Dynacor Group Inc.

Management Discussion and Analysis

For the year ended

December 31, 2024

Index

MANAGEMENT DISCUSSION AND ANALYSIS

Message from the President,

Dear Fellow Shareholder,

Dynacor is at an exciting inflection point as it sets the table for becoming a multi-asset producer through its expansion into new markets. The Chala plant has already set leading standards for responsible milling in Peru, and duplication of its model within West Africa and Latin America will be transformational for Dynacor. The transformation extends to the Corporation’s organizational structure, which has seen a significant refresh over the past 12 months.

In 2024, we achieved record operational and financial performance and significant expansion-related milestones. I am delighted that our efforts were reflected in our ranking on the TSX30 2024 and in our successful financing in early 2025. As President & CEO of Dynacor, I want to thank our shareholders for your continued trust in this foundational year as we continue to expand Dynacor’s horizons.

From an operations perspective, 2024 was another record-breaking year for Veta Dorada which processed 117,552 of gold equivalent ounces, generating an all-time high net income of US$16.9 million. I am particularly proud that we did this so safely, reducing employee accident severity rates and lost-time injuries by 24% and 11%, respectively, compared to 2023. This marks the third year in a row where we have delivered on our sales and earnings guidance, reinforcing our reputation for strong execution and reliability.

We are very proud of the step changes we made in 2024, particularly the solid foundation laid for porting our business model to new jurisdictions. A significant milestone in this regard was the succession planning and strategic hires in Peru, and the appointment of management with African and Latin American expertise. In parallel, we deepened our structural groundwork for the expansion, multiplying visits with key actors, completing the environmental impact study for Senegal, and continuing our intensive geological sampling in each target country.

Throughout 2024, our focus remained on the protecting the health and safety of our stakeholders, and we are delighted to have achieved certification of our Veta Dorada plant under the International Cyanide Management Code. We are cognizant that strong environmental governance requires a focus on decarbonization and are pleased to highlight Veta Dorada’s 2024 award of its First Carbon Footprint Peru Star by MINAM, Peru’s Ministry of the Environment.

Looking ahead, with the ongoing economic uncertainty and increased geopolitical tensions, we expect the market for gold to remain solid over the coming year.

Moreover, the past year has demonstrated growing awareness of the importance of regulating the artisanal gold sector. Our group work and discussions with the World Gold Council and LBMA position us as thought leaders in the space and validate our approach as we help shape global certification efforts for secondary mills.

The key to our success at Dynacor is our team and our commitment to responsible mining. I would like to recognize the efforts of the global Dynacor team and thank them for their consistent excellence in performance. To our stakeholders, thank you for your ongoing support as we continue to create shared value.

Sincerely,

(S) **Jean Martineau**
President & CEO, Dynacor Group Inc.

Introduction

This Management Discussion and Analysis (the "MD&A") for Dynacor Group Inc. ("Dynacor" or the "Corporation") is intended to help the reader understand the strategy, continuing operations and financial performance of the Corporation and comments on the Corporation's major activities which have occurred during the year ended December 31, 2024, as well as the subsequent period up to March 25, 2025. This MD&A should be read in conjunction with Dynacor's audited consolidated financial statements as at and for the year ended December 31, 2024 (the "Financial Statements").

The Corporation has prepared the MD&A with reference to National Instrument 51-102, "Continuous Disclosure Obligations" of the Canadian Securities Administrators.

All amounts are in United States dollars (in "US dollars"), unless otherwise indicated, which is the Corporation's presentation and functional currency.

Where we say "we", "us", "our", the "Corporation" or "Dynacor", we mean Dynacor Group Inc. and/or one or all of its subsidiaries, as it may apply. The information provided herein, effective as of March 25, 2025, is based on assumptions related to future events and results, which may vary. Further information on the Corporation and its operations has been filed electronically on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

Responsibility of financial reports

Management is responsible for the preparation of the Financial Statements and the MD&A. The Corporation's Board of Directors (the "Board") has the responsibility to ensure that management assumes its responsibilities with regard to the preparation of the Financial Statements and the MD&A. To assist management, the Board has created an Audit and Risk Management Committee "Audit Committee". The Audit Committee meets with management to discuss the operating results and the financial situation of the Corporation. It then makes its recommendations and submits the Financial Statements and the MD&A to the Board for their review and approval. Following the recommendation of the Audit Committee, the Board has approved the Financial Statements and the MD&A on March 25, 2025.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). Consequently, all comparative financial information presented in the MD&A reflects the consistent application of IFRS Accounting Standards. The Financial Statements have been filed electronically on SEDAR+ at www.sedarplus.ca.

Listing

Dynacor is a publicly traded corporation listed on the Toronto Stock Exchange ("TSX") under the symbol "DNG".

Business and strategy

The Corporation’s main activities consist of:
- the production of gold and silver from the processing of mineral material purchased from small scale artisanal miners registered with the Peruvian government;
- the development of new processing activities in Peru and in other jurisdictions;
- the exploration of its mining properties located in Peru, with the potential for commercial extraction of gold and other precious metals.

The Corporation purchases ore from local government registered artisanal ore producers from various regions of Peru which is then processed at its wholly owned milling facility to produce gold dorés and silver pellets which are sold internationally at market prices. All the Corporation’s gold sales were with one sole customer. However, management considers economic dependence does not exist as the Corporation can sell its gold to numerous clients worldwide. The Corporation also owns the rights on several mining properties which are at the exploration stage, including its flagship exploration gold, copper, and silver prospect, the Tumipampa property (“Tumipampa”).

The Corporation’s strategy is to maximize shareholders’ value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities. With its ore processing activities, Dynacor has succeeded in implementing and growing a solid source of cash flows which enables the Corporation to fund its current capital need and any exploration and development program of its exploration assets, explore growth opportunities as well as to face difficult market conditions by not being required to rely on the equity markets to raise capital for it currents activities in Peru where the Corporation’s plant in Chala has an ore-processing capacity of 500 tonnes per day (“tpd”) and explore other jurisdictions growth opportunities. Other development in others jurisdiction may required additional funding depending on the timing of such growth.

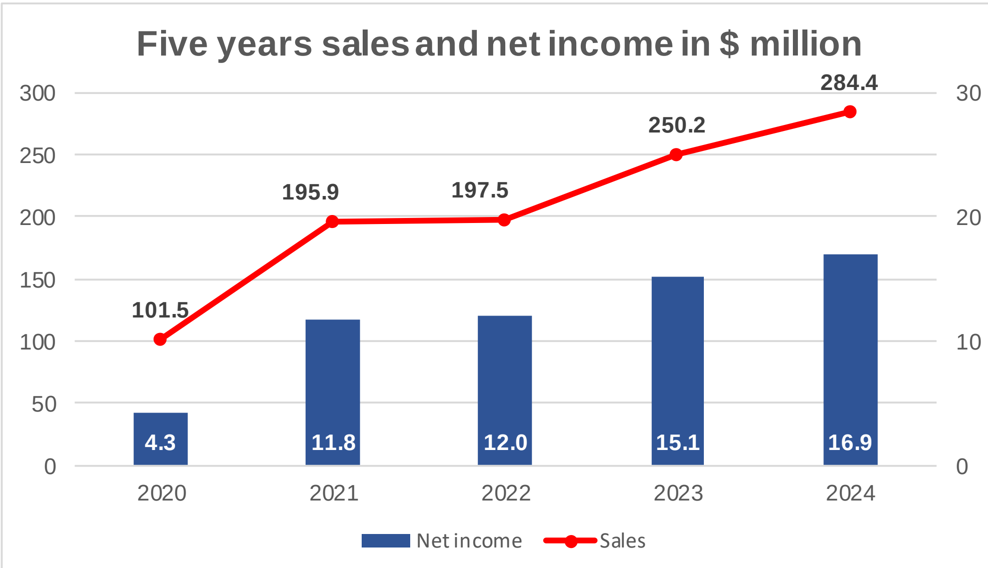
The Corporation’s plant in Chala, Peru currently has an ore-processing capacity of 500 tonnes per day (“tpd”).

1-2024 OVERVIEW AND HIGHLIGHTS

(*Variance % compared to 2023 are calculated based on rounded figures.)*

Overview

2024 was a year of historic financial performance for Dynacor in which it generated its fourteenth consecutive year of profit. The Corporation's Veta Dorada plant delivered production of 117,552 AuEq ounces, powering total sales to $284.4 million, an increase of 13.7% compared to 2023, and net income of $16.9 million (US$0.46 or CA$0.63 per share), an increase of 11.9% compared to 2023.



Highlights

- **Record sales, EBITDA, net income, operating cash flows and cash gross operating margin:**
  - Sales of $284.4 million, a 13.7% increase from 2023, at the top end of guidance of $265-$285 million.
  - EBITDA [1] of $29.5 million, a 15.7% increase from 2023.
  - Net income of $16.9 million, an 11.9% increase from 2023, exceeding guidance of $12-$15 million.
  - Operating cash flows before changes in working capital items of $21.0 million, a 12.9% increase from 2023.
  - Cash gross operating margin of $327 per AuEq ounce sold [2], compared to $257 in 2023.

- **Record ore processed:**
  - Processed 175,872 tonnes (481 tpd) of ore compared to 170,668 tonnes in 2023 (468 tpd)

- **Gold production of 117,552 AuEq ounces**, compared to 130,001 AuEq ounces in 2023.

[1] EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. 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 basis, effects due to different tax structures as well as the effects of different capital structures. EBITDA is calculated on p16 of this MD&A. See the "Non-IFRS Measures" section 15 of this MD&A.

[2] Cash gross operating margin per AuEq ounce is in US$ and is calculated by subtracting the average cash cost of sale per equivalent ounce of Au from the average selling price per equivalent ounce of Au and is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another company. See the "non-IFRS Measures" in section 15 of this MD&A.

Highlights (continued)

- **Strong supply of over 167,700 tonnes of ore,** and year-end ore inventory of almost 12,000 tonnes.

- **Solid financial position** with cash and short-term investments of $25.8 million at year-end 2024 compared to $22.5 million at year-end 2023.

