



# DYNACOR

Gold Mines Inc.

Corporate Presentation

Third Quarter, 2019

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.

Stability/Safety  
Historical Proof  
of Success  
and Income

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Sells environmentally responsible gold;

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Twenty (20) years of experience in manufacturing and selling gold dore bars produced through ore purchased from hundreds of Peruvian artisanal small-scale miners (ASMs);

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Developing artisanal small-scale miner's (ASMs) health and education programs;

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Free of debt and one of the lowest share counts in the mining space;

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Returns cash to shareholders; Pays quarterly dividend and buying back stock;

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100% owned exploration project (Tumipampa) with three different mineralized zones; (Developed crosscut in underground epithermal vein system/disseminated zone/skarn associated with porphyry);

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Partnering with artisanal small-scale mining groups ASMs to extract gold-mineralized material from Dynacor's 100% owned high-grade underground vein system;

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Thirty-four (34) consecutive quarters of net income and positive cash flow.

A reliable  
gold selling  
model in  
Peru that  
has  
delivered  
over 8 years  
of profit



A dividend paying company;



Plans to leverage expertise and expand business model to both Peru and other jurisdictions;



Decades of experience in the business of purchasing and processing ore from ASMs;



Blue chip long-term strategic partner in PX Precinox | PX Group;



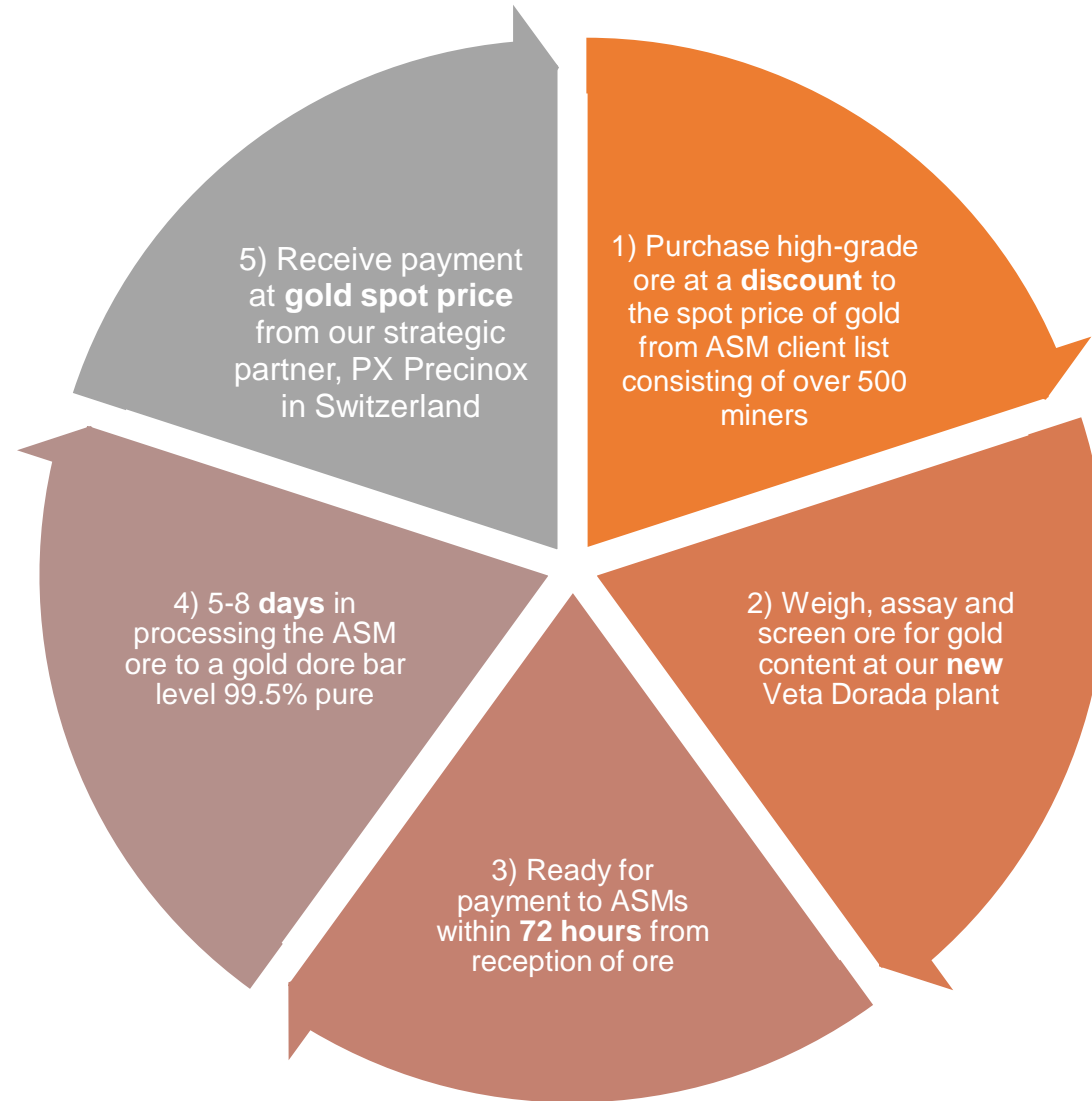
Strong balance sheet with no debt and USD 12.2 million cash on hand;



