Dynacor Group Inc.

Condensed Interim Consolidated Financial Statements

As at March 31, 2024 and for the three-month periods ended
March 31, 2024 and 2023
(in US dollars)
(Unaudited)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by, and are the responsibility of the Corporation's management.

The unaudited condensed interim consolidated financial statements of Dynacor Group Inc. as at March 31, 2024 and for the three-month periods ended March 31, 2024 and 2023, have not been reviewed by the Corporation's external auditors.

Jean Martineau	*Leonard Teoli*
Jean Martineau President and Chief Executive Officer	Leonard Teoli, CPA Vice President of finance and Chief Financial Officer

Dynacor Group Inc.
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in US dollars)

	As at March 31, 2024 $	As at December 31, 2023 $
ASSETS		
CURRENT ASSETS		
Cash (Note 5)	**27,675,367**	22,480,659
Accounts receivable (Note 6)	**12,012,524**	13,328,560
Inventories (Note 7)	**27,320,970**	31,924,822
Prepaid expenses and other assets	**840,931**	276,903
	67,849,792	68,010,944
NON-CURRENT ASSETS		
Property, plant and equipment (Note 8)	**24,496,729**	24,590,101
Right-of-use assets (Note 11)	**590,778**	612,956
Exploration and evaluation assets (Note 9)	**18,570,147**	18,566,364
	43,657,654	43,769,421
TOTAL ASSETS	**111,507,446**	111,780,365
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables (Note 10)	**13,530,232**	15,357,446
Current tax liabilities	**2,230,213**	1,798,843
Current portion of lease liabilities (Note 11)	**35,465**	56,879
	15,795,910	17,213,168
NON-CURRENT LIABILITIES		
Asset retirement obligations (Note 12)	**3,746,060**	3,723,833
Lease liabilities (Note 11)	**566,751**	578,812
Deferred tax liabilities	**661,049**	677,279
	4,973,860	4,979,924
TOTAL LIABILITIES	**20,769,770**	22,193,092
SHAREHOLDERS' EQUITY		
Share capital (Note 13 a))	**21,454,694**	21,867,982
Contributed surplus (Notes 13 b) and c))	**3,697,855**	3,696,479
Retained earnings	**65,585,127**	64,022,812
TOTAL SHAREHOLDERS' EQUITY	**90,737,676**	89,587,273
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**111,507,446**	111,780,365

Contingencies and other commitments (Note 18).

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Approved by the Board of Directors,

(s) Jean Martineau
Jean Martineau

(s) Roger Demers FCPA, ASC
Roger Demers FCPA, ASC

Dynacor Group Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)
For the three-month periods ended March 31, 2024 and 2023
(Expressed in US dollars)

	For the three-month periods ended March 31, 2024 $	2023 $
Sales	**67,733,410**	56,733,451
Cost of sales (Note 15)	**(58,584,927)**	(48,904,190)
Gross operating margin	**9,148,483**	7,829,261
General and administrative expenses (Note 15)	**(1,704,281)**	(1,553,168)
Other project expenses	**(214,238)**	(224,010)
Operating income	**7,229,964**	6,052,083
Financial income (Note 15)	**282,223**	237,580
Financial expenses (Note 15)	**(111,697)**	(85,057)
Foreign exchange gain (loss)	**(58,666)**	50,373
Income before income taxes	**7,341,824**	6,254,979
Income tax expense		
Current (Note 15)	**(2,577,434)**	(1,978,852)
Deferred (Note 15)	**16,230**	191,311
	(2,561,204)	(1,787,541)
Net income and comprehensive income	**4,780,620**	4,467,438
Weighted average number of outstanding common shares (Note 14)		
Basic	**36,878,716**	38,434,187
Diluted	**37,446,571**	39,237,956
Earnings per share (Note 14)		
Basic	**$0.13**	$0.11
Diluted	**$0.13**	$0.11

Contingencies and other commitments (Note 18)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Dynacor Group Inc.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
For the three-month periods ended March 31, 2024 and 2023
(Expressed in US dollars)