- **Advanced international expansion plans:**
  - Senegal: Purchased a company with a mining concession and completed an environment impact report.
  - Côte d’Ivoire and Ghana: Met with key government ministers, suppliers, and artisanal mining cooperatives while carrying out geological sampling.
  - Peru and Canada: Reorganized talent and appointed management with African expertise, respectively.

- **Continued share buy-back program** by repurchasing 1,244,800 common shares for $4.0 million (CA$5.4 million).

- **Increased monthly dividends** to CA$0.14 per share per year, a 16.7% increase from 2023.

- **Strengthened environmental governance** through certification of Veta Dorada plant under the International Cyanide Management Code,

- **Contributed to artisanal mining community health and education** while supporting local environment through reforestation and clean-up campaigns.

- **Ranked on the 2024 TSX30**, an annual rating of the 30 top-performing companies on the TSX, with a three-year share appreciation of 136%.

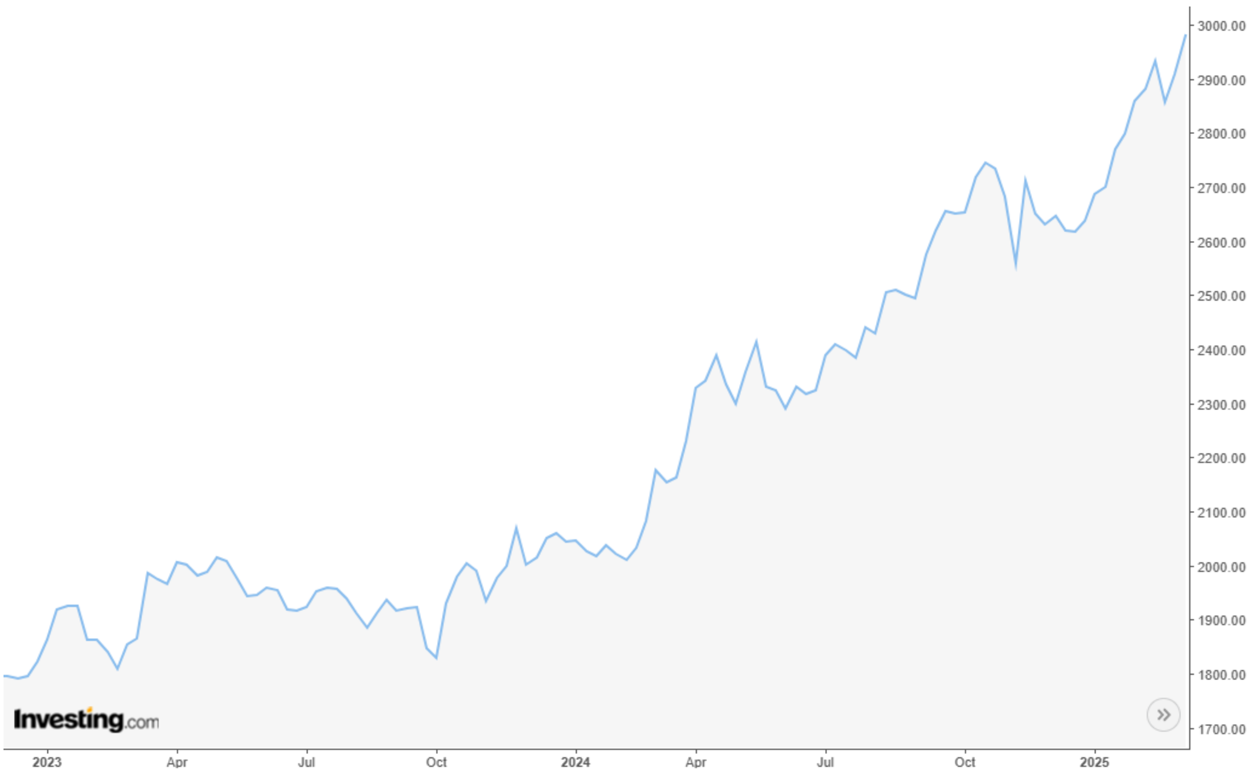
(Detailed variance calculations and explanations are contained in section 4.)

2-KEY ECONOMIC TRENDS

Gold market price

In 2024, the market price of gold trended upwards, positively impacting the Corporation's gross margin.

Below, a chart of gold's market price since 2023.



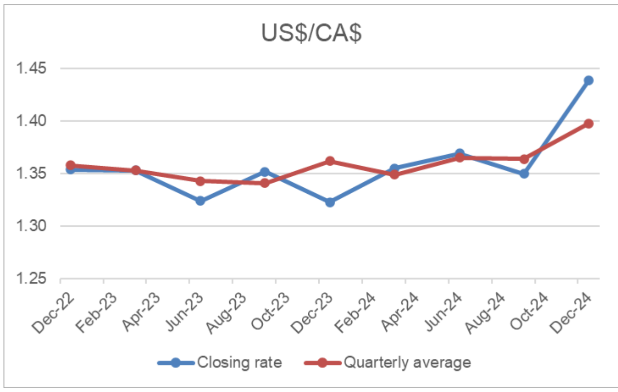
So far in 2025, the gold price has continued to increase and is now close to $3,000/oz.

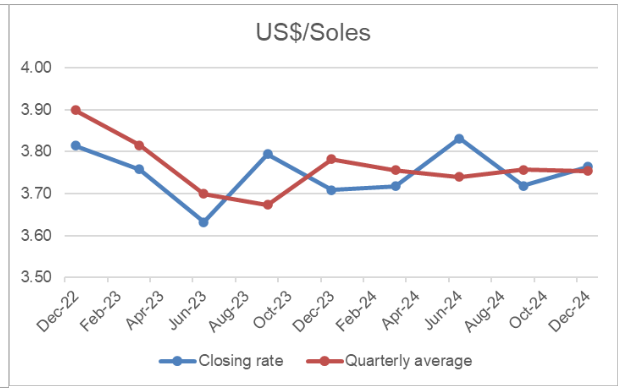
Exchange rates

The quarter-end and quarterly average exchange rates for 2024 and 2023 were as follows:

	US$/CA$		**US$/Soles**	
	2024	**2023**	**2024**	**2023**
December 31 (closing rate)	1.439	1.323	3.764	3.709
Q4 (average rate)	1.398	1.362	3.754	3.782
September 30 (closing rate)	1.350	1.352	3.719	3.794
Q3 (average rate)	1.364	1.341	3.757	3.673
June 30 (closing rate)	1.369	1.324	3.832	3.632
Q2 (average rate)	1.365	1.343	3.740	3.699
March 31 (closing rate)	1.355	1.353	3.718	3.758
Q1 (average rate)	1.349	1.353	3.756	3.815
Total year (average rate)	1.369	1.350	3.752	3.730

Exchange rates (continued)



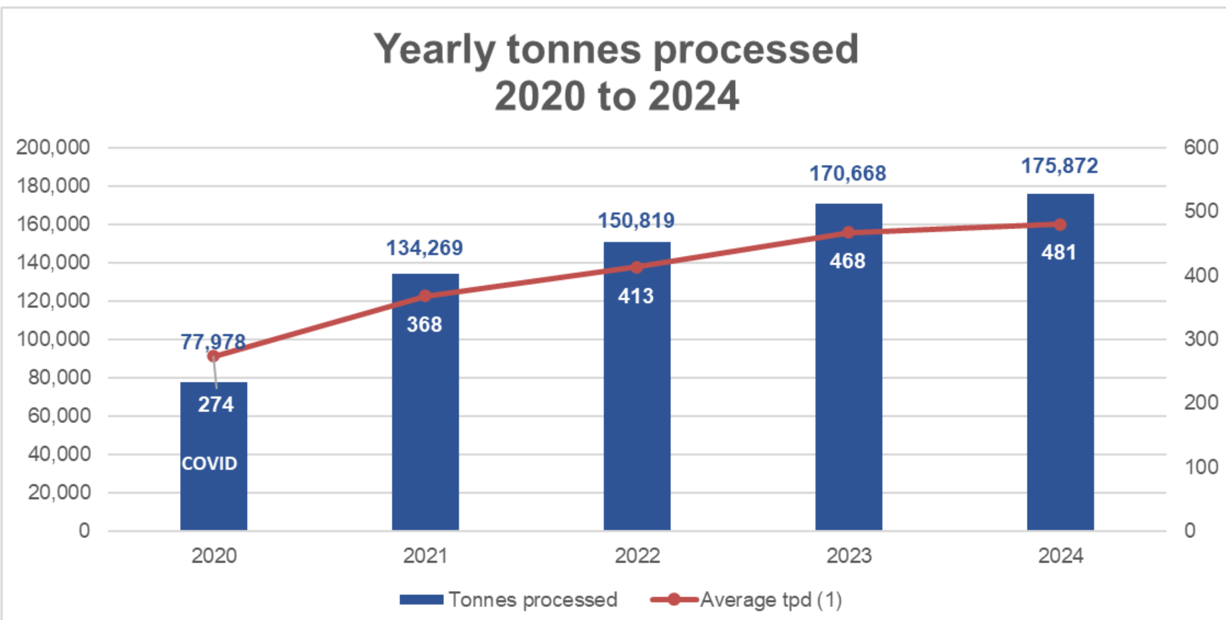


Overall, in 2024, the Peruvian sol remained stable against the US dollar.

The Corporation has not entered into any hedging contracts.