Only 39 million shares outstanding

(as of Q3 Sep 30th, 2019);

# Our Business Cycle





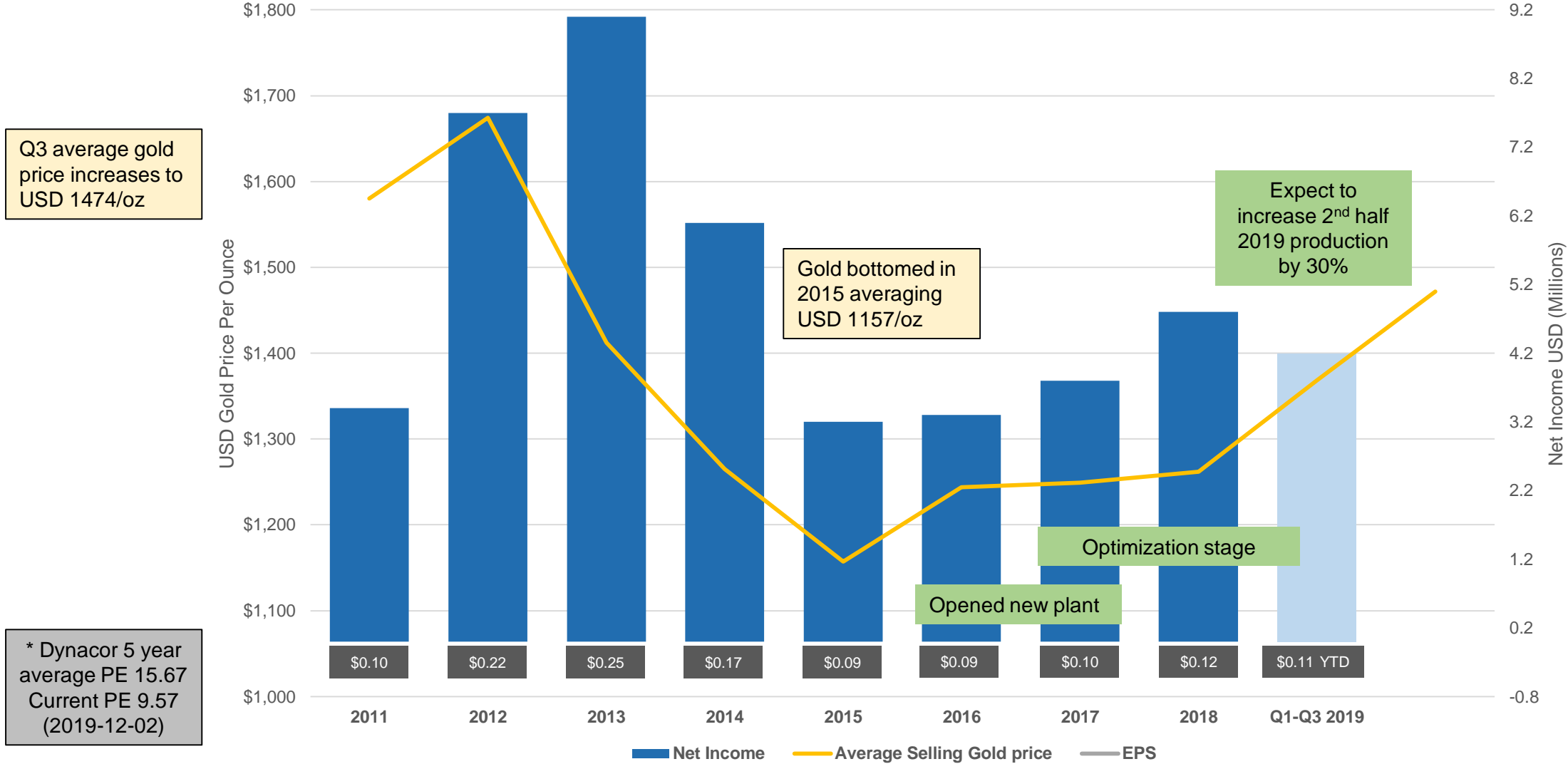
## Plant Overview

- CIP circuit includes weighing, assaying, crushing and milling on site
- In the hub of ASM high-grade operations (South Peru)
- Strategically located 5 km (5 minutes) off the main Pan American Highway
- Operating on full electrical power via national grid
- New and modern design opened in late 2016
- Designed for possible expansion
- Currently processing over full capacity of 300 TPD



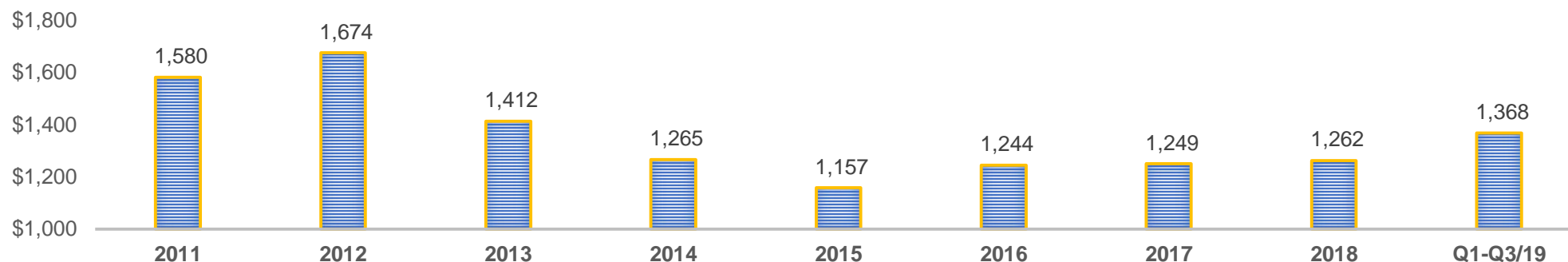