	Share Capital $	Contributed surplus $	Retained earnings $	Total equity $
Balance, January 1, 2024	**21,867,982**	**3,696,479**	**64,022,812**	**89,587,273**
Net income and comprehensive income for the period	-	-	4,780,620	4,780,620
	21,867,982	3,696,479	68,803,432	94,367,893
Share-based compensation expense (Note 13 b))	-	41,654	-	41,654
Exercise of stock options (Note 13 a) i))	128,802	(40,278)	-	88,524
Repurchase of common shares (Note 13 a) ii))	(542,090)	-	(2,264,408)	(2,806,498)
Dividends (Note 13 d))	-	-	(953,897)	(953,897)
Transactions with owners	(413,288)	1,376	(3,218,305)	(3,630,217)
Balance, March 31, 2024	**21,454,694**	**3,697,855**	**65,585,127**	**90,737,676**

	Share Capital $	Contributed surplus $	Retained earnings $	Total equity $
Balance, January 1, 2023	**22,413,093**	**3,232,794**	**54,634,875**	**80,280,762**
Net income and comprehensive income for the period	-	-	4,467,438	4,467,438
	22,413,093	3,232,794	59,102,313	84,748,200
Share-based compensation expense (Note 13 b))	-	8,018	-	8,018
Repurchase of common shares (Note 13 a) ii))	(16,948)	-	(47,605)	(64,553)
Dividends (Note 13 d))	-	-	(854,180)	(854,180)
Transactions with owners	(16,948)	8,018	(901,785)	(910,715)
Balance, March 31, 2023	**22,396,145**	**3,240,812**	**58,200,528**	**83,837,485**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Dynacor Group Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the three-month periods ended March 31, 2024 and 2023
(Expressed in US dollars)

	For the three-month periods ended March 31,	
	2024	**2023**
	$	**$**
Operating activities		
Net income	**4,780,620**	4,467,438
Adjustments for:		
Provision for impairment of accounts receivable (Note 15)	**(5,883)**	10,863
Depreciation (Note 15)	**885,151**	784,274
Gain on disposal of property, plant and equipment	**(55,780)**	(43,947)
Deferred tax recovery	**(15,444)**	(204,745)
Accretion expense on asset retirement obligations (Note 12)	**22,227**	20,397
Share-based compensation (Note 13 b))	**41,654**	8,018
Unrealized foreign exchange gain	**(1,684)**	(33,434)
	5,650,861	5,008,864
Changes in working capital items (Note 16)	**3,939,975**	4,743,476
Net cash from operating activities	**9,590,836**	9,752,340
Investing activities		
Proceeds from the disposal of property, plant and equipment	**65,085**	63,644
Acquisition of property, plant and equipment (Note 8)	**(778,906)**	(3,746,746)
Additions to exploration and evaluation assets (Note 9)	**(3,783)**	-
Net cash from (used in) investing activities	**(717,604)**	(3,683,102)
Financing activities		
Repayment of lease liabilities and interests' payments (Note 11)	**(33,475)**	(13,137)
Proceeds from the exercise of stock options (Note 13 a) i))	**88,524**	-
Repurchase of common shares (Note 13 a) ii))	**(2,751,498)**	(64,553)
Dividends	**(969,160)**	(854,164)
Net cash used in financing activities	**(3,665,609)**	(931,854)
Change in cash during the period	**5,207,623**	5,137,384
Effect of exchange rate fluctuation on cash	**(12,915)**	(3,997)
Cash, beginning of the period	**22,480,659**	25,595,402
Cash, end of the period	**27,675,367**	30,728,789
Income taxes paid related to operating activities	**2,154,674**	2,098,322

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1. Statute of incorporation and nature of activities

On June 22, 2022, Dynacor Gold Mines Inc. changed its name to Dynacor Group Inc. ("Dynacor", the ultimate controlling corporation), an ore processing and exploration corporation active in Peru, incorporated under Part 1A of the Companies Act (Québec) and as of February 14, 2011, is governed under the Business Corporations Act (Québec). The Corporation's principal place of business is 625 René-Lévesque Blvd West, suite 1200, Montréal, Québec, Canada.

