Dynacor Group Inc.

Management Discussion and Analysis

For the six-month period ended

June 30, 2024

Index

MANAGEMENT DISCUSSION AND ANALYSIS

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 six-month period ended June 30, 2024 ("Q2-2024") as well as the subsequent period up to August 13, 2024. This MD&A should be read in conjunction with Dynacor's audited consolidated financial statements as at and for the year ended December 31, 2023 (the "Annual Financial Statements"), and is intended to supplement and complement the unaudited condensed interim consolidated financial statements and notes thereto as of June 30, 2024, and for the three-month periods and for the six-month periods ended June 30, 2024 and 2023 (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 August 13, 2024, 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.com.

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 regards 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 August 13, 2024.

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.com.

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 dores 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").

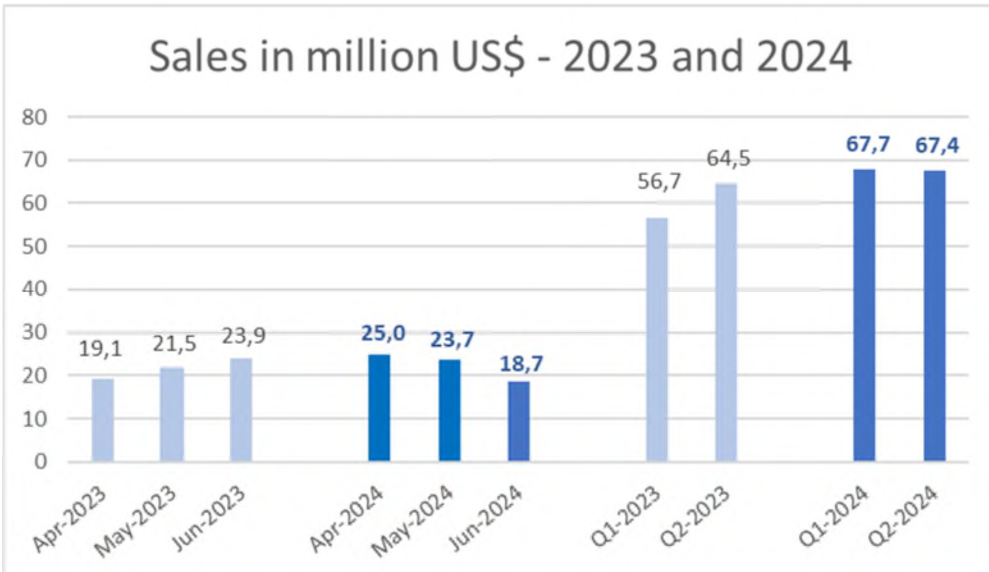
The Corporation's strategy is to maximize shareholders' value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities. With its ore processing activities, Dynacor has succeeded in implementing and growing a solid source of cash flow which enables the 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.

During the fourth quarter of 2022, the corporation completed another plant expansion which increased gold ore-processing capacity by an additional 16% to 500 tpd, the current operating rate, from 430 tpd. This capacity increase followed the 25% increase completed in mid-2021.

1-Q2-2024 OVERVIEW AND HIGHLIGHTS

OVERVIEW

Dynacor completed the three-month period ended June 30, 2024 ("Q2-2024") with quarterly sales of $67.4 million, a net income of $4.5 million (US$0.12 per share) and a record EBITDA of $8.3 million compared to sales of $64.5 million, a net income of $4.5 million (US$0.12 per share) and an EBITDA of $6.6 million for the second quarter of 2023 ("Q2-2023").



During Q2-2024, the Chala plant has continued to run at its maximum 500 tpd capacity, processing almost 43,000 tonnes.

HIGHLIGHTS

Operational

- **Ore volume supplied remained high**. Total ore volume supplied reached 42,883 tonnes in Q2-2024 compared to 45,730 tonnes for the same period of last year;
- **Higher volume processed.** The Veta Dorada plant processed a volume of 42,935 tonnes of ore (472 tpd average) compared to 40,747 tonnes in Q2-2023 (448 tpd), a 5.4% increase;
- **Gold production reduced due to lower grades of ore processed.** In Q2-2024, gold equivalent production reached 28,364 AuEq ounces compared to 32,693 AuEq ounces in Q2-2023.

Financial

- **Increases in gold prices from March and operational results positively impacted the Q2-2024 financial results.**

- **Increased Sales.** Sales amounted to $67.4 million in Q2-2024 compared to $64.5 million in Q2-2023, a 4.5% increase;
- **Record gross operating margin** of $10.0 million (14.8% of sales) in Q2-2024, compared to $7.7 million (11.9% of sales) in Q2-2023;
- **Increase of 33.9% in operating income**. Operating income of $7.5 million in Q2-2024 compared to $5.6 million in Q2-2023;
- **Record cash gross operating margin of $375 per AuEq ounce sold** (1) compared to $256 in Q2-2023, a 46.5% increase.

