



# Dynacor Gold Mines Inc.

Corporate Presentation  
April 2017

(DNG – TSX)  
(DNGDF – OTC)

# Forward Looking Statement

This presentation contains certain forward-looking statements regarding operational information, future exploration and development plans and anticipated future production. Words such as, “potential”, “building”, “inferred”, “if”, “will”, “expect”, “forecast”, “estimate”, “consider”, “may”, “possible” and similar expressions have been used to identify these forward-looking statements. These statements are management’s current beliefs and are based on information currently available to management.

Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic, political and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place under reliance forward-looking statements.

Forward-looking statements and other information contained herein concerning the metals and mining industry and Dynacor’s general expectations concerning the industry are based on estimates prepared by management using data from publicly available industry sources as well as from private sources, industry analysis and on assumptions based on data and knowledge of the this industry which the Company believes to be reasonable. However, this data is inherently imprecise. While Dynacor is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors. There is no certainty the projections will be met.

# Our Welcome Message

In the late summer of last year, Dynacor successfully brought to fruition a key component of its strategy plan designed to vault Dynacor into a new era. During 2016, Dynacor's management team focused on completing the construction of a brand new gold ore processing facility in Chala, Peru. We are pleased to report last years' objective was accomplished in what was a very exciting period for the Company.

With construction of the new plant in the rear view mirror, a new era is upon us as we target 2017 to be a record year for Dynacor.

I would like to welcome all those new to our story together with all of our shareholders for their continuing support and all of our employees for their dedicated work.

Jean Martineau, President and CEO,  
Dynacor Gold Mines Inc.





# A Profitable Gold Ore Processing Company

- Owns operating ore processing business
- Owns 3 gold exploration assets in Peru  
(flagship gold/copper project, Tumipampa)
- Tight share structure (38.7 million)
- Operating in Peru since 1996

## Long – Term Strategy

- Focus on operating the most modern and efficient gold ore processing business in Peru
- Grow current ore processing capacity by at least 100%
- Propel Dynacor to undisputed leader in the Peruvian ore processing business  
(currently #2)
- Pursue new strategic and accretive partnerships and opportunities outside Peru

## 2017 Growth Initiatives

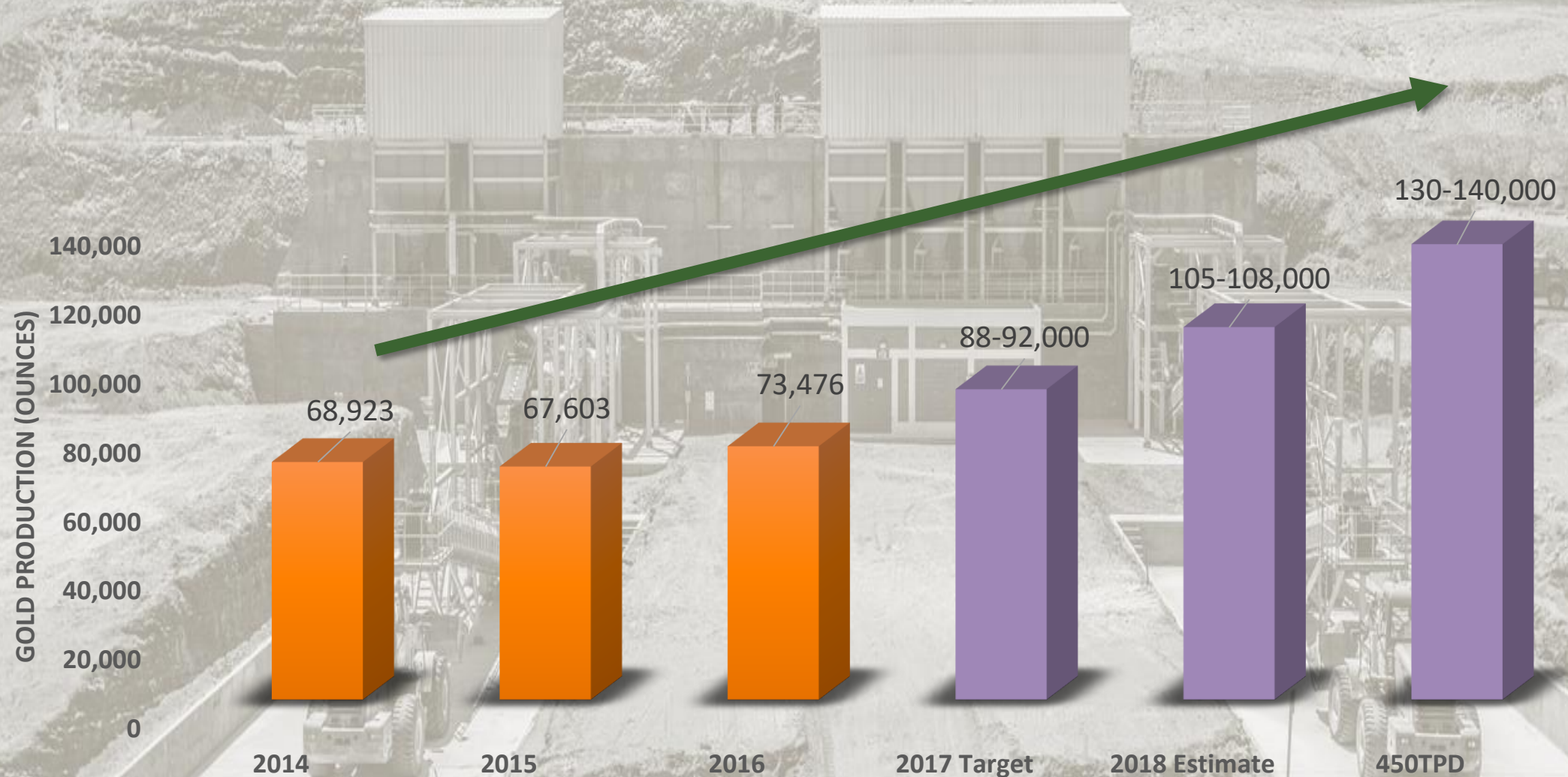
- Increase gold production by 20-25% (88-92,000 oz) from last year (73,000 oz)
- Arranging new pathways of accelerating development and valuation of flagship gold/copper project, Tumipampa
- Work towards paying off debt used to build new plant
- Review dividend policy for distribution in the intermediate term subject to following:
  - the prevailing economic and ore-processing environment;
  - the Corporation's operational results and net earnings;
  - the Corporation's financial condition;
  - capital requirements for the operations and growth of the Corporation;
  - contractual restrictions on its current loan

