

Rating	Target Price
BUY	**C$9.50**
Unchanged	*Unchanged*

November 11, 2026

Disseminated on Behalf of Dynacor Group

All figures in USD unless otherwise stated

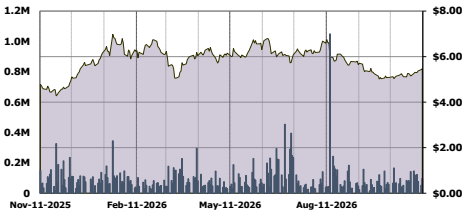
Dynacor Group Inc.	DNG:TSX
Rating	BUY
Target Price	C$9.50
Return to Target	74%
Dividend Yield	2.9%

Market Data	
Share Price	C$5.47
Average Daily TSX Volume (K)	94.7
FD ITM Shares (M)	42.7
Market Cap ($M)	$163.9
Cash & Marketable Securities ($M)	$30.6
Debt ($M)	$0.5
Enterprise Value ($M)	$133.7

FYE Dec 31	2025A	2026E	2027E
Tonnes Processed (Kt)	165.9	192.3	244.6
Ounces Produced (Koz)	113.8	133.1	168.2
Revenue ($M)	$397.6	$582.8	$706.6
EBITDA ($M)	$33.0	$33.8	$65.1
Operating CF ($M)	$25.4	$21.5	$41.3
Net Income ($M)	$21.3	$16.1	$37.3
EPS (Basic)	$0.51	$0.38	$0.89
FCFF ($M)	$3.1	($0.8)	$22.3

Valuation	2025A	2026E	2027E
EV/CF	5.3x	6.2x	3.2x
EV/EBITDA	4.1x	4.0x	2.1x
P/E	7.7x	10.2x	4.4x
FCF Yield (%)	2%	-1%	17%

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Dynacor is a dividend-paying industrial gold ore processor headquartered in Montreal, Canada. The Company is engaged in gold production through the processing of ore purchased from the ASM (artisanal and small-scale mining) industry. At present, Dynacor operates in Peru, where its management and processing teams have decades of experience working with ASM miners.

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What you need to know:

- In Q3, DNG produced 34.7Koz AuEq (+20% YoY), generating sales of $149.6M (+49% YoY), above our expectations.
- Due to the declining gold price, cash gross margin was 7% compared to our 12% estimate, but still improved against the 5% reported in Q2. This resulted in OCF (before WC) of just $4.0M, but after decreasing its inventory and A/R, OCF (after WC) came in at $26.8M.
- We continue to focus on the future for DNG as the core business normalizes and its two new assets enter production.

This morning, Dynacor Group (DNG:TSX, DNGDF:OTC) reported its Q3 financial and operating results, which were mixed relative to our estimates. Production and sales were ahead of our expectations, while profitability missed due to high inventory at the beginning of the quarter which was purchased at higher gold prices. Despite the profitability miss, margins improved QoQ. With first gold now poured in Senegal and the Svetlana restart in commissioning, we view 2027 as the year the expansion begins to show up in the numbers. **We are maintaining our BUY rating and C$9.50/share target price on Dynacor.**

Operational & Financial Highlights

- Tonnes processed came in at 48.4Kt (526tpd) vs. our 49.3Kt estimate. This represented 23% YoY growth and a new quarterly throughput record.
- Production was a record 34.7Koz AuEq (+20% YoY), ahead of our 33.9Koz estimate, as implied grade increased QoQ.
- Sales reached $149.6M (+49% YoY) compared to our $142.6M estimate. The realized price averaged $4,240/oz, just above our $4,200/oz assumption.
- The cash gross margin was 7% vs. our 12% estimate and 5% in Q2. This equates to $285/oz. The miss was due to high inventory at the beginning of the quarter, purchased at a higher gold price, as well as the fluctuating gold price.
- EBITDA came in at $6.7M (4% margin), below our $10.6M (7% margin) estimate, driven by the aforementioned gross margin miss. However, G&A declined 8% YoY in the quarter.
- OCF (before WC) was $4.0M (3% of revenue), compared to our $5.8M estimate and $6.6M in Q3/25. Inventory declined $24.1M QoQ and A/R declined $9.7M QoQ, resulting in OCF (after WC) of $26.8M.
- Net income came in at $2.9M or $0.07/share, compared to our estimate of $4.9M or $0.12/share.
- Capex totalled $9.4M (Ecuador $6.9M, Senegal $1.9M, Peru $0.7M), compared to our $11.0M estimate.
- DNG ended the quarter with $30.6M in cash and negligible debt, compared to $14.8M in cash at the end of Q2.
- DNG is still awaiting a ruling from the Peruvian Tax Court on its 2015 tax assessment.