Financial (continued)

- **Record EBITDA** [(2)] of $8.3 million, compared to $6.6 million in Q2-2023, a 25.8% increase;
- **Increased cash flows.** Cash flows from operating activities before change in working capital items of $5.8 million ($0.16 per share) [(3)] compared to $5.2 million ($0.14 per share) in Q2-2023, a 11.5% increase.
- **Strong net income.** Dynacor Group recorded a net income of $4.5 million in Q2-2024 (US$0.12 or CA$0.16 per share) similar to Q2-2023;
- **Solid cash position**. Cash on hand of $34.7 million at the end of Q2-2024 compared to $22.5 million at year end 2023.

Return to Shareholders

- **Share buy-back**. 37,200 common shares repurchased for $0.1 million (CA$0.2 million) in Q2-2024, compared to 40,300 common shares for $0.1 million (CA$0.1 million) in Q2-2023;
- **Increased dividends.** A 16.7% monthly dividend increase is paid since January 2024. On an annual basis, the 2024 dividend will represent CA$0.14 per share or 2.7% dividend yield based on the current share price.

(*Variance %, are calculated based on rounded figures)*

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

(1) Cash gross operating margin per AuEq ounce is in US$ and 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.

(2) 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 p.13 of this MD&A. See the "Non-IFRS Measures" section 15 of this MD&A.

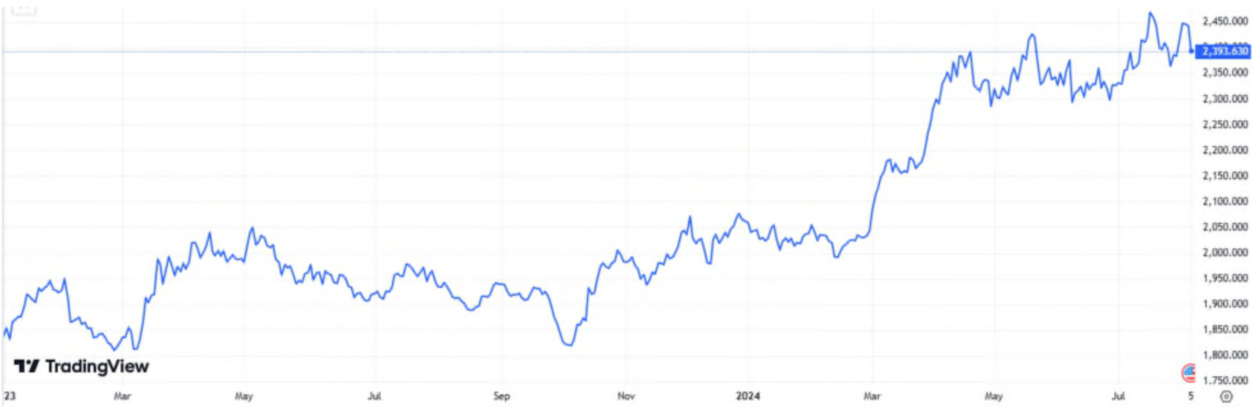
(3) Cash-flow per share is a non-IFRS financial performance measure with no standard definition under IFRS Accounting Standards. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. This measure is calculated on p.13 of this MD&A. See the "Non-IFRS 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 market share price.

2-KEY ECONOMIC TRENDS

Gold market price

During Q2-2024, the market price of gold averaged $2,338/oz, compared to $2,072/oz in Q1-2024 and $1,977/oz in Q2-2023 an increase of respectively 12.8% and 18.2%.

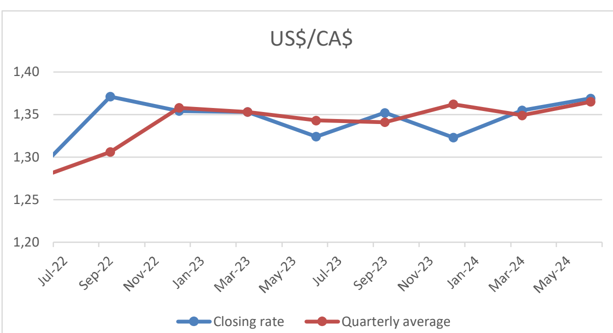
Below, is presented the chart of the overall market price of gold for the first half of 2024 and for 2023. In Q2-2024 remained very high. On August 13, 2024 the gold market price was $2,460/oz. This gold price context impacts our level of sales and margin.

