Dynacor Group Inc.

Management Discussion and Analysis

For the nine-month period ended

September 30, 2022

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 nine-month period ended September 30, 2022 ("Q3-2022") as well as the subsequent period up to November 10, 2022. This MD&A should be read in conjunction with Dynacor's audited consolidated financial statements as at and for the year ended December 31, 2021 (the "Annual Financial Statements"), and is intended to supplement and complement the unaudited condensed interim consolidated financial statements and notes thereto as of September 30, 2022, and for the three-month periods and for the nine-month periods ended September 30, 2022 and 2021 (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 subsidiary, as it may apply. The information provided herein, effective as of November 10, 2022, 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.sedar.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 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 November 10, 2022.

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

Listing

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

Business and strategy

Dynacor's activities consist of the production of gold and silver from the processing of purchased ore and 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"). During 2019, the Corporation has entered into an agreement with a group of artisanal miners for them to extract ore from Tumipampa which we then purchase and transport to our plant for process. A total volume exceeding 1,900 tonnes was extracted since 2019.

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, as well as to face difficult market conditions by not being required to rely on the equity markets to raise capital. During 2021, the Corporation increased its Veta Dorada processing plant capacity by 25% and has plans for further increase in the near future.

In July 2021, the Corporation obtained a favorable court order for the release of more than 60% of the 2,650 ounces shipment retained by the Peruvian authorities in December 2019. The portion of the shipment subject to the court order was exported during the third quarter of 2021. The Corporation cannot predict at this time when the remaining portion of the retained shipment will be released by the authorities and therefore this retained portion is still classified under other non-current assets as at September 30, 2022.

Covid-19 Update

In 2020, the Covid-19 became a worldwide crisis. Following the state of emergency decree in Peru, which was declared on March 16, 2020, the Corporation had to temporarily stop its ore purchase and process operations. On June 6, 2020, the Corporation successfully resumed its operations.

Vaccination campaign in Peru has progressed significantly in the second half of 2021 and the Corporation continued taking actions to protect its employees and suppliers as it pursued its operational growth. Although the pandemic appears to be losing strength worldwide, we cannot predict at this time if further waves of the virus in the near future could have a material impact on the Corporation's activities, cash flow and liquidities. 100% of our Peruvian employees have received three doses of vaccination.

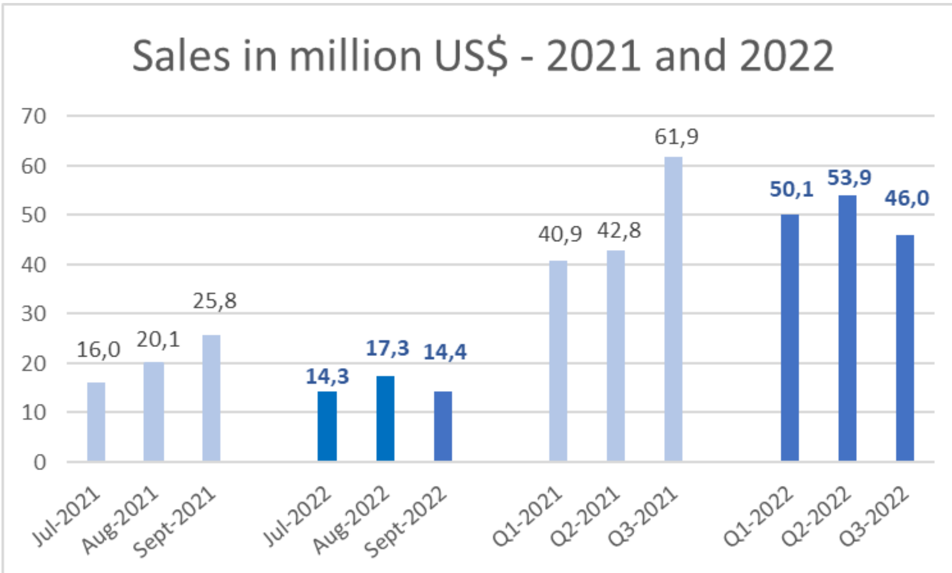
Although the Corporation succeeded going through the crisis with limited effect, the duration and future impacts of this pandemic are still unknown, therefore it could still have a prospective material impact on the Corporation's activities, cash flow and liquidities. The Corporation has taken and will continue to take actions to minimize any eventual impacts.

The Covid-19 virus crisis and economic uncertainties impacted stock markets. The markets will remain volatile at least until this world crisis ends.

1-Q3-2022 – OVERVIEW AND HIGHLIGHTS

OVERVIEW

Dynacor completed the three-month period ended September 30, 2022 ("Q3-2022") with quarterly sales of $46.0 million and a net income of $0.8 million (US$0.02 per share) compared to sales of $61.9 million and a net income of $3.5 million (US$0.09 per share) for the third quarter of 2021 ("Q3-2021"). The 2022 third quarter financial results were below expectations due to lower ore grades delivered to the plant and lower market gold prices during the quarter.



