and equipment | 51,309,641 | 55,564,745 |
| Exploration and evaluation properties | 14,067,965 | 12,836,750 |
| | $ 75,494,539 | $ 72,845,130 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 6,090,741 | 6,453,096 |
| Taxes payable | 2,426,941 | - |
| Short term loan | 1,132,591 | 600,000 |
| | 9,650,273 | 7,053,096 |
| Provision for closure and restoration | 1,845,452 | 1,676,998 |
| | 11,495,725 | 8,730,094 |
| Shareholders' equity | | |
| Capital stock | 89,059,365 | 89,059,365 |
| Contributed surplus | 13,941,386 | 13,483,319 |
| Deficit | (39,001,937 ) | (38,427,648 ) |
| | 63,998,814 | 64,115,036 |
| | $ 75,494,539 | $ 72,845,130 |

**Liquidity**

As at December 31, 2013 the Company had cash resources of $4.9 million and a working capital surplus (current assets less current liabilities) of $0.2 million compared to cash resources of $0.5 million and a working capital deficit of $5.3 million as at September 30, 2013; and cash resources of $0.4 million and a working capital deficit of $2.7 million as at December 31, 2012.

The increase in production and sales in the fourth quarter of 2013 provided the liquidity the Company needed to not only reduce its trade payable balances but to also accumulate cash to cover certain upcoming payments due to the Ecuadorean Government, including:

- The annual renewal of mineral concessions of approximately $1 million. This balance was paid earlier in March of this year;
- The payments of NSR royalties for the second half of 2013 of approximately $0.7 million. This balance was included in accounts payable on December 31, 2013 was paid earlier in March of this year; and
- Estimated employee participation tax and corporation tax balance owed of approximately $2 million, which is payable by mid-April 2014.

Included within short term loans is a $1 million Promissory Note from corporations represented by the Company's President and Chief Executive Officer. The Promissory Note bears no interest, is repayable on demand and is secured by way of a General Security Agreement over certain assets of the Company.

**Non-GAAP Measures**

### Cash costs per ounce and per tonne

Cash cost per ounce of gold and cash cost per tonne of processed ore are key performance measures that management uses to monitor performance. Management believes that certain investors also use these non-GAAP financial measures to evaluate the Company's performance. Cash costs are an industry standard method of comparing certain costs on a per unit basis, however, they do not have a standardized meaning or method of calculation, even though the descriptions of such measures may be similar. These performance measures have no meaning under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies.

The following tables present a reconciliation of cash costs per tonne of processed ore and cash costs per ounce of gold to the cost of sales in the consolidated financial statements for the three months ended December 31, 2013. Since the Company started commercial production on October 1, 2013 there is no comparable data for earlier periods.

| | Three months ended December 31, 2013 (unaudited) | | |
|---|---|---|---|
| Operating expenditure | $ | 9,715,023 | |
| Change in inventory | | 910,674 | |
| Depletion and depreciation | | (1,418,870 | ) |
| Royalties | | (794,852 | ) |
| By-product credits | | (266,780 | ) |
| Total cash costs | | 8,145,195 | |
| Gold produced | | 13,748 | |
| Cash cost per ounce of gold | $ | 592 | |
| Cash cost per tonne processed | $ | 272 | |

### All-in cash costs per ounce and per tonne

The Company believes that "all-in sustaining costs" will better meet the needs of analysts, investors and other stakeholders of the Company in understanding the costs associated with producing gold, the economics of gold mining, assessing our operating performance and also the Company's ability to generate free cash flow from current operations and to generate free cash flow on an overall Company basis. The Company, in conjunction with an initiative undertaken within the gold mining industry, has adopted an all-in sustaining cost performance measure; however, this performance measure has no standardized meaning.