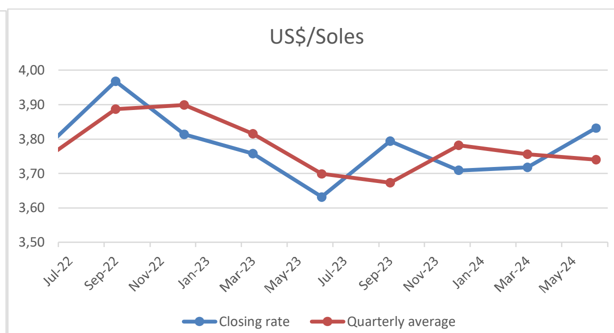


Exchange rates

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

	US$/CA$		US$/Soles	
	2024	**2023**	**2024**	**2023**
June 30 (closing rate)	1.369	1.324	3.832	3.632
Q-2 (average rate)	1.365	1.343	3.740	3.699
March 31 (closing rate)	1.355	1.353	3.718	3.758
Q-1 (average rate)	1.349	1.353	3.756	3.815
December 31 (closing rate)		1.323		3.709



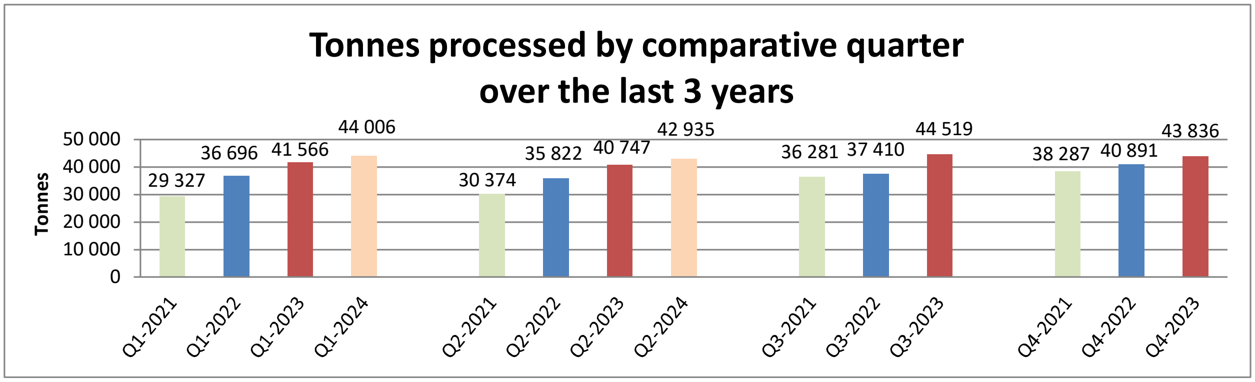


At the date of this report the exchange rate US$/Soles is 3.75.

The Corporation has not entered into any hedging contracts.

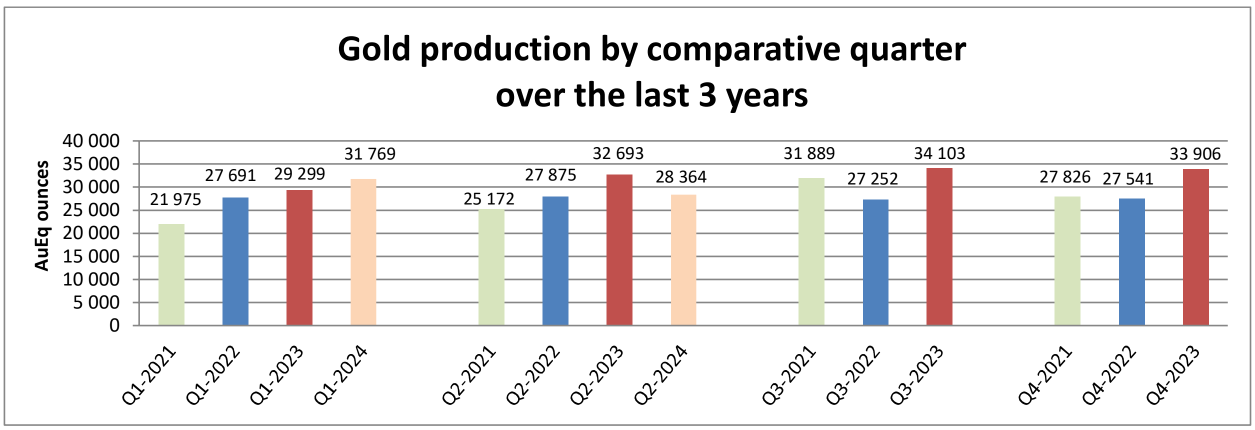
3-OVERALL PERFORMANCE

In Q2-2024, the Chala plant processed 42,935 tonnes which means at its maximum capacity all through the quarter.



During the second quarter of 2024, our daily average production rate reached 472 tpd.

The Q2-2024 production was reduced due to lower grades of ore processed.



Other variances of gross margin and net income are detailed in section 4.