3-OVERALL PERFORMANCE

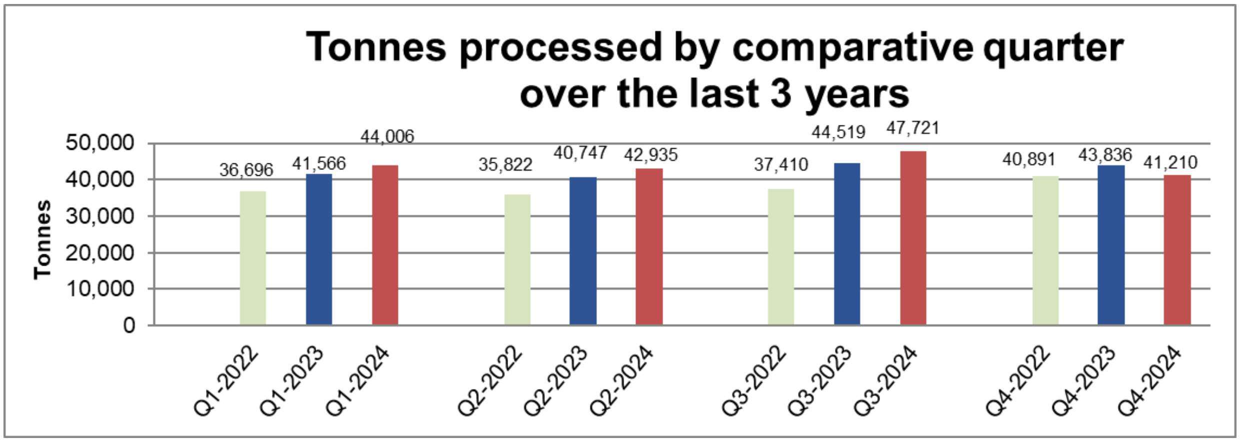
In 2024, more than 167,700 tonnes of ore were delivered to the Veta Dorada plant, enabling the plant to run at full capacity and process a record 175,872 tonnes of ore.



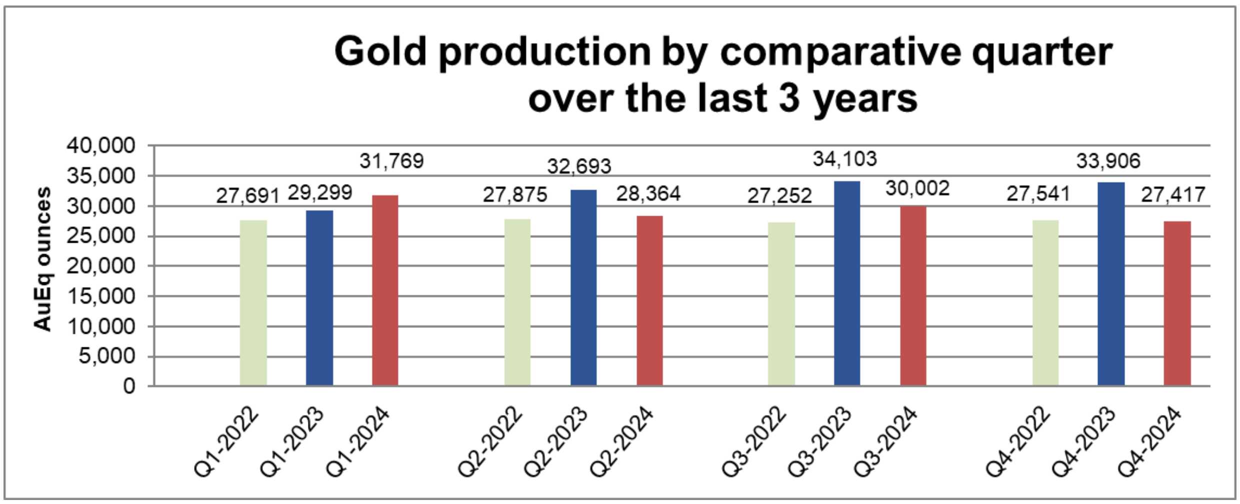
(1) Considering 285 potential working days in 2020 (due to Covid-19 restrictions forcing plant shut-down between 16 March and 5 June 2020) and a full year for all other years.

3-OVERALL PERFORMANCE (continued)

The Chala plant processed the following tonnage over the last three years.

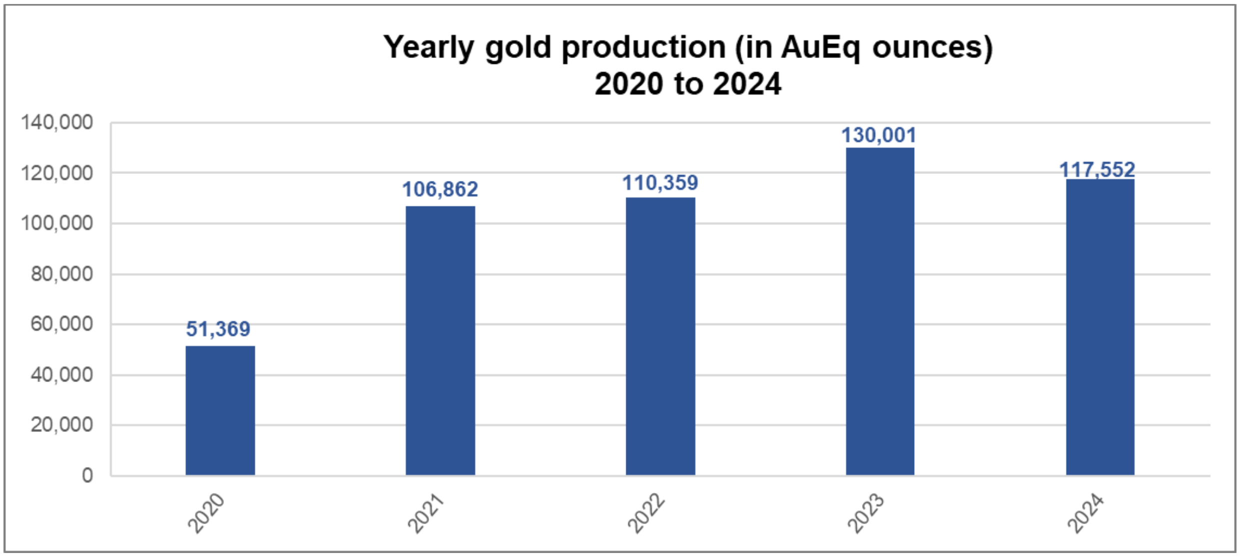


During 2024, the daily production rate averaged 481 tpd. The quarterly tonnage processed may vary due to planned plant maintenance.



Gold production in 2024 decreased slightly due to the processing of lower grade ore from our suppliers.

3-OVERALL PERFORMANCE (continued)



Since 2021, gold production from the Veta Dorada plant has grown as a result of its increase in capacity. In 2020, the Corporation's gold production was negatively affected by a decrease in the ore grade supplied and by the three-month forced shut-down of its plant as a result of the Covid-19 pandemic.

As illustrated on page 9, the gold market price in 2024 averaged \$2,387/oz which is higher than the preceding four years (\$1,943/oz in 2023, \$1,801/oz in 2022, \$1,800/oz in 2021 and \$1,770/oz in 2020). The Corporation's sales and gross margins are impacted by both gold's market price and its trend (upward or downward).

4-CONSOLIDATED RESULTS AND GOLD ORE PROCESSING OPERATIONS

Consolidated Statement of net income and comprehensive income

(in $'000)	Three-month periods ended December 31, 2024	2023	For the years ended December 31, 2024	2023
Sales	**73,060**	65,556	**284,405**	250,189
Cost of sales	**(66,748)**	(57,818)	**(248,608)**	(219,989)
Gross operating margin	**6,312**	7,738	**35,797**	30,200
General and administrative expenses	**(2,434)**	(2,082)	**(8,305)**	(7,096)
Other projects expenses	**(516)**	(396)	**(1,377)**	(1,005)
Operating income	**3,362**	5,260	**26,115**	22,099
Financial income net of expenses	**253**	207	**846**	750
Foreign exchange gain (loss)	**(30)**	55	**(206)**	98
Income before income taxes	**3,585**	5,522	**26,755**	22,947
Current income tax expense	**(1,813)**	(2,166)	**(9,990)**	(8,311)
Deferred income tax (expense) recovery	**(48)**	222	**112**	432
Net income and comprehensive income	**1,724**	3,578	**16,877**	15,068
Earnings per share				
Basic	**$0.05**	$0.09	**$0.46**	$0.39
Diluted	**$0.04**	$0.09	**$0.45**	$0.39

2024 Annual Figures

- In 2024, the gold price increased from approximately $2,000/oz in January to approximately $2,600 /oz in December, which, together with the higher tonnage processed, positively impacted the 2024 financial performance.

- Total sales amounted to $284.4 million compared to $250.2 million in 2023. The $34.2 million increase is explained by a higher average gold price (+$53.8 million), partially offset by lower quantities of gold ounces sold (-$19.6 million) due to lower grades of ore processed.

- The 2024 gross operating margin reached $35.8 million (12.6% of sales) compared to $30.2 million (12.1% of sales) in 2023. The 2024 gross operating margin was positively impacted by higher sales and by the positive trend in gold market prices until the fourth quarter.

- General and administrative expenses amounted to $8.3 million in 2024 compared to $7.1 million in 2023. The increase is mainly explained by the growing management team to achieve the growth plan and the increased salaries.

- Other projects represent the expenses incurred by the Corporation to duplicate its unique business model in the same or other jurisdictions.

- A $9.9 million income tax expense was also recorded in 2024. This expense takes into account $0.6 million of withholding tax paid on dividends received from the subsidiary and $0.6 million of unused tax losses for which no deferred taxes were recognized. The taxable income is also impacted by the variance throughout the period of the Peruvian Sol against the US$ which is the Corporation's functional currency. Future fluctuations will positively or negatively affect the current and deferred tax at the end of each period.

Q4-2024 Quarterly Results

- In Q4-2024, the overall gold price was stable compared to an increase in Q4-2023 which had positively impacted the Q4-2023 financial performance.

- Total sales amounted to $73.1 million compared to $65.6 million in Q4-2023. The $7.5 million increase is explained by a higher average gold price (+$18.6 million), partially offset by lower quantities of gold ounces sold (-$11.1 million) due to lower grades of ore processed.

- The Q4-2024 tax charge (current and deferred) was negatively impacted by the variance throughout the period of the Peruvian Sol against the US$ which is the Corporation's functional currency.