While the plant continued operating at its 430 tpd capacity, the ore volume processed increased by 3.1% compared to Q3-2021. The sales decrease, compared to Q3-2021, is mainly explained by a 16.0% decrease in ore grades processed which affected our gold production and volume of gold sold. The Q3-2021 gold production was by far the 2021 highest quarter, due to higher-than-average grade of ore supplied.

Q3-2021 beneficiated as well from the $2.9 million sale of 1,600 ounces of gold which had been retained in December 2019 and released, for export and sale, in September 2021.

HIGHLIGHTS

Operational

- **Higher volume processed.** The plant processed a volume of 37,410 tonnes of ore (407 tpd average) compared to 36,281 tonnes in Q3-2021 (394 tpd), a 3.1% increase;
- **Reduced gold production.** In Q3-2022, gold equivalent production amounted to 27,252 AuEq ounces compared to 31,889 AuEq ounces in Q3-2021 a 14.5% decrease;
- **Increase ore inventories during the quarter.** At the end of Q3, ore inventories amounted to over 9,000 tons of ore representing over 20 days of production.

Financial

- **Solid cash position.** Cash on hand remained solid at $31.0 million at the end of Q3-2022 compared to $27.1 million at year end 2021 due to the cash generated by operating activities;
- **Decreased sales compared to Q3-2021.** Due to lower volume produced and sold and lower average gold market price, sales amounted to $46.0 million in Q3-2022 compared to $61.9 million in Q3-2021;

Financial (continued)

- **Decreased in gross operating margin**. Gross operating margin of $4.5 million (9.8% of sales) in Q3-2022, compared to $7.9 million (12.7% of sales) in Q3-2021 due to lower volume sold and decreasing gold prices during the period compared to an increasing trend in the comparative period;
- **Reduced operating income**. Operating income of $3.2 million in Q3-2022 compared to $6.6 million in Q3-2021 due to the decrease in the gross margin;
- **Earning per share affected by reduced gross margin and increased tax expense.** Dynacor recorded a net income of $0.8 million in Q3-2022 ($0.02 or CA$0.03 per share) compared to $3.5 million ($0.09 or CA$0.12 per share) in Q3-2021;
- **Decreased cash gross operating margin per AuEq ounce**. Cash gross operating margin of $197 per AuEq ounce sold [(1)] compared to $242 in Q3-2021;
- **Decreased EBITDA**. EBITDA [(2)] of $3.8 million, compared to $7.2 million in Q3-2021;
- **Decreased cash flows.** Cash flows from operating activities before change in working capital items of $2.0 million ($0.05 per share) [(3)] compared to $4.4 million ($0.11 per share) in Q3-2021.

Return to Shareholders

- **Share buy-back**. 213,655 common shares repurchased for $0.5 million (CA$0.6 million) in Q3-2022, compared to 59,914 common shares for $0.1 million (CA$0.2 million) in Q3-2021;
- **Increased dividends.** Continuation of monthly dividend payments which had been increased by 25% at the start of 2022 to CA$0.10 per share per year which represented a 3.2% dividend yield based on the beginning of 2022 share price or 3.9% based on the share price at the end of Q3-2022.

(*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. 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. 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.12 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. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. This measure is calculated on p.12 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

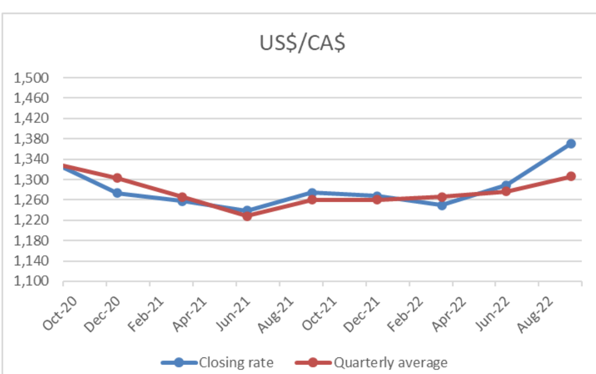
During Q3-2022, the market price of gold averaged $1,728/oz, compared to $1,789/oz in Q3-2021 a decrease of 3.4%.