# A Proven Track Record

- **23** consecutive quarterly profits throughout volatile gold market
- **18** years of gold processing experience in Peru
- **59%** increase in gold production over last five years
- **17%** average gross profit margin over the last five years
- **222%** increase in share price over the last five years

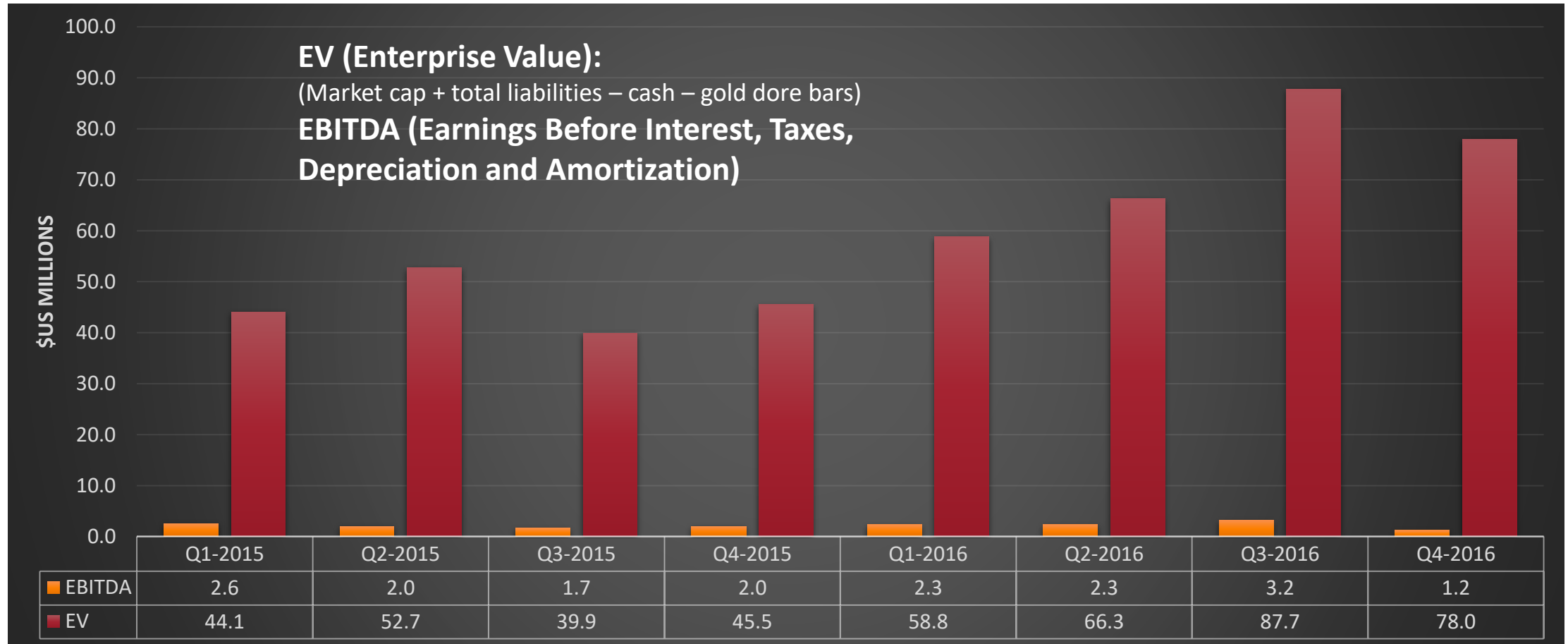


# Growth From Gold Production



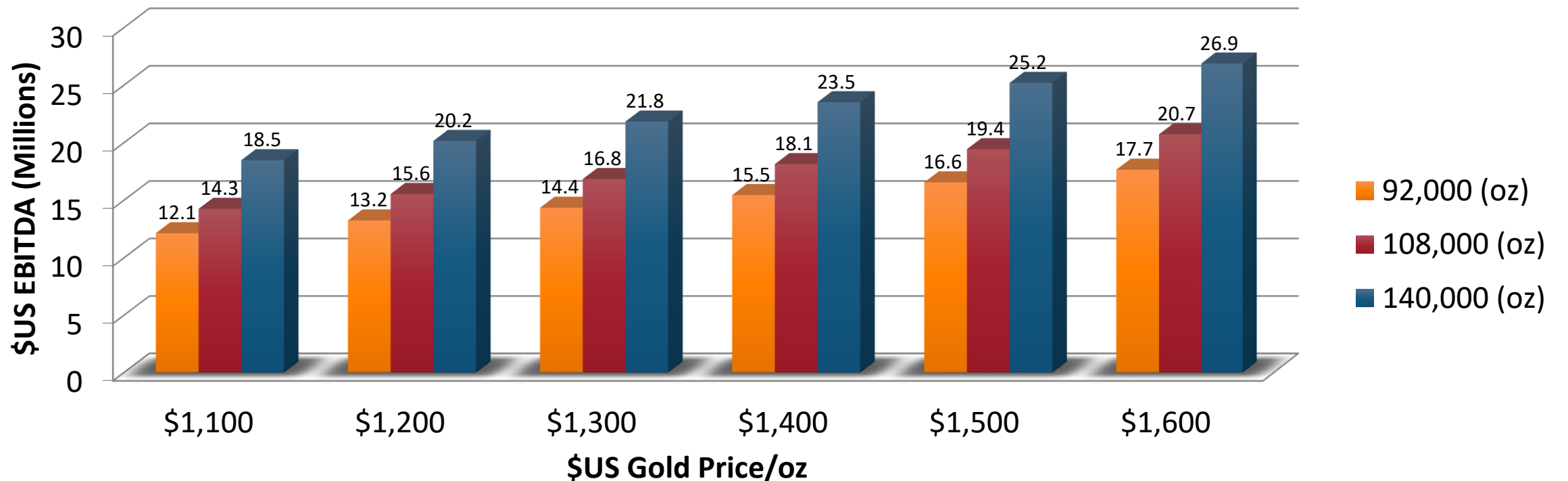


# EV AND EBITDA (\$US MILLIONS)



# EBITDA Generation Upside Sensitivity

## EBITDA Sensitivity to Gold Price & Annual Gold Production (oz)

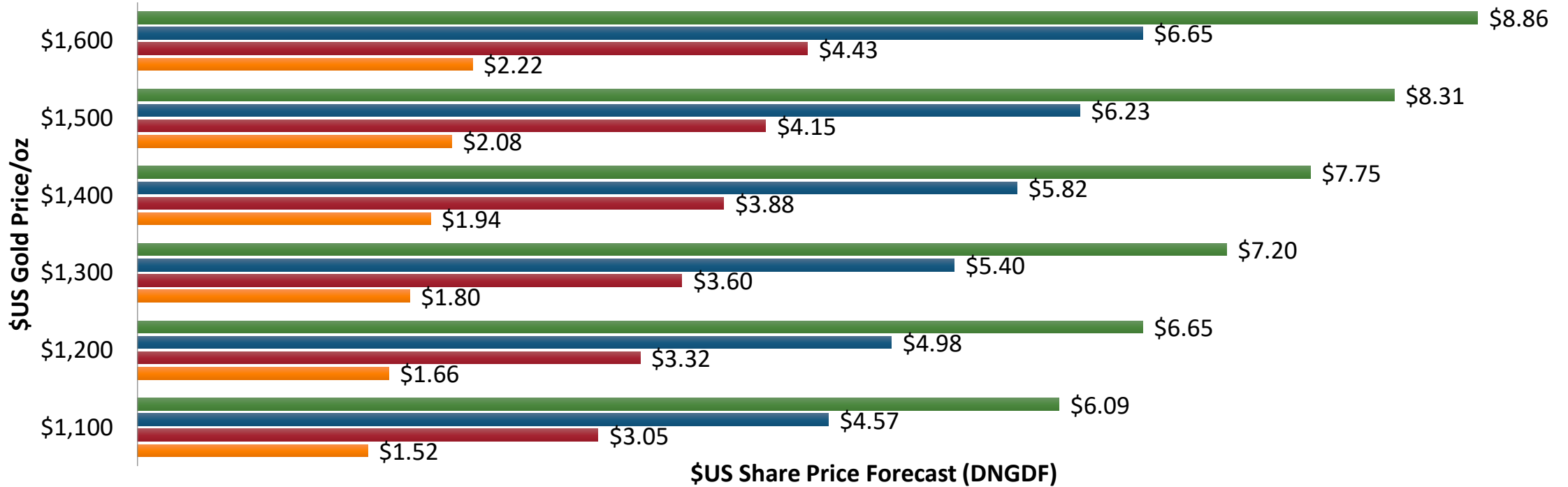


