

# Dynacor Gold Mines Inc.

(TSX:DNG)

Investor Fact Sheet:

Oct 2010

Basic Shares Outstanding:

30,214,285

Market Capitalization:

\$16,013,571

52-week High/Low:

\$0.61/\$0.15



## Dynacor Gold Mines: A proactive business model



Dynacor Gold Mines Inc. (DNG) is a profitable gold exploration company with a special concept. Using its 100% owned gold custom milling plant located on its Acari property in Peru, it generates the cash flow necessary for the exploration of its mining properties. **Thus, it avoids diluting its shareholders by repeated financings that characterize junior gold exploration companies.**

Dynacor owns 3 gold assets in Peru: Acari gold mine, Tumipampa and Casaden. Tumipampa is the company's flagship project consisting of three types of gold mineralization. Tumipampa (4,200 hectares), the largest project, is delivering results en route to a world-class multi-million ounce gold deposit. Dynacor has an active exploration and drilling campaign underway on its Tumipampa property. In 2010, Dynacor Gold Mines is on target to produce 30,000 ounces of gold.

## Tumipampa: Potential multi-million oz deposit

The potential of the skarn section of Tumipampa is very exciting as we have discovered both high copper and gold grades. Interestingly the Tumipampa project is surrounded by two huge copper gold skarn-type deposits. One is 'Las Bambas' owned by Xstrata and the other is 'Las Chancas' owned by Southern Peru Copper. 'Las Chancas' is 220 million tonnes @ 1.00% Cu and 0.12 grams/tonne of gold. 'Las Bambas' is 1.13 billion tonnes @ 0.77% Cu including gold, silver and molybdenum by-product credits. Tumipampa is located in between these two huge deposits. We believe we may have a similar deposit at Tumipampa. Our results on the surface of the skarn are suggesting close to 1% Cu which is the same as 'Las Bambas' and 'Las Chancas', **but interestingly compared to the other two copper gold skarns, Las Bambas/Las Chancas averaging 0.12 grams/tonne Au, Tumipampa's results are suggesting a much higher gold grade of closer to 1.0 gram!**

## Acari: Profits pay exploration expense

- Generates **steady cash flow** from its gold sales
- On target to sell **30,000 oz in 2010**
- Reports **\$0.03 EPS in Q2 2010**
- Expects to generate approximately **\$9M+ from operations in 2011**

## Dynacor Gold: Peruvian gold assets

### 1. Custom mill: Acari (producer/exploration)

- At \$1300 gold: Forecast **\$54M-\$61M+ in gold sales in 2011**
- Over 10 years of resources from the underground mine: 1,145,340 tonnes @ 16.4 g/t Au (**604,000 historical oz**) non 43-101 compliant (**From 3 of 10 veins discovered**)

### 2. Flagship project: Tumipampa (exploration)

- 4,200 hectares (**4.1km X 1.2km skarn deposit identified**)
- In 2008 diamond drill results include intercepts of 15.46 g/t Au @ 4.85 m and 23.8 g/t Au @ 1.20m
- 6 drill holes used to calculate 2,869,950 tonnes @ 2.7 g/t Au (**252,000 historical oz.**) non 43-101 compliant on Hydrothermal Breccia (Manto Dorado) section of property— S.E. of the skarn
- 2009 exploration results - 613 channel samples on the skarn of the Tumipampa property revealed levels of **14.65 g/t of gold and 5.65% of copper**
- Adjacent to Las Chancas/Southern Peru Copper Corp. (200M tonnes @ 1% Cu, 0.07% Mo and 0.12 g/t Au) and Las Bambas/Xstrata (1.13B tonnes @ 0.77% Cu including gold, silver and molybdenum)
- Tumipampa's neighbour to the East, Xstrata recently approved (August 2010) development of a \$4.2B mine on its Las Bambas gold/copper project.

- **Preparing for next diamond drilling campaign**

### 3. New project: Casaden (exploration)

- Disseminated type epithermal gold deposit
- Less than 20 km S from SA's largest Au property - Yanacocha

#### Management Team

Jean Martineau, President and CEO  
Pierre Monet, Vice President and CFO  
Ivan Quiroz, VP Operations  
Alonso Sanchez, Chief Geologist  
Jorge Luis Cardenas, GM Operations, Peru

#### Head Office

#510 - 2000 McGill College  
Montreal, Quebec (Canada)  
H3A 3H3  
Tel: 514.288.3224