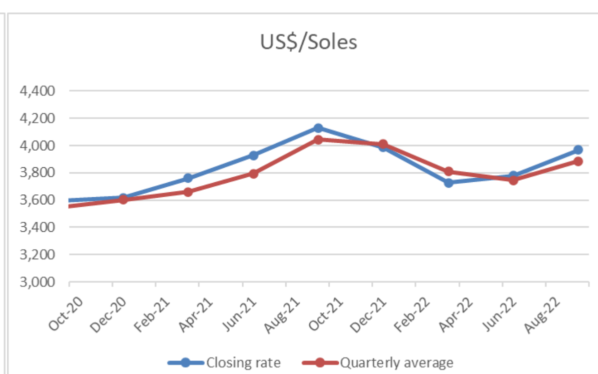
Below, are presented the charts of the overall market price of gold for the first months of 2022 and for 2021. In 2022, and contrary to 2021, the gold market price followed an increasing trend until mid April followed by a continuous decreasing trend. On November 10, 2022 the gold market price was $1,710/oz. This gold price context impacts our level of sales and margin.

Exchange rates

The quarter-end and quarterly average exchange rates for 2022 and 2021 were as follows:

	US$/CA$		US$/Soles	
	2022	**2021**	**2022**	**2021**
September 30 (closing rate)	1.371	1.274	3.968	4.128
Q3 (average rate)	1.306	1.260	3.887	4.043
June 30 (closing rate)	1.289	1.239	3.779	3.929
Q2 (average rate)	1.277	1.228	3.747	3.794
March 31 (closing rate)	1.250	1.258	3.726	3.762
Q1 (average rate)	1.266	1.266	3.811	3.660
December 31 (closing rate)		1.268		3.985



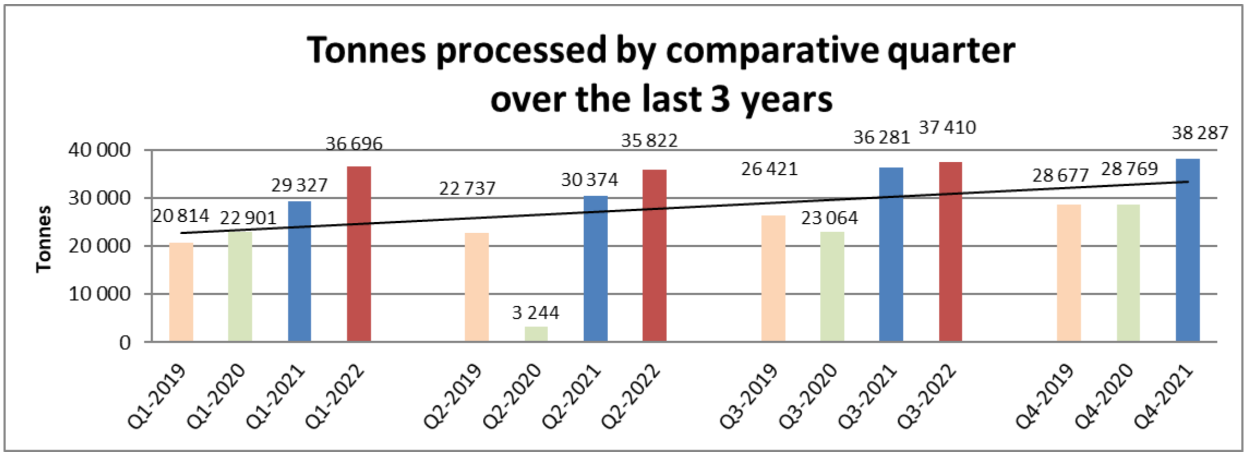


At the date of this report the exchange rate US$/Soles is 3.91.

The Corporation has not entered into any hedging contracts.