Assumes: 12% of Sales (3 year average)

# P/EBITDA Multiple & \$US Share Price (DNGDF)

## P/EBITDA MULTIPLE

■ 20 ■ 15 ■ 10 ■ 5



Assumes:  
EBITDA to be 12% of Sales (3 year average) and 90,000 ounces of gold (2017 target)

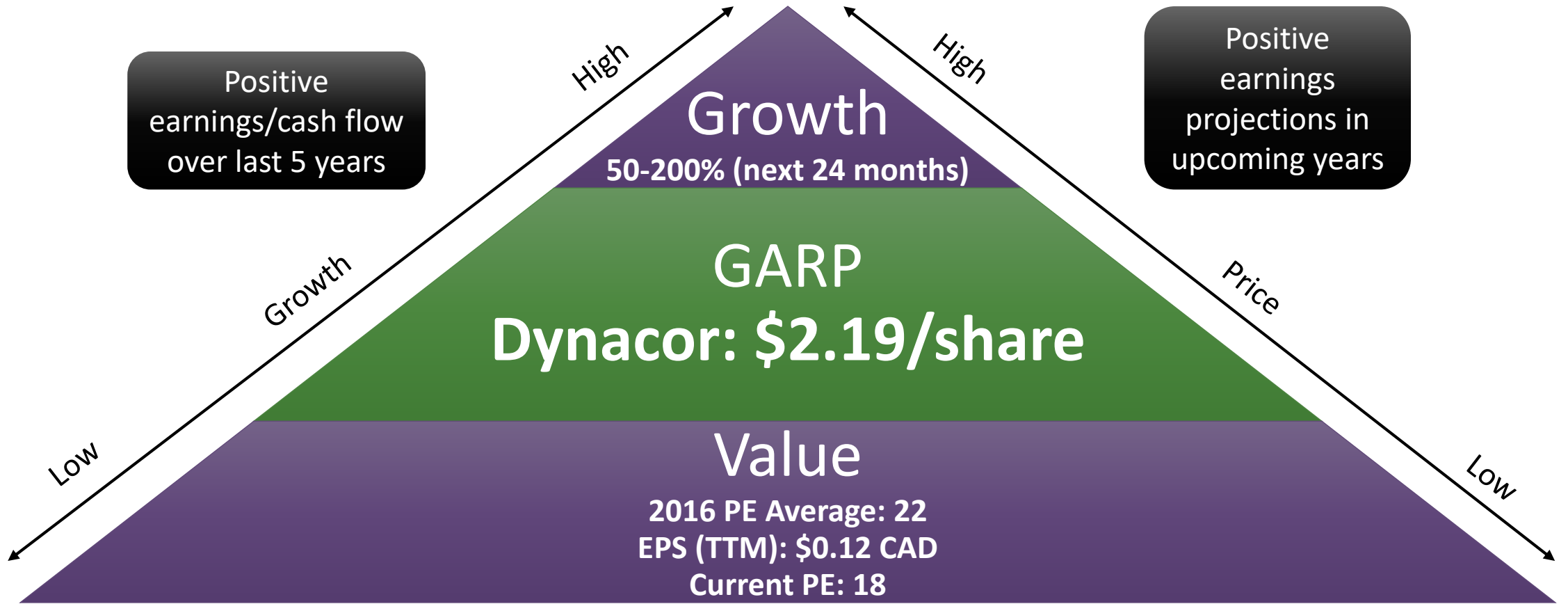
# Current Financial Performance (December 31, 2016)