Production, sales and gross operating margin

Gold production and sales for the years and fourth quarters ended December 31, 2024 and 2023, are summarized as follows:

	Fourth quarters ended December 31, 2024	Fourth quarters ended December 31, 2023	For the years ended December 31, 2024	For the years ended December 31, 2023
	ounces	**ounces**	**ounces**	**ounces**
Gold production (AuEq ounces)	**27,417**	33,906	**117,552**	130,001
Gold sales (AuEq ounces)	**27,506**	33,098	**119,702**	129,213
	($ '000)	($ '000)	($ '000)	($ '000)
Total sales	**73,060**	65,556	**284,405**	250,189
Total cash cost of sales [1]	**(65,914)**	(57,033)	**(245,285)**	(216,919)
Cash gross operating margin [2]	**7,146**	8,523	**39,120**	33,270
Depreciation	**(834)**	(785)	**(3,323)**	(3,070)
Gross operating margin	**6,312**	7,738	**35,797**	30,200
Gross operating margin per AuEq ounce sold ($/ounce)	**229**	234	**299**	234
Average gold market price ($/ounce)	**2,662**	1,976	**2,387**	1,943
Cash gross operating margin per AuEq ounce sold	**$/ounce (*)**	$/ounce (*)	**$/ounce (*)**	$/ounce (*)
Average selling price	**2,656**	1,981	**2,376**	1,936
Average cash cost of sales [3]	**(2,396)**	(1,723)	**(2,049)**	(1,679)
Cash gross operating margin [4]	**260**	258	**327**	257

(*) per AuEq ounce sold

The cash gross operating margin amounted to $327/oz in 2024 vs. $257/oz in 2023.

[1] Cash cost of sales is the cost of sales and is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. See the "non-IFRS Measures" section 15 of this MD&A.

[2] Cash gross operating margin is calculated by deducting to the sales the cash cost of sales and is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. See the "non-IFRS Measures" section 15 of this MD&A.

[3] Average cash cost of sales is calculated by dividing the cash cost of sales by sales volume in ounces and is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another company. See the "non-IFRS Measures" section 15 of this MD&A.

[4] Cash gross operating margin per AuEq ounce is calculated by subtracting the average cash cost of sale per equivalent ounces of Au from the average selling price per equivalent ounces of Au and is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another company. See the "non-IFRS Measures" section 15 of this MD&A.

These non-IFRS measures are used by management as indicators of the gross amount of cash which could be generated from the production of one unit (ounce) of gold.

Net income and comprehensive income variance analysis

The variance in the net income and comprehensive income between 2023 and 2024 is as follows:

(in million $)	**2023 vs. 2024**
Net income 2023	**15.1**
Increase in gross operating margin	5.6
Increase in general administrative expenses	(1.2)
Increase in other projects expenses	(0.4)
Increase in financial income and expenses	0.1
Increase in foreign exchange loss	(0.3)
Increase in income tax expenses (current and deferred)	(2.0)
Total variances	**1.8**
Net income 2024	**16.9**

The gross operating margin variance which represents the main variance in net income was explained in the previous pages.

The variance in the net income and comprehensive income between Q4-2023 and Q4-2024 is as follows:

(in million $)	**Q4-2023 vs. Q4-2024**
Net income Q4-2023	**3.6**
Decrease in gross operating margin	(1.4)
Increase in general administrative expenses	(0.4)
Increase in other projects expenses	(0.1)
Increase in foreign exchange loss	(0.1)
Decrease in income tax expenses (current and deferred)	0.1
Total variances	**(1.9)**
Net income Q4-2024	**1.7**

Reconciliation of non-IFRS measures

(in $'000)	Three-month periods ended December 31, 2024	2023	For the years ended December 31, 2024	2023
Reconciliation of net income and comprehensive income to EBITDA [(1)]				
Net income and comprehensive income	**1,724**	3,578	**16,877**	15,068
Income taxes expense (current and deferred)	**1,861**	1,944	**9,878**	7,879
Financial income net of expenses	**(253)**	(207)	**(864)**	(757)
Depreciation	**909**	866	**3,647**	3,349
EBITDA [(1)]	**4,241**	6,181	**29,538**	25,539
Reconciliation of net cash flows from operating activities before change in working capital items per share [(2)]				
Net cash flows from operating activities before change in working capital items (in $'000)	**2,817**	4,416	**20,961**	18,571
Basic weighted average number of common shares outstanding (‘000)	**36,340**	37,935	**36,551**	38,282
Net cash flows from operating activities before change in working capital items per share [(2)]	**$0.08**	$0.12	**$0.57**	$0.49

[(1)] EBITDA: “Earnings before interest, taxes and depreciation” is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. 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 investors to compare the profitability of the Corporation with others by canceling effects of different asset bases, effects due to different tax structures as well as the effects of different capital structures. See the “Non-IFRS Measures” section 15 of this MD&A.

[(2)] Net cash-flows from operating activities before change in working capital per share is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. See the “Non-IFRS Measures” section 15 of this MD&A. 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’s market share price.

Ore processing production statistics and financial summary

Below is the recapitulative table explaining the variances between the twelve-month periods ended December 31, 2024 and 2023.

Ore processing production statistics summary	Year 2024	Comments and explanations over variances	Year 2023	Variance in %
Tonnes processed	175,872	Per last year, the plant ran at full capacity. The plant was successfully tested at a higher volume (+10%) during Q3 2024.	170,668	+3.0%
Average daily tonnes processed (1)	481	Consistent with variances in tonnes processed.	468	+2.8%
Ounces produced (AuEq ounce)	117,552	In line with the increase in tonnes processed at a lower grade. The reduction in ore grade is mainly related to the increase in gold market price as ore providers mine from lower grade areas to generate same cash flows.	130,001	(9.6)%
Ounces sold (AuEq ounce)	119,702	In line with production and variance in inventories.	129,213	(7.4)%
Financial summary				
Sales (million $)	284.4	Increase due to the higher average gold price ($53.8 million) partially offset by lower quantities sold ($19.6 million).	250.2	+13.7%
Average selling price per AuEq ounce sold ($)	2,376	Consistent with the average gold market price and the timing of exports.	1,936	+22.7%
Gross operating margin (million $)	35.8	Increase attributable to the higher sales and positive gold market price trend throughout the year.	30.2	+18.5%
Gross operating margin (% of sales)	12.6%	Increase attributable to the higher sales and positive gold market price trend throughout the year.	12.1%	+4.1%
Gross operating margin per AuEq ounce sold ($)	299	Increase attributable to the higher sales and positive gold market price trend throughout the year.	234	+27.8%
Cash gross operating margin per AuEq ounce sold ($)	327	Increase attributable to the higher sales and positive gold market price trend throughout the year.	257	+27.2%
EBITDA (million $)	29.5	In line with the increase in gross operating margin.	25.5	+15.7%
Cash flows before changes in working capital items (million $)	21.0	Due to an increase in sales.	18.6	+12.9%
Net cash flows from operating activities before changes in working capital items per share ($)	0.57	Due to an increase in sales.	0.49	+16.3%
Net income (million $)	16.9	Main variances due to the increase in gross operating margin (+$5.6 million), partially offset by the increase general and administrative expenses (-$1.2 million) and in income tax charges (-$2.0 million).	15.1	+11.9%
Earnings per share ($)	0.46	In line with changes in net income and the number of outstanding shares.	0.39	+17.9%

(Variance % are calculated based on these rounded figures)
(1) assuming 366 days in 2024 and 365 days in 2023.

Ore processing production statistics and financial summary (continued)

Below is the recapitulative table explaining the variances between the three-month periods ended December 31, 2024 and 2023.

Ore processing production statistics summary	**Q4-2024**	**Comments and explanations over variances**	**Q4-2023**	**Variance in %**
Tonnes processed	41,210	As per last year, the plant ran at full capacity during the quarter. However, this was offset by fewer tonnes processed in Q4-2024 due to annual maintenance of equipment performed before year-end.	43,836	(6.0%)
Average daily tonnes processed [(1)]	448	Consistent with variances in tonnes processed.	476	(5.9%)
Ounces produced (AuEq ounce)	27,417	In line with the decrease in tonnes processed at a lower grade.	33,906	(19.1%)
Ounces sold (AuEq ounce)	27,506	In line with production and variance in inventories.	33,098	(16.9%)
Financial summary				
Sales (million $)	73.1	Increase due to higher average gold price ($18.6 million) partially offset by lower quantities sold ($11.1 million).	65.6	+11.4%
Average selling price per AuEq ounce sold ($)	2,656	Consistent with the average gold market price and the timing of exports.	1,981	+34.1%
Gross operating margin (million $)	6.3	Due to a stable gold price compared to an increasing trend in Q4-2023.	7.7	(18.2%)
Gross operating margin (% of sales)	8.6%	Due to a stable gold price compared to an increasing trend in Q4-2023.	11.8%	(27.1%)
Gross operating margin per AuEq ounce sold ($)	229	In line with last year.	234	(2.1%)
Cash gross operating margin per AuEq ounce sold ($)	260	In line with last year.	258	+0.8%
EBITDA (million $)	4.2	In line with the decrease in gross operating margin.	6.2	(32.3%)
Cash flows before changes in working capital items (million $)	2.8	In line with the decrease in gross operating margin.	4.5	(37.8%)
Net cash flows from operating activities before changes in working capital items per share ($)	0.08	In line with the decrease in gross operating margin and the number of outstanding shares.	0.12	(33.3%)
Net income (million $)	1.7	Main variances due to the decrease in gross operating margin (-$1.4 million).	3.6	(52.8%)
Earnings per share ($)	0.05	In line with changes in net income and the number of outstanding shares.	0.09	(44.4%)

(Variance % are calculated based on these rounded figures)
(1) assuming 92 days

5-CONSOLIDATED CASH FLOWS AND LIQUIDITY

The impacts of the activities impacting the Corporation's cash flows are summarized below:

	Three-month periods ended December 31,		For the years ended December 31,	
	2024	2023	2024	2023
	$	$	$	$
(in $'000)				
Operating activities				
Net income, adjusted for non-cash items	**2,817**	4,416	**20,961**	18,571
Changes in working capital items	**(16,294)**	(10,982)	**(4,826)**	(8,963)
Net cash (used in) from operating activities	**(13,477)**	(6,566)	**16,135**	9,608
Investing activities				
Short-term investments	**(5,999)**	-	**(5,999)**	-
Acquisition of property, plant and equipment, net of proceeds from disposals	**(1,531)**	(705)	**(5,135)**	(6,420)
Additions to exploration and evaluation assets	**(4)**	(11)	**(22)**	(30)
Net cash used in investing activities	**(7,534)**	(716)	**(11,156)**	(6,450)
Financing activities				
Repayment of lease liabilities and interests' payments	**(9)**	(18)	**(64)**	(66)
Proceeds from the exercise of stock options	**42**	27	**240**	76
Repurchase of common shares	**(141)**	(2,418)	**(3,970)**	(2,891)
Dividends paid	**(921)**	(831)	**(3,762)**	(3,399)
Net cash used in financing activities	**(1,029)**	(3,240)	**(7,556)**	(6,280)
Change in cash during the period	**(22,040)**	(10,522)	**(2,577)**	(3,122)
Effect of exchange rate fluctuations on cash	**(93)**	1	**(85)**	8
Cash, beginning of the period	**41,952**	33,002	**22,481**	25,595
Cash, end of the period	**19,819**	22,481	**19,819**	22,481

Operating activities

For the year ended December 31, 2024, the cash flows from operations before changes in working capital items, amounted to $21.0 million compared to $18.6 million for the year ended December 31, 2023. Net cash from operating activities amounted to $16.1 million compared to $9.6 million for the year ended December 31, 2023. Changes in working capital items amounted to (-$4.8 million) compared to (-$9.0 million) for the year ended December 31, 2023.

Investing activities

In 2024, Dynacor invested $5.2 million in capital expenditure including $1.8 million to increase the tailing pound capacity. Other capital expenditure investments comprised additions to the plant and purchasing of rolling stocks. All investments were financed with internally generated cash flow.

Investing activities also comprise $6.0 million in short-term investments (marketable securities with investment periods exceeding 90 days which can be redeemed at any time without penalties).

Additions to exploration and evaluation assets were limited in 2024 and 2023 to the maintaining and safekeeping of assets.

Financing activities

In 2024, monthly dividends of CA$0.01167 representing an annual total of CA$0.14 per share were disbursed for a total consideration of $3.8 million (CA$5.2 million). In 2023, monthly dividends of CA$0.01 representing a total of CA$0.12 per share were disbursed for a total consideration of $3.4 million (CA$4.6 million).

In 2024, 1,244,800 common shares were repurchased under the Corporation's normal course issuer bid share buyback program for a total cash consideration of $4.0 million (CA$5.4 million) (1,127,397 shares for a total cash consideration of $2.9 million (CA$3.9 million) in 2023).

Working capital and liquidity

As at December 31, 2024, the Corporation's working capital amounted to $58.9 million, including $25.8 million in cash and short-term investments ($50.8 million, including $22.5 million in cash at December 31, 2023).

6-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in $'000)	**As at December 31, 2024**	**As at December 31, 2023**
Cash	**19,819**	22,481
Short-term investments	**5,999**	-
Accounts receivable	**23,747**	13,328
Inventories	**29,376**	31,925
Prepaid expenses and other assets	**361**	277
Property, plant and equipment	**26,160**	24,590
Right-of-use assets	**1,070**	613
Exploration and evaluation assets	**18,570**	18,566
Other non-current assets	**159**	-
Total assets	**125,261**	111,780
Trade and other payables	**18,185**	15,357
Asset retirement obligations	**3,732**	3,724
Current tax liabilities	**2,125**	1,799
Deferred tax liabilities	**565**	677
Lease liabilities	**1,108**	636
Share unit plan liabilities	**389**	-
Shareholders' equity	**99,157**	89,587
Total liabilities and Shareholders' equity	**125,261**	111,780

Assets and short-term liabilities

At December 31, 2024, total assets amounted to $125.3 million ($111.8 million as at December 31, 2023). Major variances since year-end 2023 come from the significant increase in accounts receivables.

Short-term investments are marketable securities with investment periods exceeding 90 days which can be redeemed at any time without penalties.

Accounts receivable amount to $23.7 million ($13.3 million as at December 31, 2023) and mainly comprise a trade receivable that were collected in early January 2025 ($7.2 million) and four months of current sales taxes (IGV) ($16.4 million) of which $13.2 million were collected subsequent to year-end. The following factors affect the amount of sales tax receivables: the quantities of ore purchased, the gold market price, and the local tax authorities' turnaround time for IGV reimbursements.

Inventories of $ 29.4 million including $18.8 million of ore inventories representing 24 days of production at a processing rate of 500 tpd ($20.7 million or 40 days of production as at December 31, 2023). We aim to maximize ore inventories at the end of the year in preparation for the rainy season.

Property, plant and equipment amount to $26.2 million ($24.6 million as at December 31, 2023) and mainly comprise the Veta Dorada Plant and capitalized rehabilitation costs.

Total exploration and evaluation assets amounted to $18.6 million ($18.6 million as at December 31, 2023) and mainly comprise accumulated capitalized exploration work performed at Tumipampa.

Long-term liabilities and contractual commitments

Payment due by period (in 000' $)

Contractual commitments	Within 1 year	1 to 2 years	2 to 5 years	Beyond 5 years	Total
Trade and other payables	13,773	-	-	-	13,773
Other commitments with suppliers	1,349	-	104	-	1,453
Lease liabilities (1)	122	150	468	720	1,460
Short-term leases	116	-	-	-	116
Asset retirement obligation (2)	-	-	1,526	3,420	4,946
Total	**15,360**	**150**	**2,098**	**4,140**	**21,748**

(1) The amount is different from the amount disclosed in the Financial Statements as it includes overall interest calculated to the term of the related agreement.
(2) The amount is different from the amount disclosed in the Financial Statements as it represents the undiscounted value of the remaining proposed work program as per the supporting valuation report.

In 2024 and 2023, the Corporation met all its obligations. The Corporation's operations are governed by regulations regarding the protection of the environment. Subject to these regulations, the Corporation must implement progressive measures for rehabilitation work as part of its operations. Management reviews its asset retirement obligations ("ARO") on a regular basis.

As of December 31, 2024, and December 31, 2023, the $3.7 million provision for asset retirement obligations relates to the Veta Dorada plant.

This estimate is subject to change following developments on each site, modifications to laws and regulations or as new information becomes available. As at December 31, 2024, the Corporation has constituted letters of credit in favor of the MEM for $5.1 million ($3.6 million as at December 31, 2023) to secure closure plans of its production facilities and exploration projects.

As of December 31, 2024, the future value of the provision for closure of facilities and exploration projects is $4.9 million ($4.8 million as at December 31, 2023), which is estimated to be disbursed in periods up to 14 years.

Contingencies

On October 26, 2021, October 28, 2022 and December 29, 2022 respectively, a Corporation subsidiary received notices of assessment from the Peruvian tax authorities, in Peruvian Sol, for each of the fiscal years 2015, 2016 and 2017 in the aggregate amount equivalent to $15.7 million including $12.0 million in penalties and interests. Additional penalties and interests since the notices of assessment are estimated at $1.8 million. The main item of the assessment relates to the ore purchased from certain suppliers, qualified as non-genuine transactions by the local tax authorities and therefore considered by the authorities as non-deductible expenses.

The Corporation and its legal tax counsel strongly believe that ore purchases are genuine and fully supported deductible transactions. Therefore, the Corporation contested these claims.

The Corporation recorded a tax provision related to uncertain tax position for items other than ore purchases, in the amount of $0.7 million (including $0.6 million in penalties and interest). Although the Corporation considers that the judgments and estimates made are reasonable, actual results could differ and resulting adjustments could materially affect the consolidated financial statements.

Shareholders' equity

A total of 244,875 common shares were issued a result of the exercise of share purchase options and the settlement of deferred share units, while 1,244,800 shares were repurchased, resulting in a $0.3 million share capital net decrease.

Other than results from operations and capital increases, transactions affecting the shareholders' equity are reflected in the financing activities section.

Capital resources and capital management

The Corporation generates cash flows from its ore processing activities. This positive cash flows is re-invested in the commercial operations, capital investments and exploration activities. The Corporation has access to the capital market and may eventually need from time to time to turn to the financial market in order to fund any exploration program, capital requirement and project or investment opportunities. As at December 31, 2024, the Corporation has enough resources to meet its commitments for the upcoming year, however management may be looking at financing or investment opportunities which could benefit to the growth of the Corporation.

The Corporation's capital structure consists of common shares, stock options and deferred share units ("DSUs"). The Corporation manages its capital structure and makes changes pursuant to economic conditions and conditions related to its assets. The Corporation has the ability to raise capital when it is necessary to meet its requirements and therefore, it does not have a specific target debt to capital ratio.

The Corporation's objectives in managing capital are the following:

- i. to preserve the capacity to continue its operations in order to maximize the return to its shareholders and maintain an optimal capital structure in order to increase the shareholders' equity in the long term.
- ii. to ensure the Corporation has sufficient capital to meet its short-term needs and ensure the development of its projects, ore processing activities and mining activities.
- iii. to satisfy the external requirements with regards to capital needed in respect of any lending agreements.
- *iv.* to maintain an optimal capital structure in order to minimize the cost of debt financing.

The Corporation is not subject to any externally imposed capital requirements. However, for the Corporation's Peruvian subsidiaries, the General Corporate Law (Peru) establishes that a minimum of 10% of the distributable profit of each year must be allocated to a legal reserve account, until this account reaches 20% of its capital ($3.0 million at December 31, 2024 and as at December 31, 2023). The Corporation may transfer the funds from this legal reserve account, but the Corporation will be obliged to replace these funds in the subsequent year.

Off-balance sheet transactions

The Corporation did not enter any off-balance sheet transactions in 2024.

