MONTREAL, QUEBEC--(Marketwired - Jan 26, 2017) - Dynacor Gold Mines Inc. (TSX:DNG)(OTC:DNGDF) (Dynacor or the Corporation) is pleased to publish a short report for its shareholders on the start-up and the first three months of operation of its new Veta Dorada ore processing plant in Chala, Peru.

Gold production at the Veta Dorada plant began with the first pour on the 12th of October 2016. The plant was officially inaugurated on the 3rd of October and more than 100 persons from the Americas and from Europe were present. The ribbon cutting ceremony was presided by the Director General of Mining, Mr. Marcos Villegas Aguilar (Ing.), from the Peruvian Ministry of Energy and Mines, Lima (see press release dated October 14, 2016).

Veta Dorada Plant Start-up Highlights

- No significant production problems were encountered during the plant's first three months of operation. The plant met its design specifications and there were no unforeseen major adjustments needed.
- Notwithstanding plant maintenance stoppages, no plant shutdowns occurred except for a problem with a brand-new power generator a few days before the official inauguration.
- Due to the plant's favorable location in Chala, response from our providers has been very positive (see press release dated November 21, 2016). Mineralized material from new providers and from new areas were tested during the first 3-months of operation.
- End of year inventory was more than 1,700 tonnes of mineralized material.
- During the period from October to December the plant was operated around the clock at different capacities ranging from 225 tonnes per day (tpd) up to 300 tpd. In December, the plant operated for 17 days at its nameplate capacity of 300 tpd.
- During the start-up period gold production was not constant since different processing rates were tested as well as mineralized materials from new sources. Production for the first month of operation was the best month in 2016 and reached 7,449 ounces (as compared to 6,808 oz in October 2015). In November, production was 6,763 ounces (as compared to 5,434 ounces in November 2015) and in December 6,803 ounces of gold was produced as compared to 7,602 ounces in December 2015.
- Overall during its first 3-months of operation the Veta Dorada plant, despite being in its start-up phase, set an all-time record quarterly production of 21,014 ounces of gold. This represents a 9.8% increase as compared to Q3-2016 when gold production at Huanca was 19,131 ounces.
- The Veta Dorada plant was connected to the national grid more than 2-years ago but currently only receives about 25% of its total power needs. A new regional sub-station is under construction in Chala and Dynacor expects that in 4-5 months' time the plant will receive 100% of its power from the national grid.

Jean Martineau, the Corporation's CEO and President, recently commented on the start-up phase "*Management is very satisfied with the start-up process of our new plant. The plant is operating above our expectations and no design faults have been found. We are at this time, optimizing each of the processing steps in order to lower our costs per tonne. We are currently working on these aspects as ore availability is always historically lower due to the rainy season from January to March. The fact that we were able to register a quarterly all-time record gold production of 21,014 oz. in the first three months of operation of our new plant is also very encouraging*."

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 gold ore-processing. Dynacor's basic share count at 38.7 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, a 85,000-tpy gold and silver ore processing mill on care and maintenance at Huanca and the newly operating Veta Dorada 300-tpd (102,000-tpy) ore processing plant located in Chala (Southern Peru). 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)

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