(In \$US Millions)	2016	2015
Sales	91.3	78.9
Cost of Sales	79.2	66.2
Gross Operating Margin	12.1	12.6
General & Administrative Expenses	4.1	3.9
Operating Income	6.8	7.4
Net Income	3.3	3.1
EBITDA	9.0	8.2
Earnings Per Share (Basic)	\$0.09	\$0.09
Income Taxes	2.3	3.2
Depreciation	2.6	1.8
Cash	6.2	6.1
Gold Dore Bars	0.0	0.6
Gold in Process	5.5	3.3

# Capital Structure

December 31, 2016

Shares Outstanding	38M
Options & DSUs	1.2M
Fully Diluted	39.2M
Working Capital	15.7M
Cash	6.2M
Warrants	Nil
Credit Facility	US\$ 10M (Drawn 7.0M, repaid \$0.7M)



Growth At Reasonable Price

# 2016 Highlights

- Achieved a quarterly gold production record of 21,014 ounces in the **fourth quarter, 2016**
- Announced new plant start up in **September, 2016**
- Finished construction of a new modernized ore processing plant in **May, 2016**
- Arranged new offtake agreement with Swiss partner in **May, 2016**
- Obtained a \$US 10 million credit facility in **January, 2016**

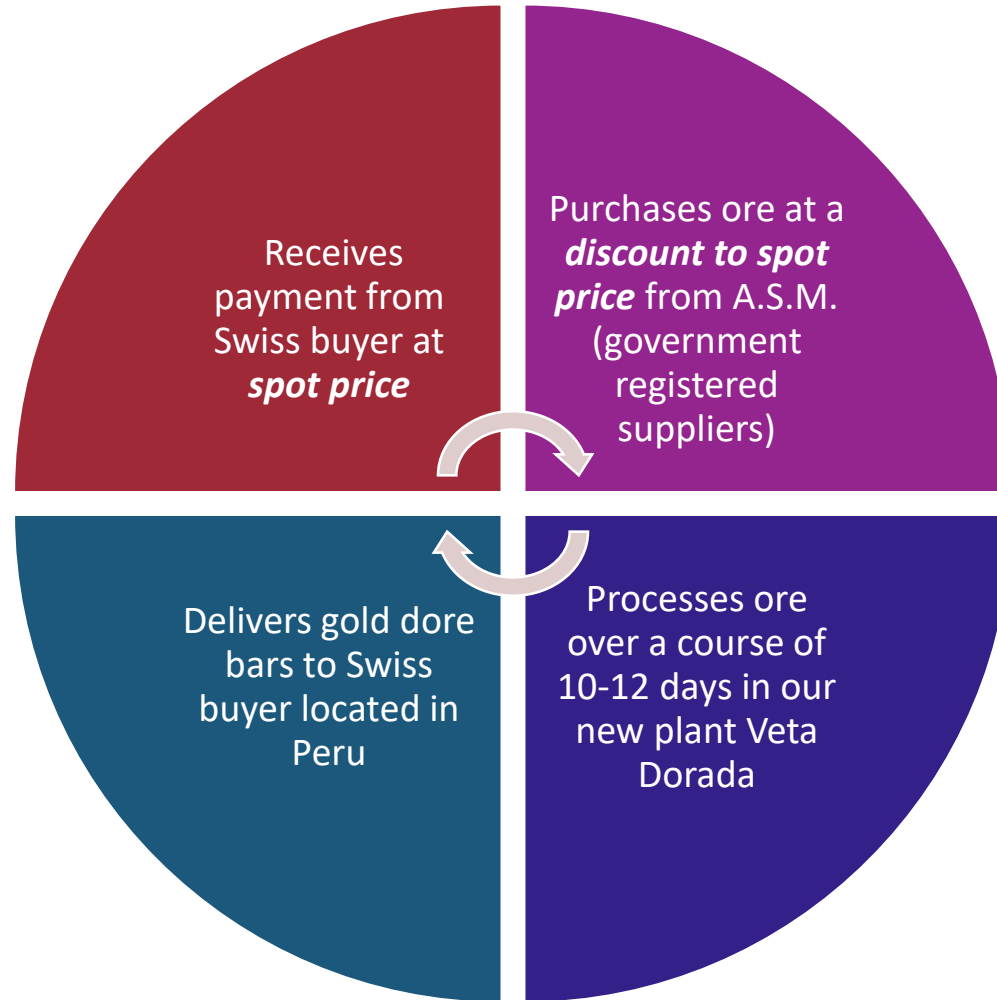


# Production

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Gold Ore Processing





Voted As Peru's Top Gold Ore Processing Company

# Cost Efficiency With New Modernized Mill

## ☐ Energy Savings

- \$0.08 kwh from \$0.27 kwh

## ☐ Higher Throughput

- Lower fixed costs per processed tonne

## ☐ Tailings Savings

- \$2/ton from \$15/ton

# 10 Year Tailings Life With Additional 15 Year Option

- Located in mining friendly region of Peru
- Highly supported by local communities
- Key EIA environmental approval in place
- Excellent power source
- Ample space for future expansion (95 hectares)
- Fully sanctioned by national government



# National Government Approval: MEM (Ministry Of Energy And Mines) Peru

## Ribbon Cutting Ceremony (Oct 3, 2016)

- Official delegation from the Ministry of Energy and Mines lead by the Director General of Mining, Marcos Villegas Aguilar



“A lifetime’s supply  
of discounted  
high grade gold ore  
nearby”

Arequipa

- Active Mining Concessions
- New Mining Applications
- Dynacor’s Veta Dorada plant

# Exploration

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2017 will unearth the value

# 3 Exploration Assets

- **100% owned**
- **Categories:**
  - Tumipampa: Greenfield > Advanced
  - Anta: Greenfield > Grassroots
  - Casaden: Greenfield > Grassroots
- **Total Exploration Area:**
  - Tumipampa: 9,755 ha, flagship project
  - Anta: 3,800 ha
  - Casaden: 1,664 ha