4-CONSOLIDATED RESULTS AND GOLD ORE PROCESSING OPERATIONS

Unaudited Consolidated Statement of net income and comprehensive income

(in $'000) (unaudited)	Three-month periods ended June 30, 2024	2023	Six-month periods ended June 30, 2024	2023
Sales	**67,431**	64,472	**135,164**	121,205
Cost of sales	**(57,437)**	(56,817)	**(116,022)**	(105,721)
Gross operating margin	**9,994**	7,655	**19,142**	15,484
General and administrative expenses	**(2,127)**	(1,813)	**(3,831)**	(3,366)
Other projects expenses	**(327)**	(202)	**(541)**	(426)
Operating income	**7,540**	5,640	**14,770**	11,692
Financial income net of expenses	**168**	163	**339**	316
Foreign exchange gain (loss)	**(125)**	161	**(184)**	211
Income before income taxes	**7,583**	5,964	**14,925**	12,219
Current income tax expense	**(2,841)**	(1,828)	**(5,418)**	(3,807)
Deferred income tax (expense) recovery	**(241)**	343	**(225)**	534
Net income and comprehensive income	**4,501**	4,479	**9,282**	8,946
Earnings per share				
Basic	**$0.12**	$0.12	**$0.25**	$0.23
Diluted	**$0.12**	$0.12	**$0.25**	$0.23

Total sales amounted to $67.4 million compared to $64.5 million in Q2-2023. The $2.9 million increase is explained by higher average gold price (+$10.5 million) partially offset by lower quantities of gold ounces sold (-$7.6 million) due to lower grades of ore processed.

Cumulative sales increased by $13.9 million compared to last year with higher average gold price (+$16.8 million) partially offset by lower quantities of gold ounces sold (-$2.9 million).

The gross operating margin increased by $2.3 million from $7.7 million (11.9% of sales) in Q2-2023 to a record of $10.0 million (14.8% of sales) in Q2-2024 and was positively impacted by the increasing trend in gold market prices during the period compared to a decreasing trend in Q2-2023.

General and administrative expenses amounted to $2.1 million compared to $1.8 million in Q2-2023. The increase is explained by increases in employee expenses.

As budgeted, other projects represent the expenses incurred by the Corporation to duplicate its unique business model in other jurisdictions.

The Q2-2024 net income was also affected by the recording of a $3.1 million income tax expense including a $0.2 million (non-cash) deferred income tax expense ($1.5 million including the recording of withholding taxes on dividends received from a Peruvian subsidiary and a deferred tax recovery of $0.3 million in Q2-2023). The tax expense (current and deferred) is affected by the variance throughout the period of the Peruvian Sol against the US$. Future fluctuations will affect positively or negatively the current and deferred tax at the end of each period.

Production, sales and gross operating margin

Gold production and sales for the three and six-month periods ended June 30, 2024 and 2023, are summarized as follows:

	Three-month periods ended June 30, 2024	2023	Six-month periods ended June 30, 2024	2023
	ounces	**ounces**	**ounces**	**ounces**
Gold Production (AuEq ounces)	**28,364**	32,693	**60,133**	61,992
Gold sales (AuEq ounces)	**28,908**	32,771	**61,545**	63,028
	($'000)	**($'000)**	**($'000)**	**($'000)**
Total sales	**67,431**	64,472	**135,164**	121,205
Total cash cost of sales (1)	**(56,615)**	(56,062)	**(114,398)**	(104,221)
Cash gross operating margin (2)	**10,816**	8,410	**20,766**	16,984
Depreciation	**(822)**	(755)	**(1,624)**	(1,500)
Gross operating margin	**9,994**	7,655	**19,142**	15,484
Gross Operating Margin per AuEq ounce sold ($/ounce)	**346**	234	**311**	246
Average gold market price ($/ounce)	**2,338**	1,977	**2,205**	1,933
Cash gross operating margin per AuEq ounce sold	**$/ounce (*)**	**$/ounce (*)**	**$/ounce (*)**	**$/ounce (*)**
Average selling price	**2,333**	1,967	**2,196**	1,923
Average cash cost of sales (3)	**(1,958)**	(1,711)	**(1,859)**	(1,654)
Cash gross operating margin (4)	**375**	256	**337**	269

(*) per AuEq ounce sold

The cash gross operating margin amounted to a record of $375/oz in Q2-2024 compared to $256/oz in Q2-2023. The variance is mostly due to the higher gold market price.

