



DYNACOR REPORTS A NEW RECORD QUARTER WITH SALES OF \$61.9 MILLION (157% INCREASE OVER Q3-2020) AND A NET INCOME OF \$3.5 MILLION (US\$0.09 PER SHARE) (CA\$0.11 PER SHARE) IN Q3-2021, ON ITS WAY TO A YEARLY PRODUCTION RECORD OF OVER 100,000 OUNCES OF GOLD

Montreal, November 15, 2021 – Dynacor Gold Mines Inc. (TSX: DNG) (Dynacor or the Corporation) released its unaudited consolidated financial statements and the management's discussion and analysis (MD&A) for the third quarter ended September 30, 2021.

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).

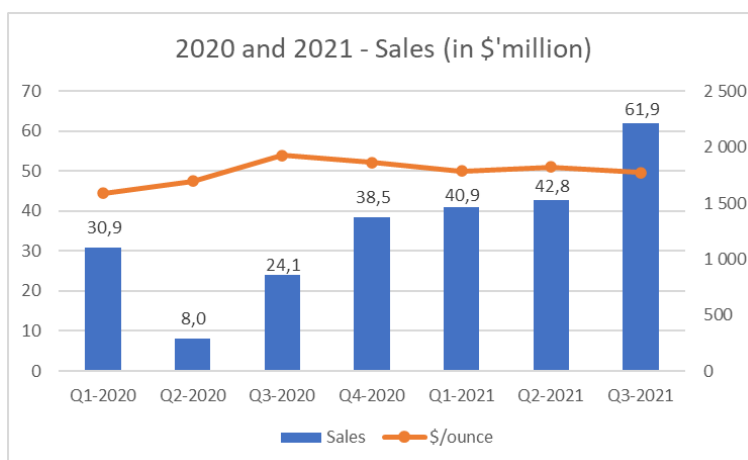
Q3-2021 OVERVIEW AND HIGHLIGHTS

OVERVIEW

Dynacor completed the three-month period ended September 30, 2021 ("Q3-2021") reporting a new quarterly sales record of \$61.9 million and a net income of \$3.5 million (US\$ 0.09 per share), compared to sales of \$24.1 million and a net income of \$1.2 million (US\$0.03 per share) in the third quarter of 2020 ("Q3-2020").

The Corporation completed the expansion of its Veta Dorada plant at the end of Q2-2021. Therefore, Q3-2021 was the first quarter with our plant running at its new capacity of 430 tpd (+25% throughput from the previous 345 tpd). To date and since the end of June 2021, the mill has been operating at full capacity.

In Q3-2021, the Corporation ore purchasing, and processing activities continued to be very strong with 40,000 tonnes of ore supplied by artisanal miners and more than 36,000 tonnes processed. Since the beginning of 2021, the Corporation has been able to attract a volume of ore exceeding its increased capacity. This results in a continuous increase in ore inventory which will enable the Corporation to continue running at full capacity until year-end and into Q1-2022 as the rainy season approaches.



With growing volumes of gold produced and sold and a relatively stable gold market price since the beginning of 2021, the Corporation was able to increase its quarterly sales for the fifth consecutive quarter.

HIGHLIGHTS

The Q3-2021 figures are compared to Q3-2020. However, since Q3-2020 production was reduced following the three-month shut-down due to the Covid-19 crisis, Q3-2021 is also compared to the previous quarter (Q2-2021) which was a record quarter for the Corporation.

Operational

- **Increased ore inventory level and consistent ore purchases will enable the mill to run at its full capacity until the end of 2021.** With a new record quarter of ore supplied (40,000 tonnes in Q3-2021) and the mill processing at full capacity, the Corporation increased its level of inventory to over 14,000 tonnes which represents more than one month of production;
- **Highest quarterly volume processed.** In Q3-2021, the Veta Dorada plant processed a historical high volume of 36,281 tonnes of ore (394 tpd average) compared to 30,374 tonnes in Q2-2021 (334 tpd) and 23,064 tonnes (251 tpd) in Q3-2020;
- **Highest quarterly production.** During Q3-2021, gold equivalent production amounted to 31,889 AuEq ounces compared to 25,172 AuEq ounces in Q2-2021 (+26.7%) and 13,629 AuEq ounces in Q3-2020.

