



DYNACOR REPORTS SALES OF \$46.0 MILLION AND A QUARTERLY NET INCOME OF \$0.8 MILLION IN Q3-2022 (US\$0.02 OR CA\$0.03 PER SHARE) WITH A SOLID CASH IN HAND OF \$31.0 MILLION

Montreal, November 14, 2022 – Dynacor Group Inc. (TSX: DNG) (Dynacor or the Corporation) released its unaudited condensed interim consolidated financial statements and the management's discussion and analysis (MD&A) for the third quarter ended September 30, 2022.

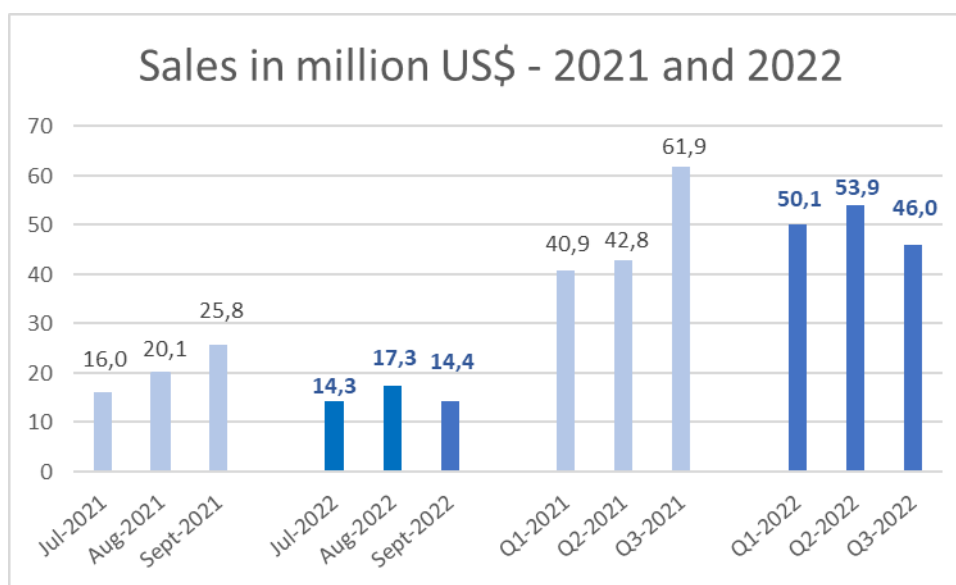
These documents have been filed electronically with SEDAR at www.sedar.com and will be available on the Corporation's website www.dynacor.com.

(All figures in this press release are in Ms of US\$ unless stated otherwise. All amounts per share are in US\$. All variance % are calculated from rounded figures. Some additions might be incorrect due to rounding).

Q3-2022 OVERVIEW AND HIGHLIGHTS

OVERVIEW

Dynacor completed the three-month period ended September 30, 2022 ("Q3-2022") with quarterly sales of \$46.0 million and a net income of \$0.8 million (US\$0.02 per share) compared to sales of \$61.9 million and a net income of \$3.5 million (US\$0.09 per share) for the third quarter of 2021 ("Q3-2021"). The 2022 third quarter financial results were below expectations due to lower ore grades delivered to the plant and lower market gold prices during the quarter.



While the plant continued operating at its 430 tpd capacity, the ore volume processed increased by 3.1% compared to Q3-2021. The sales decrease, compared to Q3-2021, is mainly explained by a 16.0% decrease in ore grades processed which affected our gold production and volume of gold sold. The Q3-2021 gold production was by far the 2021 highest quarter, due to higher-than-average grade of ore supplied.

Q3-2021 benefited as well from the \$2.9 million sale of 1,600 ounces of gold which had been retained in December 2019 and released, for export and sale, in September 2021.

HIGHLIGHTS

Operational

- **Higher volume processed.** The plant processed a volume of 37,410 tonnes of ore (407 tpd average) compared to 36,281 tonnes in Q3-2021 (394 tpd), a 3.1% increase;
- **Reduced gold production.** In Q3-2022, gold equivalent production amounted to 27,252 AuEq ounces compared to 31,889 AuEq ounces in Q3-2021 a 14.5% decrease;
- **Increase ore inventories during the quarter.** At the end of Q3, ore inventories amounted to over 9,000 tons of ore representing over 20 days of production.