Dynacor, including one of its subsidiaries (collectively, the "Corporation"), produces gold and silver from ore purchased from local Peruvian miners which is processed at the Corporation's wholly owned processing plant in Chala, Peru. The Corporation derives all its sales from Peru. The Corporation does not have any mining producing properties.

The Corporation also hold interests in mineral properties in Peru that are currently in the exploration stage. The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that current exploration, development and mining plans will result in profitable mining operations. The recoverability of the carrying value of assets and the Corporation's continued existence is dependent upon the continuation of ore processing operations.

2. Statement of compliance with IFRS accounting standards, basis of measurement and basis of consolidation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* and does not include all the information required for full annual consolidated financial statements. Accordingly, certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board have been omitted or condensed. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Corporation since the last annual consolidated financial statements as at and for the year ended December 31, 2023.

These condensed interim consolidated financial statements are presented in United States dollars, which is the Corporation's functional currency. The functional currency has remained unchanged during the reporting periods.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors (the "Board") on May 14, 2024.

Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

2. Statement of compliance with IFRS accounting standards, basis of measurement and basis of consolidation (continued)

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of Dynacor, its subsidiaries and a structured entity. Dynacor controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances and transactions are eliminated on consolidation. Dynacor and its subsidiaries have a year end of December 31.

These condensed interim consolidated financial statements include the financial statements of Dynacor and its wholly owned Peruvian subsidiaries Minera Veta Dorada SAC, La Libertad Mining SAC (since December 2022), African subsidiaries Galam SA (since January 2023), Massawa SA (since June 2023) and Salla Niang SARL (since December 2023) and those of a structured entity.

3. Significant accounting policies

The policies applied in these condensed interim consolidated financial statements are the same accounting policies and methods as those in our most recent audited annual financial statements.

4. Judgments, estimates and assumptions

The preparation of consolidated financial statements requires the Corporation’s management to make judgments, estimates and assumptions on reported amounts of assets and liabilities, and reported amounts of 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 critical accounting, judgements, estimates and assumptions are the same as those in our most recent audited annual financial statements.

(Expressed in US dollars)

5. Cash

	As at March 31, 2024 $	As at December 31, 2023 $
Cash (equivalent in USD)		
United States dollars (1)	**26,719,748**	21,818,942
Peruvian Nuevo soles	**115,802**	269,872
Canadian dollars	**770,209**	366,446
Euros	**54,033**	-
CFA francs	**15,575**	25,399
	27,675,367	22,480,659

(1) As at March 31, 2024, $863,878 ($568,668 as at December 31, 2023) has been given as collateral against stand-by letters of credit.

6. Accounts receivable

	As at March 31, 2024 $	As at December 31, 2023 $
Sales tax receivable (1)	**6,853,991**	8,991,354
Trade and other receivables (2)	**4,734,991**	4,007,845
Advances to suppliers	**423,542**	329,361
	12,012,524	13,328,560

(1) Subsequent to period end, an amount of $3.5 million was recovered from previous months filing claims.

(2) $4.7 million recovered subsequent to period end.

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. Economic dependence is mitigated as the Corporation can sell its gold to numerous clients worldwide.

7. Inventories

	As at March 31, 2024 $	As at December 31, 2023 $
Ore	**17,170,737**	20,714,423
Gold in process	**9,401,850**	7,921,559
Finished goods-Gold dore bars (1)	**-**	2,661,380
Supplies	**748,383**	627,460
	27,320,970	31,924,822

No inventories are carried at fair value less cost to sell at March 31, 2024 and December 31, 2023.

(1) Due to a last-minute flight cancellation, the last prepared 2023 export was postponed to January 2024 and consequently was included in finished goods-Gold dore bars as at December 31, 2023.