# NET INCOME/EPS HISTORY (2011-2018)

USD Yearly Average Gold Price (oz) / Net Income (Millions) / EPS



\* Source: <https://www.morningstar.com/stocks/xtse/dng/valuation>

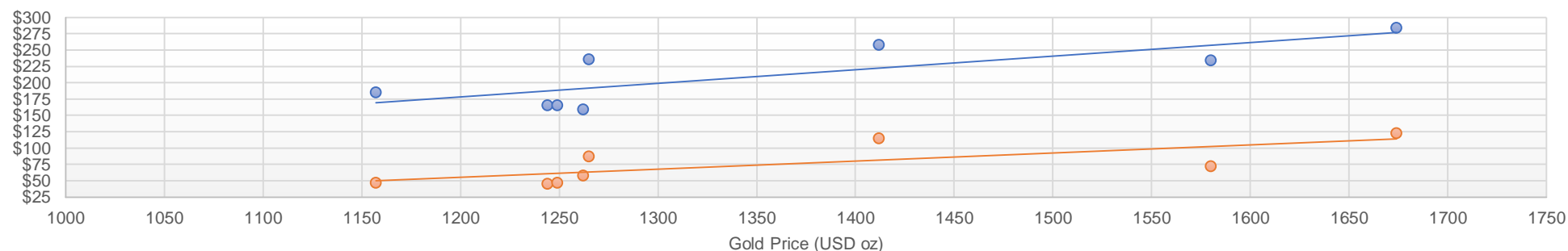
## AVERAGE SELLING GOLD PRICE (USD PER OZ)



	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Ounces Sold (eq)</b>	47,185	62,734	79,416	69,727	68,170	73,366	81,405	82,893	
<b>Gross Operating Margin/Ounce Sold (eq)</b>	234	284	258	236	185	165	165	159	
<b>Net Income/Ounce Sold (eq)</b>	72	123	115	87	47	45	47	58	
<b>Average Selling Gold Price (USD/oz)</b>	1580	1674	1412	1265	1157	1244	1249	1262	

