

MONTREAL, QUEBEC--(Marketwired - March 30, 2017) - [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 audited consolidated financial statements and the management's discussion and analysis (MD&A) for the year ended December 31, 2016.

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 financial results for 2016 reflect Dynacor's sixth consecutive year of profits, with net income of \$3.3 M (\$0.09 per share) compared to \$3.2 M (\$0.09 per share) in 2015, an increase of 3.1%.

2016 Highlights

- Gold production of 73,476 ounces in 2016, compared to 67,604 ounces in 2015, an increase of 8.7%, including an historical quarterly high of 21,014 ounces in Q4-2016;
- Sales of \$91.3 M in 2016, compared to \$78.9 M in 2015, an increase of 15.7%;
- Gross operating margin of \$12.1 M (13.3%) in 2016, compared to \$12.6 M (16.0%) in 2015, a decrease of 4.0%;
- EBITDA ¹ of \$9.0 M, compared to \$8.3 M in 2015, an increase of 8.4%;
- Cash flow from operating activities before change in working capital items of \$6.2 M (\$0.16 per share) ² compared to \$5.6 M (\$0.15 per share) ² in 2015, an increase of 10.7%;
- On January 14, 2016, the Corporation entered into senior secured credit facilities (the "Facility") in the aggregate amount of up to \$10.0 M;
- On June 15, 2016, 950,000 common shares were issued in exchange for common share purchase warrants, for total cash consideration of \$1.3 M;
- Dynacor commenced the processing activities at the Veta Dorada Plant in late September 2016 and poured its first gold bar on October 12, 2016;
- In December 2016, the Veta Dorada Plant operated for 17 days at its full 300 tpd capacity;

2016 Overview

The new Veta Dorada Plant strategically located in Chala, Peru, was officially inaugurated on October 3, 2016. During Q4-2016, the start-up process of the Veta Dorada Plant went relatively smoothly, with the transition from the Huanca Metalex Plant presenting only minor delays over this period. During October 2016, the Veta Dorada Plant's first month of operation, Dynacor increased gold production to a 2016 monthly best of 7,449 ounces. Total fourth quarter daily processing rate averaged 246 tonnes per day ("tpd").

As previously disclosed on January 15, 2016, in view of the commissioning and start-up period for the Veta Dorada Plant, Dynacor secured the Facility of up to \$10.0 M to ensure the diligent completion of construction and smooth transition of its ore processing operations to the Veta Dorada Plant.

The Corporation's ore processing business will greatly benefit from the Veta Dorada Plant. It has an initial ore processing capacity of 300-tpd (102,000-tonnes per year ("t/y")) and we plan to increase its ore processing capacity to 360-tpd at low incremental cost during 2017. The Veta Dorada Plant has been designed to be readily expanded to 450-tpd (153,000 t/y) and then to 600-tpd (204,000 t/y) by using additional processing lines and ball mills.

Results from operations:

Overall, the Corporation's average daily ore throughput rate increased throughout 2016, averaging 204 tpd for the year ended December 31, 2016 (reaching 246 tpd in Q4-2016), compared to 204 tpd for the year ended December 31, 2015. Ore head grade increased by 8.7% over the year ended December 31, 2015, which had a positive impact on the Corporation's production. The Corporation processed 69,920 dry metric tonnes ("DMT") of ore for the year ended December 31, 2016, compared to 69,594 DMT for the year ended December 31, 2015, a year over year increase of 0.4%. Total gold production amounted to 73,476 ounces for the year ended December 31, 2016, as compared to 67,604 ounces in 2015.

Total gold and silver sales amounted to \$91.3 M for the year ended December 31, 2016, compared to \$78.9 M in 2015, a year over year increase of 15.7%. Net income was \$3.3 M for the year ended December 31, 2016, compared to \$3.2 M in 2015, a cumulative year upon year increase of 3.1%.

Fourth quarter results

During the fourth quarter ended December 31, 2016, the Corporation recorded a net income of \$0.2 M (\$0.01 per share) versus \$0.4 M (\$0.01 per share) in the comparative period of 2015. The decrease of \$0.2 M is mainly due to the decrease in the gross operating margin of \$1.1 M, explained by the increase in the cost of ore and the significant and steady drop in the market price of gold throughout Q4-2016 (the market high of \$1,313/oz in October and low of \$1,125/oz in December). This was partially offset by the decrease in income tax expense, selling expense and foreign exchange loss for the period.