(Expressed in US dollars)

8. Property, plant and equipment

	Land $	Buildings $	Plant & equipment $	Rolling stock $	Total $
Cost					
Balance, January 1, 2024	1,384,997	8,029,366	28,569,390	4,091,921	42,075,674
Additions	-	69,706	619,198	90,002	778,906
Disposals	-	-	(12,871)	(205,623)	(218,494)
Balance, March 31, 2024	1,384,997	8,099,072	29,175,717	3,976,300	42,636,086
Accumulated Depreciation					
Balance, January 1, 2024	-	1,995,803	13,129,696	2,360,074	17,485,573
Depreciation	-	103,303	600,502	159,168	862,973
Disposals	-	-	(7,229)	(201,960)	(209,189)
Balance, March 31, 2024	-	2,099,106	13,722,969	2,317,282	18,139,357
Net book value, March 31, 2024	**1,384,997**	**5,999,966**	**15,452,748**	**1,659,018**	**24,496,729**

Plant and equipment include $1.5 million to be placed into service in the next two years and to be depreciated over a 3 to 20 years period.

	Land $	Buildings $	Plant & equipment $	Rolling stock $	Total $
Cost					
Balance, January 1, 2023	998,011	5,081,099	26,396,280	3,881,156	36,356,546
Additions	386,986	2,958,847	2,463,088	729,051	6,537,972
Disposals	-	(10,580)	(289,978)	(518,286)	(818,844)
Balance, December 31, 2023	1,384,997	8,029,366	28,569,390	4,091,921	42,075,674
Accumulated Depreciation					
Balance, January 1, 2023	-	1,637,956	11,079,112	2,247,922	14,964,990
Depreciation	-	372,293	2,296,974	592,094	3,261,361
Disposals	-	(14,446)	(246,390)	(479,942)	(740,778)
Balance, December 31, 2023	-	1,995,803	13,129,696	2,360,074	17,485573
Net book value, December 31, 2023	**1,384,997**	**6,033,563**	**15,439,694**	**1,731,847**	**24,590,101**

(Expressed in US dollars)

9. Exploration and evaluation assets

	Exploration properties			
	Tumipampa	Anta	Others	Total
	$	$	$	$
Mining rights				
Balance, January 1, 2024	1,305,496	184,992	39,782	1,530,270
Additions	-	-	3,783	3,783
Balance, March 31, 2024	**1,305,496**	**184,992**	**43,565**	**1,534,053**
Deferred exploration and evaluation costs				
Balance, January 1, 2024	16,729,111	306,983	-	17,036,094
Balance, March 31, 2024	16,729,111	306,983	-	17,036,094
TOTAL	**18,034,607**	**491,975**	**43,565**	**18,570,147**

	Exploration properties			
	Tumipampa	Anta	Others	Total
	$	$	$	$
Mining rights				
Balance, January 1, 2023	1,305,496	184,992	27,165	1,517,653
Additions	-	-	13,055	13,055
Write-off	-	-	(438)	(438)
Balance, December 31, 2023	1,305,496	184,992	39,782	1,530,270
Deferred exploration and evaluation costs				
Balance, January 1, 2023	16,718,222	306,983	-	17,025,205
Additions	17,385	-	-	17,385
Write-off	(6,496)	-	-	(6,496)
Balance, December 31, 2023	16,729,111	306,983	-	17,036,094
TOTAL	**18,034,607**	**491,975**	**39,782**	**18,566,364**

Tumipampa property (“Tumipampa”)

Tumipampa is located 500 km from Lima, Peru, in the Circa district, Province of Abancay, department of Apurimac. As at March 31, 2024, the Tumipampa project covers an area of 5,796 hectares.

Anta property (“Anta”)

Anta is in the district of San Pedro, 72 km west of Nazca, within the Western Andean Cordillera in the Province of Lucanas, Department of Ayacucho. Anta includes eight concessions that cover an area of 5,600 hectares and is a copper/silver exploration prospect.

(Expressed in US dollars)

10. Trade and other payables

	As at March 31, 2024 $	As at December 31, 2023 $
Accounts payable and accrued liabilities (1)	**10,921,863**	11,534,994
Accrued profit sharing (2)	**641,926**	2,414,125
Wages and benefits payable	**1,966,443**	1,408,327
	13,530,232	15,357,446

(1) Including $314,559 of dividends paid in April 2024 ($329,822 as at December 31, 2023 of dividends paid in January 2024).

(2) Under Peruvian labor laws, the Corporation is required to distribute 8% of its annual taxable income before tax to employees for each of its Peruvian subsidiary. Amounts accrued as at December 31 are paid in March of the following year.

