

iolite: Dynacor's AGM Reaffirms Key Concerns — and Leaves More Questions Than Answers

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Serious Questions Remain Over the Company's Conduct, Disclosure and Board Entrenchment

- Dynacor has enormous potential, but the leadership needed to realize it is clearly lacking - as the Company's own AGM presentation reaffirmed. Shareholders deserve leadership that matches the scale of the opportunity and upholds the values the Company claims to stand for.
- The Meeting process and disclosure record cast serious doubt on whether shareholders had a full and fair opportunity to weigh all material information before voting.
- iolite achieved one of its primary objectives: exposing critical issues to fellow shareholders. For the first time, the Company admitted facts and events at the heart of iolite's concerns - after more than a year of denials, threats, false accusations, and the use of material shareholder resources to deflect legitimate scrutiny.
- Shareholders still do not know the cost, scope, findings or conclusions of the Company's "independent investigation" - or whether the directors who stood for election were, or should have been, among its subjects.
- Ownership remains underrepresented on the Board, and serious conflicts of interest remain unaddressed.
- iolite thanks fellow shareholders for their support and will keep pressing for accountability.

iolite Partners Ltd. ("iolite" or the "Concerned Shareholder"), the largest shareholder of [Dynacor Group Inc.](#) (TSX: DNG) ("Dynacor" or the "Company"), today commented following Dynacor's annual meeting of shareholders held on June 19, 2026 (the "Meeting").

iolite thanks all shareholders who supported the BLUE Proxy, engaged with iolite and its advisors, and weighed iolite's publicly disclosed materials. That engagement underscores the importance of the governance, disclosure and accountability issues this campaign has raised.

The Meeting does not end iolite's efforts. The campaign set out to ensure shareholders understood serious developments and questions the Company had failed to answer, had misrepresented, or had failed to adequately address. It succeeded. iolite will keep pursuing every appropriate avenue to hold management and the Board accountable and to protect and grow shareholder value, which on the evidence of this campaign and the Company's response remains plainly at risk.

Why This Matters: The Core Question

For more than a year, Dynacor's leadership has spent millions of dollars of shareholders' money on entrenchment: resisting transparency, accountability and shareholder engagement, and relying on denial, personal attacks and false allegations against its owners and those asking questions. At the Meeting, the Company finally confirmed issues at the heart of iolite's concerns. Yet its explanations fell well short of what shareholders can reasonably expect - despite the questions having been provided in advance - and in places contradict the documented record. Shareholders are entitled to ask one question: Why?

The financial picture sharpens that question. Dynacor's shares trade below where they stood eighteen months ago, when the Board itself considered the Company materially undervalued. Shareholders have entirely missed out on a historic gold-price rally. On record sales of about US\$500 million, driven by that rally, Dynacor should be earning on the order of US\$50 million in EBIT from its existing operations, roughly the margin it earned in the past with a smaller footprint and fewer scale benefits. It is not close. Worse, operating cash flow runs below reported profitability, and capital expenditure at Chala, which should be maintenance in nature, has risen well above historical levels. Given the operational turmoil described below, reported figures should be treated with caution. As owners, iolite does not focus on sales; it focuses on cash flow per share.

The contested capital raise compounds the credibility problem. At the Meeting, Mr. Martineau called it well-timed, at an "all-time-high" share price - though the day before announcing it he had stated the Company was materially undervalued, with no raise planned. The Company now signals that further dilutive raises may follow. With US\$31 million of cash as of March 2026, an underwhelming growth profile despite heavy investment, and serious doubts over the expansion projects, the Company's own forecast contradicts its narrative - and the documented issues raise a real risk that further shareholder capital will be wasted.

What iolite Is Calling For

iolite has always welcomed constructive, good-faith dialogue and remains open to it. But the Board must now change course; the Company cannot continue to be run as it has been. iolite calls on the Board to:

- appoint a genuinely independent Chair with industry and emerging markets expertise;
- add direct independent shareholder representation to the Board;
- commission an independent governance review, overseen by an impartial committee, with a written report made available to shareholders;
- commission a forensic operational review covering the period from January 1, 2024 to date, with findings reported to shareholders; and
- disclose the independent investigation in full: its mandate, scope, cost, conduct and conclusions; including whether it examined the directors who stood for election.