Net Income/oz Sold (eq) Increases to **\$100** in Q3-2019

Gross Operating Margin & Net Income per equivalent gold ounce sold Correlation to Gold Price (USD oz) 2011-2018

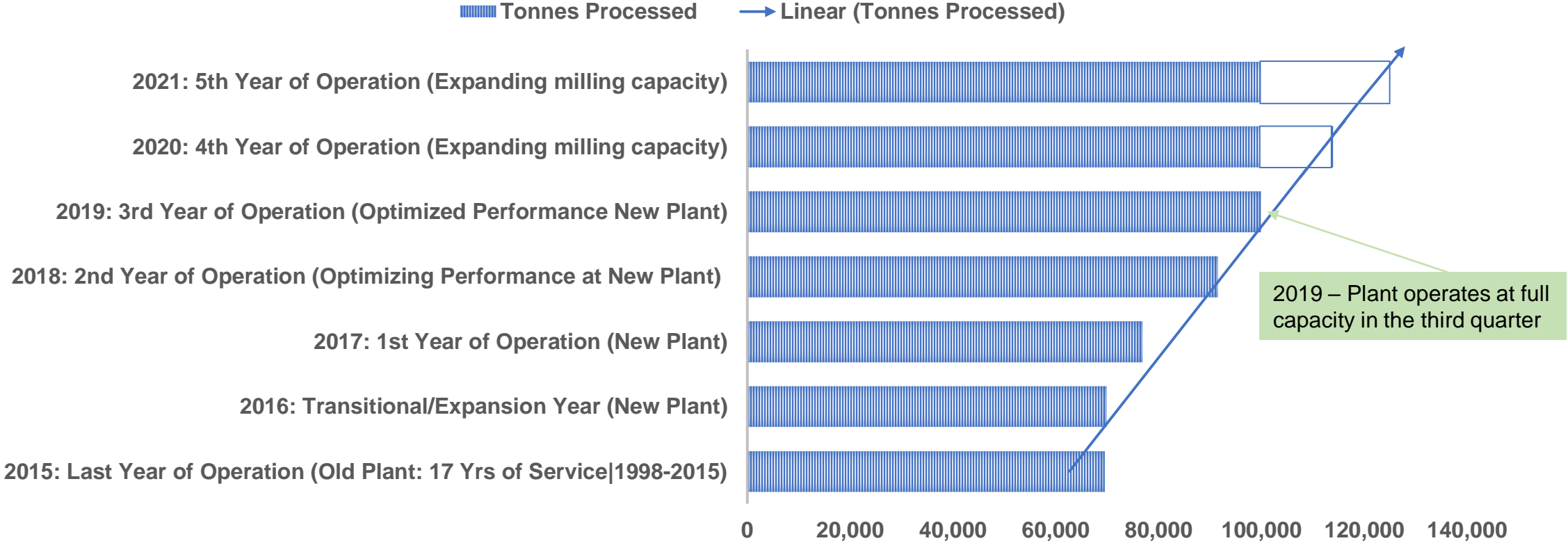


NOTE: Net income per ounce is a non-IFRS financial performance measure with no standard definition under IFRS.