(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 from between Q2-2023 and Q2-2024 and between the six-month period ending June 30, 2023 and 2024 are as follows:

(in million $) (unaudited)	**Q2-2023 vs. 2024**
Net income Q2-2023	**4.5**
Increase in gross operating margin	2.3
Increase in general and administrative expense	(0.3)
Increase in other project expenses	(0.1)
Increase in foreign exchange loss	(0.3)
increase in income tax expenses (current and deferred)	(1.6)
Total variances	**0.0**
Net income Q2-2024	**4.5**

(in million $) (unaudited)	**YTD-2023 vs. 2024**
Net income YTD-2023	**9.0**
Increase in gross operating margin	3.7
Increase in general and administrative expense	(0.5)
Increase in other project expense	(0.1)
Increase in foreign exchange loss	(0.4)
Increase in income tax expenses (current and deferred)	(2.4)
Total variances	**0.3**
Net income YTD-2024	**9.3**

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

Reconciliation of non-IFRS measures

(in $'000) (unaudited)	Three-month periods ended June 30, 2024	Three-month periods ended June 30, 2023	Six-month periods ended June 30, 2024	Six-month periods ended June 30, 2023
Reconciliation of net income and comprehensive income to EBITDA [1]				
Net income and comprehensive income	**4,501**	4,479	**9,282**	8,946
Income tax expenses (current and deferred)	**3,082**	1,485	**5,643**	3,273
Financial income net of expenses	**(186)**	(170)	**(357)**	(323)
Depreciation	**911**	833	**1,796**	1,617
EBITDA [1]	**8,308**	6,627	**16,364**	13,513
Reconciliation of net cash flow from operating activities before change in working capital items per share [2]				
Net cash flow from operating activities before change in working capital items (in $'000)	**5,815**	5,207	**11,466**	10,216
Basic weighted average number of common shares outstanding ('000)	**36,548**	38,424	**36,713**	38,427
Net cash flow from operating activities before change in working capital items per share [2]	**$0.16**	$0.14	**$0.31**	$0.27

[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 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-flow 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 market share price.

Ore processing production statistics and financial summary

Below is the table explaining the variances between the three-month periods ended June 30, 2024 and 2023.

Ore processing production statistics summary	Q2-2024	Comments and explanations over variances	Q2-2023	Variance in %
Tonnes processed	42,935	As per last year, the plant ran at full capacity during the quarter.	40,747	+5.4%
Average daily tonnes processed [(1)]	472	Consistent with variances in tonnes processed.	448	+5.4%
Ounces produced (AuEq ounce)	28,364	In line with the increase in tonnes processed at a lower grade.	32,693	-13.2%
Ounces sold (AuEq ounce)	28,908	In line with production and variance in inventories.	32,771	-11.8%
Financial summary				
Sales (million $)	67.4	Increase due to higher average gold price ($10.5 million) partially offset by lower quantities sold ($7.6 million).	64.5	+4.5%
Average selling price per AuEq ounce sold ($)	2,333	Consistent with the average gold market price and the timing of exports.	1,967	+18.6%
Gross operating margin (million $)	10.0	Increase attributable to higher sales.	7.7	+29.9%
Gross operating margin (% of sales)	14.8%	Increase attributable to higher sales.	11.9%	+24.4%
Gross operating margin per AuEq ounce sold ($)	346	Increase attributable to higher sales.	234	+47.9%
Cash gross operating margin per AuEq ounce sold ($)	375	Increase attributable to higher sales.	256	+46.5%
EBITDA (million $)	8.3	Increase attributable to higher sales.	6.6	+25.8%
Cash flows before changes in working capital items (million $)	5.8	In line with increase in gross operating margin partially offset by increase in general and administrative expenses and current income taxes.	5.2	+11.5%
Net cash flow from operating activities before change in working capital items per share ($)	0.16	In line with increase in gross operating margin partially offset by increase in general and administrative expenses and current income taxes.	0.14	+14.3%
Net income (million $)	4.5	In line with last year but including an increase in gross operating margin +$2.3 million partially offset by the increase in income tax charge (-$1.6 million).	4.5	-
Earnings per share ($)	0.12	In line with last year.	0.12	-

(*Variance %, are calculated based on these rounded figures)*

(1) Considering 91 days

Below is the table explaining the variances between the six-month periods ended June 30, 2024 and 2023.