11. Leases

The Corporation has leases for the land of the Chala plant, office spaces and some of its rolling stock. The leases have an initial term of 2 to 12 years, and some have a renewal option after that date. The lease terms are negotiated individually and encompass a wide range of different terms and conditions.

Right-of-use assets

	Land $	Building $	Total $
Costs			
Balance, January 1, 2024	730,139	127,860	857,999
Balance, March 31, 2024	730,139	127,860	857,999
Accumulated Depreciation			
Balance, January 1, 2024	134,231	110,812	245,043
Depreciation	15,785	6,393	22,178
Balance, March 31, 2024	150,016	117,205	267,221
Net book value, March 31, 2024	**580,123**	**10,655**	**590,778**

These right-of-use assets are located in Peru except for $10,655 in Canada ($17,048 as at December 31, 2023).
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(Expressed in US dollars)

11. Leases (continued)

Right-of-use assets (continued)

	Land $	Building $	Total $
Costs			
Balance, January 1, 2023	730,139	606,743	1,336,882
Disposals and cancellations	-	(478,883)	(478,883)
Balance, December 31, 2023	730,139	127,860	857,999
Accumulated Depreciation			
Balance, January 1, 2023	72,173	564,121	636,294
Depreciation	62,058	25,574	87,632
Disposals and cancellations	-	(478,883)	(478,883)
Balance, December 31, 2023	134,231	110,812	245,043
Net book value, December 31, 2023	**595,908**	**17,048**	**612,956**

Lease liabilities

	As at March 31, 2024 $	As at December 31, 2023 $
Balance, beginning of the period	**635,691**	701,232
Repayment of lease liabilities and interests' payments	**(33,475)**	(65,541)
Balance, end of the period	**602,216**	635,691

The future minimum lease payments due for the next years are as follows:

	As at March 31, 2024 $	As at December 31, 2023 $
Within one year	**73,543**	95,777
1 to 2 years	**83,521**	83,570
2 to 5 years	**260,091**	258,626
After 5 years	**393,525**	416,407
	810,680	854,380
Less: implicit interest from 5.0% to 7.0% (2023 – 5.0% to 7.0%)	**(208,464)**	(218,689)
	602,216	635,691
Less: current portion	**35,465**	56,879
	566,751	578,812

Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of a lease liability is $40,000 for the three-month periods ended March 31, 2024 and ($70,000 for the three-month period ending March 31, 2023) and relates to short term leases.

The Corporation has short-term lease agreements (less than 12 months). As at March 31, 2024, future minimum lease payments required to meet obligations total $75,000 ($100,000 as at December 31, 2023).

(Expressed in US dollars)

12. Asset retirement obligations

The table below presents the reconciliation of the provision for asset retirement obligations for the periods ended:

	As at March 31, 2024 $	**As at December 31, 2023 $**
Balance, beginning of the period	**3,723,833**	3,642,247
Accretion of discounted cash flows	**22,227**	81,586
Balance, end of the period	**3,746,060**	3,723,833

The provision for closure of production facilities and exploration projects represents the present value of the closure costs that are expected to be incurred between the years 2024 and 2038 for the Veta Dorada Plant. These estimates are based on studies prepared by independent advisers that meet the environmental regulations in effect. The provision for closure of the production facilities corresponds mostly to activities that must be carried out for restoring the areas affected by operation and production activities. The principal works to be performed correspond to earthworks, re-vegetation efforts and dismantling of the production facilities. Closure budgets are reviewed regularly to consider any significant change in the studies conducted. Nevertheless, the closure costs will depend on the market prices for the closure works required, which would reflect future economic conditions. Also, the time when the disbursements will be made depends on the useful life of the facilities.

As of March 31, 2024, and December 31, 2023, the future value of the provision for closure of facilities and exploration projects is $4.8 million which has been discounted using annual risk-free rates up to 2.47% in periods of up to 14 years.

The Corporation believes that this provision is sufficient to meet the current environmental protection laws approved by the Ministry of Energy and Mines (MEM). As of March 31, 2024, and December 31, 2023, the Corporation has constituted letters of credit in favor of the MEM for $3,618,993 to secure closure plans of its production facilities.