Financial statement highlights

(in \$'000)	For the years ended December 31,	
	2016	2015
Sales	91,299	78,868
Cost of sales	79,225	66,244
Gross operating margin	12,074	12,624
General and administrative expenses	4,122	3,895
Operating income	6,834	7,392
Net income and comprehensive income	3,289	3,158
EBITDA ¹	8,961	8,264
Net cash flow from operating activities before change in working capital items	6,154	5,648
Cash flow from operating activities	3,320	5,454
Earnings per share		
Basic	\$0.09	\$0.09
Diluted	\$0.08	\$0.08
Reconciliation of net comprehensive income to EBITDA ¹		
Net comprehensive income	3,289	3,158
Income taxes	2,277	3,200
Financial expenses	790	119
Depreciation	2,634	1,787
Gain on revaluation of financial instrument	(29)	-
EBITDA ¹	8,961	8,264

Reconciliation of net cash flow from operating activities before change in working capital items per share²

Net cash flow from operating activities before change in working capital items (in \$'000)	6,154	5,648
Basic weighted average number of common shares outstanding ('000)	38,006	36,586
Net cash flow from operating activities before change in working capital items per share ²	\$0.16	\$0.15

(1) EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS 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-IFRS 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.

(2) Cash-flow per share is a non-IFRS 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-IFRS measure which can also be helpful to investors as it provides a result which can be compared with the Corporation market share price.

Cash flow from operating, investing and financing activities and working capital

Operating Activities

For the year ended December 31, 2016, total cash generated from operating activities amounted to \$3.3 M (\$0.09 per share), compared to \$5.5 M (\$0.15 per share) in 2015. Changes in working capital items decreased by \$2.8 M (decrease of \$0.2 M in

the comparative period) relating primarily to an increase in inventory (\$2.2 M) due to the ramp up of production at the Veta Dorada Plant, as well as an increase in the current tax asset (\$1.0 M). This is slightly offset by a decrease in trade and other receivables (\$0.3 M).

Investing Activities

During the year ended December 31, 2016, the Corporation invested \$8.8 M (\$9.3 M for the year ended December 31, 2015) for the acquisition of property, plant and equipment, mainly relating to the construction, the commissioning and start-up of the Veta Dorada Plant.

Additions to exploration and evaluation assets during the year, amounted to \$1.3 M (\$5.0 M in 2015).

Financing activities

On January 14, 2016, the Corporation entered into the Facility which consists of a \$7.0 M drawdown term loan facility (the "Term Loan") and a \$3.0 M revolving facility. The Term Loan has a term of up to thirty-six months and bears interest at a rate of 10% per annum.

As at December 31, 2016, the Corporation had drawn \$7.0 M on its term loan, made repayments of \$0.7 M and paid \$0.6 M in transaction and interest costs.

Liquidity

As at December 31, 2016, the Corporation's working capital amounted to \$15.7 M, including \$6.2 M in cash (\$13.0 M, including \$6.1 M in cash at December 31, 2015).

Outlook 2017

Ore processing

The objective for 2017 is to control production costs and ramp up production at the Veta Dorada plant to its actual 300 tpd capacity and then to an allowed 360 tpd by the end of the year, which would represent a 45% increase in capacity over 2016. This will be achieved by working to increase ore supply volume throughout the year. The production objective has been announced at between 88,000 and 92,000 ounces of gold for 2017, which would represent the Corporation's all-time high.

The Corporation is looking as well at other opportunities in other jurisdictions.

Exploration

Upon reaching new agreements with the local communities on the Tumipampa group of properties, an application for an extended exploration program will be made, in order to start exploring the disseminated mineralization of the property through an extensive surface drilling program as well as a drilling program in the vein section. Financing for this program may be provided by internal cashflow or other project financing alternatives.

Dynacor, in agreement with Geologica Groupe-Conseil Inc., whom was mandated to calculate the 43-101 resource estimate has decided to carry out some additional drilling. This additional drilling will enable the 43-101 estimate to better determine the mineralization potential and significantly increase the confidence level in the continuity of the mineralized structures at Tumipampa.

ABOUT DYNACOR GOLD MINES INC.

[Dynacor Gold Mines Inc.](#) is a gold production corporation headquartered in Montreal, Canada. The Corporation is engaged in production through its government approved ore processing operations. At present, Dynacor produces and explores in Peru where its management team has decades of experience and expertise. In 2016, Dynacor produced 73,476 ounces of gold, a 9% increase as compared with 2015 (67,603 ounces in 2015). In 2017, the corporation is targeting 88-92,000 ounces of gold production, a 20% increase from the previous calendar year. Dynacor trades on the Toronto Stock Exchange (DNG) and the OTC in the United States under the symbol (DNGDF).

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](https://www.facebook.com/DynacorGoldMines)

Shares outstanding: 38,730,211

Contact

[Dynacor Gold Mines Inc.](#)

Jean Martineau
President and CEO
514-393-9000 ext. 228

[Dynacor Gold Mines Inc.](#)

Dale Nejmeldéen
Investor Relations
604.492.0099
M: 604.562.1348
nejmeldéen@dynacor.com