

# Dynacor Group Says Go for Gold and Support Your Team

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[Dynacor Group Inc.](#) (TSX-DNG) ("Dynacor" or the "Corporation"), recommends that shareholders of its common shares vote on the Gold Proxy to protect their Dynacor investment at the costly special shareholder meeting (the "Requisitioned Meeting") called by iolite Capital Management AG ("the "Dissident") on April 16, 2025.

Why is the Dissident in a Rush? Given that Dynacor's annual meeting of shareholders is set to occur just two months after the Requisitioned Meeting and all nominees hold office only until the next annual general meeting, the actions taken by the Dissident have led to unnecessary costs and disruptions. Shareholders should question why the Dissident is in such a rush. This behavior only exposes that the Dissident is self-serving.

## Key Highlights

Do not be misguided by the Dissident. Shareholders should consider the FACTS below and then vote using only Dynacor's GOLD Proxy.

- The Board has openly and frequently engaged with the Dissident.
- The Dissident rejected a mutually agreeable director nominee offer - a director nominee who would bring additional depth to the already experienced Board.
- The Dynacor Board has a duty to serve its Shareholders. Not the Dissident who is acting in its own self-interest.
- Dynacor and its Shareholders are well-served by the Board who has guided a long track-record of growth and brings a diverse range of expertise and backgrounds in line with the Corporation's business needs and plans.
- Dynacor has strong and proven leadership under CEO Jean Martineau's stewardship - Do not let the Dissident's actions and misdirection erode Dynacor management's outperformance.
- Financing necessary for expansion and long-term growth. The Dissident's lack of insight into incomplete, non-public negotiations and lack of understanding of the Company's need for significant inventory does not recognize this.
- The Corporation's 2025 guidance provides for a foundational year with heavy investment in growth, stable production, and a sales increase.
- Dynacor plans to maintain its dividend policy and will renew its normal course issuer bid to maintain optionality for share buybacks. Note that the Dissident does not support the Corporation's dividend policy.

GO FOR GOLD! Vote using only Management's GOLD Proxy.

- Vote AGAINST the Dissident's resolution to set the number of directors of the Corporation at nine.
- Vote AGAINST the Dissident's resolution to elect Robert Leitz as director.
- Vote FOR Management's resolution providing that the costs associated with the Meeting will be borne by the Dissident, who called the unnecessary Meeting.

Dynacor has engaged in an open, transparent manner with the Dissident, holding multiple meetings with Leitz to judge his suitability for a board position on the 2025 AGM. Dynacor sincerely regrets to inform its shareholders that the Dissident snubbed its suggestion to appoint a new, mutually agreeable board member who would bring additional depth to the already experienced Board. This sound offer would have avoided the expense, distraction and share value destruction incurred by holding a Requisitioned Meeting.

- The Dissident proposed its candidate Leitz two months after the 2024 AGM but not for the 2024 AGM.
- The Dissident was unable to explain its haste and, as The Board slate was full, was advised to wait until the 2025 AGM.

- The Dissident was unable to explain its haste, but did not wish to wait. In total, over 10 meetings (in-person and virtual) were held between the Dissident and members of The Board to consider Leitz as a potential board nominee at the 2025 AGM.
- When the position of head of the audit committee of The Board arose in late 2024, Leitz's candidacy was considered but not retained because he did not fulfil the criteria of the nomination committee.
- In 2025, The Board continued to engage with the Dissident, including after its request for a Requisitioned Meeting until Leitz lost the trust of The Board and company management through his behaviour. The Board believes that Dynacor is best served by a diverse, expert but collaborative Board.
- Unfortunately, the Dissident rejected The Board's suggestion to nominate a new board member who was mutually acceptable to both parties. This would have saved shareholders the cost of holding a Requisitioned Meeting, just two months before its scheduled Annual General Meeting ("AGM"). The Board therefore recommends that the Dissident bears the sole expense for the unnecessary meeting.

Leitz's experience is not additive to The Board. Dynacor is well-served by The Board, which has guided a long track record of growth, and whose members are aligned with the company's business needs and plans.