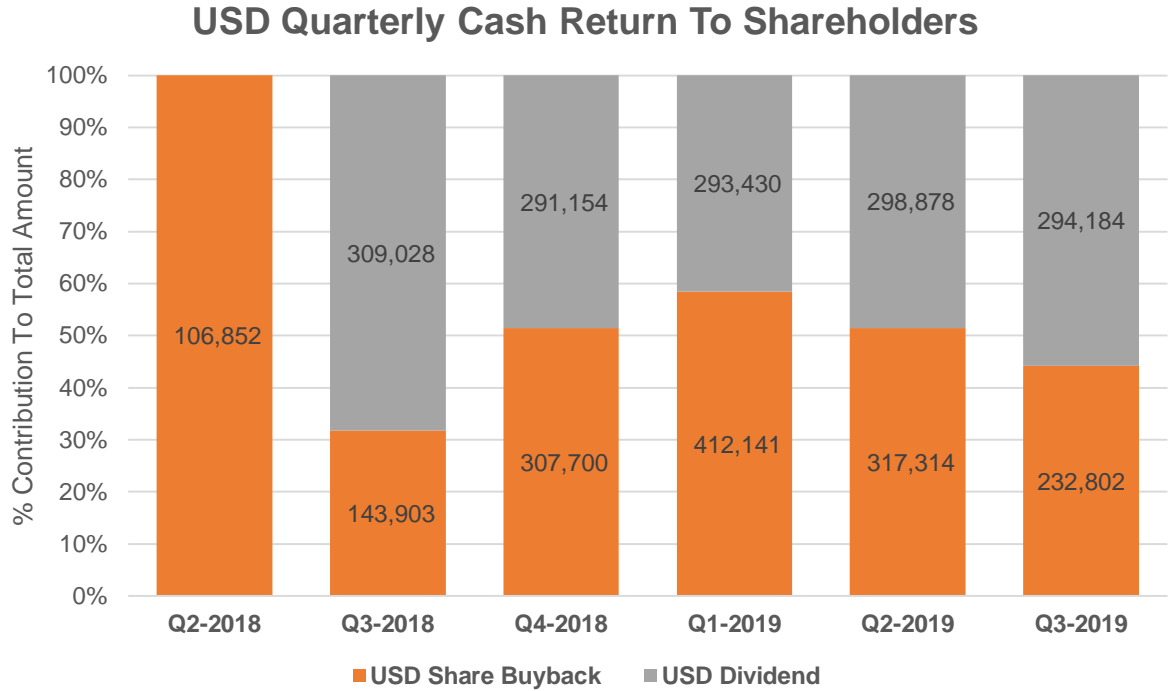
● Gross Operating Margin per eq gold oz sold      ● Net Income per gold eq ounce sold  
 — Linear (Gross Operating Margin per eq gold oz sold)      — Linear (Net Income per gold eq ounce sold)



## TONNES OF ORE PROCESSED (DMT)



# DIVIDEND/NCIB HISTORY – CASH RETURN TO SHAREHOLDERS



**NCIB:** Since April 23, 2018, the Company has repurchased 1,171,840 common shares for a total cash consideration of US **\$1,520,711** at an average repurchase cost of \$1.30 (CA\$1.71) per share

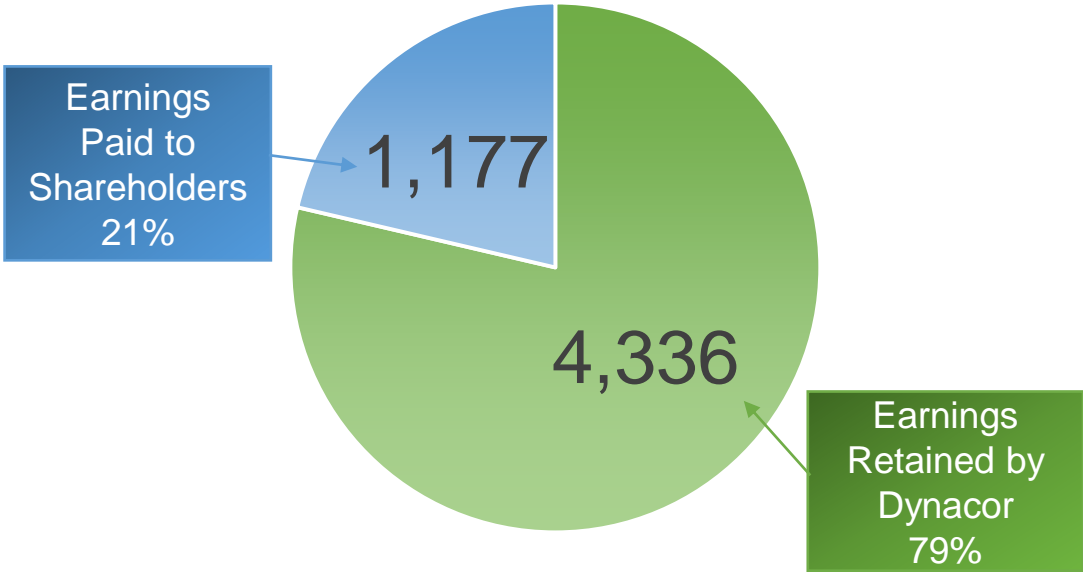
For the nine-month period ending September 30, 2019, the Company has repurchased 725,473 common shares for a total cash consideration of US **\$962,257**, an average repurchase cost of \$1.33 (CA\$1.76) per share.

