



DYNACOR REPORTS A QUARTERLY NET INCOME OF \$2.6 MILLION IN Q2-2022 (US\$0.07 OR CA\$0.09 PER SHARE) AND SALES OF \$53.9 MILLION

Montreal, August 15, 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 second quarter ended June 30, 2022.

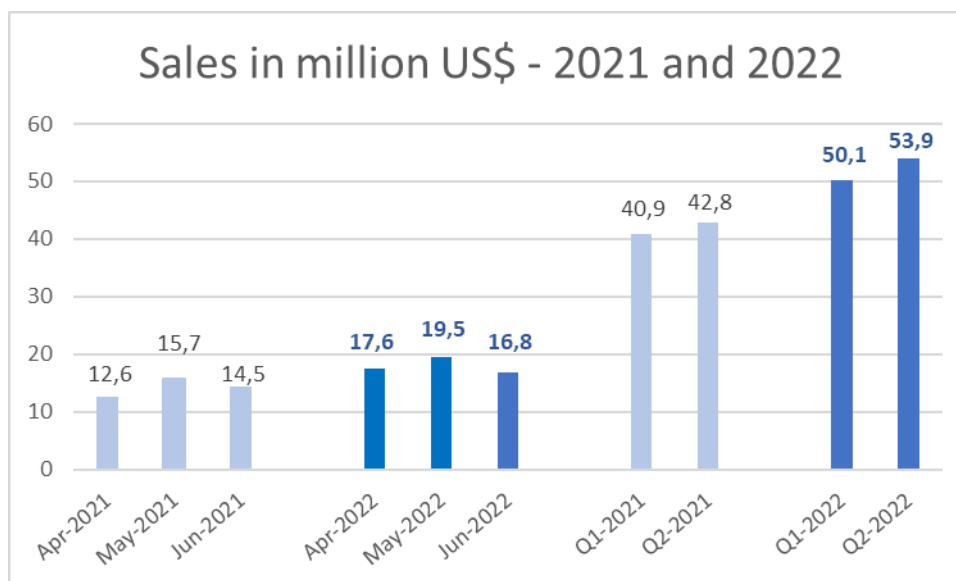
These documents have been filed electronically with SEDAR at www.sedar.com and will be available on the Corporation's website www.dynacor.com.

(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).

Q2-2022 OVERVIEW AND HIGHLIGHTS

OVERVIEW

Dynacor completed the three-month period ended June 30, 2022 ("Q2-2022") with quarterly sales of \$53.9 million and a net income of \$2.6 million (US\$0.07 per share) compared to sales of \$42.8 million (a 25.9% increase) and a net income of \$2.2 million (US\$0.06 per share) for the second quarter of 2021 ("Q2-2021") (a net income increase of 18.2% compared to 2021).



With the Chala plant operating at its 430 tpd increased capacity since the end of Q2-2021, the tonnage processed increased by 17.9% leading to increased sales of more than 25%.

When comparing Q2-2022 with the previous quarter, the profitability of the Corporation was impacted by the opposite trend in gold market prices with declining world market gold prices. An opposite trend is also noted when comparing 2022 quarters with the comparative quarters of 2021.

HIGHLIGHTS

Operational

- **Higher volume processed.** The Veta Dorada plant processed a volume of 35,822 tonnes of ore (394 tpd average) compared to 30,374 tonnes in Q2-2021 (334 tpd), a 17.9% increase;
- **Higher gold production.** In Q2-2022, gold equivalent production amounted to 27,875 AuEq ounces compared to 25,172 AuEq ounces in Q2-2021 a 10.7% increase. The Q2-2022 production was however affected by lower grades of ore processed.