Ore processing production statistics summary	YTD-2024	Comments and explanations over variances	YTD-2023	Variance in %
Tonnes processed	86,941	As per last year, the plant ran at full capacity during the quarter.	82,313	+5.6%
Average daily tonnes processed (1)	478	Consistent with variances in tonnes processed.	455	+5.1%
Ounces produced (AuEq ounce)	60,133	In line with the increase in tonnes processed at a slightly lower grade.	61,992	-3.0%
Ounces sold (AuEq ounce)	61,545	In line with production and variance in inventories.	63,028	-2.4%
Financial summary				
Sales (million $)	135.1	Increase due to higher average gold price ($16.8 million) partially offset by lower quantities sold ($2.9 million).	121.2	+11.5%
Average selling price per AuEq ounce sold ($)	2,196	Consistent with the average gold market price and the timing of exports.	1,923	+14.2%
Gross operating margin (million $)	19.1	Increase attributable to higher sales.	15.5	+23.2%
Gross operating margin (% of sales)	14.2%	Increase attributable to higher sales.	12.8%	+10.9%
Gross operating margin per AuEq ounce sold ($)	311	Increase attributable to higher sales.	246	+26.4%
Cash gross operating margin per AuEq ounce sold ($)	337	Increase attributable to higher sales.	269	+25.3%
EBITDA (million $)	16.4	Increase attributable to higher sales.	13.5	+21.5%
Cash flows before changes in working capital items (million $)	11.5	In line with increase in gross operating margin partially offset by increase in general and administrative expenses and current income taxes.	10.2	+12.7%
Net cash flow from operating activities before change in working capital items per share ($)	0.31	In line with increase in gross operating margin partially offset by increase in general and administrative expenses and current income taxes.	0.27	+14.8%
Net income (million $)	9.3	Main variances coming from the increase in gross operating margin +$3.7 million partially offset by the increase in income tax charge (-$2.4 million).	9.0	+3.3%
Earnings per share ($)	0.25	In line with changes in net income and the number of outstanding shares.	0.23	+8.7%

(*Variance %, are calculated based on these rounded figures)*

(1) Considering 181 days

5-CONSOLIDATED CASH FLOW FROM OPERATING, INVESTING AND FINANCING ACTIVITIES AND WORKING CAPITAL AND LIQUIDITY

The impacts of all the activities on the Corporation's cash flow are summarized below:

(in $'000) (unaudited)	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2024	**2023**	**2024**	**2023**
Operating activities				
Net income, adjusted for non-cash items	**5,815**	5,207	**11,466**	10,216
Change in working capital items	**3,863**	(3,803)	**7,803**	940
Net cash from operating activities	**9,678**	1,404	**19,269**	11,156
Investing activities				
Acquisition of property, plant and equipment, net of proceeds of disposition	**(1,568)**	(1,126)	**(2,282)**	(4,809)
Additions to exploration and evaluation assets	**(14)**	(17)	**(18)**	(17)
Net cash used in investing activities	**(1,582)**	(1,143)	**(2,300)**	(4,826)
Financing activities				
Repayment of lease liabilities and interest's payments	**(17)**	(9)	**(50)**	(22)
Proceeds from the exercise of stock options	**86**	5	**174**	5
Repurchase of common shares	**(143)**	(92)	**(2,895)**	(157)
Dividends paid	**(938)**	(850)	**(1,907)**	(1,704)
Net cash used in financing activities	**(1,012)**	(946)	**(4,678)**	(1,878)
Change in cash during the period	**7,084**	(685)	**12,291**	4,452
Effect of exchange rate changes on cash	**(25)**	41	**(38)**	38
Cash, beginning of the period	**27,675**	30,729	**22,481**	25,595
Cash, end of the period	**34,734**	30,085	**34,734**	30,085

Operating activities

During Q2-2024, the cash flow from operations, before changes in working capital items, amounted to $5.8 million ($11.5 million for the six-month period ending June 30, 2024), compared to $5.2 million in Q2-2023 ($10.2 million for the six-month period ending June 30, 2023).

During Q2-2024, total cash from operating activities amounted to $9.7 million ($19.3 million for the six-month period ending June 30, 2024) compared to $1.4 million in Q2-2023 ($11.2 million for the six-month period ending June 30, 2023). Changes in working capital items amounted to $3.9 million ($7.8 million for the six-month period ending June 30, 2024) compared to -$3.8 million in Q2-2023 ($1.0 million for the six-month period ending June 30, 2023). The variances are mainly attributable to variances in inventories.

Investing activities

During the three-month period ended June 30, 2024, the Corporation invested $1.6 million (cumulative six-month 2024 of $2.3 million). These amounts mainly include investments at the plant and new vehicles. All investments have been financed with internally generated cash-flows.

Financing activities

In Q2-2024, monthly dividends totaling CA$0.035 per share were disbursed for a total consideration of $0.9 million (CA$1.3 million) (cumulative six-month of CA$0.07). In Q2-2023, monthly dividends totaling CA$0.03 per share were disbursed for a total consideration of $0.8 million (CA$1.2 million). Increases in monthly dividend were disbursed from January 2023 and then from January 2024.

In Q2-2024, 37,200 common shares were repurchased under the Corporation normal course issuer bid share buyback program for a total cash consideration of $0.1 million (CA$0.2 million) (cumulative six-month of 964,000 shares) (40,300 shares for a total cash consideration of $0.1 million (CA$0.1 million) in Q2-2023).

Working capital and liquidity

As at June 30, 2024, the Corporation's working capital increased to $55.3 million, including $34.7 million in cash ($50.8 million, including $22.5 million in cash at December 31, 2023).