**DIVIDEND:** The Company has returned US **\$1,486,674** to its shareholders in consecutive quarterly dividends since October 3, 2018

Current Dividend Yield: 3.37% (as of 2019-12-03)

## Current Payout To Shareholders USD (000s) TTM

USD (Millions)	Q4-18	Q1-19	Q2-19	Q3-19
Dividend Paid	0.3	0.3	0.3	0.3
Net Income	1.3	1.2	0.8	2.3
Payout Ratio			30%	21%



# Payout Ratio - 21%

# Dividend Metrics

## Current Valuation (TTM):

- Dividend yield: 3.4% (recent increase of 50%)
- P/E Ratio: under 10
- Forward P/E Ratio: under 10

## Company Fundamentals:

- EPS growth next 3 years: positive
- Return on equity: 10%
- Sales growth past 3 years: 10%
- Earnings growth past 3 years: 11%
- Profit history: 34 consecutive quarters
- Dividend payout ratio: 21%

# Dividend Increase

- Quarterly Payment: C\$ 0.015 per share, a 50% increase;
- Declared date: November 28, 2019;
- Shareholders record date: December 19, 2019
- Pay date: January 6, 2020

## Market Summary

Stock Price (Q3-19: High-Low)	\$2.00 - \$1.76 CAD
Ticker Symbol	DNG – TSX   DNGDF - OTC
Shares Outstanding (Basic)	39.0M
Warrants	Nil
Quarterly Dividend	0.01 CAD
Dividend Yield	2.2%
Director & Senior Management Ownership	3.48%

## Capital Structure

Market Capitalization	70.2M CAD
Debt	Nil

## Operational (Q3 2019)

- Record quarterly volume of ore processed of 26,421 tonnes compared with 22,615 tonnes in Q3 2018;
- Gold production of 22,230 ounces compared with 19,982 ounces in Q3 2018, an increase of 11.3%.

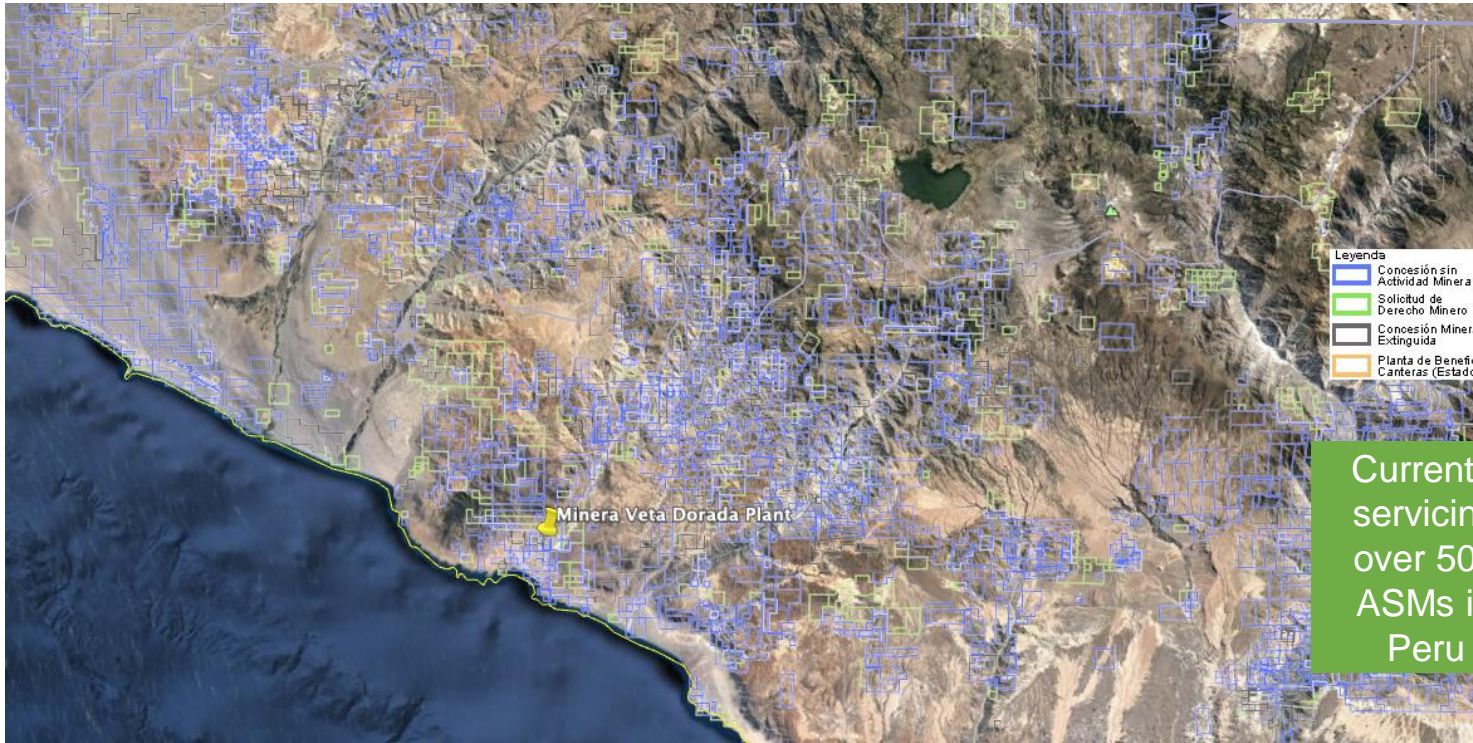
## Financial (USD)