Financial

- **Historical high quarterly sales.** With significantly higher gold volumes sold (+48.5%) compared to the previous record quarter (Q2-2021) and with slightly lower selling prices (-2.5%) sales amounted to \$61.9 million in Q3-2021 compared to \$42.8 million in Q2-2021 and \$24.1 million in Q3-2020;
- **Increased gross operating margin.** Gross operating margin of \$7.9 million in Q3-2021, compared to \$6.5 million in Q2-2021 and \$3.2 million in Q3-2020;
- **Historical high quarterly net income.** Net income and comprehensive income of \$3.5 million (US\$0.09 per share), compared to \$2.2 million in Q2-2021 (US\$0.06 per share) and \$1.2 million in Q3-2020 (US\$0.03 per share);
- **Strong cash gross operating margin.** Due to a (-6.4%) lower gold market prices compared to Q3-2020 and downward trend in gold market price during the period, the Q3-2021 cash gross operating margin per AuEq ounce sold was \$242 ⁽¹⁾ compared to \$302 in Q2-2021 and \$304 in Q3-2020;
- **Quarter to quarter increase in EBITDA⁽²⁾.** \$7.2 million compared to \$5.0 million in Q2-2021 (+44%) and \$2.7 million in Q3-2020 (+167%) and a year-to-date increase of +\$10.0 million or +143%;
- **Significant increase in cash-flow from operating activities before change in working capital items.** Cash flow from operating activities before change in working capital items of \$4.4 million (US\$0.11 per share) ⁽³⁾, compared to \$3.2 million in Q2-2021 and \$2.3 million in Q3-2020;
- **Solid cash position.** Cash on hand increased to \$17.8 million at September 30, 2021 compared to \$11.9 million at year-end 2020.

Cash Return to Shareholders

- **Three increased monthly dividends paid.** During Q3-2021, dividends totaling \$0.6 million (CA\$0.8 million) were paid.

⁽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 bases, 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

Extract from Consolidated Statement of net income and comprehensive income

(in \$'000)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	2021	2020
Sales	61,941	24,089	145,627	62,965
Cost of sales	(54,075)	(20,834)	(125,941)	(54,729)
Gross operating margin	7,866	3,255	19,686	8,236
General and administrative expenses	(1,224)	(915)	(4,434)	(2,752)
Other projects	-	(3)	(16)	(144)
Operating income	6,642	2,337	15,236	5,340
Income before income taxes	6,485	2,023	14,680	4,915
Current income tax expense	(2,695)	(772)	(6,084)	(1,909)
Deferred tax expense	(272)	(2)	(810)	(57)
Net income and comprehensive income	3,518	1,249	7,786	2,949
Earnings per share				
Basic	\$0.09	\$0.03	\$0.20	\$0.07
Diluted	\$0.09	\$0.03	\$0.20	\$0.07

Total sales amounted to \$61.9 million compared to \$24.1 million in Q3-2020. The significant \$37.8 million increase is mainly due to an increased volume of gold sold due to record processing levels. Compared to the previous quarter (Q2-2021) sales increased by \$19.1 million.

Q3-2021 sales also include \$2.9 million coming from the partial release (approx. 60%) of gold bars retained in December 2019 by the Peruvian authorities.

The Q3-2021 gross operating margin amounted to \$7.9 million which represents 12.7% of sales despite having been negatively impacted by the down trend in gold market prices during the quarter.

General and administrative expenses amounted to \$1.2 million in Q3-2021 compared to \$0.9 million in Q3-2020. As expected, general and administrative expenses have significantly decreased (-\$0.8 million) in Q3-2021 compared to Q2-2021.

