



**DYNACOR 2021: REPORTS ITS 11<sup>TH</sup> CONSECUTIVE ANNUAL PROFIT, WITH  
A NET INCOME OF US\$11.8 MILLION (US\$0.30 OR CA\$0.38 PER SHARE)  
INCLUDING TWO YEARLY RECORDS:  
GOLD PRODUCTION OF 106,862 AUEQ OUNCES AND SALES OF US\$196 MILLION**

**Montreal, March 31, 2022 – Dynacor Gold Mines Inc. (TSX: DNG) (Dynacor or the Corporation)** released its audited annual consolidated financial statements and the management's discussion and analysis (MD&A) for the year ended December 31, 2021.

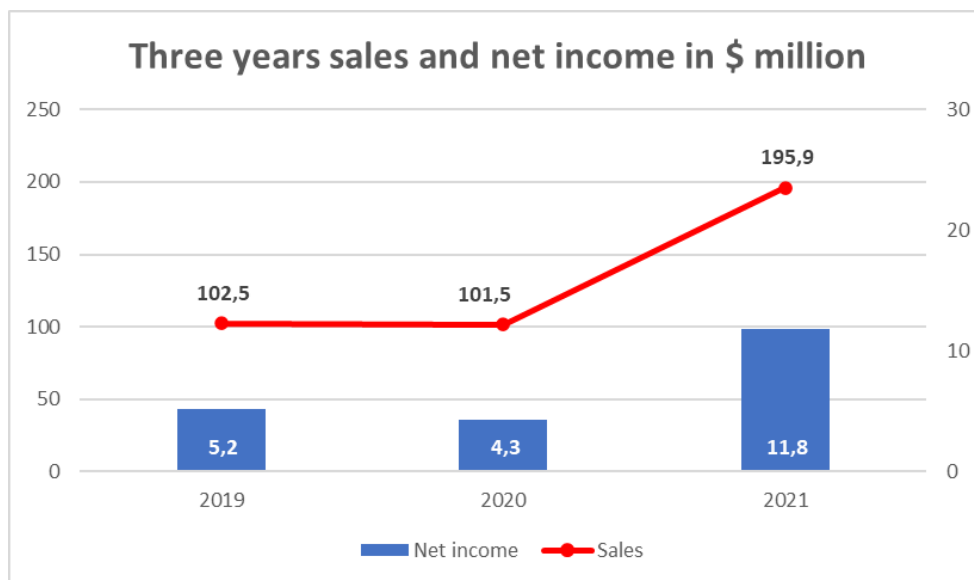
These documents have been filed electronically with SEDAR at [www.sedar.com](http://www.sedar.com) and will be available on the Corporation's website [www.dynacor.com](http://www.dynacor.com).

*(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).*

## 2021 OVERVIEW AND HIGHLIGHTS

### OVERVIEW

Dynacor completed 2021 with both production and financial historical high performances on its way to its eleventh (11<sup>th</sup>) consecutive year of profit. The Corporation achieved production record of 106,862 AuEq ounces powering total sales to \$196 million a significant 93% increase compared to 2020, and a net income of \$11.8 million.



In mid-2021, the Corporation completed the expansion of its Veta Dorada plant reaching 430 tpd (+25% throughput compared to the previous 345 tpd). Thanks to its year opening high level of ore inventory and increasing volume of ore supplied, the mill has been able to operate at full capacity throughout the year averaging a 368 tpd processing rate.

The year 2020 was marked by the Covid-19 pandemic who led to a mandatory three-month shut-down of its Veta Dorada plant operations.

## HIGHLIGHTS

### *Operational*

- **Increasing ore volume supplied.** With a new record volume of ore supplied (more than 140,000 tonnes in 2021) and even though the mill ran at full capacity, the Corporation increased its year-end ore inventory level to over 14,000 tonnes which represents more than one month of production supply;
- **Increased plant capacity.** In Q2-2021, the plant capacity was increased by 25%;
- **Highest volume processed.** In 2021, the Veta Dorada plant processed a historical high volume of 134,269 tonnes of ore (368 tpd average) compared to 77,978 tonnes in 2020 (274 tpd excluding the impact of the temporary shut-down due to the Covid-19 pandemic), a 34% increase;
- **Increased grade of ore processed.** The average grade of ore processed in 2021 increased by 20% compared to 2020;
- **Historical high gold production.** In 2021, gold equivalent production amounted to 106,862 AuEq ounces compared to 51,369 AuEq ounces in 2020 a significant 108% increase.