(Expressed in US dollars)

13. Share capital

a) Shares authorized

Unlimited number of common shares, without par value.

Issued and fully paid

Movements in the Corporation's share capital during the three-month periods ended March 31, 2024 and 2023, are as follows:

	2024		2023	
	Numbers of common shares	**Amount $**	**Numbers of common shares**	**Amount $**
Balance beginning of year	**37,387,231**	**21,867,982**	38,457,128	22,413,093
Exercise of share purchase options i)	**62,925**	**128,802**	-	-
Repurchase of common shares ii)	**(926,800)**	**(542,090)**	(29,080)	(16,948)
Balance, end of period	**36,523,356**	**21,454,694**	38,428,048	22,396,145

i) During the three-month period ended March 31, 2024, a total of 62,925 stock options were exercised (none for the three-month period ended March 31,2023) under the Plan for a cash consideration of $88,524 (CA$119,236). Upon exercise, an amount of $40,278 which had been attributed to those stock options were reclassified from contributed surplus to share capital.

ii) In 2023, the TSX has approved the new NCIB, over a period of twelve months commencing on May 5, 2023 and ending May 4, 2024, under which Dynacor may purchase, for cancellation, with a daily maximum of 5,719 shares, up to 3,490,716 common shares or approximately 10% of its public float as of April 26,2023.

In 2022, the TSX had approved the new NCIB, over a period of twelve months commencing on May 5, 2022 and ending May 4, 2023, under which Dynacor may purchase, for cancellation, with a daily maximum of 6,085 shares, up to 3,082,382 common shares or approximately 10% of its public float as of April 20, 2022.

The extent to which Dynacor repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations, as determined by the Corporation's management team. The purchases will be funded from existing cash balances.

For the three-month period ending March 31, 2024, the Corporation has repurchased 926,800 common shares for a total cash consideration of $2,751,498 (CA$ 3,705,613), an average repurchase cost of $2.97 (CA$4.00) per share. Total cash consideration paid exceeded by $2,209,408 the respective book value of the shares repurchased. This excess was recorded as a reduction of retained earnings in the Consolidated Statement of Changes in Equity.

For the three-month period ending March 31, 2023, the Corporation has repurchased 29,080 common shares for a total cash consideration of $64,553 (CA$ 86,538), an average repurchase cost of $2.22 (CA$2.98) per share. Total cash consideration paid exceeded by $47,605 the respective book value of the shares repurchased. This excess was recorded as a reduction of retained earnings in the Consolidated Statement of Changes in Equity.

In May 2024, subsequent to period end, the TSX has approved the new NCIB, over a period of twelve months commencing on May 6, 2024 and ending May 5, 2025, under which Dynacor may purchase, for cancellation, with a daily maximum of 9,362 shares, up to 2,928,607 common shares or approximately 10% of its public float as of April 22,2024.

(Expressed in US dollars)

13. Share capital (continued)

b) Share purchase options

On August 14, 2007, the Board adopted a stock option plan (the "Plan") whereby they may grant to directors, officers, employees, or consultants options to acquire common shares up to 10% of the issued and outstanding common shares. The Board has the authority to determine the terms, limits, restrictions and conditions of the grant of options, to interpret the Plan and make all decisions relating thereto. The option exercise price is established by the Board and may not be lower than the market price of the common shares at the time of grant. The total amount of shares issuable under the Plan is 2,750,000 common shares. The options may be exercised during a period determined by the Board, which may vary, but will not exceed ten years from the date of the grant. At the June 20, 2023 annual meeting of shareholders, the shareholders approved a Board resolution authorizing an amendment to the Plan introducing a cashless exercise mechanism and a net exercise mechanism for options and to remove a reference to the addition of a cashless exercise feature from the section relating to the procedure of amendment of the Stock Option Plan.

There are 2,750,000 of the Corporation's common shares which may be issued pursuant to the exercise of share options granted under the Plan. Of this number, 1,486,980 shares were issued as at March 31, 2024 (1,424,055 shares as at December 31, 2023) leaving a balance of 1,263 020 shares available to be issued under the Plan (1,325,945 as at December 31, 2023).

