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Dear Chris,



***Yours truly with Cornerstone's V.P. Yvan Crepeau at last year's Nat'l Chamber of Mines meeting in Quito, Ecuador.***

Those of you who follow the mining sector more than the average investor (I suspect our demographics here are more mining-heavy than other places) know that in many respects it's "a small world." Within this whole hemisphere, truly, it seems as though most everybody of note knows almost everybody else of note. That dynamic often gets accentuated within major jurisdictions/camps: the Abitibi in Canada, the State of Nevada, etc.

So is it true in Ecuador as well; a place that is small not only in the size of its country in relative terms **but especially where the number of top-flight people--geologists and management types alike--are not all that numerous.** Yours truly was both visionary--and together with the players involved, *part-lucky*--enough to be pretty much the first outside "mover" in pounding the table on Ecuador generally and Cascabel specifically. Unless you have been on another planet, you all now know--and have profited very nicely from--that.

Another benefit for me (and YOU!) in this whole process has been to earn the ability to be one of the few "gringos" able to get the ear of some key people. Being in the right place at the right time--or having the ear and trust of an important person--has already been of great benefit in getting us entrenched with opportunity. *Introductions in a few key respects have been made for me that don't come around all the time.*

I have followed and still am following, and occasionally conversing with, numerous more companies operating, at least in part, in Ecuador. Some I have ruled out for various reasons. Others I am warming up to (one has an *obscenely* high grade project, but 1. it's fairly small and without the district-type potential and 2. there is joint ownership that confuses me, which also gives me pause.)

At this point, in looking at other Ecuador companies, I'm in more of a "swinging for the fences" mode; at least, wanting to get you in on opportunities that have *massive* upside potential *and are preferably unknown as were Cornerstone and Cascabel not that long ago*. You know the Cornerstone and Salazar stories in those regards; even Lumina--with two multi-million ounce gold resources and growing--has lots of upside exploration potential, too, besides the likely coming development of Cangrejos and Condor.

Today--unlike the three of those--I am bringing you a new Ecuador recommendation **that has current, growing gold production** and also astonishing upside potential; together with some considerable muscle behind this turnaround story:

**NEW RECOMMENDATION: Dynasty Metals and Mining (TSXV-DMM; OTCQX-DMMIF) -- Yesterday's close -- C29 cents/share, or about US 23cents/share.**

The company I am introducing to you today is a rebound story in a sense; a present, small scale, free cash flow producer of two high-grade resources (primarily gold.) **Importantly for a few reasons, it is one of the "legacy" producers in Ecuador**, located near the southern border with Peru, which has been mined for many years. So among other things, there is generally an established acceptance of this business by the local community nearby, though new Dynasty management needed to clean up some debts and bad blood that old management had left behind.

Previous Dynasty management had put the Zaruma Gold Mine, about 175 km south of the port City of Guayaquil (the country's largest city) back into commercial production in 2013; smaller scale production from re-development of the mine was going on prior for a couple years. Under Dynasty ownership, Zaruma has produced about 70,000 ounces of gold and over 150,000 ounces of silver.

These days, mill feed for Dynasty's 2,000-ton per day capacity mill (which, valued at some \$30 million, is worth more than the company's present market cap!) comes from two sources:

1. Underground at the legacy Zaruma Mine from the upper levels of a *very* high grade system of veins. The present resource there of about 2.5 million ounces of gold (between Inferred and M&I) is at **grades of 12 - 13 grams per ton**.

2. More importantly, in just the last few months, ore has also come from **the company's newly-commissioned Dynasty Goldfield Project**, where ore is trucked to the Zaruma plant. One of the astonishing features of this particular property is the number of high-grade veins that are AT SURFACE; indeed, as one of the company's

major investors was describing, *there are some 120 such vein systems at surface!!* At an average grade of 3.5 grams, these are being surgically removed with much less of a footprint, etc. than would be the case with an open pit.

## **A NEW TEAM WILL BE CELEBRATING ITS FIRST ANNIVERSARY IN A BIG WAY IN SEPTEMBER**

New management came into Dynasty in September, 2016; and among other things, had to initially get their heads around and figure out what to do about over C\$20 million in debts that had been run up, to everyone from local vendors, to workers, to some Canadian investors. Through fresh financings and the growing free cash flow of its mining operations, *this number has already been cut in half*; and confidence in the company under new management has seemingly been restored.

The new management is led by President and C.E.O. Keith Piggott (who, small world that it is, I visited with months ago AND thought of in the context of *another* company he is a part of, before being pointed by others more strongly in the direction of Dynasty.) Keith and some investors behind him knew that the company--though blessed with modest production and with MONSTROUS land holdings and exploration upside--was not being run well. **And this crew outmaneuvered a couple of other very big names in the industry to "take over" Dynasty in all but an official sense.**

Piggott and his team **own nearly 40% of the company**, having more than once put up their own dough in financings.

Besides grappling with the debt, there was a related issue of employees at the legacy Zaruma Mine on strike when Piggott and Co. assumed control. As A15 Capital, Inc.'s Luis Zapata explained to me in a conversation we just had, Dynasty settled with the miners by, among other things, giving them the right to work their own concession at Zaruma for a one-time cash payment. *This turned the striking workers from a liability to a profit center!*

**I mentioned above the coming first anniversary of the new management team.** Not for the first time, even recently, most of the pundits who "follow" this industry (and I use the term loosely) are WAY behind on what's going on with Dynasty (as I described recently in the context of **Eastmain Resources**, where there were STILL people recently offering *very* dated and incorrect opinions on *that* company who, among other misinformation they put out, STILL had no idea that Claude Lemasson has long since taken over.)