- Dynacor's seasoned board has guided a long track record of growth. This includes 14 years of consecutive profit, over 10 years of net positive cash flow, a growing dividend, a share buyback program, record 2024 performance, and significant expansion milestones. The Corporation's recent conditional offer to acquire a plant in Ecuador is aligned with our strategy of maximizing shareholder value through our expansion into new jurisdictions, diversifying geopolitical risk and by quadrupling ounces by 2030.
- Leitz's experience is not additive to The Board. Seven of Dynacor's eight board members already have M&A experience, all of them have international business expansion experience, and all have experience in capital allocation or financial acumen. Currently, 6/8 are independent. The Board would prefer that any new nomination to the Board be independent and add new expertise, ideally in one of Dynacor's new target jurisdictions.

The Board has a duty to serve the best interests of all shareholders, not just one. The Board listens to shareholders including Leitz and takes informed decisions that are in the best interests of all shareholders.

- The Corporation is open to discussions with its shareholders but does not provide selective disclosure to any particular shareholder.
- From its discussions with Leitz, it was clear for Dynacor and The Board that Leitz prioritized his own self-serving interests over those of all shareholders and did not share the company's values. This was one of the main reasons for The Board's reluctance to add him to the slate.
- The Board had to reject Leitz's idea of preferred shares with no voting rights as there was zero interest from most shareholders at the time. However, the management team evaluated and is participating in a small-scale way in PX Group's proposed e-waste pilot plant project.

Dynacor has a unique business model with an enviable track record of growth that is beginning to attract more investor interest.

- Dynacor began trading on the TSX in 1997 with Jean Martineau as President. Since then, Dynacor has played a foundational role in helping governments improve governance of the artisanal mining sector and minimize environmental damage. It has also improved the quality of life for hundreds of its suppliers through fair pricing, transparent dealing, traceable measures and investment in their communities.
- In 26 years, Dynacor has evolved from a small 50-tpd pilot plant to a 500-tpd gold ore processing plant that is the only publicly traded profitable artisanal gold processor globally. Its score card includes 14 years of consecutive profit, over 10 years of net positive cash flow, a growing dividend, a share buyback program, record 2024 performance and significant expansion milestones. In 2024, it ranked on the TSX30 2024, a rating of the top-performing stocks on the TSX over a three-year period.
- The Corporation is at an exciting inflection point as it begins to execute on its international expansion plans.

The Corporation would not have been able to carry out and act on its international expansion plans without the US\$22.1 million equity financing this year.

- At year-end 2024, Dynacor held approximately US\$61M in net cash and working capital. However, the \$61M includes US\$20M for paid inventory and work in progress. Clearly, this US\$20M is not near-term liquidity, as the Corporation needs reasonable inventory levels to operate efficiently with a rising gold price. The true near-term liquidity amount was about US\$40M, which was insufficient to maintain annual working capital of at least US\$25M while investing in expansion projects.
- The Corporation has budgeted for up to US\$15M in capex for Peru and Senegal in 2025, plus requires up to US\$5M annually for the dividend, which equates very roughly to the annual operating cash flow. This was clearly insufficient to cover working capital in Senegal, carry out environmental impact studies in Africa, and give the Corporation a war chest to acquire the Ecuador processing plant. At the time of the financing, Dynacor had extensively reviewed the plant in Ecuador, was certain of its potential, but had not entered into an agreement with the seller. The financing was carried out in order to be able to carry out the Corporation's immediate expansion plan. Given the current uncertainty in the financial markets, it believes the timing of its financing was appropriate.

Groundwork for the Corporation's strategy to maximize shareholder value creation through international expansion is progressing well.

- Dynacor is delighted with the progress made year to date on its international expansion plans and believes that its strategy of international expansion will be a significant driver of shareholder value.
- Planning for the Senegal 50-tpd pilot plant is progressing well, and construction is on track for start-up in H1-2025.
- If the external due diligence review for the Ecuador plant is positive, the Corporation plans to move swiftly in retrofitting the plant with the aim of generating first cash flow next year.

The Corporation's 2025 guidance provides for a foundational year with stable production, investment in growth, and a sales increase.

