

2018 THIRD QUARTER REPORT

DELIVERING ON OUR STRATEGY



MANAGEMENT'S DISCUSSION AND ANALYSIS

of Consolidated Financial Condition and Results of Operations

for the Three and Nine Months Ended September 30, 2018

(All monetary figures are expressed in U.S. dollars unless otherwise stated)

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Dundee Precious Metals Inc. ("DPM" and, together with its consolidated subsidiaries, collectively referred to as the "Company") for the three and nine months ended September 30, 2018. This MD&A should be read in conjunction with DPM's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A for the year ended December 31, 2017. Additional Company information, including the Company's most recent annual information form ("AIF") and other continuous disclosure documents, can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and the Company's website at www.dundeeprecious.com. To the extent applicable, updated information contained in this MD&A supersedes older information contained in previously filed continuous disclosure documents. Capitalized terms used in this MD&A that have not been defined have the same meanings attributed to them in DPM's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018. Information contained on the Company's website is not incorporated by reference herein and does not form part of this MD&A. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Cautionary Note Regarding Forward Looking Statements" and "Risks and Uncertainties" sections later in this MD&A for further information.

The technical information in this MD&A, with respect to the Company's material mineral projects, has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves, and has been reviewed and approved by Richard Gosse, M.Sc. (Mineral Exploration), Senior Vice President, Exploration of DPM and Ross Overall, B.Sc. (Applied Geology), Corporate Senior Resource Geologist of DPM, who are Qualified Persons as defined under NI 43-101 ("QP"), and not independent of the Company.

This MD&A has been prepared as at November 7, 2018.

OVERVIEW

Our Business

DPM is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. Its common shares (symbol: DPM) are traded on the Toronto Stock Exchange (“TSX”).

The Company’s vision is to be a progressive gold mining company that unlocks superior value through innovation and strong partnerships with stakeholders. Through operational excellence and innovation capability, DPM is focused on optimizing the performance of each of its operating assets to deliver strong margins and safe and reliable production results. The Company is also focused on building a pipeline of future growth opportunities that leverages that same expertise to unlock value and generate a superior return on capital employed. DPM’s demonstrated ability to engage and work closely with key stakeholders, and conduct its business in a responsible and sustainable manner, allows the Company to be successful in each of the countries in which it operates.

DPM’s principal subsidiaries include:

- 100% of Dundee Precious Metals Chelopech EAD (“Chelopech”), which owns and operates a gold, copper and silver mine located east of Sofia, Bulgaria;
- 100% of Dundee Precious Metals Krumovgrad EAD (“Krumovgrad”), which is currently constructing a gold mine located in south eastern Bulgaria, near the town of Krumovgrad, that is expected to commence production in the first quarter of 2019; and
- 100% of Dundee Precious Metals Tsumeb (Proprietary) Limited (“Tsumeb”), which owns and operates a custom smelter located in Tsumeb, Namibia.

DPM also holds interests in a number of exploration properties located in Canada, Serbia and Armenia, including:

- 10.2% of Sabina Gold & Silver Corp. (“Sabina”), which is focused on the Back River project in southwestern Nunavut, Canada;
- 100% of Avala Resources Ltd. (“Avala”), which is focused on the exploration and development of the Timok gold project, the Lenovac project, the Tulare copper and gold project and other early stage projects in Serbia; and
- through an option agreement, the right to earn up to a 71% interest in Pershimex Resources Corporation’s (formerly Khalkos Exploration Inc.) gold property located in the Archean Abitibi greenstone belt near Val-d’Or, Canada.

DPM also owns:

- 78% equity interest in MineRP Holdings (Proprietary) Limited, an independent mining software vendor with operations in Canada, South Africa, Australia and Chile, through MineRP Holdings Inc. (“MineRP”).

Summary of Significant Operational and Financial Highlights – Third Quarter of 2018

Financial results in the third quarter of 2018 reflected higher volumes of complex concentrate smelted at Tsumeb, which achieved quarterly record production, and continued strong performance at Chelopech.

Chelopech

- Recorded one million lost-time injury (“LTI”) free hours.
- Achieved gold production of 49,644 ounces, up 2% relative to the corresponding period in 2017, while copper production of 10.3 million pounds was up 9% relative to the corresponding period in 2017 due primarily to higher copper grades. 2018 gold and copper production guidance has been updated to reflect higher than anticipated grades and recoveries achieved in the first nine months of 2018. Refer to the “2018 Guidance” section of this MD&A for more details.
- Sold 40,324 ounces of payable gold and 10.1 million pounds of payable copper, generating revenue of \$54.5 million.
- Generated earnings before income taxes of \$24.5 million and adjusted EBITDA of \$28.8 million.

Tsumeb

- Recorded two million LTI free hours.
- Smelted 68,431 tonnes of complex concentrate, a new quarterly record, in line with expectations and 18% higher than the corresponding period in 2017 due primarily to improved performance resulting from ongoing process optimization. 2018 complex concentrate smelted guidance has been updated to reflect strong year-to-date performance, which is expected to continue in the fourth quarter. Refer to the “2018 Guidance” section of this MD&A for more details.
- Generated earnings before income taxes of \$8.8 million and adjusted EBITDA of \$16.1 million.

Krumovgrad

- Recorded two million LTI free hours.
- Construction continued through the period and, as at September 30, 2018, the project was approximately 82% complete, based on installed quantities, compared with a planned completion of 89%. Hot commissioning is on track for the fourth quarter of 2018 and first concentrate production has shifted from late in the fourth quarter of 2018 to the first quarter of 2019.

Timok gold project

- Announced an updated Mineral Resource estimate for the Timok gold project and commenced a scoping study, the results of which could lead to a Preliminary Economic Assessment in the first quarter of 2019. Refer to the “Exploration” section of this MD&A for more details.
- Diamond drilling identified several intervals of significant gold mineralization outside the new resource models at both the Bigar Hill and Korkan deposits.

Exploration

- Completed the first phase of diamond drilling at the Krasta target, located approximately two kilometres northwest of the Chelopech mine. All ten holes intersected high-sulphidation type epithermal copper-gold mineralization.
- At the Surnak deposit, located approximately four kilometres to the east of the Krumovgrad gold project mine, a resource drill program was completed. A maiden Mineral Resource is expected to be announced in the first quarter of 2019.

Other

- MineRP continues to execute its growth strategy, with strong interest in its product offerings, which are expected to translate into significant revenue growth, albeit at slower pace than was forecast for 2018.
- DPM also continues to adopt MineRP and other digital technologies and is intent on introducing mine planning enhancements and intelligent use of data. Key benefits expected from these initiatives are data unification to a single platform; rapid, parametric life-of-mine design and sequence; real-time monitoring of performance versus plan; and improved anticipation of and reaction to interruptions.
- Cash resources, including DPM’s long-term revolving credit facility (“RCF”), were \$255.4 million as at September 30, 2018.

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

The following tables summarize the Company's key financial and operational results:

\$ thousands, unless otherwise indicated Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Financial Results				
Revenue	104,339	92,322	294,104	253,843
Cost of sales	69,944	72,253	207,244	198,641
Depreciation and amortization	15,417	15,725	44,132	47,225
Other expense	(1,339)	(7,904)	(6,211)	(22,930)
Earnings before income taxes	21,657	3,278	46,050	4,576
Income tax expense	(1,650)	(305)	(7,317)	(3,213)
Net earnings attributable to common shareholders	20,325	3,042	39,404	1,563
Basic earnings per share	0.11	0.02	0.22	0.01
Adjusted EBITDA ⁽¹⁾	35,881	25,610	87,009	70,301
Adjusted earnings before income taxes ⁽¹⁾	18,744	8,235	37,648	17,508
Adjusted net earnings ⁽¹⁾	17,781	7,589	32,088	13,272
Adjusted basic earnings per share ⁽¹⁾	0.10	0.04	0.18	0.07
Cash provided from operating activities	34,482	29,113	65,468	80,777
Cash provided from operating activities, before changes in non-cash working capital ⁽¹⁾	33,975	26,952	81,041	69,608
Free cash flow ⁽¹⁾	25,181	17,965	58,233	31,571
Capital expenditures incurred:				
Growth ⁽¹⁾	19,978	17,828	65,911	50,976
Sustaining ⁽¹⁾	6,561	6,777	17,867	16,378
Total capital expenditures	26,539	24,605	83,778	67,354
Operational Highlights				
Metals contained in concentrate produced:				
Gold (ounces) ⁽²⁾	49,644	48,449	155,247	148,294
Copper ('000s pounds)	10,308	9,479	28,114	26,322
Payable metals in concentrate sold:				
Gold (ounces) ⁽³⁾	40,324	41,926	130,140	123,063
Copper ('000s pounds)	10,099	9,363	26,581	24,440
Cash cost per tonne of ore processed ^{(1),(4)}	33.50	35.26	35.42	33.38
Cash cost per ounce of gold sold, net of by-product credits ^{(1),(5),(6),(7)}	523	541	515	567
All-in sustaining cost per ounce of gold ^{(1),(5),(7),(8)}	620	685	607	700
Complex concentrate smelted at Tsumeb (mt)	68,431	57,991	168,982	160,269
Cash cost per tonne of complex concentrate smelted at Tsumeb, net of by-product credits ^{(1),(9)}	362	484	457	476

As at,	September 30, 2018	December 31, 2017
Financial Position		
Cash	23,391	28,767
Investments at fair value	28,006	48,411
Total assets	868,381	844,750
Debt	39,000	23,000
Equity	642,167	633,488
Number of common shares outstanding ('000s)	178,514	178,493
Share price (Cdn\$ per share)	3.04	3.00

1) Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"); adjusted earnings before income taxes; adjusted net earnings; adjusted basic earnings per share; cash provided from operating activities, before changes in non-cash working capital; free cash flow; growth and sustaining capital expenditures; cash cost per tonne of ore processed; cash cost per ounce of gold sold, net of by-product credits; all-in sustaining cost per ounce of gold; and cash cost per tonne of complex concentrate smelted, net of by-product credits, are not defined measures under IFRS. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS measures.

2) Includes gold contained in pyrite concentrate produced in the third quarter and first nine months of 2018 of 17,337 ounces and 47,337 ounces, respectively, compared to 14,288 ounces and 43,511 ounces for the corresponding periods in 2017.

- 3) Includes payable gold in pyrite concentrate sold in the third quarter and first nine months of 2018 of 7,667 ounces and 27,781 ounces, respectively, compared to 7,302 ounces and 24,931 ounces for the corresponding periods in 2017.
- 4) Cash cost per tonne of ore processed represents Chelopech related production expenses, including mining, processing, services, royalties and general and administrative, divided by tonnes of ore processed.
- 5) Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of \$4.9 million and \$18.2 million in the third quarter and first nine months of 2018, respectively, compared to \$5.5 million and \$18.2 million in the corresponding periods in 2017. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, in the third quarter and first nine months of 2018 was \$497 and \$477, respectively, compared to \$495 and \$525 for the corresponding periods in 2017. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, in the third quarter and first nine months of 2018 was \$617 and \$594, respectively, compared to \$670 and \$692 for the corresponding periods in 2017.
- 6) Cash cost per ounce of gold sold, net of by-product credits, represents cost of sales at Chelopech less depreciation, amortization and other non-cash expenses plus treatment charges, penalties, transportation and other selling costs less by-product copper and silver revenues, including realized losses on copper swap and option contracts, divided by the payable gold in copper and pyrite concentrates sold.
- 7) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of \$0.5 million and \$5.5 million during the third quarter and first nine months of 2018, respectively, compared to \$3.9 million and \$7.2 million for the corresponding periods in 2017.
- 8) All-in sustaining cost per ounce of gold represents cost of sales at Chelopech less depreciation, amortization and other non-cash items plus treatment charges, penalties, transportation and other selling costs, sustaining capital expenditures, rehabilitation related accretion expenses and an allocated portion of the Company's general and administrative expenses and corporate social responsibility expenses, less by-product revenues in respect of copper and silver, including realized losses on copper swap and option contracts, divided by the payable gold in copper and pyrite concentrates sold.
- 9) Cash cost per tonne of complex concentrate smelted, net of by-product credits at Tsumeb represents cost of sales less depreciation and amortization, net of revenue related to the sale of acid divided by the volumes of complex concentrate smelted.

REVIEW OF CONSOLIDATED RESULTS

Market Trends

Commodity prices are one of the principal determinants of the Company's results of operations and financial condition. In addition, as an entity reporting in U.S. dollars with operations in several countries, fluctuations in foreign exchange rates between the U.S. dollar and the Bulgarian lev, which is pegged to the Euro, the Namibian dollar, which is pegged to the South African rand ("ZAR") on a 1:1 basis, and the Canadian dollar ("Cdn\$") can also impact the Company's results of operations and financial condition.

The following table summarizes the average trading price for gold, copper and silver based on the London Bullion Market Association ("LBMA") for gold and silver, and the London Metal Exchange ("LME") for copper (Grade A) for the three and nine months ended September 30, 2018 and 2017 and highlights the overall year over year strength (weakness) in commodity prices.

Metal Market Prices (Average) Ended September 30,	Three Months			Nine Months		
	2018	2017	Change	2018	2017	Change
LBMA gold (\$/ounce)	1,213	1,278	(5%)	1,283	1,252	2%
LME settlement copper (\$/pound)	2.77	2.88	(4%)	3.01	2.70	11%
LBMA spot silver (\$/ounce)	14.99	16.83	(11%)	16.10	17.17	(6%)

The following table sets out the average foreign exchange rates for the principal currencies impacting the Company and highlights the overall year over year strength (weakness) of the U.S. dollar relative to these currencies.

Average Foreign Exchange Rates Ended September 30,	Three Months			Nine Months		
	2018	2017	Change	2018	2017	Change
US\$/Cdn\$	1.3069	1.2526	4%	1.2876	1.3068	(1%)
Euro/US\$	1.1624	1.1752	1%	1.1947	1.1134	(7%)
US\$/ZAR	14.0604	13.1612	7%	12.8761	13.1850	(2%)

The following table sets out the applicable closing foreign exchange rates as at September 30, 2018 and 2017 and the extent to which the U.S. dollar has strengthened relative to each of the currencies.

Closing Foreign Exchange Rates Ended September 30,	2018	2017	Change
	US\$/Cdn\$	1.2945	1.2480
Euro/US\$	1.1602	1.1813	2%
US\$/ZAR	14.1059	13.5473	4%

Operational Highlights

Production

In the third quarter of 2018, gold contained in concentrate produced increased by 2% to 49,644 ounces relative to the corresponding period in 2017 due primarily to higher overall gold recoveries. Copper production increased by 9% to 10.3 million pounds relative to the corresponding period in 2017 due primarily to higher copper grades and recoveries.