7-SELECTED ANNUAL INFORMATION AND QUARTERLY REVIEW

Selected annual information

Financials (in $ Million)	2024	2023	2022
Total Sales	284.4	250.2	197.5
Net income	16.9	15.1	12.0
Net income per share (basic) (in US $)	$0.46	$0.39	$0.31
Total assets	125.3	111.8	96.9

Sales are driven by the volume of gold produced and sold and by the fluctuation of gold market pricing. The net income is mainly impacted by the trend of gold market price.

Quarterly review

(Unaudited, in accordance with IAS 34)

	2024				2023			
Financials (in $'000)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Sales	73,060	76,181	67,431	67,733	65,555	63,428	64,472	56,733
Cost of sales	66,748	65,838	57,437	58,585	57,818	56,450	56,817	48,904
Depreciation	909	942	911	885	866	866	833	784
General and administrative expenses	2,434	2,040	2,127	1,704	2,081	1,648	1,814	1,553
Loss (gain) on foreign exchange	30	(8)	125	59	(55)	168	(161)	(50)
Income tax expenses	1,861	2,374	3,082	2,561	1,944	2,662	1,485	1,788
Net income	1,724	5,871	4,501	4,781	3,578	2,544	4,479	4,467
Acquisition of property, plant and equipment	1,531	1,346	1,587	779	720	945	1,126	3,747
Additional exploration and evaluation	4	-	14	4	11	2	17	-
Gross operating margin (%)	8.6%	13.6%	14.8%	13.5%	11.8%	11.0%	11.9%	13.8%
Earnings per share ($)								
Basic	0.05	0.16	0.12	0.13	0.09	0.07	0.12	0.11
Diluted	0.04	0.16	0.12	0.13	0.09	0.07	0.12	0.11

Quarterly review (continued)

Fourth quarter results (refer to section 4 for variance analysis).

8-INFORMATION ON OUTSTANDING SHARES

Data concerning outstanding shares (as at March 25, 2025)

	Number
Common shares	42,210,015
DSUs	581,266
Share purchase options	1,085,875

9-TRANSACTIONS WITH RELATED PARTIES

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that key management personnel consists of members of the Corporation's Board of Directors, corporate officers, including the Corporation's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Vice President Business development, Latin America.

Remuneration recorded to key management personnel can be summarized as follows:

	Years ended December 31,	
	2024	**2023**
	$	**$**
Salaries, benefits and directors' fees	**1,523,912**	1,468,654
Share-based compensation (1)	**670,712**	495,095
	2,194,624	1,963,749

(1) Represents the share-based compensation expense charged to the consolidated statement of comprehensive income during the year.

Other related parties

In the normal course of operations and at fair value, being the amount of consideration determined and agreed to by the related parties, for the years ended December 31, 2024 and 2023:

A firm of which an officer of the Corporation is a partner, charged legal professional fees amounting to $114,495 for the year ended December 31, 2024 ($105,297 for the year ended December 31, 2023).

A Director charged consulting fees relating to the revision of ESG procedures and amounting to $12,840 for the year ended December 31, 2024 ($41,050 for the year ended December 31, 2023).

The Corporation's gold sales, at market price in effect at the time of delivery, were done with one sole customer of which its president is a director of the Corporation.

10-MINING EXPLORATION PROPERTIES

Tumipampa

Location and geological context

Tumipampa is located 500 km from Lima, Peru, in the Circa district, province of Abancay, in the department of Apurimac. Tumipampa's concessions cover an area of 4,000 hectares and are located geographically on the eastern slopes of the Andes Mountain Range between 4,200 and 4,800 metres above sea level. The northern part of Tumipampa straddles the limestones of the host Ferrobamba deposit 'Tintaya' skarn-type (copper-gold), which is recognized as a major world class deposit of this type with more than 139 million tonnes at 1.23% Cu and 0.23 g/t Au. The Tintaya mine is located 197 km northeast of Tumipampa. Moreover, major deposits have been recently unearthed at Los Chancas (355 million tons at 0.62% Cu, 0.05% Mo and 0.039 g/t Au) (Southern Copper), Las Bambas (1.13 billion tonnes of 0.77% Cu, 0.05–0.068 g/t Au and 0.01% Mo) (MMG Limited) and Constancia-which just began production (Hudbay), which are located on either side and near Tumipampa, respectively. All these major deposits are part of a belt of porphyry type deposits Cu-Au Skarn-related batholiths Andahuaylas-Yauri, an intrusive that is 300 km long and 150 km wide.

Currently, all of the land surrounding Tumipampa is claimed by major mining companies such as Southern Copper, MMG Limited, Buenaventura, Golden Ideal Gold Mining (China), Super Strong Mining (China) and Bear Creek Mining.

2024 updates and prospects

In 2024, exploration activities were still on hold. No agreement was finalized between the Corporation and the third-party exploration company with which it had signed a confidentiality letter in 2023. Instead, the Corporation recently renewed direct dialogue with the local community and received their positive support to reach an eventual agreement upon the ratification of the newly voted community chief by the local authorities. The agreement is required to request an exploration permit from the Ministry of Mines and Energy, in order to carry out the drilling exploration program which was approved by the Corporation's Board of Directors as part of its strategic plan.

The drilling targets were defined in 2017 and 2018, based on the then available geological and geochemical sampling data, on the reinterpretation of the geophysical data and on the recommendations of independent experts (in disseminated gold deposits) who visited the property in the fall of 2017.

The Corporation has deferred its exploration budget for 2025. Discussions with the new community chief were recently launched. The Corporation has offered to help build the community infrastructure and is optimistic that the eventual approval from the new community management will be supported by the community members in a near future meeting.

11- YEAR SO FAR AND OUTLOOK 2025

On February 6, 2025, the Corporation completed an offering of 5,750,000 common shares at a price of $3.84 (CA$5.50) per share, generating gross proceeds of $22,081,414 (CA$31,625,000) and incurring transaction costs of $1,622,984. The offering was conducted pursuant to a prospectus supplement to the Corporation's base shelf prospectus. Certain related parties acquired an aggregate of 219,000 common shares as part of the offering.

The Corporation intends to use the net proceeds of the Offering mainly for the construction of a new pilot processing plant and development of business in Sénégal, secondly for preparatory construction work on additional processing plants in Africa, other opportunities in Latin America, as well as for working capital and for general corporate purposes.

The Corporation generated sales of $51.2 million in the first two months of 2025.

Initial guidance includes

- Sales between $345-$375 million,
- Net income between $14-$17 million,
- Production between 120-130 thousand AuEq ounces,
- Capital expenditures of up to $15 million in Peru and Africa,
- Other project expenses of $3 million to achieve the 2025 growth plan.

Initial guidance excludes ongoing capital expenditure on other projects and opportunities in Latin America and in Africa.

Guidance is based on the following assertions:

(1) No increase in processing capacity
(2) Using an average market gold price between $2,800 and $3,000 per ounce
(3) Ore grade supplied could vary based on the evolution of gold prices

So far in 2025, the Corporation is in line with its forecasts.

12-RISKS AND UNCERTAINTIES

RISK FACTORS

The Corporation's main activities consist of:

- the production of gold and silver from the processing of mineral material purchased from small scale artisanal miners registered with the Peruvian government;
- the development of new processing activities in Peru and in other jurisdictions;
- the exploration of its mining properties located in Peru, with the potential for commercial extraction of gold and other precious metals. There have been very limited or no exploration activities during the last three years. Such activities involve a high degree of risk and must be considered highly speculative due to the financial and operational risks inherent to the exploration and development of its mineral resource properties.

The inherent risks of the Corporation's activities may affect its profitability and level of operating cash flows. Prospective buyers of the common shares of the Corporation should give careful consideration to all information contained or incorporated by reference in this document (or MD&A) and, in particular, the following risk factors:

OPERATIONAL RISKS

ENVIRONMENTAL MATTERS

The Corporation's operations are subject to environmental regulations, which can make operations expensive or prohibit them altogether. The Corporation may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its production, mineral exploration and development.

In addition, other environmental hazards may exist on a property in which the Corporation directly or indirectly holds an interest which are unknown to the Corporation at present which have been caused by previous or existing owners or operators of the property. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas and dust pollution from processing activities. A breach of such legislation may result in the imposition of fines and penalties.

To the extent the Corporation is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Corporation.

If the Corporation is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Corporation.

The Corporation performs regular testing of its critical business environmental factors in order to prevent risk and is subject to regular government inspections. However, those procedures do not eliminate the potential risks.

LICENSES AND PERMITS

As part of its ore processing activities or future projects, the Corporation is required to obtain several permits. Although the Corporation believes it will obtain the required permits, there is no assurance it will receive such permits or it may face administrative delays in doing so, which could impact its current or future operations.

At December 31, 2024, the Corporation mainly operates a plant located on a land owned by the regional government of Arequipa with a right of usage valid until March 23, 2036. Although the Corporation believes it will be able to renew this right of usage after March 23, 2036, it may face administrative delays in doing so, which could impact its future operations.

Should the exploration activities of the Corporation be successful, it may not be able to obtain the necessary licenses or permits to conduct or pursue its exploration and mining operations on its properties, and thus would realize no benefit from its exploration activities on its properties. At December 31, 2024, the Corporation is looking for an agreement with local communities before it can start the anticipated drilling campaign on the disseminated area of the Tumipampa project. Although the Corporation considers it will obtain the required approval, there is a risk that could further delay its exploration operations and impact the value of its exploration properties.

POLITICAL, COUNTRY AND EXPORTATION RISKS

The principal mineral property interests of the Corporation are currently located in Peru. The Corporation believes that Peruvian government supports the development of its natural resources by national and foreign companies as equals. However, there is no assurance that current or future political and economic conditions in Peru will not result in the government adopting different policies regarding foreign ownership of mineral resources, tax regime, exchanges rates, environmental protection, labour relations and the repatriation of capital and earnings. The possibility that the current or a future government may adopt extreme policies such as expropriation of assets, cannot be ruled out. The Corporation's processing activities and current and future mineral exploration could be impacted by widespread civil unrest and rebellion. Country risk refers to the risk of investing in a country, dependent on changes in the business environment that may adversely affect operating profits or the value of assets in a specific country. For example, financial factors such as currency controls, devaluation or regulatory changes, nationalization, or social stability factors such as mass riots, civil war and other potential events contribute to increase companies' operational risks. It is important to point out that since its operation began in Peru, the Corporation has not suffered from any of these risks.