The Q3-2021 net income was again mainly affected by the recording of a \$0.3 million deferred income tax expense (cumulative 2021 of \$0.9 million) 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)	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2021	2020	2021	2020
Reconciliation of net income and comprehensive income to EBITDA				
Net income and comprehensive income	3,518	1,249	7,786	2,949
Income taxes	2,968	774	6,894	1,966
Financial expenses	77	31	185	80
Depreciation	666	633	1,957	1,872
EBITDA	7,229	2,687	16,822	6,867

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

Operating activities

During Q3-2021, the cash flow from operations, before changes in working capital items, amounted to \$4.4 million (\$10.7 million for the nine-month period ending September 30, 2021), compared to \$2.3 million in Q3-2020 (\$5.5 million for the nine-month period ending September 30, 2020). This increase between quarters is primarily explained by the increase in gross operating margin due to higher gold production.

During Q3-2021, total cash from operating activities amounted to \$5.7 million (\$10.4 million for the nine-month period ending September 30, 2021) compared to (-\$3.3 million) in Q3-2020 (\$14.7 million for the nine-month period ending September 30, 2020). Changes in working capital items amounted to \$1.3 million (-\$0.2 million for the nine-month period ending September 30, 2021) compared to (-\$5.6 million) in Q3-2020 (\$9.3 million for the nine-month period ending September 30, 2020). The variance is mainly attributable to the variance in inventories and sales tax receivables.

Investing activities

During the three-month period ended September 30, 2021, the Corporation invested \$0.5 million (cumulative nine-month 2021 of \$2.1 million). This amount includes investments at the plant notably in relation to its capacity increase (+25% throughput level) completed during the second quarter, improvements in production processes and to new vehicles. All investments have been financed with internally generated cash-flows.

Financing activities

In Q3-2021, three monthly dividends totaling CA\$0.0201 per share were disbursed for a total consideration of \$0.6 million (CA\$0.8 million). In Q3-2020, a quarterly dividend was disbursed for a total consideration of \$0.4 million (CA\$0.6 million).

During the period, 59,914 common shares (cumulative 240,246 common shares in 2021) were repurchased under the Corporation's normal course issuer bid share buyback program for a total cash consideration of \$0.1 million or CA\$0.2 million (cumulative of \$0.4 million or CA\$0.6 million) (none in the first nine-month of 2020).

In Q3-2021, 54,594 common shares (cumulative of 222,094) were issued following the exercise purchase options for a total consideration of \$0.1 million or CA\$0.1 million (\$0.3 million or CA\$0.4 million).

In 2021, the corporation made repayments of lease liabilities and assets retirement obligations for \$0.2 million (\$0.5 million in 2020).

Working capital and liquidity

As at September 30, 2021, the Corporation's working capital amounted to \$34.2 million, including \$17.8 million in cash (\$25.4 million, including \$11.9 million in cash at December 31, 2020).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021, total assets amounted to \$88.4 million (\$76.3 million as at December 31, 2020). Major variances since last year-end come from the significant increase in cash and in inventories and the impact of the additional deferred tax liability recorded 2021.

(in \$'000) (unaudited)	As at September 30, 2021	As at December 31, 2020
Cash	17,803	11,868
Accounts receivable	11,843	8,434
Inventories	17,130	13,401
Property, plant and equipment	20,189	19,677
Right-of-use assets	1,073	834
Exploration and evaluation assets	18,523	18,510
Other assets	1,834	3,572
Total assets	88,395	76,296
Trade and other payables	10,858	7,082
Asset retirement obligations	3,535	3,604
Current tax liabilities	2,112	1,124
Deferred tax liabilities	1,846	1,036
Lease liabilities	1,081	706
Shareholders' equity	68,963	62,744
Total liabilities and equity	88,395	76,296

OUTLOOK 2021

Ore processing

Following an unprecedented productive quarter in Q3-2021, the Corporation is on its way to an historic annual production of over 100,000 gold equivalent ounces in 2021. In September 2021, the Corporation issued its revised guidance⁽¹⁾ forecasting from \$185 to \$190 million in sales and a net income ranging from \$9.0 to \$9.5 million (US\$0.23 to US\$0.25 per share). Dynacor's new sales guidance would represent an 82 to 87% year-over-year increase.

(1) Assumptions

- i) An average CA/US exchange rate of 1.25:1*
- ii) An average gold price of US\$ 1,785 per ounce*
- iii) A consistent average grade in the ore received*
- iv) A stable currency exchange rate between Sol/US\$/C\$*

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: 38,883,244

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