Movements in the Corporation's share purchase options during the three-month periods ended March 31, 2024 and 2023, are as follows:

	2024		2023	
	Numbers of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		CA$		**CA$**
Balance, beginning of period	**1,185,750**	**2.35**	758,250	1.80
Exercised	**(62,925)**	**1.90**	-	-
Balance, end of period	**1,122,825**	**2.37**	758,250	1.80
Exercisable options	717,450	2.10	537,500	1.81

The weighted average share price for the share options exercised during the three-month period ended March 31, 2024, at the date of the exercise is CA$4.01 (no option were exercised during the three-month period ended March 31, 2023).

For the three-month period ended March 31, 2024, the total share-based compensation costs amounted to $41,654 and was charged to the consolidated statement of comprehensive income ($8,018 for the three-month period ended March 31, 2023).

c) Deferred share units "DSU"

Effective May 11, 2015, the Corporation put in place the DSU Plan, whereby the Board may grant to its directors, senior officers and shareholders DSUs. DSUs are units that are credited to an eligible participant's account, the value of which, on a particular date, shall be equal to the fair market value of the Corporation's common share for such date. The Board has the authority to determine the number of DSUs to be awarded and the terms and conditions of each award. At the March 31, 2024, 1,000,000 shares are reserved for issuance under the DSU Plan and 172, 510 have already been settled. DSUs can only be settled following departure from the Corporation in accordance with the terms of the DSU Plan.

A summary of the activity related to the Corporation's DSUs during the three-month period ended March 31, 2024 and 2023, is provided below.

	2024		2023	
	Numbers of DSUs	**Cost $**	**Numbers of DSUs**	**Cost $**
Balance, beginning and end of period	**636,844**	**1,159,508**	501,646	806,844

There was no movement related to the Corporation's DSUs during the three-month periods ended March 31, 2024 and 2023. Consequently, the Corporation has not recorded any compensation costs relating to DSU's in the condensed interim consolidated statement of comprehensive income.

(Expressed in US dollars)

13. Share capital (continued)

d) Dividends

The following dividends were declared by the Corporation:
- Three monthly dividend cumulating CA$0.035 per qualifying common share during the three-month period ended March 31, 2024 resulting in a total dividend amounting to $953,898 (CA$1,288,183).
- Twelve monthly dividend cumulating CA$0.12 per qualifying common share during the year ended December 31, 2023 resulting in a total dividend amounting to $3,447,801 (CA$4,647,296).

14. Earnings per share

Both the basic and diluted earnings per share have been calculated using the net income as the numerator, i.e. no adjustment to net income was necessary during the three-month periods ended March 31, 2024 and 2023.

	Three-month periods ended March 31,	
	2024	**2023**
Net income for the period	**$4,780,620**	$4,467,438
Weighted average number of common shares outstanding	**36,878,716**	38,434,187
Dilutive share purchase options and DSUs (1)	**567,855**	803,769
Weighted average number of outstanding shares for diluted earnings per share	**37,446,571**	39,237,956
Basic earnings per share	**$0.13**	$0.11
Diluted earnings per shares (1)	**$0.13**	$0.11

(1) As at March 31, 2024, and March 31, 2023, no stock options are excluded from the diluted earnings per share since their exercise price are lower than the average market price for Dynacor shares during the three-month period ended March 31, 2024 and March 31, 2023.

(Expressed in US dollars)

15. Information included in the consolidated statements of comprehensive income

The following table provides a breakdown of employee remuneration:

	Three-month periods ended March 31, 2024 $	2023 $
Salaries and short-term employee benefits		
Cost of sales	**1,582,145**	1,410,273
General and administration expenses	**902,881**	820,685
Other project expenses	**124,046**	-
Salaries and short-term employee benefits	**2,609,072**	2,230,958
Share-based compensation		
General and administration expenses	**41,654**	8,018
Total employee remuneration	**2,650,726**	2,238,976