### *Financial*

- **Solid cash position.** Cash on hand of \$27.1 million at year-end 2021 compared to \$11.9 million in 2020;
- **Higher gold production boost overall financial performance.** Significant increases in all financial aspects;
- **Surpassed revised earning per share guidance by 20%.** Dynacor recorded an historical high net income of \$11.8 million in 2021 (\$0.30 or CA\$0.38 per share) compared to \$4.3 million (\$0.11 or CA\$0.15 per share) in 2020;
- **Sales surged to almost \$200 million.** Thanks to an historical production of 106,862 AuEq ounces, sales of 109,303 AuEq ounces amounted to \$195.9 million in 2021 compared with \$101.5 million in 2020 a 93% increase;
- **Increased gross operating margin.** Gross operating margin of \$27.1 million in 2021, compared to \$13.6 million in 2020;
- **Increased operating income.** Operating income of \$21.2 million compared to \$9.5 million in 2020;
- **Strong cash gross operating margin.** Cash gross operating margin of \$269 per AuEq ounce sold <sup>(1)</sup> compared to \$276 in 2020;
- **EBITDA surged to a record high.** EBITDA <sup>(2)</sup> of \$23.5 million, compared to \$11.7 million in 2020;
- **Robust cash flows.** Cash flows from operating activities before change in working capital items of \$15.1 million (\$0.39 per share) <sup>(3)</sup> compared to \$8.6 million (\$0.22 per share) in 2020.

## Return to Shareholders

- **Monthly dividend policy.** Since February 2021, a monthly dividend replacing a quarterly dividend is paid. Dividends totaling \$2.5 million (CA\$3.2 million) were paid in 2021;
- **Share buy-back.** 441,340 common shares repurchased for \$0.9 million (CA\$ 1.2 million);
- **Increased dividends.** A 33% increase in monthly dividends paid from June 2021, followed by an additional 25% increase from January 2022. On an annual basis, the 2022 dividend will represent CA\$0.10 per share or more than 3% dividend yield based on the year-end 2021 share price;
- **Increased share price.** On December 31, 2021, the market value of our share was CA\$3.16 vs. CA\$1.79 on December 31, 2020.

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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

### Extract from the Consolidated Statement of net income and comprehensive income

(in \$'000)	For the years ended December 31,	
	2021	2020
<b>Sales</b>	<b>195,906</b>	101,533
Cost of sales	<b>(168,850)</b>	(87,928)
<b>Gross operating margin</b>	<b>27,056</b>	13,605
General and administrative expenses	<b>(5,808)</b>	(3,944)
Other projects	<b>(34)</b>	(145)
<b>Operating income</b>	<b>21,214</b>	9,516
<b>Income before income taxes</b>	<b>20,639</b>	8,958
Current income tax expense	<b>(8,339)</b>	(3,427)
Deferred income tax expense	<b>(519)</b>	(1,196)
<b>Net income and comprehensive income</b>	<b>11,781</b>	4,335
<b>Earnings per share</b>		
Basic	<b>\$0.30</b>	\$0.11
Diluted	<b>\$0.30</b>	\$0.11

Total sales for the year 2021 were almost twice the sales of 2020. The increase is mostly explained by the increased number of gold ounces sold (+\$92.0 million).

The gross operating margin benefiting from the significant increase in sales amounted to \$27.1 million in 2021 (13.8% of sales) compared to \$13.6 million in 2020 (13.4% of sales).

General and administrative expenses amounted to \$5.8 million in 2021. The 47.3% increase compared to 2020 is mainly due to increases in salaries expenses (ref. increase in level of activity), professional fees and in profit sharing.

The 2021 net income was again affected by the recording of a \$0.7 million deferred income tax expense (non-cash) resulting from the declining value throughout the period of the Peruvian Sol against the US\$ and consequently FX variances applied on long term assets local tax basis.