Procedural Failings: A Concerning Pattern

The conduct of the Board, and the way the AGM was run, continued the Company's pattern of restricting shareholder participation and avoiding scrutiny. It fell well short of what one expects from a company that genuinely intends to engage credibly and constructively in a contested situation. How is any of this consistent with the values the Company claims to stand for?

Dismissed Motions and Conflicts of Interest

The Chair dismissed iolite's motions for an Independent Chair, an Independent Governance Review and a Forensic Review of Board conduct - though the Chair who dismissed them would have been among their subjects. Each motion rested on well-founded concerns, several of which surfaced in full only in the weeks before the Meeting. That is why iolite brought this campaign, and why it launched when it did.

Delays in Shareholder List Delivery

Dynacor failed to deliver all mandatory shareholder materials within 10 days of iolite's request, including the registered shareholder list and the CDS participant list - materials iolite needed to reach shareholders and to meet its own legal obligations.

Worse, the Company had likely held this information for over a month and delayed its response past the limit without explanation. The data it finally provided appeared to contain irregularities, including what appeared to be manipulated data fields and inaccurate record dates in some cases - raising obvious questions about why Dynacor was reluctant to provide complete, accurate information on time. These delays may have impaired iolite's ability to communicate with and mail materials to shareholders before voting deadlines. At the Meeting, iolite clearly raised a question on this matter; however, the Company did not present the full context of the question and instead indicated it would follow up directly with iolite. Based on prior experience, the Company has not done so in similar circumstances, and there is no expectation that it will do so here.

Requests for Safeguards Ignored

In the days before the Meeting, iolite and its advisors raised legitimate concerns about meeting procedure and requested basic safeguards for a fair, transparent and orderly process. The Company did not adequately address them. No mutually agreed meeting protocol was put in place, a critical omission. Its absence, in a virtual-only meeting run entirely on the Company's chosen platform, casts real doubt on whether

shareholders received a transparent, reliable process.

A Virtual-Only Format That Limited Participation

Dynacor chose a virtual-only format for the Meeting - inappropriate for a contested meeting involving significant shareholder concerns, where a hybrid or in-person meeting is standard practice and was clearly warranted. The format limited shareholders' ability to participate, raise questions and motions, respond in real time, and observe proceedings on an equal footing with management and the Chair.

Disclosure Failings: A Pattern of Withholding and Misdirection

These procedural failings compound a well-documented pattern of withheld material facts and misleading or incomplete statements. Management's AGM presentation confirmed several of iolite's concerns, and raised far more questions than it answered.

Selective Answers and a One-Sided Presentation

Where management did respond to iolite's questions, it did so only in part - and partial answers, in iolite's view, can misrepresent the situation as effectively as silence. Management did not present iolite's motions and questions to shareholders, nor did it present iolite's materials; shareholders heard only management's own account. And during the campaign iolite learned that management had not engaged with the Company's largest institutional shareholders, even though they were explicitly asked to, seemingly to avoid addressing difficult questions and prevent shareholders from hearing both sides of the story. A board confident in its record informs shareholders fully and engages its largest owners; it does not curate what they are permitted to hear.

Leadership Changes and Operational Turmoil - "Normal Optimization"?

For the first time, Dynacor admitted previously undisclosed material leadership changes and mass dismissals. Calling them "normal-course optimization" strains credulity and demands scrutiny.

The Company still has not explained why it replaced almost the entire team of longstanding senior executives at its sole operating entity - sparing only accounting - along with roughly half its 550-person workforce, then dismissed the very leaders hired to carry out that "optimization," days after declaring the business stable and consistent with "its values."