In the first nine months of 2018, gold contained in concentrate produced increased by 5% to 155,247 ounces and copper production increased by 7% to 28.1 million pounds, in each case, relative to the corresponding period in 2017. The increase in gold and copper production was due primarily to higher grades and recoveries. The increase in gold recoveries was due primarily to different ore mineralogy and the benefits of various initiatives with a specific focus on improving metallurgical performance.

2018 gold and copper production guidance has been updated to reflect higher than anticipated grades and recoveries achieved in the first nine months of 2018.

Deliveries

In the third quarter of 2018, payable gold in concentrate sold decreased by 4% to 40,324 ounces and payable copper increased by 8% to 10.1 million pounds, in each case, relative to the corresponding period in 2017. The decrease in payable gold was due primarily to lower gold grades in copper concentrate sold. The increase in payable copper was consistent with increased copper production as a result of higher grades and recoveries.

In the first nine months of 2018, payable gold in concentrate sold increased by 6% to 130,140 ounces and payable copper increased by 9% to 26.6 million pounds, in each case, relative to the corresponding period in 2017. These increases were consistent with increased copper and gold production as a result of higher grades and recoveries.

Complex concentrate smelted

Complex concentrate smelted during the third quarter and first nine months of 2018 of 68,431 tonnes and 168,982 tonnes, respectively, was 18% and 5% higher than the corresponding periods in 2017 due primarily to increased availability of all plants, including the high pressure oxygen plant, the performance of which has been optimized over the course of 2018. Performance was also enhanced by the introduction of converter and Ausmelt furnace improvements, including increased oxygen enrichment at the Ausmelt furnace, which helped to mitigate the impact of the converter relines on the Ausmelt throughput. Process optimization is expected to continue through the fourth quarter.

2018 complex concentrate smelted guidance has been updated to reflect strong year-to-date performance, which is expected to continue in the fourth quarter.

Financial Highlights

Revenue

Revenue during the third quarter of 2018 of \$104.3 million was \$12.0 million higher than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted and higher estimated metal recoveries at Tsumeb. Revenue in the third quarter of 2018 also included \$2.5 million from MineRP, which was acquired in the fourth quarter of 2017.

Revenue during the first nine months of 2018 of \$294.1 million was \$40.3 million higher than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher volumes of payable gold and copper in concentrate sold, higher gold and copper prices, higher estimated

metal recoveries and lower overall treatment charges at Chelopech, partially offset by lower third party toll rates at Tsumeb. Revenue in the first nine months of 2018 also included \$9.2 million from MineRP.

The average realized gold price for the third quarter and first nine months of 2018 was \$1,209 per ounce and \$1,279 per ounce, respectively, down 6% and up 2% compared to \$1,290 per ounce and \$1,260 per ounce in the corresponding periods in 2017. The average realized copper price, including the impact of hedging, for the third quarter and first nine months of 2018 was \$2.75 per pound and \$2.79 per pound, respectively, up 10% and 14% compared to \$2.51 per pound and \$2.44 per pound in the corresponding periods in 2017. Average realized gold and copper prices are not defined measures under IFRS. Refer to the “Non-GAAP Financial Measures” section of this MD&A for reconciliation to IFRS.

Cost of sales

Cost of sales in the third quarter of 2018 of \$69.9 million was \$2.3 million lower than the corresponding period in 2017 due primarily to a reduction in operating expenses at Tsumeb through cost savings initiatives and lower depreciation, partially offset by higher copper concentrate deliveries. Cost of sales in the third quarter of 2018 also included \$2.6 million from MineRP.

Cost of sales in the first nine months of 2018 of \$207.2 million was \$8.6 million higher than the corresponding period in 2017 due primarily to higher copper concentrate deliveries and a weaker U.S. dollar, partially offset by lower depreciation and a reduction in operating expenses at Tsumeb through cost savings initiatives. Cost of sales in the first nine months of 2018 also included \$8.7 million from MineRP.

All-in sustaining cost per ounce of gold

All-in sustaining cost per ounce of gold in the third quarter and first nine months of 2018 of \$620 and \$607, respectively, was \$65 and \$93 lower than the corresponding periods in 2017. These decreases were due primarily to higher by-product credits as a result of higher realized copper prices and volumes of copper sold, and lower cash outlays for sustaining capital expenditures.

Cash cost per tonne of complex concentrate smelted, net of by-product credits

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the third quarter of 2018 of \$362 was 25% or \$122 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted and Tsumeb’s cost reduction program, which resulted in lower contractor and consultant expenses, partially offset by higher labour costs and electricity rates.

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the first nine months of 2018 of \$457 was 4% or \$19 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher acid by-product credits and Tsumeb’s cost reduction program, which resulted in lower contractor and consultant expenses, partially offset by higher labour costs and electricity rates, and a stronger ZAR relative to the U.S. dollar.

Other expense

Other expense is primarily comprised of foreign exchange translation gains or losses, unrealized gains or losses on Sabina special warrants and interest income.

The following table summarizes the items making up other expense:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Net gains (losses) on Sabina special and other warrants	(782)	631	(2,458)	2,646
Net losses on commodity swap and option contracts	-	(7,905)	-	(21,974)
Net gains (losses) on foreign exchange forward contracts	-	(26)	-	571
Net foreign exchange losses ⁽¹⁾	(473)	(1,606)	(316)	(5,912)
Interest income	71	71	226	212
Other income (expense), net ⁽²⁾	(155)	931	(3,663)	1,527
Total other expense	(1,339)	(7,904)	(6,211)	(22,930)

1) Primarily related to the revaluation of foreign denominated monetary assets and liabilities.

2) Includes \$0.6 million and \$2.2 million in the third quarter and first nine months of 2018, respectively, in respect of test work being done to treat arsenic using an arsenic vitrification demonstration plant.

With the adoption of IFRS 9 on January 1, 2018, unrealized gains and losses on commodity and foreign exchange contracts that receive hedge accounting treatment are recognized in other comprehensive income (loss).

As a result, for the three and nine months ended September 30, 2018, the Company recognized unrealized losses of \$0.9 million and unrealized gains of \$2.9 million, respectively, in other comprehensive income (loss) on outstanding commodity swap and option contracts. The Company also recognized net gains of \$4.3 million and \$6.7 million for the three and nine months ended September 30, 2018, respectively, in revenue on settled contracts. Had the Company not adopted IFRS 9, net gains of \$3.4 million and \$9.6 million for the three and nine months of 2018, respectively, would have been recognized in other expense in the condensed interim consolidated statements of earnings (loss). For more details, refer to the "Changes in Accounting Policies" in note 2.2 to DPM's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018.

Income tax expense

The effective tax rate of the Company can vary significantly from one period to the next based on a number of factors. For the three and nine months ended September 30, 2018 and 2017, the Company's effective tax rate was impacted primarily by unrecognized tax benefits relating to corporate operating, exploration and development costs, and the Company's mix of foreign earnings and losses, which are subject to lower tax rates in certain jurisdictions.

<i>\$ thousands, unless otherwise indicated</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Earnings before income taxes	21,657	3,278	46,050	4,576
Combined Canadian federal and provincial statutory income tax rates	26.5%	26.5%	26.5%	26.5%
Expected income tax expense	5,739	869	12,203	1,213
Lower rates on foreign earnings	(5,032)	(1,309)	(13,747)	(2,770)
Unrecognized tax benefits relating to losses	231	1,920	7,255	6,184
Non-taxable portion of capital gains (losses)	169	(408)	639	(1,430)
Non-deductible share based compensation expense	73	71	234	250
Other, net	470	(838)	733	(234)
Income tax expense	1,650	305	7,317	3,213
Effective income tax rates	7.6%	9.3%	15.9%	70.2%

Net earnings attributable to common shareholders

In the third quarter of 2018, the Company reported net earnings attributable to common shareholders of \$20.3 million compared to \$3.1 million in the corresponding period in 2017. This increase was due primarily

to record performance at Tsumeb as a result of higher volumes of complex concentrate smelted and a reduction in operating expenses through cost savings initiatives.

In the first nine months of 2018, the Company reported net earnings attributable to common shareholders of \$39.4 million compared to \$1.6 million in the corresponding period in 2017. This increase was due primarily to higher realized copper and gold prices, higher volumes of concentrate smelted, lower overall treatment charges at Chelopech, higher estimated metal recoveries at Tsumeb, higher volumes of payable gold and copper in concentrate sold as a result of increased gold and copper production and a reduction in operating expenses at Tsumeb, partially offset by a weaker U.S. dollar relative to the Euro and ZAR and lower third party toll rates at Tsumeb.

Net earnings attributable to common shareholders for the third quarter and first nine months of 2018 and 2017 were also impacted by net after-tax gains of \$2.5 million (2017 – after-tax losses of \$4.5 million) and \$7.3 million (2017 – after-tax losses of \$11.7 million), respectively, related to several items not reflective of the Company's underlying operating performance, including unrealized gains and losses on commodity price and foreign exchange hedges that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting and net gains and losses on Sabina special warrants, each of which are excluded from adjusted net earnings.

Adjusted net earnings

Adjusted net earnings in the third quarter and first nine months of 2018 were \$17.8 million and \$32.1 million, respectively, compared to \$7.6 million and \$13.3 million in the corresponding periods in 2017.

The following table summarizes the key drivers affecting the change in adjusted net earnings:

<i>(\$ millions)</i>	Three	Nine
Ended September 30,	Months	Months
Adjusted net earnings - 2017	7.6	13.3
Higher (lower) realized metal prices ⁽¹⁾	(1.1)	11.4
Higher smelter volumes	7.9	8.4
Lower treatment charges at Chelopech	1.8	4.1
Higher estimated metal recoveries	1.6	3.4
Lower depreciation	0.3	3.1
Lower smelter operating expenses ⁽²⁾	2.5	2.2
Higher (lower) volumes of metals sold	(1.5)	2.0
Lower cost per tonne of concentrate sold ⁽²⁾	0.1	1.1
Weaker U.S. dollar ⁽³⁾	(0.8)	(7.4)
Lower toll rates at Tsumeb	(1.5)	(4.4)
Income taxes and other	0.2	(3.5)
Lower (higher) stockpile interest	0.7	(1.6)
Adjusted net earnings - 2018	17.8	32.1

1) Includes net gains and losses on commodity swap and option contracts.

2) Excludes impact of depreciation and foreign exchange.

3) Includes net realized gains and losses on foreign exchange forward contracts.

Adjusted EBITDA

Adjusted EBITDA in the third quarter and first nine months of 2018 was \$35.9 million and \$87.0 million, respectively, compared to \$25.6 million and \$70.3 million in the corresponding periods in 2017 reflecting the same factors that affected adjusted net earnings, except for depreciation, interest and income taxes, which are excluded from adjusted EBITDA.

The following table summarizes adjusted EBITDA by segment:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Chelopech	28,825	29,238	95,811	81,928
Tsumeb	16,106	3,234	17,269	8,703
Corporate & Other	(9,050)	(6,862)	(26,071)	(20,330)
Total adjusted EBITDA	35,881	25,610	87,009	70,301

The Corporate and Other Segment includes MineRP, corporate general and administrative expenses, corporate social responsibility expenses, exploration and development projects, and other income and expense items that do not pertain directly to an operating segment. Refer to the "Review of Operating Results by Segment" section of this MD&A for a more detailed discussion of Chelopech, Tsumeb and Corporate & Other results.

Cash provided from operating activities

Cash provided from operating activities in the third quarter of 2018 was \$34.5 million compared to \$29.1 million in the corresponding period in 2017. This increase was due primarily to better results from Tsumeb, partially offset by an unfavourable period over period change in non-cash working capital. Cash provided from operating activities in the first nine months of 2018 was \$65.4 million compared to \$80.8 million in the corresponding period in 2017. This decrease was due primarily to an unfavourable period over period change in non-cash working capital and higher income taxes paid, partially offset by improved results at Chelopech and Tsumeb.

The favourable change in non-cash working capital in the third quarter of 2018 of \$0.5 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories as a result of the timing of deliveries, partially offset by a decrease in accounts payable and accrued liabilities as a result of the timing of payments to suppliers. The favourable change in non-cash working capital in the third quarter of 2017 of \$2.2 million was due primarily to an increase in accounts payable and accrued liabilities and a decrease in inventories, partially offset by an increase in accounts receivable as a result of the timing of receipts.

The unfavourable change in non-cash working capital in the first nine months of 2018 of \$15.6 million was due primarily to an increase in accounts receivable as a result of the timing of receipts from customers, partially offset by a decrease in inventories as a result of the timing of deliveries and an increase in accounts payable and accrued liabilities as a result of the timing of payments to suppliers. The favourable change in non-cash working capital in the first nine months of 2017 of \$11.2 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and an increase in accounts payable and accrued liabilities as a result of the timing associated with supplier payments, partially offset by an increase in inventories.

Cash provided from operating activities, before changes in non-cash working capital, during the third quarter and first nine months of 2018 was \$34.0 million and \$81.0 million, respectively, compared to \$26.9 million and \$69.6 million in the corresponding periods in 2017 due primarily to improved results at Tsumeb and Chelopech.

Free cash flow

Free cash flow in the third quarter of 2018 was \$25.1 million compared to \$18.0 million in the corresponding period in 2017. This increase was due primarily to higher cash provided from operating activities before changes in non-cash working capital as a result of improved results at Tsumeb. Free cash flow in the first nine months of 2018 was \$58.2 million compared to \$31.6 million in the corresponding period in 2017. This increase was due primarily to the repayment of term loans of \$16.3 million in the first nine months of 2017 and higher cash provided from operating activities before changes in non-cash working capital as a result of improved results at Chelopech and Tsumeb.

Capital expenditures

Capital expenditures during the third quarter and first nine months of 2018 were \$26.6 million and \$83.8 million, respectively, compared to \$24.6 million and \$67.3 million in the corresponding periods in 2017.

Growth capital expenditures during the third quarter and first nine months of 2018 were \$20.0 million and \$65.9 million, respectively, compared to \$17.9 million and \$51.0 million in the corresponding periods in 2017. These increases were due primarily to increased construction activities at the Krumovgrad gold project in 2018. Sustaining capital expenditures during the third quarter and first nine months of 2018 were \$6.6 million and \$17.9 million, respectively, compared to \$6.7 million and \$16.3 million in the corresponding periods in 2017, in line with higher planned 2018 expenditures.

2018 GUIDANCE

The information contained in this section of the MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. Refer to the "Cautionary Note Regarding Forward Looking Statements" and "Risks and Uncertainties" sections later in this MD&A for further information.

2018 guidance has been updated to reflect higher annual mine and smelter production as a result of higher than expected year-to-date performance as well as lower per unit operating costs and growth capital expenditures. These changes reflect continued strong performance at Chelopech and continued improvements being made at Tsumeb, which reported record third quarter operating and financial results.