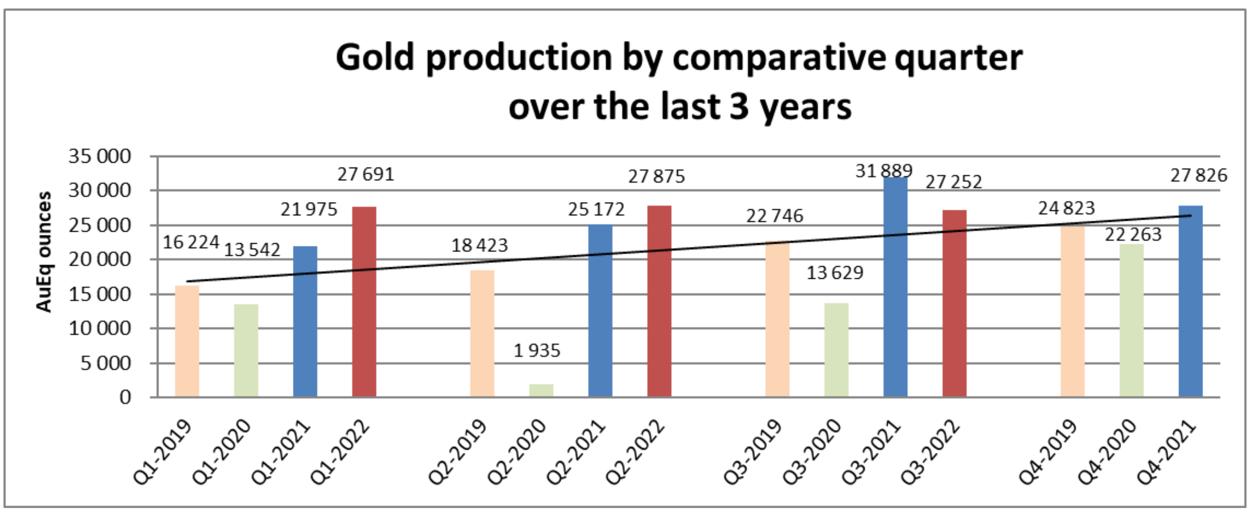
3-OVERALL PERFORMANCE

In Q3-2022, the plant processed 37,410 tonnes which means at its maximum throughput all through the quarter.



During the third quarter of 2022, our daily average production rate reached 407 tpd.

As shown in the figure below in the red columns, our Q3-2022 gold production of 27,252 AuEq ounces was slightly below the first quarters of 2022 due to lower grades of ore processed. Our Q3-2021 gold production of 31,889 AuEq ounces was the highest quarter of 2021 and had benefited from way above average ore grade supplied to the plant.



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 September 30, 2022	2021	Nine-month periods ended September 30, 2022	2021
Sales	**45,998**	61,941	**150,022**	145,627
Cost of sales	**(41,485)**	(54,075)	**(131,699)**	(125,941)
Gross operating margin	**4,513**	7,866	**18,323**	19,686
General and administrative expenses	**(1,229)**	(1,224)	**(4,382)**	(4,434)
Other project expenses	**(104)**	-	**(209)**	(16)
Operating income	**3,180**	6,642	**13,732**	15,236
Financial income and expenses	**64**	(77)	**(24)**	(185)
Foreign exchange loss	**(127)**	(80)	**(210)**	(371)
Income before income taxes	**3,117**	6,485	**13,498**	14,680
Current income tax expense	**(1,984)**	(2,695)	**(5,308)**	(6,084)
Deferred income tax (expense) recovery	**(332)**	(272)	**313**	(810)
Net income and comprehensive income	**801**	3,518	**8,503**	7,786
Earnings per share				
Basic	**$0.02**	$0.09	**$0.22**	$0.20
Diluted	**$0.02**	$0.09	**$0.21**	$0.20

Total sales amounted to $46.0 million compared to $61.9 million in Q3-2021. The $15.9 million decrease is explained by lower quantities of gold ounces sold (-23.3% or -$14.4 million) due to the 16.0% decrease in ore grades compared to Q3-2021 which had the highest 2021 quarterly average grade and to the lower average gold price (-$1.5 million).

Cumulative nine-months sales increased by $4.4 million compared to last year with higher average prices and quantities sold contributing respectively to a $2.4 and $2.0 million increase.

The Q3-2022 gross operating margin amounted to $4.5 million (9.8% of sales) compared to $7.9 million (12.7% of sales) in Q3-2021. The Q3-2022 gross operating margin was negatively impacted by lower grades affecting our unit cost of production and by the unfavorable trend in gold market prices during the period compared to an opposite favorable trend in Q3-2021.

General and administrative expenses amounted to $1.2 million in Q3-2022 comparable to Q3-2021.

The Q3-2022 net income was also affected by the recording of a $2.3 million income tax expenses including $0.3 million of withholding tax paid on dividends received from the subsidiary and a $0.3 million (non-cash) deferred income tax expense. The deferred tax expense or recovery is mainly explained by the variance throughout the period of the Peruvian Sol against the US$ which affect long term assets local tax basis. Future fluctuations will affect positively or negatively the deferred tax at the end of each period.

Production, sales and gross operating margin

Gold production and sales for the three and nine-month periods ended September 30, 2022 and 2021, are summarized as follows:

	Three-month periods ended September 30,		Nine-month periods ended September 30,	
	2022	**2021**	**2022**	**2021**
	ounces	ounces	**ounces**	ounces
Gold Production (AuEq ounces)	**27,252**	31,889	**82,818**	79,036
Gold sales (AuEq ounces)	**26,753**	34,891	**82,370**	81,250
	($'000)	($'000)	**($'000)**	($'000)
Total sales	**45,998**	61,941	**150,022**	145,627
Total cash cost of sales (1)	**(40,728)**	(53,476)	**(129,612)**	(124,193)
Cash gross operating margin (2)	**5,270**	8,465	**20,410**	21,434
Depreciation	**(757)**	(599)	**(2,087)**	(1,748)
Gross operating margin	**4,513**	7,866	**18,323**	19,686
Gross Operating Margin per AuEq ounce sold ($/ounce)	**169**	225	**222**	242
Average gold market price ($/ounce)	**1,728**	1,789	**1,825**	1,801
Cash gross operating margin per AuEq ounce sold	**$/ounce (*)**	$/ounce (*)	**$/ounce (*)**	$/ounce (*)
Average selling price	**1,719**	1,775	**1,821**	1,792
Average cash cost of sales (3)	**(1,522)**	(1,533)	**(1,574)**	(1,529)
Cash gross operating margin (4)	**197**	242	**247**	263