#### Investor Relations

Fernand Lafrancois (Quebec City)  
Tel: 418.614.3467  
Email: lefrancois@dynacor.com  
Dale Nejmeldien (Vancouver)  
Tel: 778.574.2806  
Email: nejmeldien@dynacor.com

# Dynacor Gold's Acari custom milling business model

## • Acari is the cash-flow machine

- GOLD ORE SOURCED FROM THIRD PARTIES
- SMALL AND MEDIUM SIZED MINERS THROUGHOUT PERU

- ORE IS TRUCKED TO THE ACARI PLANT
- IS WEIGHED ON ARRIVAL
- ASSAYED FOR GOLD CONTENT

- DYNACOR PAYS MINER FOR ORE
- ORE IS THEN PROCESSED
- GOLD IS SOLD AT THE MARKET PRICE

**PROFITS  
PAY FOR  
EXPLORATION**

- 428 km south of Lima
- Accessible via Pan American highway

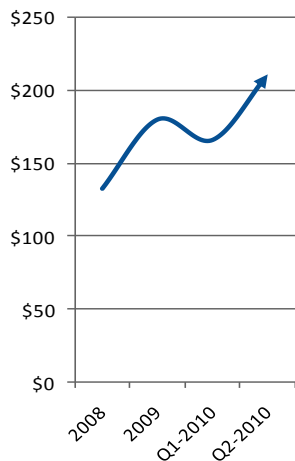
- Capacity of 180 tonnes/day
- Plans to increase to 300 tonnes/day
- Successfully operating the plant since 1998

## Dynacor Gold Mines: The CASH FLOW advantage

### Acari: A Profitable Gold Operation (\$US/ounce)

	2008	2009	Q1-2010	Q2-2010
Selling price/ounce	\$865	\$958	\$1110	\$1203
Cost of sales/ounce	\$732	\$778	\$944	\$992
<b>Profit/ounce</b>	<b>\$133</b>	<b>\$180</b>	<b>\$166</b>	<b>\$211</b>

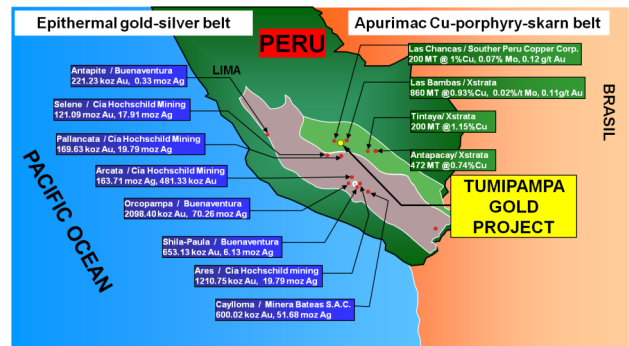
Acari: Operating Profit/oz  
2008 - Q2 2010



Certain statements in this factsheet constitute "forward-looking statements" within the meaning of the Canadian securities legislation. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or other future events to be materially different from any future results, performance or achievements or other events expressly or implicitly predicted by such forward-looking statements. Such risks, uncertainties and other factors include those set forth in the Dynacor Gold's Annual Information Form and other periodic filings.

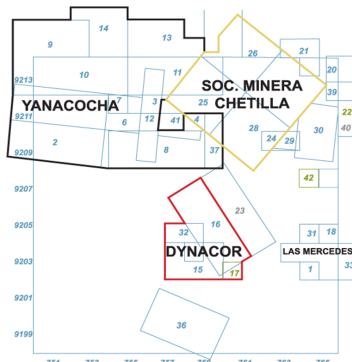
Note: The Historical Estimate is for geological purposes only and not compliant with National Instrument 43-101; therefore, this is not to be relied upon. Work required to verify and classify the Historical Estimate as current mineral resources in accordance with National Instrument 43-101 has not been carried out by the Company. The Company is not treating the Historical Estimate as current mineral resources as defined in National Instrument 43-101.

## Tumipampa: The flagship property



- Adjacent to concessions being explored by international mining companies such as: Bear Creek, Southern Peru and Xstrata
- Three types of gold mineralization:
  - ⇒ Cu-Au Skarn (Xstrata's "Tintaya/Las Bambas")
  - ⇒ Epithermal high-grade veins
  - ⇒ Breccias type (Barrick's 9Moz. "Laguna Norte")
- Newly acquired northern part of property is underlain by the limestone-bearing Ferrobamba formation which host the world-class "Tintaya" deposit, owned by Xstrata

## Casaden: In good company



Identified as a disseminated type epithermal gold deposit

Only 17 km south of South America's richest and largest gold property "Yanacocha"