The Corporation currently exports all its gold production from Peru, on a regular basis. Any control or event which may delay temporarily the Corporation's ability to export its production could have a significant impact of its working capital and financial situation.

The Corporation is currently working on expanding its processing activities in Peru and in other jurisdictions. The risks described for Peru are also applicable for other jurisdictions.

SUPPLY AND QUALITY OF FEEDSTOCK

The Corporation's operations involve the purchase of mineral ore from small scale artisanal miners which is ultimately used to supply the production of its southern Peru Chala plant. The increase in production and revenues of the Corporation will notably depend on the availability of the mineral ore being supplied by local producers. To mitigate this risk, the Corporation works with over a hundred suppliers of mineral ore and continues to expand its supplier network in Peru.

As the Corporation does not mine its own ore, it does not have entire control over the volume of mineralized material, ore grade and quality purchased from its suppliers. Therefore, this situation can have an impact over the volume of gold produced and gold sales. With the support of its experienced purchasing team located throughout Peru, the Corporation mitigates this risk by working with a minimum cut-off purchase grade and metallurgical testing, when possible, to ensure best efficiency and profitability of its ore processing operations.

At December 31, 2024 the Corporation has sufficient ore inventory to support 24 days of full capacity production.

WATER SUPPLY

Our operations require significant quantities of water for ore processing and related support facilities. Our operations in Peru may be in areas where water is scarce. Continuous production at our plant site is dependent on our ability to access adequate water supply. The Corporation has been able to obtain sufficient water supply over the past years for its increasing processing capacity at its Peruvian plant and continues to assess additional future sources if required. Insufficient water supply, as a result of new regulations or otherwise, could materially adversely affect our financial condition and results of operation.

Water supply is a key factor when selecting a potential site for future processing activities in Peru and in other jurisdictions.

LABOUR AND EMPLOYMENT RELATIONS

We are dependent on our workforce to process our mineralized material. We have a very long and good relationship with our local employees and workforce. However, this situation may not prevent in the future a strike or work stoppage at our facilities. Labour disruptions could have a material adverse impact on our financial condition and results of operation.

PRODUCTION AND COST ESTIMATES

No assurance can be given that the intended or expected production schedules or the estimated cash costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Many factors may cause delays or cost increases, including the competition (see specific paragraph), labour issues, disruptions in power, transportation or supplies, and mechanical failure. In addition, short-term operating factors, such as the processing of new or different ore material and ore grades, may cause a mining operation to be less profitable in any particular period.

COMPETITION

The Corporation is in competition with other processing companies in Peru. Although the Corporation has been able in the past, to maintain and even increase its market share and build a solid reputation with its suppliers and in that field of operation, there can be no assurance that it will indefinitely retain its position in this market. The Corporation is increasing efforts on the ground to develop the growth of its processing business. The Corporation is also in competition with other mining companies for the acquisition of interests in precious and base metal mining exploration properties. In the pursuit of such acquisition opportunities, the Corporation competes with several Canadian and foreign companies that may have greater financial and other resources. Although the Corporation has acquired many such assets in the past, there can be no assurance that its acquisition efforts will succeed in the future.

DEPENDENCE ON MANAGEMENT

The success of the operations and activities of the Corporation is dependent to a significant extent on the efforts and abilities of its management team. See "Directors and Officers" for details of the Corporation's current management. The Corporation does not maintain key employee insurance for any of its officers and employees. The Corporation depends on key personnel and cannot provide assurance that it will be able to retain such personnel. Failure to retain such key personnel could have a material adverse effect on the Corporation's business and financial condition.

INSURANCE RISK

The mining industry is subject to significant risks that could result in damage to or destruction of property and facilities, personal injury or death, environmental damage and pollution, delays in production, expropriation of assets and loss of title to mining claims. No assurance can be given that insurance to cover the risks to which the Corporation's activities are subject will be available at all or at commercially reasonable premiums. The Corporation currently maintains available insurance within ranges of coverage that it believes to be consistent with industry practice for companies with comparable activities. The Corporation carries liability insurance with respect to its mineral exploration and industrial operations, but it is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from its activities is prohibitively expensive. The payment of any such liabilities would reduce the funds available to the Corporation.

The development of new processing activities in other jurisdictions may also lead to an increased insurance risk as the Corporation could face similar or more important risks than those currently encountered in Peru.

LITIGATION

All industries, including the mining industry, are subject to legal claims, with and without merit. The Corporation may, in the future, be involved in various legal proceedings. While the Corporation believes it is unlikely that the final outcome of these legal proceedings will have a material adverse effect on the financial position or results of operations, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Corporation's future cash flows, results of operations or financial condition. There are no significant proceedings against the Corporation as at the date of this report.

ANTI-CORRUPTION LAWS

The Corporation’s operations are governed by, and involve interactions with, many levels of government in different countries. Its operations take place in jurisdictions ranked unfavorably under Transparency International’s Corruption Perception Index. The Corporation is required to comply with anti-corruption and anti-bribery laws, including the Criminal Code, the Canadian Corruption of Foreign Public Officials Act, as well as similar laws and compliance statements notably in Peru, where the Corporation conducts the majority of its business.

In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anticorruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. Although the Corporation is implementing policies to mitigate such risks, including internal monitoring, reviews and audits, and policies to ensure compliance with such laws, such measures may not assure a permanent and total effectiveness in ensuring that the Corporation, its employees, contractors or third-party agents will comply strictly with such laws. If the Corporation finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Corporation resulting in a material adverse effect on the Corporation’s reputation, business, financial condition and results of operations.

STAGE OF DEVELOPMENT

Exploration and development projects have no operating history upon which to base estimates of future operating costs and capital requirements. Mining projects frequently require a number of years and significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies, obtention of necessary governmental permits and securing necessary financing. The economic feasibility of such development projects is based on many factors such as estimation of reserves, metallurgical recoveries, future metal prices, and capital and operating costs of such projects. Exploration and development of mineral deposits thus involve significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. In fact, a mine must generate sufficient revenues to offset operating and development costs such as the costs required to establish reserves by drilling, to develop metallurgical processes, to construct facilities and to extract and process metals from the ore. At December 31, 2024, the Corporation has no exploration project at the stage of development.

Industrial development projects generally have a lower risk level than mining projects but involve certain additional risks, such as access to a network of mineral suppliers and the working capital required for inventory.

MINING INDUSTRY AND MINING PROJECTS

Although the Corporation is mainly involved in the processing of ore activity, it is as well subject to risks and hazards inherent to the mining industry, including fluctuations in metal prices, costs of constructing and operating processing and refining facilities in a specific environment, availability of chemical products and economic sources of energy and adequacy of water supply, adequate access to the site, unanticipated transportation costs, delays and repair costs resulting from equipment failure, changes in the regulatory environment (including regulations relating to prices, royalties, duties, taxes, restrictions on production, quotas on exportation of minerals, as well as the costs of protection of the environment and agricultural lands), and industrial accidents and labour actions or unrest. The occurrence of any of these factors could materially and adversely affect the development of a project and as a result materially and adversely affect the Corporation’s business, financial condition, results of operations and cash flows.

The Corporation is also subject, through its activities, to risks normally encountered in exploration operations. Blasting, drilling, mining and processing of ore comprise risks and hazards such as environmental hazards, including discharge of pollutants or hazardous chemicals, unanticipated grade and tonnage of ore to be mined and processed, unusual or unexpected adverse geological or geotechnical formation, or unusual or unexpected adverse operating conditions, slope failure, rock bursts, cave-ins, failure of pit walls or dams, fire, and natural phenomena and "acts of God" such as inclement weather conditions, floods, earthquakes and other hazards. These occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Corporation may incur liability as a result of pollution and other casualties and may not be able to insure fully or at all against such risks, due to political reasons, unavailability of coverage in the marketplace or other reasons or may decide not to insure against such risks as a result of high premiums or for other reasons. This can result in delayed production, increase in production costs or liability. Paying compensation for obligations resulting from such liability may be very costly and could have an adverse effect on the Corporation’s financial position.

RISKS RELATED TO STATUTORY AND REGULATORY COMPLIANCE

Existing and possible future laws, regulations and permits governing operations and activities of ore processing and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation business and cause increases in capital expenditures or require abandonment or delays in a plant establishment or exploration.

RISKS RELATED TO STATUTORY AND REGULATORY COMPLIANCE (CONTINUED)

The current and future operations of the Corporation, from processing or from exploration through development activities and commercial production, are and will be governed by applicable laws and regulations governing mineral claims acquisition, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in exploration activities and in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions there under, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its mineral processing or exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. The Corporation is not currently covered by any form of environmental liability insurance. See "Insurance Risk" above.

The Corporation is subject to income taxes, other taxes in foreign jurisdictions. The Coporation’s tax structure is subject to review by foreign taxation authorities and affected by a number of factors, some of which are outside of its controls, including different interpretations and constant changes and revisions in the ordinary course. The Corporation’s interpretation and the interpretation of its tax advisors or tax experts, applied in accordance to the laws to the Corporation’s transactions and activities, may not coincide with the interpretation of the tax authorities. As a result, transactions have been and may, in the future, be challenged by the tax authorities and could result in significant taxes, penalties and interest.

Artisanal mining in Peru is governed by the Peruvian formalization process “REINFO ” managed by the Ministry of Energy and Mines (MEM), which requires miners to be registered into the process of formalization and be identified as such. The Corporation has adopted processes to ensure its mineral material purchases are only from miners duly registered in the REINFO process; The registration process deadline has been postponed on several occasions and there is no certainty that when expired, it will have permit to engage the number of ASM it had originally targeted.

