

MONTREAL, QUEBEC--(Marketwired - Nov 13, 2015) - [Dynacor Gold Mines Inc.](#) (TSX:DNG)(OTC:DNGDF) (Dynacor or the Corporation) a Corporation with gold and silver ore processing operations and exploration projects in Peru, has released its unaudited condensed consolidated financial statements and the management's discussion and analysis "MD&A" for the three-month and nine-month period ended September 30, 2015.

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 millions of US\$ unless stated otherwise. Earnings per share and cash-flow per share are in US\$. All variance % are calculated from rounded figures. Some additions might be incorrect due to rounding).

The third quarter 2015 financial results reflects the 18th consecutive quarter (see <http://dynacor.com/investor-kit/>) of net income for Dynacor.

Despite challenging conditions, as gold market price continued on its downward trend affecting ore production, the Corporation recorded in Q3-2015 a net income of \$0.7M (\$0.02 per share) (cumulative nine-month net income of \$2.8M and (\$0.08 per share)) compared to \$1.8 M (\$0.05 per share) in Q3-2014 and cumulative of \$4.7M (\$0.13 per share) in 2014.

Jean Martineau Dynacor's President and CEO has recently stated *"During the 1st semester of 2015, in the face of a dwindling availability of ore and consequently increasingly fierce competition in the purchasing market Dynacor reinforced its ore purchasing network. In October, the Metalex-Huanca plant recorded its 2015 best monthly production with 6, 808 ounces of gold as compared to an average of 5,307 ounces during the first nine (9) months of 2015, an increase of 28%. Finally, it is interesting to note that according to the export data published by the Peruvian authorities the amount of gold exported by the seven (7) formal processing plants decreased by 22% whereas Dynacor's exports remained stable. We expect that our gold production will meet our production guidance for 2015."*

Q3-2015 highlights

- Cash on hand of \$10.1 M at September 30, 2015 compared to \$14.0 M at December 31, 2014;
- Gold and silver sales of \$18.5 M (cumulative nine-month \$57.4 M) compared to \$24.0 M in Q3-2014 (cumulative nine-month of \$63.1 M in 2014) a quarter to quarter decrease of \$5.5 M (22.9%) (Cumulative nine-month decrease of 9.0%);
- Gold production of 15,607 oz in Q3-2015 (cumulative nine-month of 47,760 oz) compared to 19,217 oz in Q3-2014 (cumulative nine-month 49,000 in 2014) a quarter to quarter decrease of 18.8 % and year to date decrease of 2.5%;
- Gross operating margin of 13.5% in Q3-2015 (cumulative nine-month of 16.4%) compared to 19.2% in Q3-2014 (cumulative nine-month 18.7% in 2014);
- Net income of \$0.7M in Q3-2015 (\$0.02 per share) (cumulative nine-month of \$2.8M and \$0.08 per share) compared to \$1.8M (\$0.05 per share) (cumulative nine-month of \$4.7M and \$0.13 per share), a 61.1% quarter to quarter and 40.4% cumulative decrease compared to 2014;
- EBITDA⁽¹⁾ of \$1.7 M in Q3-2015 (cumulative \$6.3M) compared to \$3.4 M in Q3-2014 (cumulative \$8.8 M) a 50.0% quarter to quarter and 28.4% cumulative decrease compared to 2014;
- Cash flow from operating activities before change in working capital items of \$1.3 M (\$0.04 per share) ⁽²⁾ (cumulative nine-month of \$4.6 M and \$0.13 per share)⁽²⁾ in 2015 compared to \$2.5M in Q3-2014 (\$0.07 per share) ⁽²⁾ (cumulative nine-month of \$6.2 M and \$0.17 per share)⁽²⁾ a 48.0% quarter to quarter and 25.8% cumulative decrease compared to 2014;

(1) EBITDA: "Earnings before interest, taxes and depreciation" is a non-GAAP 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-GAAP 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. See the 'Non-GAAP Measures' section 15 of this report.

(2) Cash-flow per share is a non-GAAP 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. See the 'Non-IFRS Measures' section of this MDA. The Corporation uses this non-GAAP 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:

During the period, the Metalex Huanca plant produced 15,607 ounces of gold compared to 19,217 ounces of gold in Q3-2014 a decrease of 18.8% explained by lower ore supplied which translated into lesser mill throughput.

During the period, Dynacor sold 16,373 gold equivalent ounces compared to 18,665 gold equivalent ounces sold in Q3-2014 a 12.3% decrease compared to 2014 which, combined with reduced gold selling price affected sales which amounted to \$18.5 M compared to \$24.0 M a decrease of 22.9% compared to Q3-2014. Cumulative sales for nine-month amounted to \$57.4 M (\$63.1

M in 2014) a cumulative decrease of \$5.7 or 9.0%).

Average gold price per gold equivalent ounce sold was \$1,128 per ounce in Q3-2015 compared to \$1,287 in Q3-2014 a 12.4% average selling gold price decrease.

The gross operating margin for the period amounted to \$2.5 M (cumulative nine-month of \$ 9.4 M) compared to \$4.6 M (cumulative nine-month of \$ 11.8 M) in 2014 a 45.7% quarter to quarter decrease and cumulative 20.3% decrease compared to 2014. This gross operating margin continues to reflect the ability of Dynacor's business model to generate positive cash flow from operations even during a period where gold price is weakening.