The Company's updated guidance for 2018, together with its original guidance, is set out in the following table:

<i>\$ millions, unless otherwise indicated</i>	Chelopech	Tsumeb	Updated Consolidated Guidance	Original Consolidated Guidance
Ore milled ('000s tonnes)	2,150 – 2,200	-	2,150 – 2,200	2,100 – 2,200
Cash cost per tonne of ore processed ^{(3),(4)}	35 – 37	-	35 – 37	37 – 40
Metals contained in concentrate produced ^{(1),(2)}				
Gold ('000s ounces)	190 – 200	-	190 – 200	165 – 195
Copper (million pounds)	35.0 – 38.0	-	35.0 – 38.0	33.7 – 40.4
Payable metals in concentrate sold ⁽¹⁾				
Gold ('000s ounces)	161 – 170	-	161 – 170	140 – 170
Copper (million pounds)	31.0 – 37.0	-	31.0 – 37.0	31.0 – 37.0
All-in sustaining cost per ounce of gold ^{(3),(4),(5)}	-	-	640 – 710	640 – 855
Complex concentrate smelted ('000s tonnes)	-	230 – 250	230 – 250	220 – 250
Cash cost per tonne of complex concentrate smelted, net of by-product credits ^{(3),(4)}	-	430 – 460	430 – 460	440 – 500
Corporate general and administrative expenses ^{(3),(6)}	-	-	20 – 23	20 – 24
Exploration expenses ⁽³⁾	-	-	12 – 14	10 – 15
Sustaining capital expenditures ^{(3),(4)}	13 – 15	15 – 18	28 – 33	29 – 39

1) Gold produced includes gold in pyrite concentrate produced of 55,000 to 60,000 ounces and payable gold sold includes payable gold in pyrite concentrate sold of 34,000 to 38,000 ounces.

2) Metals contained in concentrate produced are prior to deductions associated with smelter terms.

3) Based on Euro/US\$ exchange rate of 1.19, US\$/ZAR exchange rate of 12.88 and copper price of \$2.76 per pound, where applicable.

4) Cash cost per tonne of ore processed, all-in sustaining cost per ounce of gold and cash cost per tonne of complex concentrate smelted, net of by-product credits, and sustaining capital expenditures have no standardized meaning under IFRS. Refer to the "Non-GAAP Financial Measures" section of the MD&A for more information.

5) Includes the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, and payable gold in pyrite concentrate sold. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, is expected to be between \$630 and \$705 in 2018.

6) Excludes mark-to-market adjustments on share based compensation and MineRP's general and administrative expenses.

As can be seen from our year-to-date results, our 2018 guidance provided above does not occur evenly throughout the year. The estimated metals contained in concentrate produced, payable metals in concentrate sold and volumes of complex concentrate smelted have and do vary from quarter to quarter depending on the areas being mined, the timing of concentrate deliveries and planned maintenance outages. The rate of capital expenditures also varies from quarter to quarter based on the schedule for, and execution of, each capital project.

Chelopech

Gold and copper production in the third quarter of 2018 was as expected. The outlook for the fourth quarter is consistent with our full year 2018 updated guidance.

Tsumeb

In the third quarter, Tsumeb smelted 68,431 tonnes of complex concentrate setting a new quarterly record for production surpassing the previous record set in the fourth quarter of 2016 by 12%. Production was in line with 2018 expectations and exceeded production achieved in the third quarter and first nine months of 2017 due to improved availability of all plants, including the high pressure oxygen plant, the performance of which has been optimized over the course of 2018. Performance was also enhanced with the introduction of converter and Ausmelt furnace improvements, including increased oxygen enrichment to the Ausmelt furnace which helped to mitigate the impact of the converter relines on the Ausmelt throughput. This improved level of performance and optimization is expected to continue through the fourth quarter and, as a result, 2018 production guidance has been increased to 230,000 to 250,000 tonnes.

Krumovgrad

Hot commissioning is scheduled to commence in the fourth quarter and first concentrate production has shifted from late in the fourth quarter of 2018 to the first quarter of 2019. The final estimated construction cost remains between \$164 million and \$168 million, compared with the original budget of \$178 million.

Timok gold project

Following the discovery of the Korkan West deposit in 2017, DPM is continuing to advance exploration in this area with the goal of adding more ounces to the existing Timok gold resource. In September, DPM released an updated Mineral Resource estimate for Timok. For more details, refer to the "Exploration" section of this MD&A. Based on the updated Mineral Resource estimate, the Company has initiated a scoping study, the results of which could lead to a Preliminary Economic Assessment in the first quarter of 2019.

Growth capital

The Company's total growth capital expenditures guidance has been lowered and are now expected to be between \$82 million and \$90 million, down from the previous guidance of \$94 million to \$100 million due primarily to the deferral to 2019 of expenditures related to the Krumovgrad project, as a result of the delays experienced with concrete installation, as well as other growth projects. These other growth projects are expected to be between \$5 million to \$7 million, \$2 million of which relates to resource development drilling at Chelopech and \$3 million to \$5 million for margin improvement projects at Chelopech and Tsumeb.

Growth and Exploration

Given DPM's strong financial position and expected surplus cash flow generation commencing in 2019, DPM is solidly positioned to expand the business beyond its existing operating and development assets and is actively identifying opportunities to grow its business in a disciplined manner.

The exploration budget for 2018 was increased to approximately \$14 million from \$9 million in 2017. The increased budget is being used to fund major drilling programs at Chelopech, consisting of 10,000 metres of underground drilling on the South East Breccia Pipe Zone ("SEBPZ") and 5,000 metres of surface drilling

on the Krasta target and other near mine targets. Drill programs at Krumovgrad include resource development drilling at Surnak that is within the concession and scout drilling on nearby exploration licenses. A further 11,500 metres is planned for exploration and resource drilling at the Timok gold project in Serbia. The remaining exploration budget will be deployed primarily to other greenfield projects in Bulgaria, Serbia and the Malartic project in Quebec. All drill programs were generally on schedule at the end of the third quarter. Expenditures related to exploration in 2018 are expected to range between \$12 million and \$14 million.

REVIEW OF OPERATING RESULTS BY SEGMENT

Chelovech – Key Operational and Financial Highlights

\$ thousands, unless otherwise indicated Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Operational Highlights				
Ore mined (mt)	572,736	559,629	1,698,650	1,691,727
Ore processed (mt)	578,914	565,696	1,692,060	1,691,084
Head grade / Recoveries in copper concentrate (ore milled)				
Gold (g/mt) / %	3.51 / 49.5	3.59 / 52.3	3.77 / 52.6	3.70 / 52.1
Copper (%) / %	0.97 / 82.9	0.93 / 81.8	0.92 / 81.7	0.88 / 80.6
Silver (g/mt) / %	7.08 / 37.3	7.55 / 41.4	7.14 / 38.1	7.40 / 38.0
Copper concentrate produced (mt)	28,388	26,514	78,883	73,751
Pyrite concentrate produced (mt)	75,259	64,160	202,484	189,403
Metals contained in copper and pyrite concentrates produced:				
Gold in copper concentrate (ounces)	32,307	34,161	107,910	104,783
Gold in pyrite concentrate (ounces)	17,337	14,288	47,337	43,511
Copper (pounds)	10,308,518	9,478,655	28,114,419	26,321,575
Silver (ounces)	49,081	56,934	148,156	152,847
Cash cost per tonne of ore processed ^{(1),(3),(4)}	33.50	35.26	35.42	33.38
Cash cost per ounce of gold in copper concentrate produced ^{(1),(3),(5)}	333	342	330	332
Cash cost per pound of copper in copper concentrate produced ^{(1),(3),(5)}	0.77	0.77	0.78	0.72
Copper concentrate delivered (mt)	29,906	27,757	80,611	73,360
Pyrite concentrate delivered (mt)	57,044	51,498	191,588	171,066
Payable metals in copper and pyrite concentrates sold:				
Gold in copper concentrate (ounces) ⁽⁶⁾	32,657	34,624	102,359	98,132
Gold in pyrite concentrate (ounces) ⁽⁶⁾	7,667	7,302	27,781	24,931
Copper (pounds) ⁽⁶⁾	10,099,068	9,362,707	26,580,865	24,439,837
Silver (ounces) ⁽⁶⁾	45,230	44,183	135,817	122,936
Cash cost per ounce of gold sold, net of by-product credits ^{(2),(3),(7),(8)}	523	541	515	567
Cost per tonne of copper concentrate sold ⁽⁹⁾	987	1,045	1,071	1,120
Financial Highlights				
Revenue ^{(10),(11)}	54,528	53,911	172,418	148,929
Cost of sales	29,519	29,010	86,360	82,152
Earnings before income taxes	24,483	16,164	82,695	42,812
Adjusted EBITDA ⁽³⁾	28,825	29,238	95,811	81,928
Adjusted earnings before income taxes ⁽³⁾	20,789	20,094	71,835	54,427
Depreciation	7,905	9,021	23,521	27,148
Capital expenditures incurred:				
Growth ⁽³⁾	1,130	1,083	3,196	2,803
Sustaining ⁽³⁾	2,822	3,959	5,090	9,207
Total capital expenditures	3,952	5,042	8,286	12,010

1) Cash costs are reported in U.S. dollars, although the majority of costs incurred are denominated in non-U.S. dollars, and consist of all production related expenses including mining, processing, services, royalties and general and administrative.

2) Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of \$4.9 million and \$18.2 million in the third quarter and first nine months of 2018, respectively, compared to \$5.5 million and \$18.2 million in the corresponding periods in 2017. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, in the third quarter and first nine months of 2018 was \$497 and \$477, respectively, compared to \$495 and \$525 in the corresponding periods in 2017.

3) Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.

4) Cash cost per tonne of ore processed, excluding royalties, was \$30.55 and \$32.11 in the third quarter and first nine months of 2018, respectively, compared to \$32.14 and \$30.31 in the corresponding periods in 2017.

5) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver sales revenue.

6) Represents payable metals in copper and pyrite concentrates sold based on provisional invoices.

- 7) Cash cost per ounce of gold sold, net of by-product credits, represents cost of sales, less depreciation, amortization and other non-cash expenses, plus treatment charges, penalties, transportation and other selling costs, less by-product copper and silver revenues, including realized gains and losses on copper swap and option contracts, divided by the payable gold in copper and pyrite concentrates sold.
- 8) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of \$0.5 million and \$5.5 million during the third quarter and first nine months of 2018, respectively, compared to \$3.9 million and \$7.2 million in the corresponding periods in 2017.
- 9) Represents cost of sales divided by volumes of copper concentrate delivered.
- 10) Revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and mark-to-market adjustments and final settlements to reflect any physical and cost adjustments on provisionally priced sales. Net favourable mark-to-market adjustments and final settlements of \$0.6 million and unfavourable mark-to-market adjustments and final settlements of \$1.4 million were recognized during the third quarter and first nine months of 2018, respectively, compared to net unfavourable mark-to-market adjustments and final settlements of \$1.4 million and favourable mark-to-market adjustments and final settlements of \$1.5 million in the corresponding periods in 2017. Deductions during the third quarter and first nine months of 2018 were \$28.2 million and \$81.2 million, respectively, compared to \$26.8 million and \$76.6 million in the corresponding periods in 2017.
- 11) Following the implementation of IFRS 9 on January 1, 2018, revenue in the third quarter and first nine months of 2018 includes gains and losses on commodity swap and option contracts entered to hedge the mark-to-market impacts associated with provisionally priced sales and future production. In 2017, these gains and losses were reported in other expense.

Operational Highlights – Chelopech

Concentrate and metal production

Copper concentrate produced during the third quarter and first nine months of 2018 of 28,388 tonnes and 78,883 tonnes, respectively, was each 7% higher than the corresponding periods in 2017 due primarily to higher copper grades and recoveries.

Pyrite concentrate produced during the third quarter and first nine months of 2018 of 75,259 tonnes and 202,484 tonnes, respectively, was 17% and 7% higher than the corresponding periods in 2017 due primarily to higher gold distribution into pyrite concentrate as well as higher gold grades in the first nine months of 2018.

In the third quarter of 2018, gold contained in copper concentrate produced decreased by 5% to 32,307 ounces, copper production increased by 9% to 10.3 million pounds and silver production decreased by 14% to 49,081 ounces, in each case, relative to the corresponding period in 2017. The decrease in gold production was due primarily to lower grades and recoveries. The decrease in gold recoveries was due primarily to different ore mineralogy resulting in more gold reporting to pyrite concentrate. The increase in copper production was due primarily to higher grades and recoveries.

In the first nine months of 2018, gold contained in copper concentrate produced increased by 3% to 107,910 ounces, copper production increased by 7% to 28.1 million pounds and silver production decreased by 3% to 148,156 ounces, in each case, relative to the corresponding period in 2017. The increase in gold production was due primarily to higher recoveries and higher than anticipated grades. The increase in gold recoveries was due primarily to different ore mineralogy and the benefits of various initiatives with a specific focus on improving metallurgical performance. The increase in copper production was due primarily to higher copper grades and recoveries.

Gold contained in pyrite concentrate produced during the third quarter and first nine months of 2018 of 17,337 ounces and 47,337 ounces, respectively, was 21% and 9% higher than the corresponding periods in 2017 due primarily to higher gold distribution into pyrite concentrate as well as higher gold grades in the first nine months of 2018.

2018 gold and copper production guidance has been updated to reflect higher than anticipated grades and recoveries achieved in the first nine months of 2018.

Deliveries

Deliveries of copper concentrate during the third quarter and first nine months of 2018 of 29,906 tonnes and 80,611 tonnes, respectively, were 8% and 10% higher than the corresponding periods in 2017 due primarily to the increase in copper concentrate produced and the timing of deliveries.

Deliveries of pyrite concentrate in the third quarter and first nine months of 2018 of 57,044 tonnes and 191,588 tonnes, respectively, were 11% and 12% higher than the corresponding periods in 2017 due primarily to the increase in pyrite concentrate produced and the timing of deliveries.

In the third quarter of 2018, payable gold in copper concentrate sold decreased by 6% to 32,657 ounces, payable copper increased by 8% to 10.1 million pounds and payable silver increased by 2% to 45,230

ounces, in each case, relative to the corresponding period in 2017. The decrease in payable gold was due primarily to lower gold grades in copper concentrate sold. The increase in payable copper was consistent with the increase in copper concentrate deliveries. Payable gold in pyrite concentrate sold in the third quarter of 2018 was 7,667 ounces compared to 7,302 ounces in the corresponding period in 2017 due primarily to the increase in pyrite concentrate deliveries.

In the first nine months of 2018, payable gold in copper concentrate sold increased by 4% to 102,359 ounces, payable copper increased by 9% to 26.6 million pounds and payable silver increased by 10% to 135,817 ounces, in each case, relative to the corresponding period in 2017. The increase in payable gold was due primarily to the increase in gold production in 2018 as a result of higher gold grades and recoveries. The increase in payable copper was consistent with the increase in copper concentrate deliveries as a result of higher copper grades and recoveries. Payable gold in pyrite concentrate sold in the first nine months of 2018 was 27,781 ounces compared to 24,931 ounces in the corresponding period in 2017 due primarily to the increase in pyrite concentrate deliveries.