Financial

- **Solid cash position.** Cash on hand remained solid at \$31.0 million at the end of Q3-2022 compared to \$27.1 million at year end 2021 due to the cash generated by operating activities;
- **Decreased sales compared to Q3-2021.** Due to lower volume produced and sold and lower average gold market price, sales amounted to \$46.0 million in Q3-2022 compared to \$61.9 million in Q3-2021;
- **Decreased in gross operating margin.** Gross operating margin of \$4.5 million (9.8% of sales) in Q3-2022, compared to \$7.9 million (12.7% of sales) in Q3-2021 due to lower volume sold and decreasing gold prices during the period compared to an increasing trend in the comparative period;
- **Reduced operating income.** Operating income of \$3.2 million in Q3-2022 compared to \$6.6 million in Q3-2021 due to the decrease in the gross margin;
- **Earning per share affected by reduced gross margin and increased tax expense.** Dynacor recorded a net income of \$0.8 million in Q3-2022 (\$0.02 or CA\$0.03 per share) compared to \$3.5 million (\$0.09 or CA\$0.12 per share) in Q3-2021;
- **Decreased cash gross operating margin per AuEq ounce.** Cash gross operating margin of \$197 per AuEq ounce sold ⁽¹⁾ compared to \$242 in Q3-2021;
- **Decreased EBITDA.** EBITDA ⁽²⁾ of \$3.8 million, compared to \$7.2 million in Q3-2021;
- **Decreased cash flows.** Cash flows from operating activities before change in working capital items of \$2.0 million (\$0.05 per share) ⁽³⁾ compared to \$4.4 million (\$0.11 per share) in Q3-2021.

Return to Shareholders

- **Share buy-back.** 213,655 common shares repurchased for \$0.5 million (CA\$0.6 million) in Q3-2022, compared to 59,914 common shares for \$0.1 million (CA\$0.2 million) in Q3-2021;
- **Increased dividends.** Continuation of monthly dividend payments which had been increased by 25% at the start of 2022 to CA\$0.10 per share per year which represented a 3.2% dividend yield based on the beginning of 2022 share price or 3.9% based on the share price at the end of Q3-2022.

⁽¹⁾ Cash gross operating margin per AuEq ounce is in US\$ and is calculated by subtracting the average cash cost of sale per equivalent ounces of Au from the average selling price per equivalent ounces of Au and is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another company.

⁽²⁾ EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. The Corporation uses this non-IFRS measure as an indicator of the cash generated by the operations and allows investor to compare the profitability of the Corporation with others by canceling effects of different assets basis, effects due to different tax structures as well as the effects of different capital structures.

⁽³⁾ Cash-flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. The Corporation uses this non-IFRS measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

RESULTS FROM OPERATIONS

Unaudited Consolidated Statement of net income and comprehensive income

(in \$'000) (unaudited)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2022	2021	2022	2021
Sales	45,998	61,941	150,022	145,627
Cost of sales	(41,485)	(54,075)	(131,699)	(125,941)
Gross operating margin	4,513	7,866	18,323	19,686
General and administrative expenses	(1,229)	(1,224)	(4,382)	(4,434)
Other project expenses	(104)	-	(209)	(16)
Operating income	3,180	6,642	13,732	15,236
Financial income and expenses	64	(77)	(24)	(185)
Foreign exchange loss	(127)	(80)	(210)	(371)
Income before income taxes	3,117	6,485	13,498	14,680
Current income tax expense	(1,984)	(2,695)	(5,308)	(6,084)
Deferred income tax (expense) recovery	(332)	(272)	313	(810)
Net income and comprehensive income	801	3,518	8,503	7,786
Earnings per share				
Basic	\$0.02	\$0.09	\$0.22	\$0.20
Diluted	\$0.02	\$0.09	\$0.21	\$0.20

Total sales amounted to \$46.0 million compared to \$61.9 million in Q3-2021. The \$15.9 million decrease is explained by lower quantities of gold ounces sold (-23.3% or -\$14.4 million) due to the 16.0% decrease in ore grades compared to Q3-2021 which had the highest 2021 quarterly average grade and to the lower average gold price (-\$1.5 million).

Cumulative nine-months sales increased by \$4.4 million compared to last year with higher average prices and quantities sold contributing respectively to a \$2.4 and \$2.0 million increase.

The Q3-2022 gross operating margin amounted to \$4.5 million (9.8% of sales) compared to \$7.9 million (12.7% of sales) in Q3-2021. The Q3-2022 gross operating margin was negatively impacted by lower grades affecting our unit cost of production and by the unfavorable trend in gold market prices during the period compared to an opposite favorable trend in Q3-2021.

General and administrative expenses amounted to \$1.2 million in Q3-2022 comparable to Q3-2021.

The Q3-2022 net income was also affected by the recording of a \$2.3 million income tax expenses including \$0.3 million of withholding tax paid on dividends received from the subsidiary and a \$0.3 million (non-cash) deferred income tax expense. The deferred tax expense or recovery is mainly explained by the variance throughout the period of the Peruvian Sol against the US\$ which affect long term assets local tax basis. Future fluctuations will affect positively or negatively the deferred tax at the end of each period.

Reconciliation of non-IFRS measures

(in \$'000) (unaudited)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2022	2021	2022	2021
Reconciliation of net income and comprehensive income to EBITDA				
Net income and comprehensive income	801	3,518	8,503	7,786
Income tax expenses (current and deferred)	2,316	2,968	4,995	6,894
Financial expenses	(64)	77	24	185
Depreciation	799	666	2,269	1,957
EBITDA	3,852	7,229	15,791	16,822

CONSOLIDATED CASH FLOW FROM OPERATING, INVESTING AND FINANCING ACTIVITIES AND WORKING CAPITAL AND LIQUIDITY

Operating activities

During Q3-2022, the cash flow from operations, before changes in working capital items, amounted to \$2.0 million (\$10.6 million for the nine-month period ending September 30, 2022), compared to \$4.4 million in Q3-2021 (\$10.6 million for the nine-month period ending September 30, 2021).