The Corporation is currently working on expanding its processing activities in Peru and in other jurisdictions. The risks described for Peru are also applicable for other jurisdictions.

TITLE RISKS AND MINING CLAIMS

Although title or rights of use to its exploration and operation properties has been reviewed by or on behalf of the Corporation, no assurance can be given that there are no title defects affecting the properties. Title insurance generally is not available for mining claims, and the Corporation's ability to ensure that it has obtained secure claim to individual mineral properties may be severely constrained. The Corporation has not conducted surveys of all the claims in which it holds direct or indirect interests; therefore, the precise area and location of such claims may be in doubt. Accordingly, the properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Corporation may be unable to conduct work on the properties as permitted or to enforce its rights with respect to its properties. The Corporation has encountered issue with local community to negotiate a reasonable agreement to pursue its exploration program.

CONFLICT OF INTERESTS

The Corporation's directors and officers may serve as directors or officers of other resource companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will disclose its interests and abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. The directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time. As well, a director of the Corporation is an officer of the Corporation largest customer, however he will abstain from voting for or against any decision to be taken with respect to any issues concerning this customer. See "Directors and Officers".

FINANCIAL RISKS

METAL PRICE VOLATILITY

Factors beyond the control of the Corporation may affect the marketability of any ore or minerals processed at the Corporation's plant facilities. Resource prices have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Corporation's control including international economic and political trends, conflicts, inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new and improved extraction and production methods. The effect of these factors cannot accurately be predicted.

Gold prices historically have fluctuated widely and are influenced by a number of factors beyond the control or influence of the Corporation. Some factors that affect the price of gold include: industrial and jewelry demand; central bank lending or purchases or sales of gold bullion; forward or short sales of gold by producers and speculators; future level of gold productions; and rapid short-term changes in supply and demand due to speculative or hedging activities by producers, individuals or funds. Gold prices are also affected by macroeconomic factors including: confidence in the global monetary system; expectations of the future rate of inflation; the availability and attractiveness of alternative investment vehicles; the general level of interests rates; the strength of, and confidence in the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; global and regional political or economic events; and costs of production of other gold producing companies whose costs are denominated in currencies other than the U.S. dollar. All of the above factors can, through their interaction, affect the price of gold by increasing or decreasing the demand for or supply of gold.

In its business, the Corporation has a natural hedge against gold price volatility.

FOREIGN EXCHANGE RATE FLUCTUATIONS

The Corporation's activities and offices are currently located in Canada, Peru, and in due diligence development stage in other jurisdictions. Gold is sold in international markets at prices denominated in U.S. dollars. The functional currency of the Corporation is the United States dollar. However, some of the costs associated with the Corporation's activities, such as salaries and income taxes, may be denominated in currencies not directly tied to the U.S. dollar. Any appreciation of these currencies vis-à-vis the U.S. dollar could increase the Corporation's cost of doing business in these countries. In addition, the U.S. dollar is subject to fluctuation in value mainly vis-à-vis the Canadian Dollar and Soles. The Corporation does not utilize hedging programs to any degree to mitigate the effect of currency fluctuations.

ACCESS TO CAPITAL MARKETS AND FUTURE FINANCING

To fund its growth, the Corporation may be dependent on securing the necessary capital through loans or permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in the Corporation's projects. To ensure the availability of capital, the Corporation maintains an investor relations program in order to inform all shareholders and potential investors of the Corporation's developments.

The success of future ore processing expansion or exploration programs and other transactions related to concessions or other projects could have a significant impact on the need for capital. If Dynacor decides to build processing plants on other jurisdictions, to develop one of its properties, it must ensure that it has access to the required capital. The Corporation could finance its need of capital by using working capital, by arranging partnerships with other companies, through equity financing, by taking on long-term debt or any combination thereof.

During the first quarter of 2025, the Corporation completed an offering of common shares and intends to use the net proceeds for its development and construction activities, as well as other opportunities in different jurisdictions. However, there is no guarantee that the Corporation will be able to secure any additional financing required to pursue its expansion, exploration programs, and other projects on reasonable terms.

REPUTATIONAL RISK

The consequence of reputational risk is a negative impact to the Corporation's public image and could affect its share price, and which may influence its ability to finance itself to acquire future mining projects and retain or attract key employees. Reputational risk may arise under many situations including, among others, cyber-attacks and media crisis. Prior to acquire a project, the Corporation mitigates reputational risk by performing due diligence, and the fulfilment of compliance requirements, which includes a review of the mining project, the country, the scope of the project and local laws and culture. Once the decision to participate in a mining project has been taken, the Corporation continues to assess and mitigate reputational risk through regular Board and Board's Committees reviews.

CYBERSECURITY THREATS

Our operations depend, in part, on how well we and our suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. The failure of any part of our information technology systems could, depending on the nature of any such failure, materially adversely impact our reputation, financial condition and results of operations. Although we have not to date experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving numbers and nature of these threats.

We are equipped to monitor closely all random attack however as cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

SHARE PRICE VOLATILITY

The securities markets in Canada may experience a high level of price and volume volatility, and the market price of securities of many companies, may experience wide fluctuations which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. The Corporation share price is mid-volatile due to its increasing operation and financial results over a long period.

Unfortunate events such as a pandemic, war, and geopolitical uncertainty, may impact stock markets. There can be no assurance that those kinds of events and that continual fluctuations in price will not occur.

INCREASED COSTS AND COMPLIANCE RISKS OF BEING A PUBLIC CORPORATION

Legal, accounting, and other expenses associated with public company reporting requirements have increased significantly in the past few years. The Corporation anticipates that costs may continue to increase with recently adopted or proposed corporate governance related requirements.

The Corporation also expects these new rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Corporation to attract and retain qualified individuals to serve on its board of directors or as executive officers.

PANDEMIC

Over the past years, global markets were adversely impacted by the Covid-19 pandemic and could be impacted by other emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases in the future.

We cannot predict at this time if another kind of virus in the future could have a material impact on the Corporation's future activities, cash flows and liquidities.

13-JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements (refer to note 5 of the Financial Statements) requires management to make judgments, estimates and assumptions on the reported amounts of assets and liabilities, and revenues and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be substantially different.

The significant accounting estimates are those that require assumptions on matters that are substantially uncertain at the time of the estimate, that should the assumptions be modified, it would have a material impact on the reported earnings or the financial position of the Corporation. A description of the Corporation's main accounting policies can be found in the Consolidated Financial Statements, filed electronically on SEDAR+ at www.sedarplus.com.

14-ACCOUNTING POLICIES AND MODIFICATIONS

Changes in accounting policies and policies issued but not yet effective

There were no changes in accounting policies during the year. Several new, but not yet effective standards, and amendments to existing standards and interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been early adopted by the Corporation and no Interpretations have been issued that are applicable and need to be taken into consideration by the Corporation at either reporting date. Please refer to note 3 of the Annual Consolidated Financial Statements.

15-NON-IFRS MEASURES

Throughout this document, the Corporation has provided measures prepared according to IFRS Accounting Standards as well as some non-IFRS financial performance measures. Because the non-IFRS performance measures do not have any standardized definition prescribed by IFRS Accounting Standards, they may not be comparable to similar measures presented by other companies. The Corporation provides these non-IFRS financial performance measures as they may be used by some investors to evaluate our financial performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. These non-IFRS financial performance measures were reconciled to reported IFRS measures within the document. (Refer to section 4 for description and reconciliation of those non-IFRS measures).

16-DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO of the Corporation are responsible for establishing and maintaining the Corporation's DC&P, including adherence to the Disclosure Policy adopted by the Corporation. The Disclosure Policy requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public release. The CEO and CFO evaluated the effectiveness of the Corporation's DC&P as required by Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. They concluded that as of December 31, 2024, the Corporation's DC&P were effective. Since the December 31, 2024 evaluation, there have been no adverse changes to the Corporation's DC&P and they continue to remain effective.

16-DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (CONTINUED)

Management has developed a system for ICFR in order to provide reasonable assurance with regards to the reliability of the financial information published and the preparation of the consolidated financial statements in accordance with IFRS. The CEO and the CFO evaluated the effectiveness of the ICFR as at December 31, 2024, based on the framework and criteria established in Internal Control – Integrated Framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, and based on their evaluation, management has concluded that the Corporation's ICFR were effective.

The Corporation's management, including the CEO and CFO, believe that any DC&P or ICFR, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Moreover, the Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

No changes were made to our ICFR during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our ICFR.

17-CAUTION REGARDING FORWARD LOOKING STATEMENTS

Statements contained in this document that are not historical facts are regarded as forward-looking statements. These statements may involve risk, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Many factors could cause such differences, including: volatility in market metal prices; changes in foreign currency exchange rates and interest rates; unexpected variations in geological conditions of a property of erroneous geological data; environmental risks including increased regulatory constraints; unexpected adverse mining conditions; adverse political conditions, and changes in government regulations and policies. Although the Corporation believes that the assumptions inherent in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Corporation has not committed to maintaining this forward-looking information unless so required by law.

(s) Jean Martineau
Jean Martineau
President and Chief Executive Officer

(s) Leonard Teoli CPA
Leonard Teoli
Vice-President and Chief Financial Officer

18-CORPORATE INFORMATION

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Pierre Lépine, CPA, ICD-D - Chairman of the Board
Jean Martineau- President and CEO
Pierre Béliveau, CPA- Director
Réjean Gourde, Ing- Director
Cyril Gradis, MBA- Director
Isabel Rocha, B.Eng. MSc. MBA- Director
Philippe Chave, Ing- Director
Rocio Rodriguez-Perrot, LLB- Director
Léonard Teoli, CPA- VP Finance and CFO
Daniel Misiano, COO
Jorge Luis Cárdenas, Ing- VP Business development, Latin America

René Branchaud, LLB- Corporate Secretary

Legal Counsel
Lavery, de Billy LLP

Auditors
Raymond Chabot Grant Thornton LLP

Transfer Agent
TSX Trust Company (Canada)

Exchange listings
Toronto Stock Exchange – DNG