Inventory

Copper concentrate inventory totaled 3,407 tonnes at September 30, 2018, down from 5,135 tonnes at December 31, 2017 as a result of the timing of deliveries.

Financial Highlights – Chelopech

Revenue

Revenue in the third quarter of 2018 of \$54.5 million was comparable to the corresponding period in 2017.

Revenue in the first nine months of 2018 of \$172.4 million was \$23.5 million higher than the corresponding period in 2017 due primarily to higher volumes of payable gold and copper in concentrate sold as a result of increased production, higher realized gold and copper prices and lower overall treatment charges.

Included in revenue were unfavourable mark-to-market price adjustments on provisionally priced sales of \$0.4 million and favourable adjustments of \$2.7 million during the third quarter and first nine months of 2017, respectively. These adjustments were offset by gains and losses on QP Hedges, as defined in the “Financial Instrument” section of this MD&A under commodity swap and option contracts. In 2017, all gains or losses on QP Hedges were recorded in other expense. With the adoption of IFRS 9 on January 1, 2018, all gains or losses on QP Hedges are reported in revenue as they are now considered to be effective hedges under the new standard.

Cost of sales

Cost of sales in the third quarter of 2018 of \$29.5 million was comparable to the corresponding period in 2017.

Cost of sales in the first nine months of 2018 of \$86.4 million was \$4.2 million higher than the corresponding period in 2017 due primarily to higher copper concentrate deliveries and a stronger Euro relative to the U.S. dollar, partially offset by lower depreciation.

Cash cost measures

Cash cost per tonne of ore processed in the third quarter of 2018 of \$33.50 was 5% lower than the corresponding period in 2017 due primarily to higher throughput and the timing of maintenance activities.

Cash cost per tonne of ore processed in the first nine months of 2018 of \$35.42 was 6% higher than the corresponding period in 2017 due primarily to a stronger Euro relative to the U.S. dollar.

Cash cost per ounce of gold sold, net of by-product credits, during the third quarter of 2018 of \$523 was \$18 lower than the corresponding period in 2017 due primarily to higher by-product credits as a result of higher realized copper prices and volumes of copper sold.

Cash cost per ounce of gold sold, net of by-product credits, during the first nine months of 2018 of \$515 was \$52 lower than the corresponding period in 2017 due primarily to higher by-product credits as a result of higher realized copper prices and volumes of copper sold, partially offset by a stronger Euro relative to the U.S. dollar.

Earnings before income taxes

Earnings before income taxes in the third quarter of 2018 of \$24.5 million were \$8.3 million higher than the corresponding period in 2017. This increase was due primarily to unrealized losses on commodity swap and option contracts in the third quarter of 2017, which prior to the adoption of IFRS 9 did not receive hedge accounting.

Earnings before income taxes in the first nine months of 2018 of \$82.7 million were \$39.9 million higher than the corresponding period in 2017. This increase was due primarily to unrealized losses on commodity swap and option contracts in the first nine months of 2017, which prior to the adoption of IFRS 9 did not receive hedge accounting, higher realized copper and gold prices, lower treatment charges, lower depreciation and higher volumes of payable gold and copper in concentrate sold as a result of the increase in copper and gold production, partially offset by a stronger Euro relative to the U.S. dollar.

Adjusted EBITDA

Adjusted EBITDA in the third quarter of 2018 of \$28.8 million was comparable to the corresponding period in 2017.

Adjusted EBITDA in the first nine months of 2018 of \$95.8 million was \$13.9 million higher than the corresponding period in 2017 due primarily to higher realized copper and gold prices, lower treatment charges and higher volumes of payable gold and copper in concentrate sold, partially offset by a stronger Euro relative to the U.S. dollar.

Adjusted earnings before income taxes

Adjusted earnings before income taxes in the third quarter and first nine months of 2018 were \$20.8 million and \$71.8 million, respectively, compared to \$20.1 million and \$54.4 million in the corresponding periods in 2017.

The following table summarizes the key drivers affecting the change in adjusted earnings before income taxes:

<i>(\$ millions)</i>	Three	Nine
Ended September 30,	Months	Months
Adjusted earnings before income taxes - 2017	20.1	54.4
Higher (lower) realized metal prices ⁽¹⁾	(1.1)	11.4
Lower treatment charges	1.8	4.1
Lower depreciation expense	1.1	3.6
Higher (lower) volumes of metals sold	(1.5)	2.0
Lower cost per tonne of concentrate sold ⁽²⁾	0.1	1.1
Stronger Euro	(0.1)	(3.4)
Other	0.4	(1.4)
Adjusted earnings before income taxes - 2018	20.8	71.8

1) Includes net gains and losses on commodity swap and option contracts.

2) Excludes impact of depreciation and foreign exchange.

Capital expenditures

Capital expenditures during the third quarter and first nine months of 2018 of \$4.0 million and \$8.3 million, respectively, were \$1.0 million and \$3.7 million lower than the corresponding periods in 2017 and were in line with 2018 guidance.

Tsumeb – Key Operational and Financial Highlights

\$ thousands, unless otherwise indicated

Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Operational Highlights				
Complex concentrate smelted (mt):				
Chelopech	24,664	23,537	65,991	61,242
Third party	43,767	34,454	102,991	99,027
Total complex concentrate smelted	68,431	57,991	168,982	160,269
Cash cost per tonne of complex concentrate smelted, net of by-product credits ^{(1),(2)}				
	362	484	457	476
Acid production (mt)	74,277	63,145	176,737	162,902
Acid deliveries (mt)	70,778	68,823	174,394	161,202
Financial Highlights				
Toll revenue ⁽³⁾	40,961	31,663	96,273	89,595
Acid revenue	6,343	6,607	16,240	14,832
Arsenic trioxide revenue	-	141	-	487
Total revenue	47,304	38,411	112,513	104,914
Cost of sales	37,847	43,243	112,202	116,489
Earnings (loss) before income taxes	8,757	(5,210)	(3,637)	(15,775)
Adjusted EBITDA ⁽²⁾	16,106	3,234	17,269	8,703
Adjusted earnings (loss) before income taxes ⁽²⁾	8,757	(3,850)	(3,637)	(12,560)
Depreciation	6,603	6,359	18,624	19,125
Capital expenditures incurred:				
Growth ⁽²⁾	37	122	37	1,460
Sustaining ⁽²⁾	3,724	2,811	12,558	6,780
Total capital expenditures	3,761	2,933	12,595	8,240

1) Cash cost per tonne of complex concentrate smelted, net of by-product credits, represents cost of sales less depreciation and amortization, net of revenue related to the sale of acid divided by the volumes of complex concentrate smelted.

2) Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.

3) Includes deductions for stockpile interest and slag mill concentrate returns, and favourable or unfavourable estimated metals exposure.

Operational Highlights – Tsumeb

Production & Acid Deliveries

Complex concentrate smelted during the third quarter and first nine months of 2018 of 68,431 tonnes and 168,982 tonnes, respectively, was 18% and 5% higher than the corresponding periods in 2017 due primarily to increased availability of all plants, including the high pressure oxygen plant, the performance of which has been optimized over the course of 2018. Performance was also enhanced by the introduction of converter and Ausmelt furnace improvements, including increased oxygen enrichment at the Ausmelt furnace, which helped to mitigate the impact of the converter relines on the Ausmelt throughput. Process optimization is expected to continue through the fourth quarter. 2018 complex concentrate smelted guidance has been updated to reflect strong year-to-date performance, which is expected to continue in the fourth quarter.

Acid production in the third quarter and first nine months of 2018 of 74,277 tonnes and 176,737 tonnes, respectively, was 18% and 8% higher than the corresponding periods in 2017 due to higher volumes of complex concentrate smelted and improved process efficiency.

Acid deliveries in the third quarter and first nine months of 2018 of 70,778 tonnes and 174,394 tonnes, respectively, were 3% and 8% higher than the corresponding periods in 2017 due primarily to increased acid production in 2018 and the timing of deliveries.

Financial Highlights - Tsumeb

Revenue

Revenue in the third quarter of 2018 of \$47.3 million was \$8.9 million higher than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted and higher estimated metal recoveries, partially offset by lower third party toll rates.

Revenue in the first nine months of 2018 of \$112.5 million was \$7.6 million higher than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher estimated metal recoveries, reduced deductions for slag mill concentrate returns, higher acid deliveries and lower stockpile interest, partially offset by lower third party toll rates.

Cost of sales

Cost of sales in the third quarter and the first nine months of 2018 of \$37.8 million and \$112.2 million, respectively, was \$5.5 million and \$4.3 million lower than the corresponding periods in 2017 due primarily to the successful cost reduction program introduced in the first quarter of 2018.

Cash cost per tonne of complex concentrate smelted, net of by-product credits

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the third quarter of 2018 of \$362 was 25% or \$122 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted and a reduction in operating expenses through cost savings initiatives, which resulted in lower contractor and consultant expenses, partially offset by higher labour costs and electricity rates.

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the first nine months of 2018 of \$457 was 4% or \$19 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher acid by-product credits and a reduction in operating expenses through cost savings initiatives, which resulted in lower contractor and consultant expenses, partially offset by higher labour costs and electricity rates, and a stronger ZAR relative to the U.S. dollar.

Earnings (loss) before income taxes

Earnings before income taxes in the third quarter of 2018 was \$8.8 million compared to loss before income taxes of \$5.2 million in the corresponding period in 2017. This significant improvement was due primarily to higher volumes of complex concentrate smelted, lower operating expenses and higher estimated metal recoveries, partially offset by lower third party toll rates.

Loss before income taxes in the first nine months of 2018 was \$3.6 million compared to \$15.8 million in the corresponding period in 2017. The lower loss was due primarily to higher volumes of complex concentrate smelted, higher estimated metal recoveries, lower operating expenses, higher acid deliveries and lower stockpile interest, partially offset by lower third party toll rates and a stronger ZAR relative to the U.S. dollar.

Adjusted EBITDA

Adjusted EBITDA in the third quarter and first nine months of 2018 was \$16.1 million and \$17.3 million, respectively, compared to \$3.2 million and \$8.7 million in the corresponding periods in 2017 reflecting the same factors affecting earnings (loss) before income taxes.

Adjusted earnings (loss) before income taxes

Adjusted earnings before income taxes during the third quarter of 2018 were \$8.8 million compared to an adjusted loss before income taxes of \$3.8 million in the corresponding period in 2017. Adjusted loss before income taxes during the first nine months of 2018 was \$3.6 million compared to \$12.5 million in the corresponding period in 2017.

The following table summarizes the key drivers affecting the change in adjusted earnings (loss) before income taxes:

<i>(\$ millions)</i>	Three	Nine
Ended September 30,	Months	Months
Adjusted loss before income taxes - 2017	(3.8)	(12.5)
Higher volumes	7.9	8.4
Higher estimated metal recoveries	1.6	3.4
Reduced deductions for slag mill concentrate returns	2.1	2.5
Other ⁽¹⁾	-	2.4
Lower operating expenses ⁽²⁾	2.5	2.2
Lower toll rates	(1.5)	(4.4)
Stronger ZAR ⁽³⁾	(0.7)	(4.0)
Lower (higher) stockpile interest	0.7	(1.6)
Adjusted earnings (loss) before income taxes - 2018	8.8	(3.6)

1) Primarily related to the revaluation of foreign denominated monetary assets and liabilities.

2) Excludes impact of depreciation and foreign exchange.

3) Includes realized losses on foreign exchange forward contracts of \$1.8 million (2017 – realized gains of \$0.8 million) and \$0.4 million (2017 – realized gains of \$1.6 million) in the third quarter and first nine months of 2018, respectively.

Capital expenditures

Capital expenditures during the third quarter and first nine months of 2018 of \$3.8 million and \$12.6 million, respectively, were \$0.9 million and \$4.4 million higher than the corresponding periods in 2017 reflecting higher planned capital expenditures for 2018.

Other

In May 2018, DPM announced it has further strengthened its stakeholder partnerships in Namibia through a transaction to address the empowerment initiatives being developed to aid previously disadvantaged Namibians whereby it has entered into an agreement with Greyhorse Mining (Pty) Ltd. ("GHM") pursuant to which GHM will acquire an indirect 8% equity interest in Tsumeb. The GHM transaction is subject to execution of definitive documentation which has been substantially agreed to and completed between the parties and closing is expected to occur by the end of 2018. An additional 2% indirect equity interest in Tsumeb will be acquired by an employee trust benefiting Tsumeb's employees and is expected to be completed in 2019.

REVIEW OF CORPORATE AND OTHER SEGMENT RESULTS

The corporate and other segment results include MineRP, corporate general and administrative costs, corporate social responsibility expenses, exploration and development projects, and other income and expense items that do not pertain directly to an operating segment.

The following table summarizes the Company's corporate and other segment results:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Financial Highlights				
General and administrative expenses, excluding depreciation and MineRP ⁽¹⁾	(4,533)	(4,526)	(15,027)	(13,929)
Corporate social responsibility expenses	(268)	(494)	(772)	(1,294)
Exploration and evaluation expenses	(2,573)	(1,716)	(6,737)	(5,567)
MineRP	(1,206)	-	(3,486)	-
Other income (expense) ^{(2),(3)}	(470)	(126)	(49)	460
Adjusted loss before interest, taxes, depreciation and amortization	(9,050)	(6,862)	(26,071)	(20,330)

1) Excludes depreciation of \$0.2 million and \$0.5 million in the third quarter and first nine months of 2018, respectively, compared to \$0.2 million and \$0.5 million in the corresponding periods in 2017.

2) In the third quarter and first nine months of 2018, excludes net losses on Sabina special and other warrants.

3) In the third quarter and first nine months of 2017, excludes net gains on Sabina special warrants and unrealized gains, and losses on commodity swap and option contracts entered to hedge a portion of future production and unrealized losses on foreign exchange forward contracts, which are now included in other comprehensive income (loss).

General and administrative expenses

General and administrative expenses, excluding depreciation, in the third quarter of 2018 of \$4.5 million were comparable to the corresponding period in 2017. General and administrative expenses, excluding depreciation, in first nine months of 2018 of \$15.0 million were \$1.1 million higher than the corresponding period in 2017 due primarily to higher employee related expenses.

Exploration and evaluation expenses

Exploration and evaluation expenses during the third quarter and first nine months of 2018 of \$2.5 million and \$6.7 million, respectively, were \$0.8 million and \$1.1 million higher than the corresponding periods in 2017. Refer to the "Exploration" section of this MD&A for a more detailed discussion of the Company's exploration activities.

MineRP

The following table summarizes MineRP's results:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017 ⁽¹⁾	2018	2017 ⁽¹⁾
Revenue	2,507	-	9,173	-
Cost of sales	2,578	-	8,682	-
General and administrative expenses	1,220	-	3,970	-
Adjusted loss before interest, taxes, depreciation and amortization	(1,206)	-	(3,486)	-

1) MineRP was acquired in October 2017.