### *Reconciliation of non-IFRS measures*

(in \$'000)	For the years ended December 31,	
	2021	2020
Reconciliation of net income and comprehensive income to EBITDA		
Net income and comprehensive income	11,781	4,335
Income taxes expense (current and deferred)	8,858	4,624
Financial expenses	229	178
Depreciation	2,639	2,514
<b>EBITDA</b>	<b>23,507</b>	<b>11,651</b>

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

### *Operating activities*

For the year ended December 31, 2021, the cash flow from operations, before changes in working capital items, amounted to \$15.1 million compared to \$8.6 million for the year ended December 31, 2020. Net cash from operating activities amounted to \$21.9 million compared to \$11.2 million for the year ended December 31, 2020. Changes in working capital items amounted to \$6.8 million compared to \$2.7 million for the year ended December 31, 2020.

### *Investing activities*

During the year ended December 31, 2021, the Corporation invested a net amount of \$3.2 million (\$0.7 million for the year ended December 31, 2020). This amount includes investments at the plant notably in relation to its capacity increase (+25% throughput level), improvements in production processes and new vehicles. All investments have been financed with internally generated cash-flows.

Additions to exploration and evaluation assets were limited to the maintaining and safekeeping of assets in 2021 and 2020.

### *Financing activities*

In 2021, due to the changes in the dividend policy, a quarterly dividend and eleven monthly dividends totaling CA\$0.082 per share were disbursed for a total consideration of \$2.5 million (CA\$ 3.2 million). In 2020, four quarterly dividends totaling CA\$0.060 per share were disbursed for a total consideration of \$1.7 million (CA\$ 2.3 million).

In 2021, 441,340 common shares were repurchased under the Corporation normal course issuer bid share buyback program for a total cash consideration of \$0.9 million (CA\$ 1.2 million) (149,185 shares for a total cash consideration of \$0.2 million (CA\$0.3 million in 2020)).

In 2021, the Corporation received \$0.4 million (CA\$ 0.5 million) mainly from some of its Directors for the exercise of purchase options (\$0.2 million in 2020 (CA\$ 0.3 million)).

In 2021, the Corporation made repayments of lease liabilities and assets retirement obligations for \$0.2 million (\$0.6 million in 2020).

### **Working capital and liquidity**

As at December 31, 2021, the Corporation's working capital amounted to \$36.4 million, including \$27.1 million in cash (\$25.4 million, including \$11.9 million in cash at December 31, 2020).

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021, total assets amounted to \$91.4 million (\$76.3 million as at December 31, 2020). Major variances since last year-end come from the significant increase in cash and in trade and other payables and the impact of the additional tax liability (current and deferred) recorded 2021.

<b>(in \$'000)</b>	<b>As at December 31, 2021</b>	<b>As at December 31, 2020</b>
Cash	27,099	11,868
Accounts receivable	8,407	8,434
Inventories	14,764	13,401
Property, plant and equipment	20,759	19,677
Right-of-use assets	341	834
Exploration and evaluation assets	18,516	18,510
Other assets	1,471	3,572
<b>Total assets</b>	<b>91,357</b>	<b>76,296</b>
Trade and other payables	11,680	7,082
Asset retirement obligations	3,553	3,604
Current tax liabilities	2,217	1,124
Deferred tax liabilities	1,555	1,036
Lease liabilities	343	706
Shareholders' equity	72,009	62,744
<b>Total liabilities and equity</b>	<b>91,357</b>	<b>76,296</b>

## **OUTLOOK 2022**

### **Ore processing**

For 2022, the Corporation forecasted sales <sup>(1)</sup> in the range of \$200-220 million representing growth of 4-14% over 2021 final production sales. This would result in a net income in the range of \$11-13 million (\$0.28-0.33 per share) (CA\$0.36-0.42 per share).

Dynacor's 2022 capital budget ranging between \$5-8 million includes sustainable capital at the Veta Dorada plant. The Corporation intends to increase the mill capacity later this year.

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

## **Exploration**

The Corporation has planned for 2022, a \$1.0 million 2,735-meter 8-hole drilling program on the Tumipampa project. This program is subject to the Corporation reaching a work agreement with local communities.

## **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: 38,643,747

Website: <http://www.dynacor.com>

Twitter: <http://twitter.com/DynacorGold>

CONTACT: For more information, please contact:

Director, Shareholder Relations

Dale Nejmeldien

Dynacor Gold Mines Inc.

T: 514-393-9000 #230

E: [investors@dynacor.com](mailto:investors@dynacor.com)