- Investment of up to US\$15M for capex in Peru and Senegal in addition to potential for investment of up to US\$25M in capex and working capital to purchase and upgrade the Arkham processing plant in Ecuador and build ore inventory.
- Stable production of between 120,000 -130,000 AuEq oz.
- A 27% increase in sales at midpoint driven by the higher gold price.
- An average gold price of US\$2,800 and US\$3,000/ oz is assumed but at a less dramatic growth rate than achieved in 2024, which is reflected in the budgeted margins. Because the Corporation has a regular inventory turnover rate, small, progressive increases in the gold price are more beneficial to its margin than a single, sharp increase.

Dynacor plans to maintain its dividend policy and will renew its normal course issuer bid to maintain optionality for buybacks

- Since its inauguration, Dynacor has grown the dividend every year to a yield of 3.6% as of April 4, 2025. Dynacor has no plan to change its dividend policy, which it believes instills financial discipline and is appreciated by its largely retail investors.
- The Corporation's last sizeable share buyback was in February 2024. It had not envisioned carrying out a buyback program in the wake of an equity financing but plans to renew its normal course issuer bid as a matter of due course to maintain its options.

## Voting Process

Due to the essence of time, Shareholders are urged to vote online by following the instructions found on the GOLD Proxy.

Vote using only the Gold Proxy and discard the Dissident's blue proxy. If you have already voted using the Dissident's Blue proxy, you may recast your vote using the Gold Proxy. The later dated Proxy will be the vote that counts.

Shareholders are encouraged to vote well in advance of the proxy cut-off of 5:00 PM (Eastern Time)? on April 11, 2025.

Your Board of Directors recommends a vote AGAINST the Dissident resolutions 1 and 2; and FOR

Management's resolution 3 that the Dissident be responsible for costs associated with the Meeting. These costs were created solely by the Dissident's actions in calling the Meeting. The board engaged freely with Leitz until his behaviour deteriorated.

Dynacor Shareholders may vote using the suggested methods:

#### Registered Shareholders

- Online - Go to [www.meeting-vote.com](http://www.meeting-vote.com). Enter the 13-digit control number printed on the GOLD Proxy and follow the instructions on screen.
- Telephone - Call 1-888-489-7352 and an agent will help you vote online. You will need the 13-digit control number printed on the GOLD Proxy to vote.

#### Non-Registered Shareholders

- Online - Go to [www.proxyvote.com](http://www.proxyvote.com). Enter the 16-digit control number printed on the GOLD Proxy/voting instruction form and follow the instructions on the screen.
- Telephone - Call the number provided on your GOLD Proxy/voting instruction form, enter your 16-digit control number and enter your voting instructions.

The circular with respect to the Meeting is available on Dynacor's website at [www.dynacor.com](http://www.dynacor.com) and [www.sedarplus.ca](http://www.sedarplus.ca).

#### Shareholder Questions

Shareholders who have questions or need assistance voting their GOLD Proxy may contact Dynacor's strategic advisor and proxy solicitation agent:

Laurel Hill Advisory Group

Toll Free: 1-877-452-7184 (for shareholders in North America)

International: +1 416-304-0211 (for shareholders outside Canada and the US)

By Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)

#### About Dynacor

Dynacor Group is an industrial ore processing company dedicated to producing gold sourced from artisanal miners. Since its establishment in 1996, Dynacor has pioneered a responsible mineral supply chain with stringent traceability and audit standards for the fast-growing artisanal mining industry. By focusing on fully and part-formalized miners, the Canadian company offers a win-win approach for governments and miners globally. Dynacor operates the Veta Dorada plant and owns a gold exploration property in Peru. The Corporation plans to expand to West Africa and within Latin America.

The premium paid by luxury jewellers for Dynacor's PX Impact® gold goes to Fidamar Foundation, an NGO that mainly invests in health and education projects for artisanal mining communities in Peru. Visit [www.dynacor.com](http://www.dynacor.com) for more information.

#### Forward-Looking Information

Certain statements in the preceding may constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of Dynacor, or industry results, to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statements. These statements reflect management's current expectations regarding future events and operating performance as of the date of this news release.

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