# Tumipampa

- 60 km south of the city of Abancay in the Tumipampa region, Circa District, province of Abancay, Apurimac department and about 500 km southeast of Lima, Peru
- The altitude varies between 4200 and 4800 meters
- The morphology of the property is of the occidental Andes Cordillera of Peru
- Geology consists of igneous, sedimentary and metamorphic rocks. The intrusive unit consists of the Apurimac batholith, which is locally also named Andahuaylas-Yauri





# Exploration Work

## 2012-2013

- 298.23 meters of cross-cut driven through the gold mineralized structure of the Manto Dorado
- Intercepted the Manto Dorado structure over 23 meters wide (7.4 meters true width)
- Average assays of 36.48 g/t Au; 1.49 oz/t Ag, 0.43% Cu over 4.85 meters true width

## 2014

- 137.5 meters of cross-cuts, the building of the expansion of the camp

## 2015

- 687.4 meters of tunneling and cross-cuts with 1,092.5 meters of drifts and 324.6 meters of chimneys
- 14,337.0 meters of underground drilling

## 2016

- 110.4 meters of galleries and 66.8 meters of chimneys



# Mineralized Zones

(See Map On Next Page)

**1) Manto Dorado:** Intercepted by 26 drill holes, 9 surface drill holes and 17 underground drill holes

600 m along strike and 600 m down dip with an average width of 1.5 m varying between 0.75 m to a maximum width of 4.85 m

**2) Manto Nazareno:** More than 400 m from the surface adit entrance and 260 m in front of the Manto Dorado which is at 130 m from the adit entrance

Drilling shows extensions of approximately 600 m along strike and 400 m down dip with an average width of 1.5 m, widths vary between 0.68 m to a maximum width of 4.68 m

**3) Disseminated Zone:** Situated in the southern part of the property, between the “El Potro” porphyry and the zones of the veins

Has a dimension of 3.5 km in length south-southeast by 2.5 km wide east-west

Between the structures of the Esperanza Fault and the Diana Fault which also has the Mylene Fault and a number of other small faults and fractures all trending generally northwest to north-northwest. The structures extend over 3 km in strike length and the Esperanza Fault extends over several kilometers

Sampled with 1,270 surface rock chip samples and channels. Gold assay results demonstrate that 161 samples (12.68%) were anomalous assaying more than 0.05 g/t Au, 73 samples (5.75%) with assay values greater than 0.30 g/t Au, and 40 samples (3.15%) with assay values greater than 1.00 g/t Au