Revenue for the third quarter and first nine months of 2018 was below expectation due primarily to lower software sales and related project implementation fees as a result of the timing associated with entering into contracts with several new customers, which is expected to occur in the fourth quarter of 2018. Income related to support and maintenance and software assurance, cost of sales and general and administrative expenses remained in line with expectation.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had cash of \$23.4 million, investments valued at \$28.0 million primarily related to its 10% interest in Sabina, and \$232.0 million of undrawn capacity under its RCF.

The Company's liquidity is impacted by several factors which include, but are not limited to, gold, copper and silver market prices, production levels, capital expenditures, operating cash costs, interest rates and foreign exchange rates. These factors are monitored by the Company on a regular basis. As at September 30, 2018, the Company's cash resources and available lines of credit under its RCF continue to provide sufficient liquidity and cash resources to meet its current operating and capital expenditure requirements, as well as all contractual commitments. The Company may, from time to time, raise additional capital to ensure it maintains its financial strength and has sufficient liquidity to support its discretionary growth capital projects and the overall needs of the business.

The following table summarizes the Company's cash flow activities:

<i>\$ thousands</i>	Three Months		Nine Months	
Ended September 30,	2018	2017	2018	2017
Cash provided from operating activities, before changes in non-cash working capital	33,975	26,952	81,041	69,608
Changes in non-cash working capital	507	2,161	(15,573)	11,169
Cash provided from operating activities	34,482	29,113	65,468	80,777
Cash used in investing activities	(21,810)	(24,951)	(80,646)	(56,054)
Cash provided from (used in) financing activities	(3,142)	(2,041)	9,802	(14,493)
Increase (decrease) in cash	9,530	2,121	(5,376)	10,230
Cash at beginning of period	13,861	19,866	28,767	11,757
Cash at end of period	23,391	21,987	23,391	21,987

Cash at September 30, 2018 of \$23.4 million was \$1.4 million higher than the corresponding period in 2017. The primary factors impacting these cash flow movements are summarized below.

Operating Activities

Cash provided from operating activities in the third quarter of 2018 was \$34.5 million compared to \$29.1 million in the corresponding period in 2017. This increase was due primarily to better results from Tsumeb, partially offset by an unfavourable period over period change in non-cash working capital. Cash provided from operating activities in the first nine months of 2018 was \$65.4 million compared to \$80.8 million in the corresponding period in 2017. This decrease was due primarily to an unfavourable period over period change in non-cash working capital and higher income taxes paid, partially offset by improved results at Chelopech and Tsumeb.

The favourable change in non-cash working capital in the third quarter of 2018 of \$0.5 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories as a result of the timing of deliveries, partially offset by a decrease in accounts payable and accrued liabilities as a result of the timing of payments to suppliers. The favourable change in non-cash working capital in the third quarter of 2017 of \$2.2 million was due primarily to an increase in accounts payable and accrued liabilities and a decrease in inventories, partially offset by an increase in accounts receivable as a result of the timing of receipts.

The unfavourable change in non-cash working capital in the first nine months of 2018 of \$15.6 million was due primarily to an increase in accounts receivable as a result of the timing of receipts from customers, partially offset by a decrease in inventories as a result of the timing of deliveries and an increase in accounts payable and accrued liabilities as a result of the timing of payments to suppliers. The favourable change in non-cash working capital in the first nine months of 2017 of \$11.2 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and an increase in accounts payable and accrued liabilities as a result of the timing associated with supplier payments, partially offset by an increase in inventories.

Cash provided from operating activities, before changes in non-cash working capital, during the third quarter and first nine months of 2018 was \$34.0 million and \$81.0 million, respectively, compared to \$26.9 million and \$69.6 million in the corresponding periods in 2017 due primarily to improved results at Tsumeb and Chelopech.

Investing Activities

Cash used in investing activities in the third quarter and first nine months of 2018 was \$21.8 million and \$80.6 million, respectively, compared to \$25.0 million and \$56.1 million in the corresponding periods in 2017.

The following table provides a summary of the Company's cash outlays for capital expenditures:

<i>\$ thousands</i>	Three Months		Nine Months	
Ended September 30,	2018	2017	2018	2017
Chelopech	3,181	4,111	6,656	9,927
Tsumeb	5,666	3,804	13,315	10,247
Krumovgrad ⁽¹⁾	12,900	16,152	55,004	39,020
Other	193	268	422	712
Total cash capital expenditures	21,940	24,335	75,397	59,906

1) Includes proceeds from the settlement of foreign exchange forward contracts of \$0.4 million (2017 - \$1.7 million) and \$3.3 million (2017 - \$1.7 million) in the third quarter and first nine months of 2018, respectively.

Cash outlays for capital expenditures in the third quarter of 2018 of \$22.0 million were \$2.3 million lower than the corresponding period in 2017 due primarily to the timing of expenditures for the Krumovgrad gold project. Cash outlays for capital expenditures in the first nine months of 2018 of \$75.4 million were \$15.5 million higher than the corresponding period in 2017 due primarily to increased construction activities at the Krumovgrad gold project.

During the nine months ended September 30, 2018, as a result of equity issuances undertaken by Sabina, the Company purchased 3.2 million common shares of Sabina at an average price of \$1.66 (Cdn\$2.10) per share for a total cost of \$5.4 million (Cdn \$6.7 million) so as to maintain its ownership in Sabina in excess of 10%.

Financing Activities

Cash used in financing activities in the third quarter of 2018 was \$3.2 million compared to \$2.1 million in the corresponding period in 2017. Cash provided from financing activities in the first nine months of 2018 was \$9.8 million compared to cash used in financing activities of \$14.5 million in the corresponding period in 2017. The primary factors impacting the movement in financing activities are summarized below.

Drawdowns under the RCF, which were used to partially fund Krumovgrad construction, in the first nine months of 2018 totaled \$16.0 million compared to repayments of \$25.0 million in the corresponding period in 2017.

Interest paid in the third quarter and first nine months of 2018 was \$0.7 million and \$4.1 million, respectively, compared to \$1.6 million and \$4.4 million in the corresponding periods in 2017.

In the first nine months of 2017, the Company completed a non-brokered private placement with the European Bank for Reconstruction and Development ("EBRD") for gross proceeds of \$33.2 million (Cdn\$43.7 million).

In the first nine months of 2017, repayment of debt was \$16.3 million following DPM's decision to prepay the final installment of its term loans, which were scheduled to be repaid in December 2017.

Financial Position

<i>\$ thousands</i>	September	December	Increase/
As at,	30, 2018	31, 2017	(Decrease)
Cash	23,391	28,767	(5,376)
Accounts receivable, inventories and other current assets	82,768	69,810	12,958
Investments at fair value	28,006	48,411	(20,405)
Non-current assets, excluding investments at fair value	734,216	697,762	36,454
Total assets	868,381	844,750	23,631
Current liabilities	70,672	80,317	(9,645)
Non-current liabilities	155,542	130,945	24,597
Equity attributable to common shareholders	635,953	626,162	9,791
Non-controlling interests	6,214	7,326	(1,112)

Cash decreased by \$5.4 million to \$23.4 million during the first nine months of 2018 reflecting the timing of drawdowns and repayments under the RCF. Accounts receivable, inventories and other current assets increased by \$13.0 million to \$82.8 million due primarily to the timing of receipts from customers. Investments at fair value decreased by \$20.4 million to \$28.0 million due primarily to the decrease in Sabina's share price. Non-current assets, excluding investments at fair value, increased by \$36.4 million to \$734.2 million due primarily to capital expenditures at Krumovgrad, Tsumeb and Chelopech, partially offset by depreciation expense.

Current liabilities decreased by \$9.6 million to \$70.7 million during the first nine months of 2018 due primarily to decreased liabilities related to commodity swap and option contracts as a result of a reduction in copper hedge positions, partially offset by increased liabilities related to foreign exchange forward and option contracts. Non-current liabilities increased by \$24.6 million to \$155.5 million due primarily to drawdowns under the RCF, an increase in deferred revenue related to the deemed financing expense in respect of the prepaid forward gold sales arrangement as a result of the adoption of IFRS 15 (for more details concerning this change in accounting policy refer to the "Changes in Accounting Policies" in note 2.2 to DPM's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018) and an increase in financial leases related to Krumovgrad's mobile equipment fleet. Equity attributable to common shareholders increased by \$9.8 million to \$636.0 million due primarily to 2018 net earnings attributable to common shareholders, partially offset by unrealized losses on publicly traded securities, which is included in other comprehensive income (loss).

Contractual Obligations, Commitments and Contingencies

The Company had the following minimum contractual obligations and commitments as at September 30, 2018:

<i>\$ thousands</i>	up to 1 year	1 – 5 years	over 5 years	Total
Debt	-	39,000	-	39,000
Finance lease obligations	4,030	14,535	5,319	23,884
Capital commitments	39,595	-	-	39,595
Purchase commitments	11,986	9,115	8	21,109
Operating lease obligations	1,546	2,846	796	5,188
Other obligations	409	502	21	932
Total contractual obligations and commitments	57,566	65,998	6,144	129,708

As at September 30, 2018, Tsumeb had approximately \$70.3 million (December 31, 2017 – \$112.2 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to IXM S.A. ("IXM") (formerly Louis Dreyfus Company Metals Suisse) pursuant to a tolling agreement.

In July 2017, the Company and IXM agreed to amend the existing tolling agreement to provide for, among other things, lower stockpile interest deductions on excess secondary materials, specified quarterly targeted reductions designed to eliminate excess secondary materials, representing at that time

approximately \$90.0 million, over a period that extends to December 31, 2020, the purchase of secondary materials in excess of established quarterly targeted levels, and the extension of the tolling agreement by one year. During the nine months ended September 30, 2018, the purchase of secondary materials was not required. Since July 2017, the Company has reduced the quantity of copper-in-secondaries by approximately 50%. As at September 30, 2018, the value of excess secondary materials was approximately \$45.2 million (December 31, 2017 - \$86.0 million).

Debt

As at September 30, 2018, the Company's total outstanding debt was \$39.0 million. As at September 30, 2018, the Company's total debt, as a percentage of total capital, was 6% (December 31, 2017 – 4%) and the Company's total debt, net of cash, as a percentage of total capital, was 2% (December 31, 2017 – negative 1%). As at September 30, 2018, the Company was in compliance with all of its debt covenants.

DPM RCF

DPM has a committed RCF with a consortium of banks. In April 2018, the RCF was amended to extend the terms of tranche B by an additional year. As at September 30, 2018, the RCF is comprised of a \$45.0 million tranche A maturing in February 2022, a \$150.0 million tranche B maturing in February 2021, and a \$76.0 million tranche C maturing in September 2021 that contains quarterly availability reductions of \$4.0 million that commenced in the third quarter of 2018.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and the Company's funded net debt to adjusted EBITDA ("Debt Leverage Ratio"), as defined in the RCF agreement. The RCF is secured by pledges of the Company's investments in Krumovgrad, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

The RCF contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 4.0:1 during the construction of the Krumovgrad gold project (the Debt Leverage Ratio declines to 3.5:1 for periods that begin two years after the commencement of the Krumovgrad gold project which was October 2016), (ii) a current ratio (including the addition of any unutilized credit within tranche B to current assets) of greater than 1.5:1, and (iii) a minimum net worth of \$500.0 million plus (minus) 50% of ongoing annual net earnings (losses).

As at September 30, 2018, \$39.0 million (December 31, 2017 – \$23.0 million) was drawn under the RCF.

Tsumeb Overdraft Facility

In April 2018, Tsumeb entered into a Namibian \$50.0 million (\$3.5 million) demand overdraft facility that is guaranteed by DPM. This facility bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.50%. As at September 30, 2018, \$nil was drawn from this facility.

Credit Agreements and Guarantees

Chelopech and Krumovgrad have a \$16.0 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at September 30, 2018, \$4.7 million (December 31, 2017 – \$5.5 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Krumovgrad also have a Euro 21.0 million (\$24.4 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2018 and is guaranteed by DPM. As at September 30, 2018, \$22.2 million (December 31, 2017 - \$23.0 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

Krumovgrad has a \$5.3 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at September 30, 2018, \$0.1 million (December 31, 2017 – \$0.1 million)

had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Advances under these facilities bear interest at a rate equal to the one month U.S. Dollar LIBOR plus 2.5%. The letters of credit and guarantee bear a fee of 0.6% based on the amounts issued. The Company is currently in the process of extending these credit facilities for another year.

Outstanding Share Data

DPM's common shares are traded on the TSX under the symbol DPM. As at November 7, 2018, 178,513,805 common shares were issued and outstanding.

DPM also has 5,574,367 stock options outstanding as at November 7, 2018 with exercise prices ranging from Cdn\$2.05 to Cdn\$3.96 per share (weighted average exercise price – Cdn\$3.04 per share).

Normal Course Issuer Bid

On May 11, 2018, DPM announced that the TSX accepted its notice of intention to renew its normal course issuer bid (the "New Bid") to repurchase certain of its common shares through the facilities of the TSX. The Company commenced a normal course issuer bid on May 16, 2017, which was set to expire on May 15, 2018. Under the New Bid, the Company can purchase up to 8.9 million common shares during the period of the New Bid, which commenced on May 16, 2018 and terminates on May 15, 2019, representing approximately 5% of the 178.5 million outstanding common shares as of May 3, 2018. The actual timing and number of common shares that may be purchased pursuant to the New Bid will be subject to the requirements of the TSX, DPM's ongoing capital requirements and management's view that, from time to time, DPM's common shares trade at prices well below the underlying value of the Company and during these periods the repurchase of common shares represents an excellent opportunity to enhance shareholder value.

As at November 7, 2018, the Company had not purchased any common shares under the Bid.

Other

The Company is involved in legal proceedings, from time to time, arising in the ordinary course of its business. It is not expected that any material liability will arise from current legal proceedings or have a material adverse effect on the Company's future business, operations or financial condition.

FINANCIAL INSTRUMENTS

Investments at fair value

As at September 30, 2018, the Company's investments at fair value were \$28.0 million, the vast majority of which related to the value of its investment in Sabina common shares and special warrants. Sabina is an emerging precious metals company with district scale, undeveloped assets in Nunavut, Canada. Its 100% owned Back River project is advancing through the environmental assessment process with final hearings with the Nunavut Impact Review Board ("NIRB") completed between May 31 and June 3, 2017. On December 20, 2017, Sabina announced that the NIRB had issued the final Project Certificate. The project is now in the final regulatory and licensing phase.

During the nine months ended September 30, 2018, as a result of equity issuances undertaken by Sabina, the Company purchased 3.2 million common shares of Sabina at an average price of \$1.66 (Cdn\$2.10) for a total cost of \$5.4 million (Cdn\$6.7 million), including 2.2 million common shares of Sabina purchased from Jonathan Goodman, a director of the Company, at the market price of \$1.81 (Cdn \$2.26) per share, so as to maintain an ownership interest in Sabina in excess of 10%. As at September 30, 2018, DPM held: (i) 26,785,913 common shares of Sabina or 10.2% of the outstanding common shares (fair value of Cdn \$31.9 million) and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive

production decision with respect to the Back River project or upon the occurrence of certain other events. Each of the special warrants is exercisable into one common share until 2044.