6-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in $'000) (unaudited)	**As at June 30, 2024**	**As at December 31, 2023**
Cash	**34,734**	22,481
Accounts receivable	**9,371**	13,328
Inventories	**25,612**	31,925
Prepaid	**635**	277
Property, plant and equipment	**25,181**	24,590
Right-of-use assets	**569**	613
Exploration and evaluation assets	**18,566**	18,566
Other non-current assets	**54**	-
Total assets	**114,722**	111,780
Trade and other payables	**12,689**	15,357
Current tax liabilities	**2,369**	1,799
Asset retirement obligations	**3,768**	3,724
Deferred tax liabilities	**902**	677
Lease liabilities	**586**	636
Shareholders' equity	**94,408**	89,587
Total liabilities and equity	**114,722**	111,780

Assets and short-term liabilities

As at June 30, 2024, total assets amounted to $114.8 million ($111.8 million as at December 31, 2023). Major variances since last year-end come from the significant increase in cash and working capital items due to the good financial performance.

Accounts receivable amount to $9.4 million ($13.3 million as at December 31, 2023) and are mainly comprised of trade receivable that were collected in early July ($2.7 million), two months of current sales taxes (IGV) ($6.1 million) of which $3.1 million were collected after period-end and net advances to suppliers for ore purchases ($0.4 million).

Property, plant and equipment amount to $25.2 million ($24.6 million as at December 31, 2023) and are mainly comprised of the Veta Dorada Plant and capitalized rehabilitation costs.

Total exploration and evaluation assets amounted to $18.6 million (same amount as at December 31, 2023) and are mainly comprised of 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	9,466	-	-	-	9,466
Other commitments with suppliers	320	-	105	-	425
Leases liabilities (1)	72	83	260	367	782
Short-term leases	118	-	-	-	118
Asset retirement obligation (2)	-	-	1,489	3,297	4,786
Total	**9,976**	**83**	**1,854**	**3,664**	**15,577**

(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.

During the period, 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 obligation ("ARO") on a regular basis.

As of June 30, 2024, the $3.8 million provision for assets retirement obligation fully relates to the Veta Dorada plant ($3.7 million as at December 31, 2023).

This estimate is subject to change following developments on each site, modifications to laws and regulations or as new information becomes available. As at June 30, 2024 and December 31, 2023, the Corporation has constituted letters of credit in favor of the Ministry of Energy and Mines (MEM) for $3.6 million to secure closure plans of its production facilities and exploration projects.

As at June 30, 2024, the future value of the provision for closure of facilities and exploration projects is $4.8 million (same 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 $15.4 million including $11.6 million in penalties and interests. Additional penalties and interests since the notices of assessment are estimated at $1.6 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

In 2024, 964,000 shares were repurchased.

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 flow from its ore processing activities. This positive cash flow 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 June 30, 2024, the Corporation has enough resources to meet its commitments for the upcoming year, however management is always 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 also possesses the ability to raise debt to maintain a balance between debt and shareholders' equity.

The Corporation is not subject to any externally imposed capital. 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 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 subsidiary, 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 as at June 30, 2024 and December 31, 2023). Dynacor 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

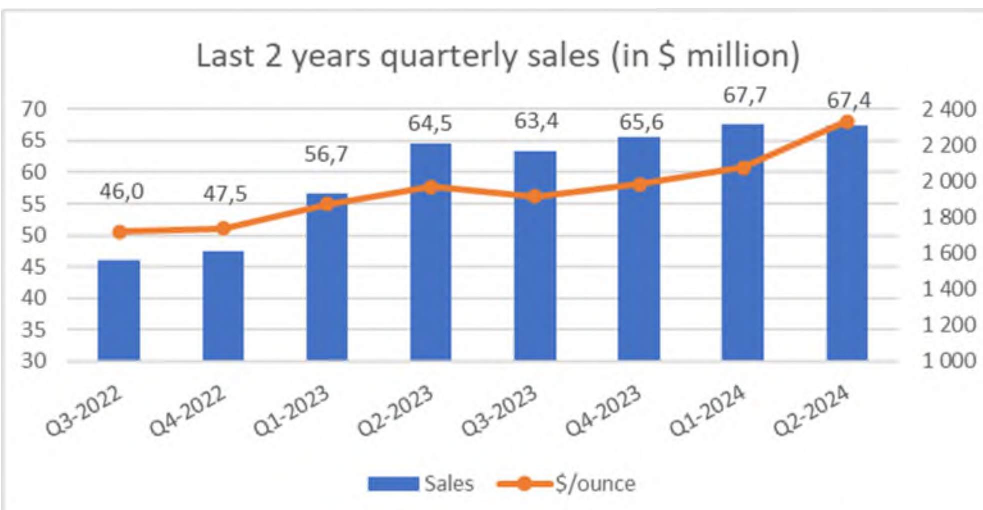
The Corporation did not enter any significant off-balance sheet transactions in 2024.