During Q3-2022, total cash from operating activities amounted to -\$0.05 million (\$9.5 million for the nine-month period ending September 30, 2022) compared to 5.7 million in Q3-2021 (\$10.4 million for the nine-month period ending September 30, 2021). Changes in working capital items amounted to -\$2.0 million (-\$1.1 million for the nine-month period ending September 30, 2022) compared to \$1.3 million in Q3-2021 (-\$0.2 million for the nine-month period ending September 30, 2021). The variances are mainly attributable to the variances in inventories and accounts receivable.

Investing activities

During the three-month period ended September 30, 2022, the Corporation invested \$0.7 million (cumulative nine-month 2022 of \$2.5 million). These amounts are in line with last year and mainly include investments at the plant and new vehicles. All investments are financed with internally generated cash-flows.

Financing activities

In Q3-2022, monthly dividends totaling CA\$0.025 per share were disbursed for a total consideration of \$0.7 million (CA\$1.0 million) (cumulative nine-month of CA\$0.075). In Q3-2021, monthly dividends totaling CA\$0.020 per share were disbursed for a total consideration of \$0.6 million (CA\$0.8 million). Increases in monthly dividend per share paid were attributed from June 2021 and then again from January 2022.

In Q3-2022, 213,655 common shares were repurchased under the Corporation normal course issuer bid share buyback program for a total cash consideration of \$0.5 million (CA\$0.6 million) (cumulative nine-month of 589,851 shares) (59,914 shares for a total cash consideration of \$0.1 million (CA\$0.2 million) in Q3-2021).

In Q3-2022, the Corporation issued 21,250 common shares following the exercise of purchase options for a consideration of \$0.03 million (CA\$0.04 million) (cumulative nine-month of 515,930 shares) (54,914 shares for \$0.1 million or CA\$0.2 million in Q3-2021).

Working capital and liquidity

As at September 30, 2022, the Corporation's working capital increased to \$41.6 million, including \$31.0 million in cash (\$36.4 million, including \$27.1 million in cash at December 31, 2021).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022, total assets amounted to \$94.2 million (\$91.4 million as at December 31, 2021). Major variances since last year-end come from the increase in cash and variances in working capital items.

(in \$'000) (unaudited)	As at September 30, 2022	As at December 31, 2021
Cash	31,039	27,099
Accounts receivable	9,396	8,407
Inventories	12,240	14,764
Property, plant and equipment	21,124	20,759
Right-of-use assets	253	341
Exploration and evaluation assets	18,538	18,516
Other assets	1,648	1,471
Total assets	94,238	91,357
Trade and other payables	11,218	11,680
Asset retirement obligations	3,494	3,553
Current tax liabilities	160	2,217
Deferred tax liabilities	1,242	1,555
Lease liabilities	240	343
Shareholders' equity	77,884	72,009
Total liabilities and equity	94,238	91,357

FOLLOW-UP OUTLOOK 2022

Ore processing

The decline in ore grades and recent gold prices impacted on the quarter sales.

For 2022, the Corporation maintains its forecasted sales in the range of \$200-220 million representing a growth of 4-14% over 2021 sales which could have resulted in a net income in the range of \$11-13 million (\$0.28-0.33 per share (CA\$0.36-0.42 per share)). Forecasted sales were based on an additional increased capacity during 2022. This investment is underway as a result of a higher level of ore inventory. The achievement of forecasted sales will depend on the ore grade supplied, gold price and the capacity increase during the fourth quarter.

The Corporation is continuing to assess other opportunities of growth in Peru as well as in other jurisdictions.

(1) Using opening 2022 market gold price of \$1,800 per ounce

ABOUT DYNACOR

Dynacor is a dividend-paying industrial gold ore processor headquartered in Montreal, Canada. The corporation is engaged in gold production through the processing of ore purchased from the ASM (artisanal and small-scale mining) industry. At present, Dynacor operates in Peru, where its management and processing teams have decades of experience working with ASM miners. It also owns a gold exploration property (Tumipampa) in the Apurimac department.

The corporation intends to expand its processing operations in other jurisdictions as well.

Dynacor produces environmental and socially responsible gold through its PX IMPACT® gold program. A growing number of supportive firms from the fine luxury jewelry, watchmakers and investment sectors pay a small premium to our customer and strategic partner for this PX IMPACT® gold. The premium provides direct investment to develop health and education projects for our artisanal and small-scale miner's communities.

Dynacor is listed on the Toronto Stock Exchange (DNG).

FORWARD-LOOKING INFORMATION

Certain statements in the preceding may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of Dynacor, or industry results, to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statements. These statements reflect management's current expectations regarding future events and operating performance as of the date of this news release.

Shares Outstanding: 38,572,507

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