The Company has conformed its all-in sustaining definition to the measure as set out in the guidance note released by the World Gold Council ("WGC") (a non-regulatory market development organization for the gold industry whose members comprise global senior gold mining companies). "All-in sustaining costs" are intended to provide additional information only and do not have standardized definitions under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Although the WGC has published a standardized definition, companies may calculate these measures differently. "All-in sustaining costs" include total production cash costs incurred at the Company's mining operations, which forms the basis of the Company's by-product cash costs. Additionally, the Company includes sustaining capital expenditures, corporate selling, general and administrative expenses, and exploration expenditures in this measure. The Company believes that this measure represents the total costs of producing gold from current operations, and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of gold production from current operations, new project capital is not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included. The Company reports this measure on a gold ounces sold basis. The following tables provide a reconciliation of all-in sustaining costs per ounce to the consolidated financial statements for the three months ended December 31, 2013:

| | Three months ended December 31, 2013 (unaudited) | |
|---|---|---|
| Total cash costs | $ | 8,145,195 |

| | | |
|---|---|---|
| Royalties | | 794,852 |
| Depletion and depreciation | | 1,476,950 |
| Capital expenditure | | 145,618 |
| Exploration expenditure | | 309,304 |
| Total all-in sustaining cash costs | | 10,871,919 |
| Gold produced | | 13,748 |
| All-in sustaining cash cost per ounce of gold | $ | 791 |

**Update on the preparation of revised 43-101 Technical Reports**

As previously disclosed on January 24, 2014, the Company is in the process of preparing an updated Technical Report in respect of its Zaruma Project and amended Technical Reports in respect of its non-producing Jerusalem and Dynasty Goldfields Projects in order to address the results of a review by the British Columbia Securities Commission. Due to delays in the preparation of such Technical Reports, the Company now anticipates that such reports will be completed and filed on SEDAR at www.sedar.com in April 2014. The authors of such reports, Messrs. Richard L. Procter, BSc (Eng), MBA, MIMMM, CEng, and Allen J. Maynard, BAppSc(Geol), MAIG, MAusIMM, each of whom is "independent" and a "qualified person" in accordance with National Instrument 43-101, have supervised the preparation of and approved the written disclosure relating to such projects in the Company's Annual Information Form for the year ended December 31, 2013 which has been filed on SEDAR. However, the mineral resource estimates contained in the Company's public filings should not be relied upon until such time as the Technical Reports supporting such resource estimates have been filed.

**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 is currently focused on developing its Zaruma Gold Project, at which the Company is engaged in intermittent production. The Company also has the following non-producing assets: the Jerusalem Project and Dynasty Goldfield Project.

Brian Speechly, a Fellow of AusIMM (Australian Institute of Mining and Metallurgy), a director of the Company and a "qualified person" within the definition of that term in the National Instrument 43-101, has supervised the preparation of and has verified the technical information contained in this news release.

Precious metal element assays were determined by the Company at our on-site laboratory facility located at the Zaruma Project processing plant site. The on-site laboratory typically carries out both fire assay and solution assays on a 3 shift basis. Currently some 40 samples (20 liquid and 20 solid) are tested daily. These data provide the facility with adequate checks for overall plant control and metallurgical balance sheet management. As well as this, the laboratory undertakes testwork with regard to the efficiency of the processing facility, whereby bench scale test are carried out on flowsheet alternatives (such as intense cyanidation, options for flotation circuitry and leaching, absorption and tailings thickening work).

Allen J. Maynard is the independent qualified person for the mineral resources on the Zaruma Project and he has reviewed the references to resources in this press release.

For further information please visit the Company's website at www.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, including, without limitation, statements regarding Dynasty's future plans, expectations relating to the Zaruma mine development and mineral extraction including accessing higher grades of precious metals as the Company advances through declines, and timing of the filing of Technical Reports in respect of the Company's mining projects. Forward-looking information is 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 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 new equipment will perform 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 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" 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. 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 its mines and declines, (ii) uncertainties relating to mineral resource estimates (iii) risks related to availability of capital on satisfactory terms, (iv) 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; (v) that Dynasty will be unable to successfully negotiate agreements with the holders of surface rights on areas covered by Dynasty's project concessions; (vi) 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; (vii) risks related to governmental regulations, including taxation statutes; (viii) risks related to Dynasty's primary properties being located in Ecuador, including political, economic, and regulatory instability; (ix) uncertainty in Dynasty's ability to obtain and maintain certain permits necessary to the Company's current and anticipated operations; (x) the possibility that the completion of new Technical Reports will be delayed, resulting in orders or other sanctions against the Company by Canadian securities regulatory authorities; and other risks found in Dynasty's Annual Information Form for the year ended December 31, 2013, which is available on 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.*

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