The near-total departure of a long-serving senior executive layer widely credited with building the business is not "normal." Nor is dismissing the two most senior figures at the sole operating subsidiary days after management said all was well. Shareholders deserve a clear account of what happened, why, and who is responsible.

The outgoing CEO flatly denied that low inventories and reduced production were even partly caused by this turmoil. That position contradicts the documented record, which the Company has refused to substantively address, choosing instead to keep resisting disclosure. It matters because the Board and management responsible remain in place. Although the Company speaks of strengthening the team and of an orderly handover, the same entrenched group remains in charge, with only cosmetic changes.

The "Independent Investigation"

The Company disclosed nothing of substance about its independent investigation: not its cost, who conducted it, its mandate and scope, or its conclusions. iolite's question was not read out in full and went unanswered, deflected with a reference to ongoing litigation. Shareholders should weigh what the Board chose not to say.

For the record, iolite asked, in full: Who conducted the Company's independent investigation, and what was

its mandate and scope? Did it address the leadership departures, workforce replacement, sourcing disruptions, missing gold, SUNAT red-channel classification, the April 28 dismissals, and the departure of newly installed senior management? What did it cost, and why was it commissioned only after major personnel changes had already begun? Why were its scope, process and findings not disclosed in greater detail? Was a written report prepared and, if not, why not? Did the investigator's findings expressly address the conduct of the Board - or did the Board itself conclude that no criticism of its conduct was warranted? Will the Board commit to an independent governance review, overseen by an impartial committee, with a written report made available to shareholders? And will it commit to a forensic operational review covering January 1, 2024 to date, with findings reported to shareholders?

The Lost Northern Peru Opportunity

For the first time, Dynacor admitted selling the Northern crusher and ore laboratory shortly after the contested capital raise - calling the assets "not strategic" and unrelated to its plan for a plant in the North, while failing to address why that plan was abandoned. This does not hold up.

The crusher and assay lab were always central to controlling traceability and margins; dismissing the withheld sales as "immaterial," with no further explanation, is hard to credit. If the Company is now relying on third-party ore-assay and crushing services in the North - necessary to make the 1,000-km-plus haul to Chala along the Panamericana economically viable - that is a significant loss of process and quality control.

A Northern plant had long been Dynacor's top expansion priority and its lowest-hanging fruit, building on the Company's team, standing and in-country network. Peru is one of the world's largest and most advanced artisanal and small-scale mining (ASM) gold markets, with a largely untapped consolidation opportunity - and Northern ore grades exceed those in the South, where the current plant sits, making the opportunity especially attractive.

As recently as early 2025, management told iolite the Company was just months away from securing a full operating permit for a Northern plant, having applied for a central licence after a roadblock at the local level. In the same discussions, management said it was accelerating Northern purchasing and using these two assets to do so - to expand sourcing relationships and speed the plant's ramp-up once approved.

Senegal: Cost Inflation, Missed Milestones and an Unconvincing Outlook

Senegal is a small pilot plant envisioned more than a decade ago and pursued largely because of a relationship with two strategic partners, one of them FONSI, the country's sovereign wealth fund.

The AGM revealed that costs, previously indicated at around US\$2 million, have ballooned past US\$6 million; that first production apparently is no longer expected in Q2 2026, despite recent press releases suggesting otherwise; and that management would not commit to the plant ever being profitable, saying only that it "will assess in a few quarters whether it can be operated profitably" - a sharp retreat from prior guidance and a tacit admission that basic viability is unresolved. Notably, the outgoing CEO emphasized that it takes time to build relationships and trust with suppliers. Management also failed to explain why it is pursuing the project at all, having since parted ways with both strategic partners and amid heightened geopolitical risk, and did not address iolite's concerns regarding the General Manager given his background.

Ecuador: A Brownfield Overhaul Presented Without Scope or Timeline to Profitability

The newly acquired Ecuador plant was presented with little detail. Photographs showed a rusty, mothballed facility still in clear need of major overhaul - casting doubt on first production in late 2026. The latest capex estimate of about US\$30 million - most of it still to be spent, on top of the US\$12 million-plus already paid to acquire the plant - is roughly triple what the Company communicated before the acquisition in early 2025.

