

NEW YORK, June 19, 2015 /CNW/ -- If you see great upside in Dynacor's mill and mining businesses but recognize the Board's lack of alignment, help deliver the message that you desire a more shareholder-friendly Board with oversight by independent Directors who are aligned via meaningful share ownership, and VOTE THE BLUE PROXY CARD by the voting deadline of 5:00 p.m. EDT today.

Dear Fellow Shareholders,

In its press release dated June 18, 2015, [Dynacor Gold Mines Inc.](#)'s (TSX: DNG)(OTC: DNGDF) ("Dynacor" or the "Company") Board continued its campaign of putting forth misleading information and false claims in an effort to disguise the fact that the Board needs change. Previously, the Board's false claims about Red Oak seeking control of the Board, including to shut down Tumipampa, were easily and publicly disproven when we challenged Dynacor's Board and offered NO Red Oak affiliated nominees in exchange for the Board adding one nominee from a large shareholder (who the Board and CEO have known longer than any other) and adopting the same governance improvements which the Board has now claimed are already being adopted. The Board exposed its true agenda and said no, instead choosing to spend an estimated \$300,000-500,000 of shareholder (not insider, since insider ownership is negligible) monies on a costly proxy contest aimed at entrenching themselves. In a continuation of what has become a shameless campaign, the Board has concocted new theories, this time stating that Red Oak had knowledge of the Board's alleged efforts to improve its governance policies. Just like the prior baseless claims, these too are easily disproven by reading the same press release in which Dynacor makes such nonsensical allegations. Specifically, within its release the Board states that its "New Governance Charter and Policy" covers "director independence and tenure issues." Later in the same press release, the Board confirms the exact opposite –that "the Corporation has not adopted director term limits at this time." Additionally, Dynacor does not share that the Director most impacted by the adoption of standard tenure-based policies is the non-independent Chairman, Rene Branchaud, who via 18 years at Malaga (Dynacor's now bankrupt predecessor) and at Dynacor would clearly not pass any tenure-based policies. Mr. Branchaud, as a reminder and as confirmed by ISS (the same advisory firm which Dynacor relied on for support of its Directors in its June 11 press release), is not independent. Thus, in the Board's desperation to say whatever it can to win shareholders support, it states that its new policies address tenure and independence only to clearly confirm the exact opposite. This is both disingenuous and misleading, and we'd rather Dynacor just openly confirm that it does not support such governance policies rather than play such games. Dynacor's Board knows that our only "plan" for the Company is to improve its corporate governance practices to such that the Board is properly aligned with shareholders. Of course, because this Board is not aligned, this "plan" appears to be its worst fear and the Board appears willing to say literally anything it can to avoid this outcome.

Dynacor's Board Dodges ISS Concerns

In an effort to be transparent, we would further note that Dynacor continues its unwillingness to address the ISS concerns about its governance which we were forced to disclose because Dynacor's Board would not. Such concerns include the Chairman's affiliated/non-independent status (versus the independent status the Company falsely represents), yet another AGAINST recommendation regarding insider driven and self-serving compensation proposals, and that ISS would normally recommend AGAINST the election of both the Chairman and CEO given the lack of a nominating committee (yes, ISS cites the same concerns we have, yet Dynacor knowingly omitted mention of this in any shape or form and across multiple press releases). Dynacor's non-independent Chairman-led Board also failed to address the Chairman's singular control of nominations – a practice we have frankly never seen before, and are shocked to see supported by a Chairman who is a securities attorney himself.

Dynacor's Misleading Statements About Shareholder Support

As confirmation of its lack of understanding about shareholder representation and alignment, Dynacor's Board claims it has received over 97% shareholder support. The Board's lack of understanding here is comical, as Dynacor has already publicly disclosed that it only reached out to a negligible 6 out of 36 million votes at last year's annual meeting for Director elections. How in the world can Dynacor's Board believe that it is aligned and has achieved majority shareholder support when it barely achieved any feedback and didn't make the effort to seek out more?? In a 19 year professional investing career, I have never seen a Company communicate with so little of its share base, let alone then promote that outcome. Rather than alignment, this reflects complacency and "bare minimum" effort by a Board now caught with its hand in the cookie jar and forced to prove its alignment with its shareholders. Of course, given this Board has chosen to waste significant shareholder funds rather than add a single non-Red Oak nominee and adopt governance policies which it now claims it plans to anyway, what else can we expect? None of this smells right to us, and we know fellow shareholders agree.

Does Dynacor's Board Not Want U.S. Investors?

In its communications, Dynacor continues to refer to Red Oak as "a US hedge fund based in NYC" in what we infer as a form of disparagement. In fact, we have heard from other shareholders that they have referenced us in such a negative way. We are both confused and dismayed by such statements. Yes, we understand you have been exposed and challenged by us and that there is desperation on your part to "win at all costs," as indicated by your plethora of baseless and ever evolving allegations. However, in what scenario does it make sense to convey that U.S. or institutional investors may be a bad thing for the Company, particularly from one of the very few publicly traded microcap companies which employ a full time investor relations individual, presumably as part of an effort to attract investors and money flow into the stock, and to increase liquidity as well as the share price? We take exception to these comments and references and view them to be in extremely poor taste.

We Repeat - Red Oak Is Going Nowhere

As we stated in our June 17th press release, we are not going anywhere and will continue to fight for best practices and strong governance and alignment. We bought Dynacor shares last week, and we continued buying shares this week. Perhaps

insiders might stop selling and instead join us, as proper alignment is more than just words. As the Founder and Managing Member of Red Oak, I have not personally called nor solicited a single investor as part of this contest. I have received numerous inbound calls and have instructed our solicitors to meet the minimum legal requirements on general solicitations so as to ensure our concerns are shared. Our spend in this effort, which we have been happy to pay for as part of our overall investment in the Company, has been made to get out this important message and to promote alignment and best practices which we all – as shareholders – deserve, and only after this misaligned Board made clear its intent to entrench itself at all costs rather than allow shareholders (who Directors are obligated to represent) to have even a single voice on the Board. Governance, alignment, and shareholder representation do matter because the greatest risk which we as shareholders face is not in the exciting businesses which exist at Dynacor, but rather in this Board which has not acted in alignment with shareholders. Until this changes, we as shareholders continue to take on this unnecessary risk. With Dynacor's potential value so high, now is precisely the time to begin eliminating this risk to our collective investment. Accordingly, we will continue to fight for the interests of all shareholders. We intend to send a representative to the annual meeting. We will actively monitor the Board in its growing up process. We will continue to seek long overdue Chairman rotation and best practices. And we will continue to push for shareholder representation on the Board, whether from us, from other large and informed shareholders, or ideally a combination from several holders so that varied yet real representation and balance does exist.

Please support us as we fight for the interests of all shareholders and:

VOTE THE BLUE PROXY CARD BY 5:00 P.M. TODAY

If you have questions or require assistance, please contact our proxy solicitor, InvestorCom, Inc.:

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Sincerely,

David Sandberg
Managing Member
Red Oak Partners, LLC

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