During the period, general and administrative expenses amounted to \$0.8 M a decrease of \$0.3 M compared to Q3-2014 amount of \$1.1 M. Selling expenses were down by \$0.1M at \$0.3 M compared to \$0.4M Q3-2014 since they are directly related to the sales level.

Income tax provision decreased by \$0.6 M compared to Q3-2014 due to lower taxable income in Peru during the quarter.

Financial highlights

(in \$'000)	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2015	2014	2015	2014
Sales	18,471	24,018	57,440	63,103
Cost of sales	15,951	19,388	47,990	51,290
Gross operating margin	2,520	4,630	9,449	11,813
General and administrative expenses	794	1,049	2,906	2,861
Operating income	1,406	3,169	5,566	7,892
Net income and comprehensive income	670	1,824	2,792	4,734
EBITDA (1)	1,708	3,442	6,328	8,796
Net Cash flow from operating activities before changes in working capital items	1,259	2,470	4,608	6,152
Cash flow from operating activities	1,659	3,400	5,852	8,449
Earnings per share				
Basic	\$0.02	\$0.05	\$0.08	\$0.13
Diluted	\$0.02	\$0.05	\$0.07	\$0.12
Reconciliation of Net comprehensive income to EBITDA (1)				
Net comprehensive income	670	1,824	2,792	4,734
Income taxes	535	1,151	2,128	2,796
Financial expenses	38	32	98	87
Depreciation	465	435	1,310	1,179
EBITDA	1,708	3,442	6,328	8,796

(1) EBITDA: "Earnings before interest, taxes and depreciation" is a non-GAAP 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-GAAP 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. See the 'Non-GAAP Measures' section 15 of this report.

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

Operating Activities

Cash flows from operating activities before changes in working capital items amounted to \$1.3 M (cumulative nine-month of \$4.6 M in 2015) compared to \$2.5 M and cumulative of \$6.2 M in 2014) a 48.0% decrease compared Q3-2014 which is attributable to the combination of lower sales volume and lower gold sales price which affected the quarter gross margin by \$2.1 M.

Total cash generated from operating activities amounted to \$1.7 M compared to \$3.4 M in Q3-2014 a \$1.7 M or 50.0% decrease compared to Q3-2014 due to the decrease in gross margin and a \$0.5 M decrease in net changes in working capital items during the period.

Investing Activities

During the period, the Corporation invested \$3.2M in property, plant and equipment including \$3.0M for the new Veta Dorada plant construction project in Chala.

Additions to exploration and evaluation assets amounted to \$1.6 M in Q3-2015 (cumulative \$3.5 M in 2015) (\$0.4 M in Q3-2014 and cumulative \$1.1 M in 2014) as the underground exploration program at Tumipampa continued and where promising results were published throughout the period.

Financing activities

During Q3-2015, the Corporation did not complete any financing (nil in Q3-2014).

Liquidity

As at September 30, 2015, the Corporation's working capital amounted to \$15.6M including \$10.1M in cash (\$20.9 M including \$14.0M in cash at December 31, 2014).

2015- Ore processing outlook

Ore processing operation

The Corporation's production guidance for 2015 is in the range of 64,000 to 68,000 ounces of gold.

As at September 30, 2015, total gold production amount to 47,760 ounces and considering October 2015 production of 6,808 ounces, management is confident it will meet its yearly guidance.

Veta Dorada Chala Plant

Construction progress at the Veta Dorada (Chala) plant is on schedule (see October 29, 2015 Press release *DYNACOR GOLD: VETA DORADA 300 TPD PLANT CONSTRUCTION IN CHALA IS 52% COMPLETED*) with completion expected for Q1-2016 and notwithstanding any government approval delays, commercial production should begin as planned, by the end of Q2-2016.

The milling, processing and crushing areas of the plant are being erected and all of the surrounding service and storage areas being prepared. The tailing pond facility is being built and should be completed early in 2016.

In view of the commissioning and start-up of the Veta Dorada (Chala) plant which will require forward ore stockpiling and additional financial resources Dynacor's management is currently seeking credit facilities to secure the diligent construction and smooth transition of its ore processing operations to Chala.

ABOUT DYNACOR GOLD MINES INC.

Dynacor is a gold ore-processing and exploration Corporation active in Peru since 1996. The Corporation differentiates itself from pure exploration companies as it generates income from its wholly owned ore-processing plant. Dynacor's basic share count at 37.4 million outstanding is in the lowest quartile of the resource sector. The Corporation's assets include three exploration properties, including the advanced high-grade gold Tumipampa property and an operating 85,000 tpa capacity gold and silver ore processing mill at Metalex-Huanca. The Corporation recently obtained its permit to construct a brand new 300 tpd mill in Chala Peru. This represents an important milestone for the Corporation's future growth. The Corporation's strength and competitive advantage comes with the experience and knowledge it has developed while working in Peru. Its pride remains in maintaining respect and positive work ethics toward its employees, partners and local communities.

FORWARD LOOKING INFORMATION

Certain statements in the foregoing 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.

[Dynacor Gold Mines Inc.](#) (TSX:DNG)

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

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

Facebook: facebook.com/DynacorGoldMines

Shares outstanding: 37,366,911

Contact

Jean Martineau
President and CEO
[Dynacor Gold Mines Inc.](#)
T: 514-393-9000 ext. 228
Dale Nejmelddeen
Investor Relations
[Dynacor Gold Mines Inc.](#)
T: 604.492.0099
M: 604.562.1348
nejmelddeen@dynacor.com