Production Reality Contradicts the Strategic Narrative

On the Company's own figures, production in 2025 and 2026 is, and will be, lower than in 2024. Senegal and

Ecuador together are forecast to add only about 75-100 tonnes per day four years after the capital raise - too little to drive real growth, and with both expansions' near-term profitability in doubt.

The Premium, Silver and Tender Process: Conflicts and Unanswered Questions

The outgoing CEO said the US\$1-2 million premium on Dynacor's gold doré flowing into FIDAMAR is not a concern for the business or its shareholders. Iolite finds this answer troubling: if the product earns a premium, that premium belongs to shareholders. Set against the underlying structural and personnel conflicts of interest, and the Company's record of resisting transparency, this may be the most revealing answer of all - and is itself evidence that a more independent board and stronger shareholder representation are urgently needed. To be clear, Iolite has been and remains highly supportive of the vision behind FIDAMAR - but it is willing to let this premium go to charity only where there is no doubt about the arrangement.

The same executive called silver sales immaterial. In 2024, the Company exported silver worth about US\$4.8 million, plus potential local sales; at comparable volumes and current prices, that would be roughly US\$10 million today. By-products like these should fall almost entirely to the bottom line.

Dynacor is spending some US\$6 million in Senegal and US\$30 million in Ecuador. Why, then, did management decline to answer Iolite's questions about the process, the winning bidders and the terms of the tenders for these key contracts? A few concrete facts would have built real credibility, especially given the cost overruns against recently provided estimates - yet shareholders were told only that "a process is in place."

An Entrenched Board Remaining in Control

The Board responsible for the Company's conduct over the past two years remains in place - and the new Chief Executive Officer (the former Chief Operating Officer) has been left off the Board, contrary to what was indicated and to normal practice. At the Meeting, the new CEO drew only a lukewarm endorsement and engaged little himself - hardly the signal of confident, accountable leadership shareholders are entitled to expect.

Mr. Misiano has been Chief Operating Officer for two years and should know this relatively simple organization intimately. He and Mr. Martineau, who stays on the Board, are responsible for many of the issues this campaign has raised, as are the directors overseeing governance, risk and ESG. The claim that Mr. Martineau remains for a smooth transition is as thin as the claim that Mr. Misiano is kept off the Board to "balance skills" and to "maintain independence". Why not use this generational change to genuinely refresh the Board, especially when the directors still in charge may be the very people who were, or should have been, subjects of the investigation?

Commitment to Accountability

"Shareholders were entitled to a fair process, timely information and complete, accurate disclosure before being asked to vote," said Robert Leitz, Founder and Managing Director of Iolite. "We are grateful to those who supported the BLUE Proxy and engaged with our materials. Let me be clear by saying that this vote does not end our efforts. We will keep pursuing accountability through every appropriate avenue and advocating for the steps needed to help all shareholders realize the value of their investment."

Iolite remains committed to acting for all shareholders. The Company's governance, disclosure and operational performance demand continued scrutiny. Iolite will assess and pursue every available legal, regulatory and governance remedy - including those available to shareholders and, for the benefit of the Company itself, against those responsible for any harm it has suffered.

Advisors

Fasken Martineau DuMoulin LLP is acting as legal counsel to Iolite.

About iolite Partners Ltd.

iolite Partners Ltd. is an investment manager focused on identifying and investing in high-quality businesses with the potential for long-term value creation. iolite is a significant shareholder of Dynacor and is committed to ensuring that the Company operates with strong governance, accountability and alignment with shareholder interests.

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Contact

Investors

iolite Capital | Gwattstrasse 15, 8808 Pfäffikon SZ, Switzerland | +41 79 227 29 08 | dynacor@iolitecapital.com

Media

Kingsdale Advisors

Phone: 416-644-4031

Email: ageorge@kingsdaleadvisors.com

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