The fair value of the Sabina Series B special warrants, including significant assumptions, is detailed in note 4(a) to DPM's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018. For the three and nine months ended September 30, 2018, the Company recognized unrealized losses on the Sabina special warrants of \$0.6 million (2017 – unrealized gains of \$0.6 million) and \$2.4 million (2017 – unrealized gains of \$2.6 million), respectively, in other expense in the condensed interim consolidated statements of earnings (loss).

Publicly traded securities, which are comprised primarily of Sabina common shares, were previously classified as available-for-sale under International Accounting Standard ("IAS") 39 as management intended to hold them for the medium to long-term. Upon adoption of IFRS 9, the Company elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income or loss, as these investments are not held for trading. For more details concerning this change in accounting policy refer to the "Changes in Accounting Policies" in note 2.2 to DPM's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018

For the three and nine months ended September 30, 2018, the Company recognized unrealized losses on these publicly traded securities of \$6.3 million (2017 – unrealized gains of \$5.6 million) and \$23.4 million (2017 – unrealized gains of \$24.6 million), respectively, in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss. Had the Company not adopted IFRS 9, these unrealized losses for the three and nine months ended September 30, 2018 would have been presented in other comprehensive income or loss and would have been subsequently reclassified to the consolidated statements of earnings (loss) once realized.

Commodity swap and option contracts

The Company enters into cash settled commodity swap contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to eliminate or substantially reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales ("QP Hedges").

As at September 30, 2018, the Company had outstanding QP Hedges as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	18,385 ounces	\$1,192.76/ounce
Payable copper	3,417,161 pounds	\$2.83/pound
Payable silver	17,195 ounces	\$14.62/ounce

The Company also enters into cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures ("Production Hedges"). Commodity swap contracts are entered to swap future contracted monthly average prices for fixed prices. Commodity option contracts are entered to provide price protection below a specified "floor" price and price participation up to a specified "ceiling" price. These option contracts are comprised of a series of call options and put options (which when combined create a price "collar") that are generally structured so as to provide for a zero upfront cash cost.

As at September 30, 2018, the Company had outstanding commodity swap contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Average fixed price of Production Hedges (\$/pound)
Balance of 2018	4,791,742	2.62

As at September 30, 2018, the Company had outstanding commodity option contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Call options sold average ceiling price (\$/pound)	Put options purchased average floor price (\$/pound)
Balance of 2018	3,174,653	3.32	2.80

The commodity swap and option contracts did not qualify for hedge accounting previously as component hedging was not permitted under IAS 39. Upon adoption of IFRS 9, the Company is now able to designate the spot component of commodity swap contracts and the intrinsic value of the commodity option contracts in respect of Production Hedges as cash flow hedges and the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges.

The fair value gain or loss on commodity swap contracts was calculated based on the corresponding LME forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. The fair value gain or loss on commodity option contracts was calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at September 30, 2018, the net fair value loss on all outstanding commodity swap and option contracts was \$0.9 million (December 31, 2017 – \$15.0 million), which was included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2018, the Company recognized unrealized losses of \$0.9 million and unrealized gains of \$2.9 million, respectively, in other comprehensive income (loss) on outstanding commodity swap and option contracts. The Company also recognized net gains of \$4.3 million and \$6.7 million for the three and nine months ended September 30, 2018, respectively, in revenue on settled contracts. Had the Company not adopted IFRS 9, net gains of \$3.4 million and \$9.6 million for the three and nine months ended September 30, 2018, respectively, would have been recognized in other expense in the condensed interim consolidated statements of earnings (loss).

For the three and nine months ended September 30, 2017, the Company recognized unrealized losses of \$3.8 million and \$12.3 million, respectively, on commodity swap and option contracts in other expense. The Company also recognized realized losses on settled contracts of \$4.1 million and \$9.7 million in other expense for the three and nine months ended September 30, 2017, respectively.

The Company's expected payable copper production for the balance of 2018 has been fully hedged.

Foreign exchange forward and option contracts

The Company enters into foreign exchange forward and option contracts from time to time to reduce the foreign exchange exposure associated with projected operating expenses and capital expenditures denominated in foreign currencies.

Foreign exchange forward contracts are entered to fix foreign exchange rates on future operating expenses and capital expenditures. Foreign exchange option contracts are entered to provide price protection below a specified "floor" rate and participation up to a specified "ceiling" rate. The option contracts entered are comprised of a series of call options and put options (which when combined create a price "collar") that are structured so as to provide for a zero upfront cash cost.

As at September 30, 2018, the Company had outstanding foreign exchange forward contracts in respect of its projected foreign denominated operating expenses and capital expenditures as summarized in the tables below:

Year of projected operating expenses	Foreign currency hedged	Amount hedged in foreign currency	Average exchange rate US\$/Foreign currency
Balance of 2018	ZAR	380,523,375	13.1897

Year of projected capital expenditures	Foreign currency hedged	Amount hedged in foreign currency	Average exchange rate Foreign currency/US\$
Balance of 2018	Euro	19,865,000	1.1586
2019	Euro	1,850,000	1.1762
		21,715,000	1.1601

As at September 30, 2018, the Company had outstanding foreign exchange option contracts in respect of its 2019 projected foreign denominated operating expenses as summarized in the table below:

Foreign currency hedged	Amount hedged in foreign currency	Call options sold average ceiling rate (US\$/Foreign currency)	Put options purchased average floor rate (US\$/Foreign currency)
ZAR	722,490,000	15.68	14.25

Approximately 90% and 42% of Namibian dollar (which is pegged to the ZAR) operating expenses relating to Tsumeb for the balance of 2018 and full year 2019, respectively, have been hedged. At September 30, 2018, Euro capital expenditure hedges relating to the construction of the Krumovgrad gold project represent approximately 75% of projected Euro capital expenditures for the balance of 2018 and 2019.

The Company designates the spot component of the foreign exchange forward contracts and the intrinsic value of option contracts as cash flow hedges. Upon adoption of IFRS 9, the forward point component of foreign exchange forward contracts is now treated as a separate cost of hedging.

The fair value gain or loss on these outstanding contracts was calculated based on foreign exchange forward rates and option pricing quoted in the market. As at September 30, 2018, the fair value loss on all outstanding foreign exchange forward and option contracts was \$1.6 million, of which \$1.9 million was included in other current assets, \$0.7 million in other long-term assets, \$3.4 million in accounts payable and accrued liabilities and \$0.8 million in other long-term liabilities. As at December 31, 2017, the fair value gain on all outstanding foreign exchange forward contracts was \$6.3 million, which was included in other current assets.

For the three and nine months ended September 30, 2018, the Company recognized unrealized gains of \$0.6 million (2017 – unrealized losses of \$0.7 million) and unrealized losses of \$8.6 million (2017 – unrealized gains of \$8.9 million), respectively, in other comprehensive income (loss) on the spot component of the outstanding foreign exchange forward and option contracts. The Company also recognized realized losses of \$2.5 million (2017 – \$0.8 million) and \$1.8 million (2017 – \$3.1 million) for the three and nine months ended September 30, 2018, respectively, in cost of sales on the spot component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized gains of \$0.7 million (2017 – \$2.3 million) and \$4.1 million (2017 – \$2.9 million) for the three and nine months ended September 30, 2018, respectively, as reductions to mine properties on the spot component of the settled contracts in respect of foreign denominated capital expenditures.

For the three and nine months ended September 30, 2018, the Company recognized \$0.2 million and \$0.7 million, respectively, of unrealized gains on the time value component of the outstanding foreign exchange forward and option contracts in other comprehensive income (loss) as a deferred cost of hedging. The Company also recognized realized gains of \$0.7 million and \$1.3 million for the three and nine months ended September 30, 2018, respectively, in cost of sales on the forward point component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of \$0.3 million and \$1.1 million for the three and nine months ended September 30, 2018, respectively, as additions to mine properties on the forward point component of the settled contracts in respect of foreign denominated capital expenditures. Had the Company not adopted IFRS 9, net gains of \$0.6 million and \$0.9 million in the third quarter and first nine months of 2018, respectively, would have been recorded in other expense in the condensed interim consolidated statements of earnings (loss).

For the three and nine months ended September 30, 2017, the Company recognized unrealized losses of \$1.4 million and \$3.7 million, respectively, in other expense on the forward point component of the outstanding foreign exchange forward contracts. The Company also recognized realized gains of \$1.4

million and \$4.3 million for the three and nine months ended September 30, 2017, respectively, in other expense on the forward point component of the settled contracts.

The Company is also exposed to credit and liquidity risks in the event of non-performance by counterparties in connection with its commodity swap and option contracts, and foreign exchange forward and option contracts. These risks, which are monitored on a regular basis, are mitigated, in part, by entering into transactions with financially sound counterparties, and, where possible, ensuring contracts are governed by legally enforceable master agreements.

EXPLORATION

Chelopech Overview

In the third quarter of 2018, a total of 6,392 metres of resource development diamond drilling was completed, which comprised 2,282 metres of grade control drilling aimed to better define the shape and volume of existing ore bodies and 4,110 metres of extensional drilling, designed to explore for new mineralization along modelled trends.

Resource development drilling concentrated on the upper levels of Blocks 150, 5 and 25, and Targets 7 and 700 with the aim to expand the current ore body extents and convert Mineral Resources into Mineral Reserves. Further to this, the areas down plunge of Blocks 151 and 19 were also drilled during the quarter.

A detailed review of the third quarter of 2018 drilling program and results is discussed below.

Central Area

The main focus of underground resource development drilling in the Central area of the mine was to extend known economic mineralization in Blocks 5, 25 and 8 while grade control drilling in this area was conducted within the Block 19 area. Additionally, resource development drilling concentrated on Target 7, which is an exploration target located close to current underground infrastructure.

Target 7

As a result of the drilling from position G31-505-DDC1, high grade mineralization continues to be delineated within the Target 7 area. It is located about 200 metres east of Block 18 between 570 mRL and 460 mRL and within 50 metres of the current underground infrastructure. Re-interpretation of historical data and structural modelling has been used to delineate a target volume. The mineralization is a typical high-sulfidation mineral assemblage presented as a stockwork bearing pyrite, enargite and tennantite.

The current density of drilling along the Target 7 is variable and additional drilling is required to ensure a regular grid of data. Mineralization is still open in a southeasterly direction and testing of this high potential area will continue in the fourth quarter of 2018. Significant results are shown in the table below (see drillholes "EXT18_505_21" and "EXT8_505_03").

Block 8

Drillholes testing Block 8 were completed from caddy G31-505-DDC1. Drilling during the quarter returned sporadic intervals of mineralization with limited continuity. One significant intercept from "EXT18_505_22" is shown below in the table which is manifested as a series of narrow, finger like bodies of mineralization.

Block 18

Assays were received from the second quarter of 2018 grade control drilling for Block 18. As a result of the holes drilled, the shape and volume of the lower extents of Block 18 was improved, between 300 mRL and 250 mRL (see drillholes "G18_290_19", "G18_290_21" and "G18_290_22" in the table below).

Block 19

Grade control drillholes from cuddy 19W-350-P14 (550 level) were designed to check the continuity of mineralization in the western part of Block 19. Assay results from the first hole have been received and a significant intercept from G19W_350_32 is shown in the table below. The remaining assays are pending.

Blocks 5 and 25

In total, six drillholes were completed toward Blocks 5 and 25 in the third quarter of 2018. The goal of the program was to discover new mineralization and expand the ore body contour in upper levels of Blocks 5 and 25. The result of drilling to date has been the extension of the ore contours in these blocks. Significant results are presented in the table below within holes "EXT25_405_03" and "EXT25_405_05". Assays for the remaining four holes are pending. The drilling program will continue in the fourth quarter of 2018 to improve the data coverage in this area in order to better define the continuity of mineralization.

Surface Drilling

At the end of the second quarter of 2018, a new surface drilling program commenced that aimed to determine the potential of a new mineralized zone called "700". The target is located in the central mining area on approximately 150 metres above Block 17 and coincides with a NW – SE structural trend which has been assessed as having high potential for hosting new mineralization. The 700 target mineralized trend is observed within historical drillholes and can be traced approximately 200 metres in down dip extent. The target outline is coincident with a silica alteration zone, recorded during underground mapping.

The mineralization is hosted by a volcanic breccia in contact with sediments of the Chelopez syncline. The gold-silver mineralization is hosted within a massive barite – pyrite breccia zone surrounded by a halo of low temperature lead – zinc mineralization.

Within the target area, drillholes "EXT765_01" and "EXT765_03" returned high grade Au-Ag mineralization. Further drilling is planned here to access the continuity of mineralization and to permit this exploration target to be included in future Mineral Resource calculations. Metallurgical testwork will also be undertaken to determine the amenability of this mineralization style to the Chelopez flowsheet.

Western Area

Block 150

During the quarter, extensional drilling continued from position G421-405-DDC on level 405 targeting the upper levels of Block 150. The drilling program has been designed to further delineate a recently discovered extension to the Block 150 ore body. This area is viewed as an attractive target due to the potential for it to host a wide, continuous zone of ore-grade mineralization that is close to current underground infrastructure. The intersected mineralization is typical for the upper levels of Block 150, presented by stockwork bearing pyrite, enargite and tennantite which transitions from a semi-massive to massive style of mineralization.

The results from this program continue to confirm the presence of high grade mineralization within the north-eastern part of Block 150. As an outcome, the contours of high grade mineralization have been extended along strike between 490 mRL and 320 mRL. In the table below, significant results are presented from drillholes "EXT150_405_32", "EXT150_405_32A", "EXT150_405_37", "EXT150_405_41" and "EXT150_405_42".

Block 151

In the third quarter of 2018, approximately 1,470 metres of grade control drilling were completed in Block 151 from drill location 151-330-P2. The drillholes expanded the northwestern part of the ore body between 350 mRL and 290 mRL (see drillholes "G151_330_45", "G151_330_50", "G151_330_51" and "G151_330_52").

Additionally, a short program from position 151-135-P2 was directed toward the eastern part of Block 151. Drillholes aimed to better define the shape and volume of existing ore body. Drilling extended the ore body downward and outlined a series of discrete zones of mineralization, see drillholes “G151_135_08” and “G151_135_09” for significant intercepts from this program.

Outlook

The resource development strategy for Chelopech for the next quarter will focus on the upper levels of Blocks 25 and 5 and the northeastern parts of Block 18. Extensional drilling towards Target 700 will continue with the aim to further test the target volume and to begin establishing continuity between drillholes.