Financial

- **Solid cash position.** Cash on hand of \$33.2 million at the end of Q2-2022 compared to \$27.1 million at year end 2021 mainly due to the cash generated by operating activities;
- **Earning per share in line with financial guidance.** Dynacor recorded a net income of \$2.6 million in Q2-2022 (\$0.07 or CA\$0.09 per share) compared to \$2.2 million (\$0.06 or CA\$0.08 per share) in Q2-2021;
- **Increase of 25.9% in Sales.** With greater quantities and a slightly higher average gold market price, sales amounted to \$53.9 million in Q2-2022 compared to \$42.8 million in Q2-2021;
- **Decreased in gross operating margin due to decreasing trend in gold market prices.** Gross operating margin of \$6.3 million (11.7% of sales) in Q2-2022, compared to \$6.5 million (15.2% of sales) in Q2-2021 mainly due to decreasing gold price during the period compared to an increasing trend in the comparative period;
- **Stable operating income.** Operating income of \$4.5 million in both Q2-2022 and Q2-2021;
- **Decreased cash gross operating margin.** Cash gross operating margin of \$242 per AuEq ounce sold ⁽¹⁾ compared to \$302 in Q2-2021;
- **Increased EBITDA.** EBITDA ⁽²⁾ of \$5.2 million, compared to \$5.0 million in Q2-2021;
- **Increased cash flows.** Cash flows from operating activities before change in working capital items of \$3.4 million (\$0.09 per share) ⁽³⁾ compared to \$3.2 million (\$0.08 per share) in Q2-2021.

Return to Shareholders

- **Share buy-back.** 90,360 common shares repurchased for \$0.2 million (CA\$0.3 million) in Q2-2022, compared to 129,107 common shares for \$0.2 million (CA\$0.3 million) in Q2-2021;
- **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 represents a 3.2% dividend yield based on the beginning of 2022 share price.

⁽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 June 30,		Six-month periods ended June 30,	
	2022	2021	2022	2021
Sales	53,944	42,777	104,024	83,686
Cost of sales	(47,659)	(36,260)	(90,214)	(71,866)
Gross operating margin	6,285	6,517	13,810	11,820
General and administrative expenses	(1,756)	(2,002)	(3,153)	(3,210)
Other project expenses	(64)	-	(105)	(16)
Operating income	4,465	4,515	10,552	8,594
Financial income and expenses	(32)	(59)	(88)	(110)
Foreign exchange loss	(65)	(189)	(83)	(289)
Income before income taxes	4,368	4,267	10,381	8,195
Current income tax expense	(1,809)	(1,835)	(3,324)	(3,389)
Deferred income tax (expense) recovery	17	(270)	645	(538)
Net income and comprehensive income	2,576	2,162	7,702	4,268
Earnings per share				
Basic	\$0.07	\$0.06	\$0.20	\$0.11
Diluted	\$0.06	\$0.06	\$0.19	\$0.11

Total sales amounted to \$53.9 million compared to \$42.8 million in Q2-2021. The \$11.1 million increase is explained by higher quantities of gold ounces sold (+23.3% or +\$10.0 million) and a higher average gold price (+\$1.1 million).

Cumulative sales increased by \$20.3 million compared to last year with higher quantities sold contributing to a \$16.7 million increase. Since the 25% increase capacity at the end of Q2-2021, the Chala plant has been running at its maximum throughput.

The Q2-2022 gross operating margin amounted to \$6.3 million (11.7% of sales) compared to \$6.5 million (15.2% of sales) in Q2-2021 and was negatively impacted by the unfavorable trend in gold market prices during the period compared to a favorable trend in Q1-2022 and Q2-2021.

General and administrative expenses amounted to \$1.8 million in Q2-2022. The \$0.2 million decrease compared to Q2-2021 is mainly due to non-recurring fees recorded in Q2-2021.