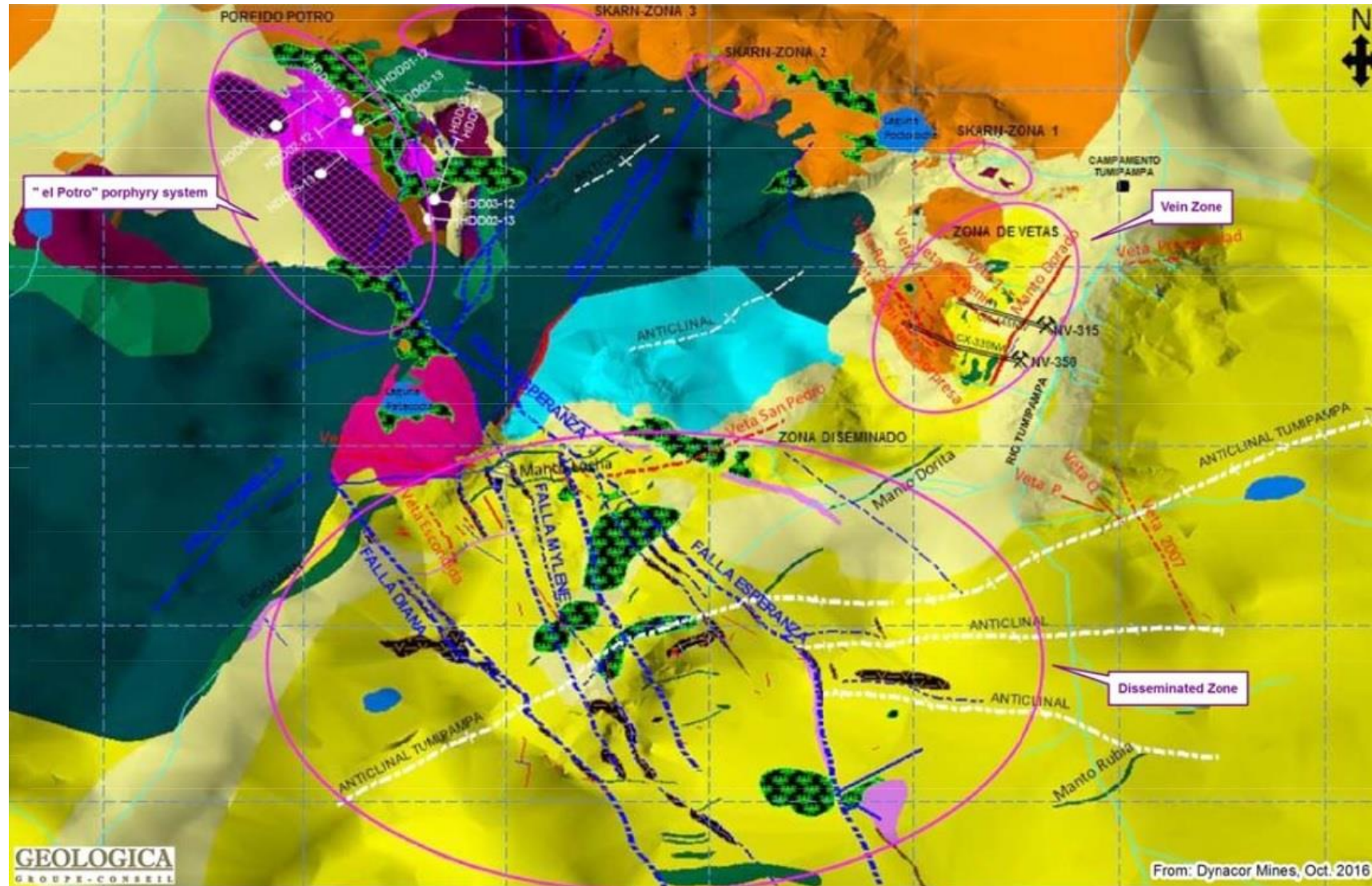
**4) Porphyry Zone “El Potro”:** located approximately 2.3 kilometers to the west of the Manto Dorado