Extensional drilling for Target 7 has been planned with the goal of determining the continuity and extents of mineralization. This section of the upper levels of the Chelopech mine is poorly explored and is viewed as being highly prospective.

Additionally, drilling towards Target 148 will re-commence in the fourth quarter of 2018. The additional drilling will determine the continuity of mineralization with the goal of converting some of this Mineral Resource into Mineral Reserves.

Additionally, DPM plans to test the following targets:

- Grade control drilling in Block 151 between levels 360 mRL and 225 mRL to test the current ore contours and possibly extend them in a southwest direction;
- Grade control drilling in Blocks 147, 145 and 144 to check the continuity of mineralization, to define the ore body contours and for geotechnical purposes;
- Extensional drilling in a new target area termed “North”, located in the northeast section of Chelopech deposit close to the boundary of Block 19 between 140 mRL and 160 mRL. The mineralization is presented as semi-massive to massive copper-gold mineralization constrained within steeply dipping structures. This section of the mine has been poorly explored to date; and
- Ongoing extensional diamond drilling in the areas close to Blocks 8 and 10. This area is poorly explored and historic drilling results in combination with structural and geologic models indicate untested mineralization may be present in this area.

Significant intercepts (gold equivalent (“AuEq”) cut-off grade of 3 g/t) received during the third quarter of 2018:

HOLE ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EXT150_405_32	5770	29497	413	279.2	18.5	102.0	120.0	18.0	4.35	2.80	5.73	0.75
EXT150_405_32A	5769	29496	413	279.3	20.5	102.0	126.0	20.0	4.06	2.14	5.26	0.93
EXT150_405_32A	5769	29496	413	279.3	20.5	166.5	203.1	32.0	7.26	5.64	76.97	0.79
EXT150_405_37	5769	29496	413	269.2	12.8	90.0	116.5	24.0	5.55	3.51	8.37	0.99
EXT150_405_37	5769	29496	413	269.2	12.8	211.5	257.0	44.0	12.30	9.75	43.89	1.24
EXT150_405_41	5770	29497	411	277.7	-43.0	103.5	126.0	16.0	3.57	1.60	4.00	0.95
EXT150_405_42	5769	29497	413	273.4	15.9	208.5	220.5	12.0	3.83	2.81	30.16	0.50
EXT18_505_21	6072	29367	508	272.9	5.6	64.5	82.5	18.0	7.86	3.83	35.34	1.96
EXT18_505_21	6072	29367	508	272.9	5.6	255.0	264.0	8.5	7.91	3.93	7.29	1.93
EXT18_505_22	6073	29368	507	302.8	-10.6	105.0	111.0	6.0	5.95	3.84	8.13	1.02
EXT18_505_22	6073	29368	507	302.8	-10.6	117.0	130.5	13.5	8.89	7.99	2.90	0.44
EXT25_405_03	5774	29500	412	349.0	-2.5	165.0	168.0	3.0	5.42	5.37	5.00	0.02
EXT25_405_03	5774	29500	412	349.0	-2.5	178.5	198.0	19.5	5.30	3.65	10.71	0.80
EXT25_405_05	5774	29500	412	355.7	-7.8	139.5	195.0	55.0	12.87	8.30	26.95	2.22
EXT765_01	6152	29420	765	326.8	-28.0	328.5	349.5	15.0	4.58	4.46	29.93	0.04
EXT765_03	6152	29420	765	343.6	-11.0	270.0	286.5	15.5	5.08	5.05	107.7	0.02

EXT765_03	6152	29420	765	343.6	-11.0	297.0	306.4	8.5	4.32	4.26	181.1	0.03
EXT8_505_03	6389	29857	511	201.3	14.7	36.0	40.2	4.2	3.34	0.71	4.59	1.28
G151_135_08	5599	29335	136	149.4	-9.8	24.0	36.0	12.0	4.10	1.94	3.09	1.05
G151_135_08	5599	29335	136	149.4	-9.8	84.0	106.5	22.0	3.59	1.77	3.87	0.88
G151_135_08	5599	29335	136	149.4	-9.8	147.0	165.0	18.0	5.14	3.08	4.13	1.00
G151_135_09	5599	29335	136	138.9	-9.6	85.5	108.0	22.5	3.72	1.72	2.95	0.97
G151_330_45	5470	29343	334	275.6	2.5	82.5	97.5	14.5	3.24	2.23	12.36	0.49
G151_330_45	5470	29343	334	275.6	2.5	157.5	178.5	20.5	3.26	1.66	7.36	0.78
G151_330_50	5471	29344	333	313.5	-11.6	24.0	52.5	27.5	6.20	3.25	10.15	1.43
G151_330_51	5471	29344	334	302.0	7.0	43.5	57.0	7.5	7.58	3.01	19.22	2.22
G151_330_52	5470	29344	333	294.1	-15.0	63.0	72.0	8.0	4.83	2.49	8.72	1.14
G151_330_52	5470	29344	333	294.1	-15.0	141.0	156.0	14.7	6.59	5.02	3.32	0.76
G18_290_19	6059	29776	289	111.1	-6.5	58.5	76.5	18.0	5.01	3.54	3.01	0.72
G18_290_21	6058	29776	290	134.4	1.8	54.0	75.0	21.0	3.66	2.20	3.39	0.71
G18_290_21	6058	29776	290	134.4	1.8	94.5	135.0	40.5	13.57	10.67	6.26	1.41
G18_290_22	6058	29776	289	134.2	-16.8	84.0	111.0	27.0	3.38	1.92	3.72	0.71
G18_290_22	6058	29776	289	134.2	-16.8	138.0	148.5	10.5	3.08	2.70	2.20	0.19
G19W_350_32	5765	29916	356	188.3	14.5	0.0	21.0	20.5	7.60	3.71	7.14	1.89

- 1) Significant intercepts are located within the Chelopech Mine Concession and proximal to the mine workings.
- 2) AuEq calculation is based on the following formula: Au g/t + 2.06 x Cu %.
- 3) Minimum downhole width reported is 1.5 metres with a maximum internal dilution of 4.5 metres.
- 4) Drill holes with prefix G indicate grade control drilling which is performed using BQ diamond drill core. All other holes are drilled with NQ diamond core.
- 5) Coordinates are in mine-grid.
- 6) No factors of material effect have hindered the accuracy and reliability of the data presented above.
- 7) No upper cuts applied.
- 8) For detailed information on drilling, sampling and analytical methodologies refer to the NI 43-101 Technical Report entitled "Mineral Resource & Reserve Update, Chelopech Project, Chelopech, Bulgaria" (the "Chelopech Technical Report") filed on SEDAR at www.sedar.com on March 28, 2018.

Sampling and Analysis

All drill cores are sampled in intervals up to a maximum of three metres, with 1.5 metres sample intervals being the common length within mineralized zones. The dimensions of the mineralized zones far exceed the standard sample length. Two sizes of core are drilled; NQ for extensional and BQ for grade control drilling. NQ core is cut by diamond saw, where one half of the core sample is submitted for assaying and the remaining half is retained in steel core trays. BQ core samples are submitted for analysis as a whole core. All drill cores are photographed prior to cutting and/or sampling.

Following DPM exploration standard procedures and internationally accredited standards, a full suite of CRM's (certified reference materials), blanks and field duplicates are submitted to the laboratory with each batch of samples. The overall quality control sample rate is approximately 5% for reference materials, 2% for blanks, and 5% for field duplicates.

Sample tickets are entered into the bags with a numbering system, which reconciles sample and assayed results in the acquire database. The average core recovery within the modeled resource constraints is 99.6% and the various phases of drill data show no issues with regards to recoveries.

No relationship was evident between core recoveries and the copper assay data, or the gold assay data. The weight of a core sample varies between three and seven kilograms.

Diamond drill core is prepared and assayed at the SGS managed laboratory at Chelopech in Bulgaria. Samples are routinely assayed for copper, gold, silver, sulphur and arsenic.

Chelopech Brownfield Exploration

During the third quarter of 2018, diamond drilling continued from underground drill positions along the SEBPZ and from surface at the Krasta target. Ten holes were completed during the quarter for a total of 3,058 metres. Surface exploration activities focused on the Brevene exploration license and included a high resolution drone-based magnetic survey, infill soil sampling and geological mapping.

Southeast Breccia Pipe Zone

Six underground diamond drill holes totaling 1,967 metres were completed from drill caddies located southwest of Block 8 and northeast of Block 103. Assays were received for two holes only (Table 1). Hole EX_SEBP_31_05 intersected a zone of phyllic-altered diorite with quartz-barite-sulphide veins from 183 metres downhole (18 metres at 3.25 g/t AuEq) and extended Block 8 to the southwest (11 metres at 5.32 g/t AuEq). Hole EX_SEBP_103_02 targeted the area northeast of Block 103 and southeast of Block 153. A zone of advanced argillic altered (dickite-alunite) phreatomagmatic breccia with sulphide mineralization (pyrite, chalcopyrite and sulphosalts) was intersected from 36 metres downhole. Drilling along the SEBPZ on sections spaced approximately 250 metres apart will continue for the rest of 2018.

Table 1. Significant intercepts from the SEBPZ target, received during the third quarter of 2018.

Hole No.	East	North	RL	Az.	Dip	From	To	Length (m)	True width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EX_SEBP_31_05	6340	29705	407	214	-25	0	11	11	10	5.32	3.66	4.51	0.81
and:						183	201	18	16	3.25	3.22	13.45	0.01
EX_SEBP_103_02	5971	29270	451	145	-60	36	47	11	6	4.29	2.02	5.84	1.10

1) Coordinates are in mine-grid.

2) AuEq calculation is based on the following formula: $Au\ g/t + 2.06 \times Cu\ \%$.

3) Cut-off grade of 3 g/t AuEq, 5m min length, 8m max internal dilution.

4) True widths are estimated.

Surface exploration

Diamond drilling at the Krasta target, located approximately two kilometres northwest of the Chelopech mine, continued into the third quarter with four diamond drill holes totaling 1,091 metres. This first round of drilling at Krasta began in April 2018 and was completed in August after a total of 3,078 metres was drilled in ten holes. All the holes intersected high-sulphidation type epithermal copper-gold mineralization hosted by i) diorite and phreatomagmatic breccia similar to the those hosting the orebodies at Chelopech or ii) in clasts reworked in the overlying epiclastic unit that is locally known as rock avalanche breccia ("RAB"). Significant intercepts are summarized in Table 2. The ten holes, drilled as a fan from the single drill site that was permitted in this area, follow the mineralized zone over a strike length of 300 metres between 100 and 300 metres from surface. Mineralization is open in all directions. Permits for follow up drilling are expected to be issued in mid-2019.

The four holes that were drilled in the third quarter (holes EX_KR_07 to EX_KR_10) extend the mineralized zone to the northeast from hole EX_KR_06 (94m at 1.17 g/t AuEq from 186 metres down hole) that was drilled in the previous quarter. Together with hole EX_KR_06, these holes define a zone with significant widths that grades about 1 g/t AuEq, which has not been tested between the current level of drilling and surface. Zones of phreatomagmatic breccia with advanced argillic alteration (kaolinite-dickite-alunite-vuggy silica) and tennantite, enargite and pyrite mineralization in the form of semi-massive hydrothermal breccia infill and stockwork style veins, similar to the Chelopech ore bodies, were found in all holes. Unfortunately, the northeastern most hole, EX_KR_10, was lost due to broken ground while advancing in mineralization.

Surface exploration plans at Chelopech for the fourth quarter of 2018 include drilling at the Aramu Dere (within Sveta Petka Exploration license) and Sharlo Dere targets (within Chelopech mining concession), an

orientation electrical survey at Krasta, and geological mapping and soil sampling at Brevene exploration license.

Table 2. Significant drill intercepts from the Krasta target received during the second and third quarters of 2018.

Hole No.	East	North	RL	Az.	Dip	From	To	Length (m)	True width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EX_KR_01	7019	30883	856	281	-57	178	219	41	31	0.65	0.36	1.21	0.14
EX_KR_02	7019	30884	856	284	-45	135.3	143	7.7	6	0.84	0.51	0.72	0.16
EX_KR_03	7022	30886	857	336	-55	145	200.1	55.1	42	0.65	0.34	0.73	0.15
including:						192	200.1	8.1	6	1.55	0.66	1.29	0.43
EX_KR_04	7020	30885	857	305	-45	100.3	115.4	15.1	12	0.52	0.34	0.94	0.09
and:						141	148.3	7.3	6	1.01	0.73	1.00	0.14
EX_KR_05	7020	30882	857	265	-50	181.2	199	17.8	14	0.92	0.58	1.11	0.16
and:						206	216	10	8	0.94	0.49	0.92	0.22
EX_KR_06	7025	30887	857	5	-55	81	121	40	31	0.47	0.28	1.42	0.10
EX_KR_06						171	280	109	84	1.05	0.54	0.82	0.24
including:						192	202	10	8	3.04	1.45	1.38	0.77
EX_KR_07	7026	30885	857	35	-55	255	264	9	7	0.52	0.33	0.44	0.09
and:						281	301	20	15	0.69	0.51	1.00	0.09
and:						311	339	28	22	1.00	0.46	0.49	0.26
EX_KR_08	7025	30887	857	5	-69	51.4	69	17.6	10	0.50	0.30	0.56	0.10
and:						250.8	300	49.2	28	0.73	0.48	1.47	0.12
including:						277	293	16	9	1.00	0.54	1.17	0.22
EX_KR_09	7023	30887	857	350	-45	174	217.7	43.7	38	1.02	0.52	1.48	0.24
including:						188	193	5	4	2.39	1.20	3.32	0.58
EX_KR_10	7026	30887	857	20	-45	196	234	38	33	1.50	0.87	0.83	0.31
including:						196	213	17	15	1.65	1.02	1.27	0.31
and:						213	227.2	14.2	12	1.61	0.87	0.47	0.36

- 1) Coordinates are in Krumovgrad mine-grid.
- 2) Cut-off grade of 0.6 g/t Au, 5m min length, 4m max internal dilution.
- 3) True widths are estimated.
- 4) No results due to assays pending from the laboratory are shown as NR.

Krumovgrad, Bulgaria

During the third quarter of 2018, drilling programs were carried out at the Surnak deposit within the Khan Krum mine concession as well as at the Rigel prospect on the Elhovo exploration license. Twenty-one holes were completed during the quarter for a total of 2,839 metres. High resolution drone-based magnetics was flown over the Elhovo, Chiirite and Dalbokata Reka exploration licenses.

Surnak deposit

A total of 2,608 metres in 20 diamond drill holes (SUDD036 to SUDD056) was completed at Surnak in the third quarter of 2018. The aim of this drilling was to improve the geological model as well as provide sufficient fill in drilling to establish a maiden Mineral Resource. Samples from three drill holes were sent to SGS Lakefield for metallurgical testwork.