7-QUARTERLY REVIEW

(Unaudited, in accordance with IAS 34)

	2024		2023				2022	
Financials (in $'000)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Sales	67,431	67,733	65,555	63,428	64,472	56,733	47,523	45,998
Cost of sales	57,437	58,585	57,818	56,450	56,817	48,904	41,421	41,485
Depreciation	911	885	866	866	833	784	936	799
General and administrative expenses	2,127	1,704	2,081	1,648	1,814	1,553	1,588	1,229
Loss (gain) on foreign exchange	125	59	(55)	168	(161)	(50)	(105)	127
Income tax expenses	3,082	2,561	1,944	2,662	1,485	1,788	1,108	2,316
Net income	4,501	4,781	3,578	2,544	4,479	4,467	3,511	801
Acquisition of property, plant and equipment	1,588	779	720	945	1,126	3,747	1,058	792
Additional exploration and evaluation	14	4	11	2	17	-	4	-
Gross operating margin (%)	14.8%	13.5%	11.8%	11.0%	11.9%	13.8%	12.8%	9.8%
Earnings per share ($)								
Basic	0.12	0.13	0.09	0.07	0.12	0.11	0.09	0.02
Diluted	0.12	0.13	0.09	0.07	0.12	0.11	0.09	0.02

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



8-INFORMATION ON OUTSTANDING SHARES

Data concerning outstanding shares (as at August 13, 2024)

	Number
Common shares	36,431,706
DSUs	684,844
Share purchase options	767,825

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 consist of members of the Corporation's Board of Directors, corporate officers, including the Corporation's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer up to April 2024 (none for 2023) and Vice President Business development, Latin America.

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

(in $)	Three-month periods ended June 30, 2024	2023	Six-month periods ended June 30, 2024	2023
Salaries, benefits and directors' fees	**445,150**	298,050	**845,960**	731,387
Share-based compensation (1)	**163,766**	181,348	**204,912**	186,788
	608,916	479,398	**1,050,872**	918,175

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

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:

A firm of which an officer of the Corporation is a partner, charged legal professional fees amounting to $33,917 for the three-month period ended June 30, 2024 ($51,426 for the six-month period ended June 30, 2024) ($36,064 and $55,170 respectively for the same periods of 2023).

A Director charged consulting fees relating to the revision of ESG procedures amounting to $12,840 for the for the three-month and six-month periods ended June 30, 2024 ($14,675 and $25,638 respectively for the same periods of 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, 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 0.23g/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 0.039g/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.

11- FOLLOW-UP OUTLOOK-2024

Ore processing

For 2024, the Corporation forecasted sales [1] ranging between $265-285 million representing a growth of 6-14% over 2023 sales. Net income is forecasted ranging between $12-15 million ($0.33-0.41 per share) (CA$0.45-0.56 per share) and include expenses of $2.7 million to advance other projects in other jurisdictions. So far in 2024, the Corporation is in line with its financial forecast.

(1) Using a market gold price ranging between $2,000 and $2,050 per ounce

Capex

Dynacor Group planned to invest up to $13 million in capital expenditures in 2024. This investment will be used at our Veta Dorada plant for new equipment to improve efficiency, increase tailing pond capacity, buy vehicles to support the security of our purchasers working in remote areas and will include, upon favourable conditions, up to $4 million to pursue the due diligence process and development of new projects in other jurisdictions.

12-RISKS AND UNCERTAINTIES

The Corporation operates in the mining industry which is subject to numerous significant risks that can influence the profitability of a company. Please refer the Corporation's annual information form or it's MD&A for the year ended December 31, 2023, filed electronically on SEDAR+ www.sedarplus.com for more details.

13-JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements (refer to note 5 of the Annual 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 Annual 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. 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

Disclosure controls and procedures (“DC&P”)

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 June 30, 2024, the Corporation’s DC&P were effective. Since the June 30, 2024 evaluation, there have been no adverse changes to the Corporation’s DC&P and they continue to remain effective.

Internal control over financial reporting (“ICFR”)

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 June 30, 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.

Limitations of controls and procedures

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. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes to ICFR

No changes were made to our ICFR during the three-month period ended June 30, 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

Dynacor Group Inc.
Corporate Office
625 René Lévesque Ouest
Suite 1200
Montreal, Québec, Canada H3B 1R2
Tel.: (514) 393-9000
Fax: (514) 393-9002
Website: http://www.dynacor.com
Twitter:http://twitter.com/DynacorGold

Directors and Officers
Pierre Lépine, CPA, ICD-D - Chairman of the Board
Jean Martineau- President and CEO
Roger Demers, FCPA, ASC- 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
Leonard Teoli, CPA- VP Finance and CFO
Jorge Luis Cardenas, 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