Approximately 750 meters wide by 1,700 meters long

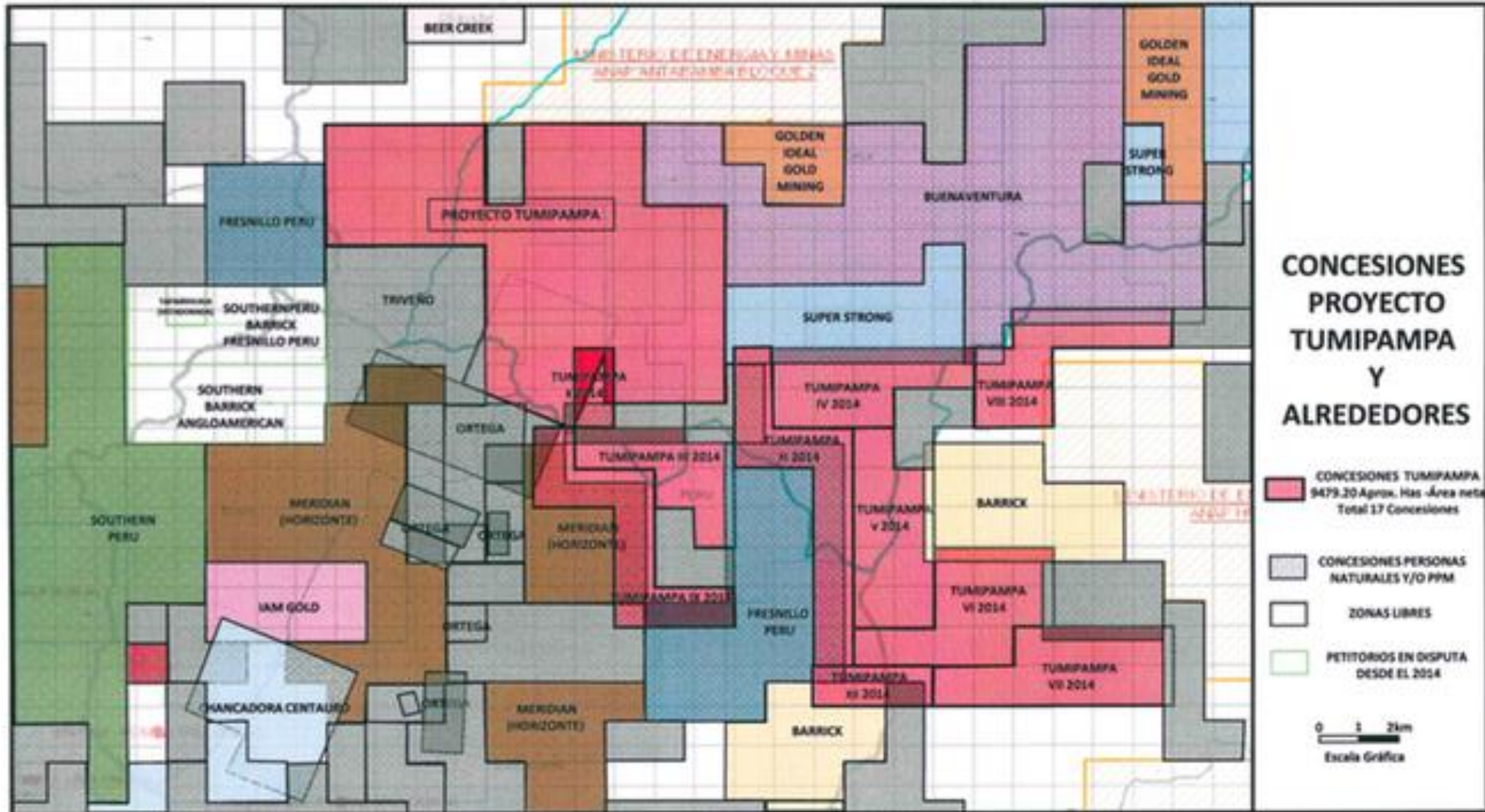
Two hundred twenty-one (221) samples were collected on the “el Potro” porphyry and fifty-five (55) were collected in the skarn located near the porphyry. Twenty-five (25) surface samples taken on outcrops showed significant anomalous copper values ranging from 0.012 % to 0.22% Cu. Fourteen (14) surface samples taken directly on outcrops of the porphyry showing high anomalous gold grades ranging between 0.10 and 2.51 g/t Au. Samples collected on the skarn inside the porphyry were anomalous in Ag, Cu, Mo, Pb and Zn with values as high as 40.4 g/t Ag, 0.438% Cu, 108 ppm Mo, 0.99% Pb and 2.26% Zn

**5) Skarn Zone:** This area located in the north part of the property hosts an important contact between the Ferrobamba limestone Formation and the massive intrusion of the Andahuaylas-Yauri batholith where skarn-type mineralization is observed. Fifteen (15) samples collected in the Skarn 4 area were anomalous in copper with grades between 0.1 to 3.63% Cu (Table 17). Nineteen (19) samples collected in the Skarn 4 area were anomalous in gold with grades between 0.13 to 9.59 g/t Au.

# Property Mineralization Zone Map



# Adjacent Mining Companies



# Motivated Stable Workforce

Dynacor's Peruvian employees receive 8% profits from the Company's income before taxes

Creates a sense of pride and ownership by sharing in the profits

Rewarding employees by the fruits of their labour connects productivity to rewards and stability



# Corporate Social Responsibility Program

Dynacor has a strong ongoing commitment to the communities that live around its operations

Dynacor's CSR investments are focused on education, health and community based sustainable sources of income

In May 2016, Dynacor funded a community and school library for the Pachaconas community

Since 2014, Dynacor has provided computers and courses to more than 60 school children in the Pampallacta community



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