(*) per AuEq ounce sold

The cash gross operating margin amounted to $197/oz in Q3-2022 compared to $242/oz in Q3-2021. The variance is mostly due to lower grades of ore processed which are impacting our production and our unit costs.

(1) Cash cost of sales is the cost of sales and is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another corporation. 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. 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. 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. 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 Q3-2022 and Q3-2021 and between the nine-month period ending September 30, 2022 and 2021 are as follows:

(in million $)	**Q3-2022 vs. 2021**
Net income Q3-2021	**3.5**
Decrease in gross operating margin	(3.4)
Decrease in income tax expenses (current and deferred)	0.7
Total variances	**(2.7)**
Net income Q3-2022	**0.8**

(in million $)	**YTD-2022 vs. 2021**
Net income YTD-2021	**7.8**
Decrease in gross operating margin	(1.4)
Increase in other project expense	(0.2)
Decrease in financial expense net of financial income	0.2
Decrease in foreign exchange loss	0.2
Decrease in income tax expenses (current and deferred)	1.9
Total variances	**0.7**
Net income YTD-2022	**8.5**

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 September 30, 2022	2021	Nine-month periods ended September 30, 2022	2021
Reconciliation of net income and comprehensive income to EBITDA (1)				
Net income and comprehensive income	**801**	3,518	**8,503**	7,786
Income tax expenses (current and deferred)	**2,316**	2,967	**4,995**	6,894
Financial expenses	**(64)**	77	**24**	185
Depreciation	**799**	666	**2,269**	1,957
EBITDA (1)	**3,852**	7,228	**15,791**	16,822
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)	**1,958**	4,364	**10,588**	10,657
Basic weighted average number of common shares outstanding ('000)	**38,791**	38,919	**38,722**	38,867
Net cash flow from operating activities before change in working capital items per share (2)	**$0.05**	$0.11	**$0.27**	$0.27

(1) EBITDA: "Earnings before interest, taxes and depreciation" is a non-IFRS financial performance measure with no standard definition under IFRS. It is therefore possible that this measure could not be comparable with a similar measure of another Corporation. The Corporation uses this non-IFRS measure as an indicator of the cash generated by the operations and allows investor to compare the profitability of the Corporation with others by canceling effects of different assets bases, effects due to different tax structures as well as the effects of different capital structures. 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. 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 September 30, 2022 and 2021.

Ore processing production statistics summary	Q3-2022	Comments and explanations over variances	Q3-2021	Variance in %
Tonnes processed	37,410	As per last year, the plant ran at full capacity during the quarter.	36,281	+3.1%
Average daily tonnes processed (1)	407	Consistent with variances in tonnes processed.	394	+3.3%
Ounces produced (AuEq ounce)	27,252	In line with the increase in tonnes processed at a lower grade.	31,889	(14.5%)
Ounces sold (AuEq ounce)	26,753	In line with production and variance in inventories.	34,891	(23.3%)
Financial summary				
Sales (million $)	46.0	Decrease due to lower quantities sold (-$14.4 million) at a lower average gold price (-$1.5 million).	61.9	(25.7%)
Average selling price per AuEq ounce sold ($)	1,719	Consistent with the average gold market price and the timing of exports.	1,775	(3.2%)
Gross operating margin (million $)	4.5	Decrease attributable to lower sales and the decreasing gold market price during the quarter.	7.9	(43.0%)
Gross operating margin (% of sales)	9.8%	Decrease mainly attributable to the decreasing gold market price during the quarter.	12.7%	(22.8%)
Gross operating margin per AuEq ounce sold ($)	169	Consistent with the decrease in average selling prices and the decrease in gross operating margin as a % of sales.	225	(24.9%)
Cash gross operating margin per AuEq ounce sold ($)	197	Consistent with the decrease in gross operating margin as a % of sales.	242	(18.6%)
EBITDA (million $)	3.8	Consistent with the decrease in gross operating margin.	7.2	(47.2%)
Cash flows before changes in working capital items (million $)	2.0	Mainly due to decrease in gross operating margin.	4.4	(54.5%)
Net cash flow from operating activities before change in working capital items per share ($)	0.05	In line with the decrease in cash-flow before change in working capital items.	0.11	(54.5%)
Net income (million $)	0.8	Main variances coming from the decrease in gross operating margin (-$3.4 million) partially offset by decrease in income tax charge ($0.7 million).	3.5	(77.1%)
Earnings per share ($)	0.02	In line with changes in net income and the number of outstanding shares.	0.09	(77.8%)

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

(1) Considering 92 days

Below is the table explaining the variances between the nine-month periods ended September 30, 2022 and 2021.