	Q3/26A	Atrium Est.	QoQ	YoY
Tonnes Processed (Kt)	**48.4**	49.3	+0%	+23%
Ounces Produced (Koz)	**34.7**	33.9	+9%	+20%
Sales ($M)	**$149.6**	$142.6	+4%	+49%
Cash Gross Margin (%)	**7%**	12%	+209 bps	-588 bps
OCF Before WC ($M)	**$4.0**	$5.8	+167%	-39%
EBITDA ($M)	**$6.7**	$10.6	+110%	-26%

Figure 1: Q3 Results Summary

Outlook

DNG stated that production and sales are trending towards the upper end of guidance, while it has chosen to decrease guidance for net income and capex. Net income guidance moves down from $22-26M to $16-18M, with $11.3M generated YTD. Capex guidance decreases from $32.5-39.0M to $27.0-30.0M, due to the deferral of certain planned investments to 2027. The guidance assumes a gold price of $4,200/oz (unchanged) and Svetlana processes first ore in Q4, exiting the year at a 150tpd throughput rate.

	2026 Guidance	Revised Guidance	YTD	Tracking to Mid-Point
Sales ($M)	$530 - 580	Unchanged	**$448.1**	81%
Production (Koz)	125 - 135	Unchanged	**99.4**	76%
Net income ($M)	$22 - 26	$16 - 18	**$11.3**	67%
Capital Expenditures ($M)	$32.5 - 39.0	$27.0 - 30.0	**$20.6**	72%

Figure 2: 2026 Guidance Update vs. YTD Results (Source: Company Documents)

Our Take

We believe the focus in today's results should be the steady production growth and QoQ margin improvements. Throughput came in at a record level, driving 20% YoY growth in production, illustrating the continuous improvements in Peru. On the margin front, cash gross margins improved from 5% to 7% QoQ, with upside to get back to historical levels of 10-13% as the gold price has stabilized and is now rising again. If DNG can improve on these numbers again in Q4, getting back closer to historical averages, while its other two assets ramp production, we believe investors will be rewarded. For our model, we have made the necessary updates to align with guidance, including lowering our assumed gold price for Q4 to $4,000/oz. We will note that in order for DNG to achieve the guidance for net income (which implies $4.7-6.7M), cash gross margins will need to improve to >10% in Q4; as such, the guidance statement makes us highly confident that the margins are reverting back to normal levels. Our target price remains unchanged, based on 6.0x 2027E OCF.

Expansion Updates

First Gold Pour at Galam Plant in Senegal

On October 5th, Dynacor announced it achieved its first gold doré pour at the Galam pilot plant in Senegal on September 30th, a significant milestone marking the Company's transition into a geographically diversified gold processor and its first production on the African continent. The 50tpd modular plant was built over roughly 10 months with no lost-time injuries, and plant run time and gold recovery are increasing steadily since commissioning, with the next step being a ramp to nameplate capacity. DNG announced today that additional stockpiles were secured from new suppliers and that it expects the plant to exit the year at full nameplate throughput.

Svetlana Feeds First Ore; Short Commissioning Delay

On November 2nd, Dynacor provided an update on its Svetlana plant in Ecuador, where first ore was fed through the crushing circuit at the end of October and rehabilitation is 82% complete and on budget (~$10.7M spent and $4.0M committed as of September 30th, against projected 2026 capex of $22-25M). Extended delivery times for the cyclone cluster and additional refurbishment work on the elution and refinery circuit will cause a short delay, with hot commissioning now scheduled for December, first gold expected in January, and ramp-up in Q1/27. The plant will restart at 300tpd before ramping to 500tpd. To support the ramp-up, Dynacor is building its ore supplier base through its own purchasing team near Portovelo and a new collaboration with the UN-led planetGOLD program, which should initially provide access to 25 to 50 formalized artisanal suppliers.

On the regulatory front, the commercialization permit from Ecuador's Ministry of Environment and Energy is expected this month, and negotiations on an Investment Protection Agreement continue.

Corporate Updates

US$20M Gold Prepayment Facility

On November 3rd, DNG entered into an unsecured US$20M Gold Purchase and Prepayment Facility with Auramet International, one of the world's largest physical precious metals merchants. Under the Facility, gold from any of DNG's subsidiaries can be sold on a spot, forward, in-process or prepayment basis, and DNG can receive prepayments for specified quantities of gold before delivery on a revolving basis, up to $20.0M of outstanding prepayments and undelivered gold. The Facility runs for two years, can be extended annually, and carries customary covenants and mandatory repayment terms. Management intends to use the proceeds for working capital, mainly to build an ore inventory for Svetlana ahead of its restart.