- 34th consecutive quarter of profits;
- Record quarterly sales of \$33.7-million, an increase of 38.1% compared with Q3 2018;
- Gross operating margin of \$4.6-million (13.7 per cent), an increase of 76.9% compared with Q3 2018;
- Net income of \$2.3-million (0.06 EPS), an increase of \$1.6-million compared with Q3 2018;
- Cash gross operating margin of \$227 per ounce equivalent Au sold compared with \$158 per ounce equivalent Au sold in Q3 2018;
- Cash on hand of \$12.2-million

## Cash Return to Shareholders (USD)

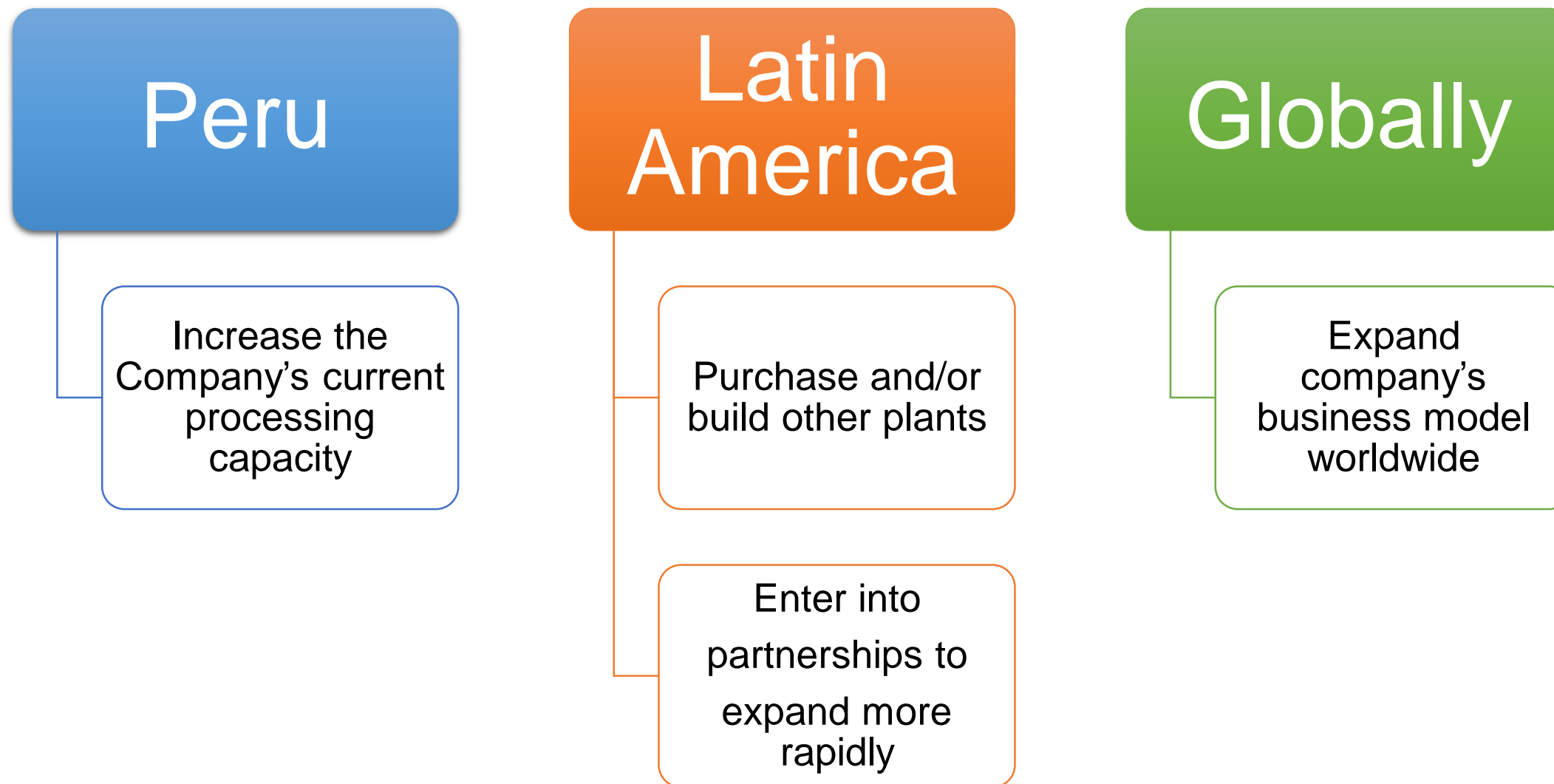
- Quarterly dividend of one Canadian cent per share totalling \$0.3M paid in October, 2019;
- Buyback of 164,349 shares during the quarter for \$0.2M.