Ore processing production statistics summary	YTD-2022	Comments and explanations over variances	YTD-2021	Variance in %
Tonnes processed	109,928	Due to the 25% increase in plant capacity to 430 tpd progressively implemented in Q2-2021.	95,982	+14.5%
Average daily tonnes processed (1)	403	Consistent with variances in tonnes processed.	352	+14.5%
Ounces produced (AuEq ounce)	82,818	In line with the increase in tonnes processed at a lower grade.	79,036	+4.8%
Ounces sold (AuEq ounce)	82,370	In line with production and variance in inventories.	81,250	+1.4%
Financial summary				
Sales (million $)	150.0	Increase due to higher quantities sold (+$2.4 million) at a higher average gold price (+$2.0 million).	145.6	+3.0%
Average selling price per AuEq ounce sold ($)	1,821	Consistent with the average gold market price and the timing of exports.	1,792	+1.6%
Gross operating margin (million $)	18.3	Decrease mainly due to the decreasing gold market price since mid April 2022.	19.7	(7.1%)
Gross operating margin (% of sales)	12.2%	Decrease mainly due to the decreasing gold market price since mid April 2022.	13.5%	(9.6%)
Gross operating margin per AuEq ounce sold ($)	222	Consistent with the increase in average selling prices and the decrease in gross operating margin as a % of sales.	242	(8.3%)
Cash gross operating margin per AuEq ounce sold ($)	247	Consistent with the decrease in gross operating margin.	263	(6.1%)
EBITDA (million $)	15.8	Consistent with the decrease in gross operating margin.	16.8	(6.0%)
Cash flows before changes in working capital items (million $)	10.6	In line with last year.	10.7	(0.9%)
Net cash flow from operating activities before change in working capital items per share ($)	0.27	In line with last year.	0.27	-
Net income (million $)	8.5	Main variances coming from the decrease in gross operating margin (-$1.4 million) offset by decrease in income tax charge ($1.9 million).	7.8	+9.0%
Earnings per share ($)	0.22	In line with changes in net income and the number of outstanding shares.	0.20	+10.0%

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

(1) Considering 273 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 September 30,**		**Nine-month periods ended September 30,**	
	2022	**2021**	**2022**	**2021**
Operating activities				
Net income, adjusted for non-cash items	**1,958**	4,364	**10,588**	10,657
Change in working capital items	**(2,003)**	1,325	**(1,052)**	(235)
Net cash from operating activities	**(45)**	5,689	**9,536**	10,422
Investing activities				
Acquisition of property, plant and equipment, net of proceeds of disposition	**(738)**	(505)	**(2,485)**	(2,087)
Additions to exploration and evaluation assets	**-**	3	**(23)**	(15)
Net cash used in investing activities	**(738)**	(502)	**(2,508)**	(2,102)
Financing activities				
Payment on asset retirement obligations	**(7)**	(68)	**(114)**	(123)
Repayment of lease liabilities and interest's payments	**(21)**	(40)	**(104)**	(176)
Proceeds from the exercise of stock options	**28**	76	**872**	317
Repurchase of common shares	**(488)**	(126)	**(1,402)**	(443)
Dividends paid	**(747)**	(626)	**(2,267)**	(1,921)
Net cash used in financing activities	**(1,235)**	(784)	**(3,015)**	(2,346)
Change in cash during the period	**(2,018)**	4,403	**4,013**	5,974
Effect of exchange rate changes on cash	**(98)**	(46)	**(73)**	(39)
Cash, beginning of the period	**33,155**	13,446	**27,099**	11,868
Cash, end of the period	**31,039**	17,803	**31,039**	17,803

Operating activities

During Q3-2022, the cash flow from operations, before changes in working capital items, amounted to $2.0 million ($10.6 million for the nine-month period ending September 30, 2022), compared to $4.4 million in Q3-2021 ($10.6 million for the nine-month period ending September 30, 2021).

During Q3-2022, total cash from operating activities amounted to -$0.05 million ($9.5 million for the nine-month period ending September 30, 2022) compared to 5.7 million in Q3-2021 ($10.4 million for the nine-month period ending September 30, 2021). Changes in working capital items amounted to -$2.0 million (-$1.1 million for the nine-month period ending September 30, 2022) compared to $1.3 million in Q3-2021 (-$0.2 million for the nine-month period ending September 30, 2021). The variances are mainly attributable to the variances in inventories and accounts receivable.