In this case, some who still think old management is running Dynasty and that Zaruma is still the focus are about to learn the contrary in a *substantial* way.

**In early September, Dynasty is set to be re-named publicly and "rebranded," complete with an updated web site.** In addition, while few know this yet, they will publicly announce this second, recent production source from Dynasty Goldfield.

The present plan will see an expected 21,000 ounces of gold production for this year *double*--possibly more--to over 40,000 ounces in 2018.

*But folks, that is NOTHING compared to the longer-term upside here.*

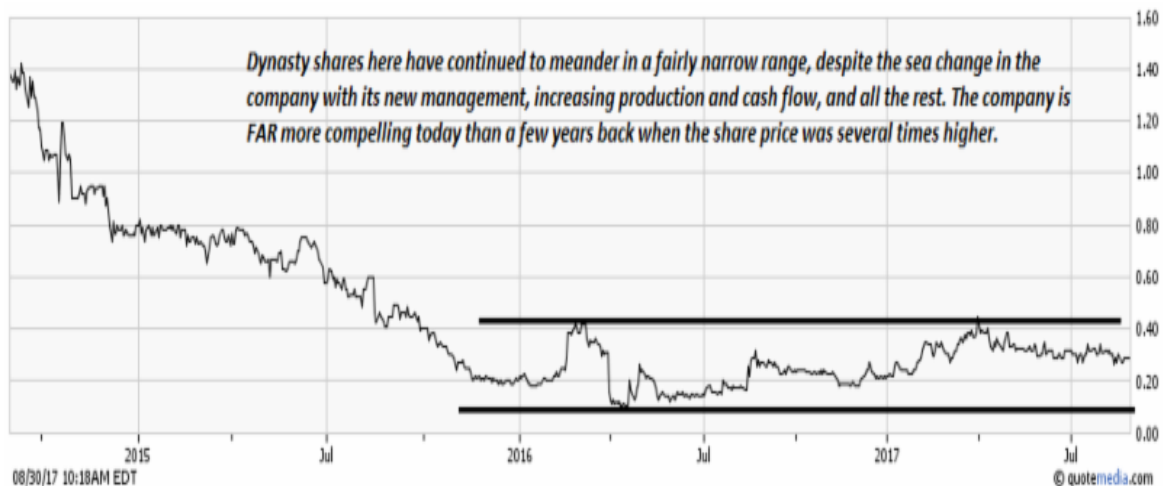


The broad Dynasty District--as you see in the above graphic--is **an immense 60,000 hectare position**. As Zapata explained, its location and uber-rich geology is why there were others jockeying to move in before Piggott and his team did so last year.

This "hinge" area running Southwest to Northeast from the Peru border (and starting in that country) has, for Dynasty's purposes, five key target areas. Between it and the legacy Zaruma Mine to the North, the company can be busy expanding and mining this (albeit with some additional capital costs to increase capacity) for a *long* time.

Its third major exploration holdings are **the Jerusalem gold project** over to the East, sandwiched between Lundin's Fruta del Norte to the North and Lumina's Condor Project to the South. Grades of the existing resource there (a bit over 1.2 million ounces of gold, and 8 million ounces of silver) are quite high; *they average 14 grams of gold and about 85 grams of silver per ton.*

As of now--especially with existing production, massive upside exploration potential and the rest between Dynasty and Zaruma--the company will keep Jerusalem "on the back burner." Options to monetize this project, as you might guess, abound; whether via a J.V. or otherwise. The company has more than enough in front of it now with the other two, where increasing cash flow and reserves--and getting rid of the rest of the debt--is right in front of the company.



**Even without Jerusalem, Dynasty's present market cap is well below the replacement value of its mill and related plant/recovery operations/equipment.** So one way to look at it is you're getting its growing free cash flow--and an existing high grade 2.5 million ounce gold resource at Zaruma--a respectable 2 million+ ounces of gold and 18 million ounces+ of silver resources total at Dynasty Goldfield (grading, average, at 4.5 grams of gold and 38.5 grams of silver per ton)--and the resources and potential at Jerusalem--for FREE.

Not to mention the district-scale exploration upside.

As I wrote again recently, save for Fruta del Norte and, now, Cascabel, the broader analyst/investment community is STILL pretty much asleep where Ecuador is concerned. That will benefit all of you, I believe, in the end, by taking your own places now before some start to wake up.

**The timeliness of Dynasty seems especially good now.** I am expecting to see a substantial push to get additional coverage after the company's "makeover" and related news comes out not that many DAYS from now.

**Thus, Dynasty Metals and Mining, Inc. is added as a "BUY" effective immediately, to my stable of Growth-oriented companies.**

I encourage you to NOT drag your feet here. Take some time to check out the company's story in more detail at its web site, at <https://www.dynastymining.com/>

And as always, if you have any questions, don't hesitate to send them along!

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All the best,

Chris Temple -- Editor/Publisher  
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