- Hundreds of ASM  operations near our plant;
- Significant number of high-grade gold mineralization concessions;
- Dynacor is set up to receive more ore from newly formalized ASMs;
- Informal ASMs can improve their gold recovery rates by formalizing and then selling to Dynacor;
- Dynacor is actively increasing its network of ASMs and ore supply

Untapped Resources Could Lead To New Partnerships



## PX Precinox

- Is one of 10 companies under the PX Group
- Mastered the process of high quality refining
- A leading Swiss producer of gold bars
- Partner of the PX Impact Gold Program

[WWW.PXGROUP.COM](http://WWW.PXGROUP.COM)





## Providing incentives and funding to develop our ASM communities

- Developed PX Impact Gold program to improve education and health throughout our ASM communities
- End users of our gold pay a premium which is invested into our development projects
- With a clear focus to improving environmental, social and ethical practices with our ASMs

## Actively promoting legal and regulatory framework

- Assisting our ASMs in the necessary step of formalization
- Increasing awareness and reaching out to the government
- Liaising with government officials, NGOs and international agencies such as AGC

## Taking a lead in organizing ASM operations

- Maintaining an updated list of ASMs
- Actively taking a stance against child labour/ refuse to provide service and aid as a condition
- Improving and promoting gender equality throughout our ASM operations

## Providing technical assistance

- Upgrading their technical tools, means and practices
- Providing professional assistance and in some cases financing to further develop their mines and levels of productivity
- Training/assist ASMs on several issues ( e.g. organizational/financial management, occupational health, reclamation and transportation)

## Employing ASMs within our own Operations

- Hiring local ASMs to work at our flagship exploration project, Tumipampa
- Often local ASM communities are hired by Dynacor to assist in their own development projects which we fund for free
- Relationship of trust with our ASMs enable other business arrangements and an all around win-win operation

**YOUTUBE VIDEO PRESENTATION HERE:** <https://youtu.be/8qmJiroL0ko>



Environmental, social and ethical practices that respect human rights are an integral part of the PX Impact Gold program

Guarantees complete traceability across the gold ore supply chain coming from government registered miners in Peru

An **investment premium** paid by Precinox customers on the PX Impact Gold program

**PX Impact  
Equals  
Ethical Gold**

100% of the **premium** paid is invested into the ASM mining communities

A lasting & positive contribution to the economic, social and environmental development of our mining communities

The fund finances projects in health, education, economic dev & the environment of the mining communities



**A small premium is paid by a growing number of supportive firms from the fine luxury jewelry, watchmakers and investment sectors**

- These firms wish to start incorporating the use of responsibly sourced traceable gold that is produced from artisanal small-scale artisanal miners
- One hundred per cent of the premiums paid are used in the projects.
- The PX Impact program is behind the development of several CSR projects amounting to USD 160K.







# DYNACOR

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