New Chief Operating Officer Appointed

On October 1st, Dynacor announced the appointment of Jonathan Hill as Chief Operating Officer, succeeding Daniel Misiano, who was promoted to President & CEO in June. Mr. Hill brings more than 25 years of industrial and mining leadership across complex, multi-site operations, most recently as General Manager, Integrated Operations and Operational Excellence at ArcelorMittal Mines Canada, with earlier roles at Detour Gold and Nordgold in Burkina Faso.

Why We Like DNG

- Proven Track Record & Potential Growth – 9% CAGR for ore processed, 18% CAGR for sales, and 16% CAGR for OCF (before WC) over the last decade. We expect growth to accelerate starting in 2026, and DNG expands into Senegal, Ecuador, and other countries.
- Steady Profitability – DNG has maintained profitability over the past 15 years, consistently raising operating income from $6.5M to $26.7M during this period.
- Strong Balance Sheet & Capital Structure – Excellent balance sheet with $30.6M in cash and negligible debt.
- Rewarding Shareholders through Dividends – DNG currently pays a 2.9% dividend and has been increasing it over time (>20% CAGR) since announcing its first dividend in 2018.

Catalysts

- Quarterly Production & Financial Results – Ongoing
- Permitting Updates, Growth Initiative Updates, & Progress with Plant Expansion – 2026/2027

Tear Sheet

Market Data	
Ticker	DNG:TSX
Stock Price	C$5.47
Rating	BUY
Target Price	C$9.50
Upside	74%
Market Cap ($M)	$163.9
Cash ($M)	$30.6
Debt ($M)	$0.5
EV ($M)	$133.7

Capital Structure	
Basic Shares Outstanding (M)	41.9
DSUs (M)	0.5
Options (M)	0.9
FD Shares (M)	43.3
FD ITM Shares (M)	42.7

Ownership	
Management & Board	8%
Institutions	12%
Retail	80%

Financial Estimates	2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26A	Q3/26A	Q4/26E	2026E	2027E
Tonnes Processed (Kt)	**175.9**	**43.3**	**38.2**	**39.5**	**44.9**	**165.9**	**46.7**	**48.3**	**48.4**	**49.0**	**192.3**	**244.6**
Ounces Produced	**117.6**	**27.1**	**25.0**	**28.9**	**32.8**	**113.8**	**32.8**	**31.9**	**34.7**	**33.7**	**133.1**	**168.2**
% YoY	*-10%*	*-15%*	*-12%*	*-4%*	*20%*	*-3%*	*21%*	*28%*	*20%*	*3%*	*17%*	*26%*
Sales ($M)	**284.4**	**80.0**	**79.7**	**100.5**	**137.4**	**397.6**	**154.1**	**144.4**	**149.6**	**134.7**	**582.8**	**706.6**
% YoY	*14%*	*18%*	*18%*	*32%*	*88%*	*40%*	*93%*	*81%*	*49%*	*-2%*	*47%*	*21%*
Operating Cash Flow ($M)	**21.0**	**5.8**	**4.2**	**6.6**	**8.8**	**25.4**	**10.1**	**1.5**	**4.0**	**5.9**	**21.5**	**41.3**
EBITDA ($M)	29.5	7.3	5.7	9.0	11.0	33.0	13.6	3.2	6.7	10.3	33.8	65.1
Net Income ($M)	16.9	5.1	3.5	5.5	7.2	21.3	7.3	1.1	2.9	4.8	16.1	37.3
FCFF ($M)	10.9	14.2	0.0	(9.6)	(1.5)	3.1	(1.1)	(15.1)	17.4	(2.1)	(0.8)	22.3
Cash Cost ($/oz)	2,049	2,525	2,968	3,054	3,365	3,084	4,248	4,244	3,955	3,560	3,996	3,700
Cash Operating Margin ($/oz)	327	353	332	440	799	413	578	206	285	440	375	500

Figure 3: Tear Sheet

Estimate Revisions

	Q4/26E		2026E		2027E	
	New	Previous	New	Previous	New	Previous
Tonnes Processed (Kt)	**49.0**	55.3	**192.3**	199.6	**244.6**	245.5
Ounces Produced (Moz)	**33.7**	38.0	**132.3**	137.3	**168.2**	168.8
Sales ($M)	**$134.7**	159.6	**$582.8**	$600.7	**$706.6**	$709.1
Cash Gross Margin (%)	**11.0%**	13%	**8.6%**	10.5%	**11.9%**	13.0%
OCF (Before WC, $M)	**$5.9**	9.9	**$21.5**	$27.2	**$41.3**	$46.2
EBITDA ($M)	**$10.3**	14.3	**$34.3**	$42.1	**$65.1**	$73.2

Figure 4: Estimate Revisions

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SELL: The stock is expected to generate negative returns over the next 24 months.
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