Investing activities

During the three-month period ended September 30, 2022, the Corporation invested $0.7 million (cumulative nine-month 2022 of $2.5 million). These amounts are in line with last year and mainly include investments at the plant and new vehicles. All investments are financed with internally generated cash-flows.

Financing activities

In Q3-2022, monthly dividends totaling CA$0.025 per share were disbursed for a total consideration of $0.7 million (CA$1.0 million) (cumulative nine-month of CA$0.075). In Q3-2021, monthly dividends totaling CA$0.020 per share were disbursed for a total consideration of $0.6 million (CA$0.8 million). Increases in monthly dividend per share paid were attributed from June 2021 and then again from January 2022.

In Q3-2022, 213,655 common shares were repurchased under the Corporation normal course issuer bid share buyback program for a total cash consideration of $0.5 million (CA$0.6 million) (cumulative nine-month of 589,851 shares) (59,914 shares for a total cash consideration of $0.1 million (CA$0.2 million) in Q3-2021).

In Q3-2022, the Corporation issued 21,250 common shares following the exercise of purchase options for a consideration of $0.03 million (CA$0.04 million) (cumulative nine-month of 515,930 shares) (54,914 shares for $0.1 million or CA$0.2 million in Q3-2021).

Working capital and liquidity

As at September 30, 2022, the Corporation's working capital increased to $41.6 million, including $31.0 million in cash ($36.4 million, including $27.1 million in cash at December 31, 2021).

6-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in $'000) (unaudited)	As at September 30, 2022	As at December 31, 2021
Cash	**31,039**	27,099
Accounts receivable	**9,396**	8,407
Inventories	**12,240**	14,764
Property, plant and equipment	**21,124**	20,759
Right-of-use assets	**253**	341
Exploration and evaluation assets	**18,538**	18,516
Other assets	**1,648**	1,471
Total assets	**94,238**	91,357
Trade and other payables	**11,218**	11,680
Asset retirement obligations	**3,494**	3,553
Current tax liabilities	**160**	2,217
Deferred tax liabilities	**1,242**	1,555
Lease liabilities	**240**	343
Shareholders' equity	**77,884**	72,009
Total liabilities and equity	**94,238**	91,357
Share price at closing	**CA$2.56**	CA$3.16

Assets and short-term liabilities

As at September 30, 2022, total assets amounted to $94.2 million ($91.4 million as at December 31, 2021). Major variances since last year-end come from the increase in cash and the decrease in inventories and current tax liabilities.

Included in the finished goods-Gold dore bars are the remaining dore bars (1,030 ounces) related to the December 2019 shipment still retained by the Peruvian authorities for control and investigation procedures. We cannot predict when the remaining portion of the shipment will be released by the authorities and therefore, we have classified them under other non-current assets.

Accounts receivable amount to $9.4 million ($8.4 million as at December 31, 2021) and are mainly comprised of trade receivable that were collected in early October ($4.0 million), two months of current sales taxes (IGV) ($4.9 million) of which $4.8 million were collected after period-end and net advances to suppliers for ore purchases ($0.5 million).

Property, plant and equipment amount to $21.1 million ($20.8 million as at December 31, 2021) and are mainly comprised of the Veta Dorada Plant and capitalized rehabilitation costs.

Total exploration and evaluation assets amounted to $18.5 million (same amount as at December 31, 2021) 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	8,811	-	-	-	8,811
Other commitments with suppliers	465	10	100	-	575
Leases liabilities (1)	48	45	58	163	314
Short-term leases	110	-	-	-	110
Asset retirement obligation (2)	40	-	-	4,592	4,632
Total	**9,474**	**55**	**158**	**4,755**	**14,442**

(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.

(in million $)	As at September 30, 2022	As at December 31, 2021
Veta Dorada Plant	3.4	3.4
Tumipampa	0.1	0.2
Total future asset retirement obligation	3.5	3.6

This estimate is subject to change following developments on each site, modifications to laws and regulations or as new information becomes available. As at September 30, 2022 and December 31, 2021, the Corporation has constituted letters of credit in favor of the Ministry of Energy and Mines (MEM) for $2.1 million to secure closure plans of its production facilities and exploration projects.

As at September 30, 2022, the future value of the provision for closure of facilities and exploration projects is $4.6 million ($4.7 million as at December 31, 2021), which is estimated to be disbursed in periods up to 17 years.

Contingencies

On October 26, 2021 the Corporation's Peruvian subsidiary received a notice of assessment from the local tax authorities for the fiscal year 2015 in the amount of 25.6 million Soles ($6.5 million) including 16.3 million Soles ($4.1 million) in penalties and interests. Additional interests since October 26, 2021 are estimated at $0.5 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 deductible transactions. Therefore, the Corporation contested this claim. As at September 30, 2022 no provision has been recorded for the deductibility of ore purchases. Any provision would be recognized in the Corporation's consolidated financial statements if an unfavorable outcome becomes probable.