	Three-month periods ended March 31, 2024 $	2023 $
Cost of sales		
Ore	**50,259,557**	41,297,945
Salaries, benefits and other employee expenses	**1,725,429**	1,535,279
Production supplies	**1,455,633**	1,578,660
Transportation	**2,101,519**	1,729,435
Other production costs	**571,736**	655,193
Provision for impairment of accounts receivable	**(5,883)**	10,863
Depreciation of property, plant and equipment and of right-of-use assets	**801,642**	744,636
Peruvian profit-sharing expense	**494,205**	508,062
Variation of finished goods – Gold dore bars	**2,661,380**	1,331,864
Variation of gold in process inventory	**(1,480,291)**	(487,747)
	58,584,927	48,904,190
General and administrative expenses		
Salaries and benefits and other employee expenses	**911,967**	828,463
Office and other expenses	**225,648**	214,071
Professional fees	**169,903**	185,792
Promotion, investor relation and corporate expenses	**65,779**	95,186
Travel expenses	**67,432**	57,275
Depreciation of property, plant and equipment and of right-of-use assets	**83,509**	39,638
Peruvian profit-sharing expense	**138,389**	124,725
	1,662,627	1,545,150
Share-based compensation:		
Options	**41,654**	8,018
	1,704,281	1,553,168

(Expressed in US dollars)

15. Information included in the consolidated statements of comprehensive income (continued)

	Three-month periods ended March 31, 2024 $	2023 $
Financial income		
Interest and other financial income	**282,223**	237,580
Financial expenses		
Interest on lease liabilities	**10,089**	11,139
Other interest and financial expenses	**79,381**	53,521
Accretion expense on asset retirement obligation	**22,227**	20,397
	111,697	85,057

	Three-month periods ended March 31, 2024 $	2023 $
Depreciation		
Depreciation of property, plant and equipment	**785,857**	729,122
Depreciation of right-of-use assets	**15,785**	15,514
Depreciation included in costs of sales	**801,642**	744,636
Depreciation of property, plant and equipment	**77,116**	33,245
Depreciation of right-of-use assets	**6,393**	6,393
Depreciation included in general and administration expenses	**83,509**	39,638
	885,151	784,274

Income taxes

The major components of the income tax expense are:

	Three-month periods ended March 31, 2024 $	2023 $
Current income tax	**2,577,434**	1,978,852
Deferred income tax	**(16,230)**	(191,311)
	2,561,204	1,787,541

During the three-month period ended March 31, 2024, $175,000 of withholding tax on dividend was paid (none during the three-month period ended March 31, 2023).

During the three-month period ended March 31, 2024, the Corporation recognized a deferred tax recovery in the amount of (-$16,230) (-$191,311 for the three-month period ending March 31, 2023) mainly related to the difference between the carrying amount for accounting purposes (which reflects the historical cost in the entity's functional currency) and the underlying tax basis (which reflects the current local tax cost, translated into the functional currency using the current foreign exchange rate).

(Expressed in US dollars)

16. Information included in the statements of cash flows

	Three-month periods ended March 31, 2024 $	2023 $
Changes in working capital items		
Accounts receivable	**1,390,617**	1,431,376
Current tax liabilities	**408,804**	(136,250)
Inventories	**4,603,852**	4,534,260
Prepaid expenses	**(564,028)**	(502,684)
Trade and other payables	**(1,899,270)**	(583,226)
	3,939,975	4,743,476

17. Related party transactions and disclosures

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 for 2024 (none for 2023) and Vice President Operations, Latin America.

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

	Three-month periods ended March 31, 2024 $	2023 $
Salaries, benefits and directors' fees	**400,810**	433,336
Share-based compensation (1)	**41,146**	5,440
	441,956	438,776

(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 $17,509 for the three-month period ended March 31, 2024 ($19,106 for the three-month period ended March 31, 2023).

A Director charged consulting fees relating to the revision of ESG procedures and amounting to $10,963 for the for the three-month period ended March 31, 2023 (none for the three-month period ended March 31, 2024).

18. Contingencies and other commitments

Sunat 2015 / 2016 / 2017 audits

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 $16.0 million including $12.0 million in penalties and interests. Additional penalties and interests since the notices of assessment are estimated at $1.4 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.

Other commitments

The Corporation has contractual commitments with suppliers. As at March 31, 2024, the obligations are $525,000 over the next three years ($540,000 as at December 31, 2023).