The Q2-2022 net income was also affected by the recording of a \$0.1 million deferred income tax expense (non-cash) resulting from the decreasing value throughout the period of the Peruvian Sol against the US\$ and consequently FX variances applied on long term assets local tax basis. In Q2-2021, a \$0.3 million deferred income tax expense was recorded. Overall, in 2022, the total impact is a recovery of \$0.5 million generating a \$1.1 million favorable variance compared to 2021. 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 June 30,		Six-month periods ended June 30,	
	2022	2021	2022	2021
Reconciliation of net income and comprehensive income to EBITDA				
Net income and comprehensive income	2,576	2,162	7,702	4,268
Income tax expenses (current and deferred)	1,792	2,105	2,679	3,926
Financial expenses	32	57	88	108
Depreciation	787	648	1,470	1,291
EBITDA	5,187	4,972	11,939	9,593

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

Operating activities

During Q2-2022, the cash flow from operations, before changes in working capital items, amounted to \$3.4 million (\$8.6 million for the six-month period ending June 30, 2022), compared to \$3.2 million in Q2-2021 (\$6.3 million for the six-month period ending June 30, 2021).

During Q2-2022, total cash from operating activities amounted to \$9.1 million (\$9.6 million for the six-month period ending June 30, 2022) compared to (-\$2.1 million) in Q2-2021 (\$4.7 million for the six-month period ending June 30, 2021). Changes in working capital items amounted to \$5.7 million (\$1.0 million for the six-month period ending June 30, 2022) compared to (-\$5.3 million) in Q2-2021 (-\$1.6 million for the six-month period ending June 30, 2021). The variances are mainly attributable to the variances in inventories.

Investing activities

During the three-month period ended June 30, 2022, the Corporation invested \$1.1 million (cumulative six-month 2022 of \$1.8 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 Q2-2022, monthly dividends totaling CA\$0.025 per share were disbursed for a total consideration of \$0.8 million (CA\$1.0 million) (cumulative six-month of CA\$0.050). In Q2-2021, monthly dividends totaling CA\$0.017 per share were disbursed for a total consideration of \$0.5 million (CA\$0.6 million). Increases in monthly dividend were disbursed from June 2021 and then from January 2022.

In Q2-2022, 90,360 common shares were repurchased under the Corporation normal course issuer bid share buyback program for a total cash consideration of \$0.2 million (CA\$0.3 million) (cumulative six-month of 376,196 shares) (129,107 shares for a total cash consideration of \$0.2 million (CA\$0.3 million) in Q2-2021).

In Q2-2022, the Corporation issued 322,180 common shares following the exercise of purchase options for a consideration of \$0.5 million (CA\$0.7 million) (cumulative six-month of 494,680 shares) (167,500 shares for \$0.2 million or CA\$0.3 million in Q2-2021).

Working capital and liquidity

As at June 30, 2022, the Corporation's working capital increased to \$41.6 million, including \$33.2 million in cash (\$36.4 million, including \$27.1 million in cash at December 31, 2021).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022, total assets amounted to \$94.6 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 June 30, 2022	As at December 31, 2021
Cash	33,155	27,099
Accounts receivable	8,278	8,407
Inventories	11,410	14,764
Property, plant and equipment	21,147	20,759
Right-of-use assets	263	341
Exploration and evaluation assets	18,538	18,516
Other assets	1,826	1,471
Total assets	94,617	91,357
Trade and other payables	11,374	11,680
Asset retirement obligations	3,483	3,553
Current tax liabilities	329	2,217
Deferred tax liabilities	910	1,555
Lease liabilities	261	343
Shareholders' equity	78,260	72,009
Total liabilities and equity	94,617	91,357

FOLLOW-UP OUTLOOK 2022

Ore processing

For 2022, the Corporation forecasted sales ⁽¹⁾ in the range of \$200-220 million representing growth of 4-14% over 2021 final production sales. This could 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). So far in 2022, with sales of \$104 million and considering the non-cash deferred tax recovery, the Corporation is in line with its financial forecast.

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

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: 38,801,402

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

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

CONTACT: For more information, please contact:

Director, Shareholder Relations

Dale Nejmelddeen

Dynacor Group Inc.

T: 514-393-9000 #230

E: investors@dynacor.com