On October 28, 2022 the Corporation's Peruvian subsidiary received a notice of assessment from the local tax authorities for the fiscal year 2016 in the amount of 13.2 million Soles ($3.3 million) including penalties and interests. 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.

Contingencies (continued)

The Corporation and its legal tax counsel are currently reviewing this notice of assessment and strongly believe that ore purchases are genuine transactions. Therefore, the Corporation will contest this claim. As at September 30, 2022 no provision has been recorded for the deductibility of ore purchases. Any provision would be recognized in the Corporation's consolidated financial statements if an unfavorable outcome becomes probable.

Shareholders' equity

In 2022, 589,851 shares were repurchased and 515,930 options exercised, resulting in a $1.0 million share capital increase.

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 September 30, 2022, 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 September 30, 2022 and December 31, 2021). 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 2022.

7-QUARTERLY REVIEW

(Unaudited, in accordance with IAS 34)

	2022			2021				2020
Financials (in $'000)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Sales	45,998	53,944	50,080	50,279	61,941	42,777	40,909	38,568
Cost of sales	41,485	47,659	42,555	42,909	54,075	36,260	35,606	33,198
Depreciation	799	787	683	682	666	648	643	642
General and administrative expenses	1,229	1,756	1,397	1,374	1,224	2,002	1,208	1,192
Loss (gain) on foreign exchange	127	65	18	(25)	80	189	100	35
Income tax expenses	2,316	1,792	887	1,964	2,967	2,105	1,821	2,658
Net income	801	2,576	5,126	3,995	3,518	2,162	2,106	1,385
Acquisition of property, plant and equipment	792	1,154	629	1,241	562	1,142	494	521
Additional exploration and evaluation	-	23	-	(8)	(3)	20	(2)	(13)
Gross operating margin (%)	9.8%	11.7%	15.0%	14.7%	12.7%	15.2%	13.0%	13.9%
Earnings per share ($)								
Basic	0.02	0.07	0.13	0.10	0.09	0.06	0.05	0.04
Diluted	0.02	0.06	0.13	0.10	0.09	0.06	0.05	0.04

Second quarter results (refer to page 13 for variance analysis).

8-INFORMATION ON OUTSTANDING SHARES

Data concerning outstanding shares (as at November 10, 2022)

	Number
Common shares	38,572,507
DSUs	460,855
Share purchase options	761,781

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 and Vice President Operations.

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

(in $)	Three-month periods ended September 30, 2022	2021	Nine-month periods ended September 30, 2022	2021
Salaries, benefits and directors' fees	**276,552**	267,484	**962,638**	844,503
Share-based compensation (1)	**10,308**	20,448	**136,509**	157,521
	286,860	287,932	**1,099,147**	1,002,024

(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 $13,332 for the three-month period ended September 30, 2022 ($71,162 for the nine-month period ended September 30, 2022) ($9,862 and $89,807 respectively for the same periods of 2021).

A Director charged consulting fees relating to the revision of ESG procedures amounting to $3,603 for the for the three-month period ended September 30, 2022 ($26,302 for the nine-month period ended September 30, 2022) ($2,380 and $34,907 respectively for the same periods of 2021).

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 7,696 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-2022

Ore processing

The decline in ore grades and recent gold prices impacted on the quarter sales.

For 2022, the Corporation maintains its forecasted sales in the range of $200-220 million representing a growth of 4-14% over 2021 sales which could have resulted in a net income in the range of $11-13 million ($0.28-0.33 per share (CA$0.36-0.42 per share). Forecasted sales were based on an additional increased capacity during 2022. This investment is underway as a result of a higher level of ore inventory. The achievement of forecasted sales will depend on the ore grade supplied, gold price and the capacity increase during the fourth quarter.

The Corporation is continuing to assess other opportunities of growth in Peru as well as in other jurisdictions.

(1) Using opening 2022 market gold price of $1,800 per ounce

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, 2021, filed electronically on SEDAR www.sedar.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 Financial Statements, filed electronically on SEDAR at www.sedar.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.

15-NON-IFRS MEASURES

Throughout this document, the Corporation has provided measures prepared according to IFRS as well as some non-IFRS financial performance measures. Because the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, 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. These non-IFRS financial performance measures were reconciled to reported IFRS measures within the document. (Refer to sections 1 and 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 September 30, 2022, the Corporation's DC&P were effective. Since the September 30, 2022 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 September 30, 2022, 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 September 30, 2022, 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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Jean Martineau- President and CEO
Roger Demers, FCPA, ASC- Director
Réjean Gourde, Ing- 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 Operations
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