Gold mineralization at Surnak comprises intervals with quartz-carbonate-pyrite veins and sub-vertical to sub-horizontal hydrothermal breccia zones that are hosted by fine to coarse grained sandstone and

conglomerates or by the underlying metamorphic basement rocks (amphibolite and marble). The third quarter results received to date, including hole SUDD036 completed in late June 2018 but not previously reported, confirm the presence of gold mineralization at shallow depths (Table 3) while several higher grade hydrothermal breccia zones remain open at depth. Assay results are pending for holes SUDD050 to SUDD056. Additional drilling is planned for the fourth quarter of 2018.

Table 3. Significant drill intercepts from the Surnak deposit during the third quarter of 2018.

Hole No.	East	North	RL	Az.	Dip	From (m)	To (m)	Length (m)	True width (m)	Au (g/t)	Ag (g/t)
SUDD036	9432400	4522956	440	272	-46	52	63	11	10.5	0.96	16.2
SUDD041	9432249	4522949	482.5	270	-60.3	1	21	20	19.5	2.41	10.5
and:						46	66	20	19	1.47	15.6
and:						71	76	5	4.6	1.16	6.62
and:						88	107	19	18.5	1.28	10.6
SUDD042	9432229	4522910	492.8	269.2	-60.3	0	26	26	19	1.58	3.1
and:						66	76	10	8	0.96	6.8
SUDD043	9432398	4523159	455.6	272.8	-60.3	46.7	62.3	15.5	12.5	2.48	3.9
and:						72.65	81	8.3	8	3.52	38.2
SUDD044	9432208	4522914	490.8	260	-50.1	16	46	30	24.5	2.13	NR
SUDD045	9432269	4522899	484.4	271.1	-60.4	25	33	8	6.8	0.67	NR
and:						50	82	32	21	1.11	NR
and:						100	107	7	6	1.01	NR
SUDD047	9432223	4522949	483.4	267.3	-45.9	29.5	45	15.5	15.5	1.63	NR
SUDD048	9432326	4522887	463.9	271.4	-58.5	0	18	18	15	0.63	NR
SUDD049	9432392	4523076	463.4	255.9	-55.1	30	44	14	9	1.06	NR
and:						60	73	13	7.5	1.41	NR

1) Coordinates are in Krumovgrad mine-grid.

2) Cut-off grade of 0.6 g/t Au, 5m min length, 4m max internal dilution.

3) True widths are estimated.

4) No results due to assays pending from the laboratory are shown as NR.

Elhovo exploration license

Drilling at the Rigel prospect in the Elhovo exploration license commenced and a total of 231 metres was completed in holes ELHDD001 and ELHDD002 (in progress at the end of the quarter). The target is a northeast trending zone of silica-pyrite-clay alteration with gold that is hosted by a shallow dipping calc-schist unit that was mapped, trenched and sampled over a strike length of 130 metres. Drill results have yet to be received.

Other exploration activities at Elhovo included 1:2,000 scale geological mapping, soil sampling in the western half of the exploration license and 785 metres of trenching at the Rigel prospect. Two additional drill holes at the Rigel prospect are planned while trenching and detailed mapping will continue to the end of the field season.

Chiirite exploration license

At Chiirite, exploration continued with 1: 5,000 scale geological mapping as well as additional soil and rock sampling. Permitting for drill sites is in progress and, if permits are granted prior to mid-November, some drilling at the Chatal Kaya and Chernichino prospects will be possible during the fourth quarter of 2018.

Grade control drilling - Krumovgrad

All assay results from the reverse circulation (“RC”) grade control drilling program for pushback one were received during the second quarter of 2018. The drill holes covered the first year of production within pushback one, which is the first of four scheduled pushbacks at the Krumovgrad gold project mine site. Subsequent to receiving the assay results, a grade control model was prepared and the short-term mining schedule completed.

Further grade control drilling is likely to commence during 2019 in the pushback one and two areas to ensure that grade control drilling remains at least one year ahead of mining.

Timok Gold Project, Serbia

Updated Mineral Resource estimate

On September 24, 2018, the Company announced the results of the updated Mineral Resource estimate for the Timok gold project. Highlights include:

- Total Indicated Mineral Resources of 46.9 million tonnes at 1.32 g/t Au for 1.996 million ounces;
- Includes oxide Indicated Mineral Resources of 21.8 million tonnes at 1.06 g/t Au for 742,000 ounces and transitional Indicated Mineral Resources of 9.2 million tonnes at 1.15 g/t Au for 338,000 ounces; and
- Includes the first Mineral Resource estimate for the Korkan West deposit of Timok, discovered by DPM in 2016.

For additional information on the key parameters, assumptions, risks and other information relating to the updated Mineral Resource estimate for Timok, refer to the Company’s press release dated September 24, 2018 entitled “Dundee Precious Metals announces updated Mineral Resource estimate for the Timok Gold Project” and the associated Technical Report filed on November 7, 2018 under the Company’s profile at www.sedar.com.

The increase in Indicated Mineral Resources compared to the year-end 2017 Mineral Resource estimate disclosed in DPM’s AIF dated March 28, 2018 (filed on SEDAR at www.sedar.com) is attributable to updated interpretations of the oxide and transitional weathering domains, new metallurgical inputs related to processing oxide and transitional mineralization, and the inclusion of the Mineral Resource estimate for the Korkan West deposit. The inclusion of oxide and transitional mineralization within the conceptual pit optimization study has lowered reporting cutoffs, which in turn has increased constrained Mineral Resources. Net changes in Indicated Mineral Resources compared to the 2017 Mineral Resource estimate show an increase of 12 million tonnes and 280,000 ounces of gold. The corresponding percentage increases are 35% in tonnes and 16% in contained ounces of gold.

Based on the updated Mineral Resource estimate, the Company has initiated a scoping study for Timok, the results of which could lead to a Preliminary Economic Assessment in the first quarter of 2019. These studies will focus on the initial economics of the oxide and transitional material to be constrained in a separate open pit shell, as well as the high level potential for subsequent development of the sulphide resource. Development of a permitting and approvals plan incorporating the Environmental and Social Impact Assessment (“ESIA”) process and approvals as well as all additional licensing (major permits and authorizations) requirements will also be initiated in the fourth quarter of 2018. Exploration plans for 2019 are being developed to identify additional high quality targets to expand the near surface oxide resources.

Exploration drilling

Exploration drilling with a focus on shallow targets continued during the third quarter of 2018 and totaled 7,011 metres in 42 holes. Significant intervals are summarized in the Table 4. In addition, 2,380 metres of trenching and channeling and 52 line kilometres of IP geophysics were completed.

At both the Bigar Hill and Korkan deposits, results from drilling during the third quarter indicate good potential for additional resources outside the new resource model. Results of holes drilled to the west of the Bigar Hill Mineral Resource include hole BIDD079 that intersected 28 metres at 3.04 g/t gold from 85 metres downhole, including 12 metres at 6.94 g/t gold in brecciated marble and basal conglomerates. On the northeast side of the Bigar Hill deposit, hole BHDD094 intersected 35 metres at 2.03 g/t gold from 246 metres downhole in oxidized and strongly brecciated Cretaceous limestone. At the Korkan deposit, hole KODD180, located about 25-50 metres northwest of the Mineral Resource, intersected two intervals including 28 metres at 1.02 g/t gold in an oxidized section from between 53 and 81 metres downhole followed by a 22 metres at 0.68 g/t between 93 and 115 metres in a transitional section, with assays pending for samples below 115 metres.

Exploration plans for the fourth quarter of 2018 include further diamond drilling, infill soil sampling, geological mapping, trench/channel sampling and high resolution drone-based magnetics.

Table 4. Significant drill intercepts from the Timok Gold Project during the third quarter of 2018.

Hole No.	East	North	RL	Az.	DIP	From (m)	To (m)	Length (m)	True width (m)	Au (g/t)
BHDD094	570911	4898690	632	271	-70	229	238	9	3	1.34
and:						246	288	42	14.4	1.71
including:						246	281	35	12	2.03
BHDD095	570545	4898774	645	91	-45	7	85	78	39	0.48
BIDD077	569665	4898643	659	226	-50	0	19	19	12.2	0.44
including:						9	12	3	1.9	1.09
BIDD079	570058	4898465	625	226	-60	85	113	28	18	3.04
including:						96	108	12	7.7	6.94
KODD180	570526	4900636	618	050	-60	53	81	28	21	1.02
and:						93	115	22	11	0.68

1) Coordinates are in UTM 34 North.

2) Cut-off grade of 0.1 g/t Au, 5m min length and 5m max internal dilution used for the first drill hole intervals shown, and then a higher cut-off was used for the "including" intervals with a cut-off grade of 0.5 g/t Au, 3m min length and 2m max internal dilution.

3) True widths are estimated.

Lenovac Joint Venture, Serbia

At the Lenovac joint venture with Rio Tinto Mining and Exploration Limited, two seismic transects across the exploration license are planned, however, a contract has yet to be signed and the survey may not be undertaken.

Malartic Joint Venture, Quebec

During the third quarter of 2018, project wide till sediment sampling was completed at the Company's joint venture project in Quebec. The project is held under an option agreement with Pershimex Resources Corporation (formerly Khalkos Exploration Inc.).

Exploration plans for the fourth quarter of 2018 include soil sampling to follow-up anomalous till sediments and to cover areas with potassic and phyllic altered intrusion systems within the Cadillac and Kawagama metasedimentary units. A high resolution aeromagnetic survey along the Marbenite and Norbenite shear zones within the Malartic Group is also planned.

Other

DPM carries out early stage gold exploration in Bulgaria, Serbia, Quebec and Armenia. These programs involve geological mapping, systematic soil, rock-chip and channel sampling, geophysical surveys,

trenching and scout drilling. In addition, DPM continues to conduct reviews of projects and prospective belts in other parts of the world.

Sampling and Analysis of Exploration Core and Channel Samples

Most exploration diamond drill holes are collared with PQ size, continued with HQ, and are sometimes finished with NQ. Triple tube core barrels are used whenever possible to improve recovery.

All drill core is cut lengthwise into two halves using a diamond saw, one half is sampled for assaying and the other half is retained in core trays. All drill core is sampled in intervals ranging up to three metres, however, the common length for sample intervals within mineralized zones is one metre. Weights of drill core samples range from three to eight kilograms, depending on the size of core, rock type, and recovery. A numbered tag is placed into each sample bag, and the samples are grouped into batches for laboratory submissions. Exploration samples from Chelopech, Krumovgrad and the Timok gold project are shipped to the Company's own exploration laboratory in Bor, Serbia, which is managed by SGS Minerals. The exploration samples from the Canadian Malartic joint venture project are processed using identical quality assurance and quality control ("QAQC") procedures and analytical methods, but sample preparation and gold fire assay analysis are completed by the Bureau Veritas laboratory in Timmins, Ontario and Vancouver, British Columbia.

Quality control samples, comprising certified reference materials, blanks, and field duplicates are inserted into each batch of samples, and locations for crushed duplicates are specified. All drill core and quality control samples are tabulated on sample submission forms that specify sample preparation procedures and codes for analytical methods. For internal quality control, the laboratory includes its own quality control samples comprising certified reference materials, blanks, and pulp duplicates. All QAQC monitoring data are reviewed and signed off by an independent QAQC geologist. Chain of custody records are maintained from sample shipment to the laboratory until analyses are completed and remaining sample materials are returned to the Company.

Drill core samples submitted to the laboratory are dried at 105°C for a minimum of 12 hours and then jaw crushed to about 80% passing 4 mm. Sample preparation duplicates are created by riffle splitting crushed samples on a 1 in 20 basis. Larger samples are riffle split prior to pulverizing, whereas, smaller samples are pulverized entirely. Pulverizing specifications are approximately 90% passing 70 microns. Gold analyses are done using a conventional 50-gram fire assay and AAS finish. Multi-element analyses comprising 49 elements, that include Cu, Mo, As, Bi, Pb, Sb, and Zn, are done using a four-acid digestion and an ICP-MS finish. Samples returning over 10,000 ppm for base metals are re-analyzed using high grade methods.

DEVELOPMENT AND OTHER MAJOR PROJECTS

Krumovgrad

The mine site is located at Ada Tepe, approximately three kilometres south of the town of Krumovgrad in southeastern Bulgaria. The project plan contemplates the construction of an open pit mining operation comprised of a process plant, which will employ conventional crushing, grinding and flotation processing for gold extraction, and the disposal of thickened tailings, together with mine rock waste, in an integrated mine waste facility (“IMWF”). The plant is designed to treat up to 840,000 tonnes of ore per year over an eight-year mine life, including processing stockpiled low grade ore at the end of the project, which is consistent with existing permitting applications and environmental submissions. A feasibility study for the project was completed in 2011. The technical report for the Krumovgrad project entitled “Revised NI 43-101 Technical Report, Ada Tepe Deposit, Krumovgrad Project, Bulgaria” dated effective March 21, 2014, and revised November 7, 2017, is available at www.sedar.com (the “Krumovgrad Technical Report”).

The table below is a summary of the Q4 2015 estimated capital costs required to construct and commission the project, together with the additional sustaining capital expenditures and closure costs expected to be incurred over the life of the project.

CAPITAL COST ESTIMATE SUMMARY⁽¹⁾	
\$ millions	Total
Direct costs	117.1
Indirect costs	48.7
Contingency _{P50} (7.5% of direct + indirect costs)	12.4
Total Initial Construction Capital	178.2
Sustaining capital	6.2
Closure and rehabilitation costs	6.0

1) Costs expressed as Q4 2015 US\$ based on a US\$ / Euro exchange rate of 1.14 and exclude escalation, financing and sunk costs.

The estimated capital cost of the project at completion is now expected to be between \$164 million and \$168 million, of which \$126.0 million has been incurred as at September 30, 2018. This decrease relative to the 2015 estimate of \$178.2 million is due primarily to:

- A reforecast of contingency based on the remaining estimated cost (\$4.7 million);
- Locking in a more favourable foreign exchange rate than was budgeted (\$3.6 million);
- Procurement of some equipment spares on a consignment basis, as opposed to initial purchase (\$2.0 million);
- Lower than planned earthmoving quantities (\$2.0 million); and
- Procurement of some service vehicles on a leased basis, as opposed to purchase (\$0.7 million).

Operating costs are based on processing an average of 775,000 tonnes per year, producing an annual average of 85,700 ounces of gold and 38,700 ounces of silver for an estimated eight years.

SUMMARY OF ESTIMATED OPERATING COSTS⁽¹⁾	
	\$/t ore processed⁽²⁾
Mining costs	15.03
Processing costs	19.39
Tailings treatment & IMWF costs	1.88
General & administration	5.33
Royalty	3.78
Total Annual Operating Costs	45.41

1) Estimated and expressed in Q4 2015 US\$.

2) Average cash cost over eight years.

Based on the Mineral Reserves and Mineral Resources contained in the Krumovgrad Technical Report, as well as the 2015 estimated capital and operating costs, the project economics and other key metrics are shown in the table below:

Key Project Operating and Financial Metrics	Life of Mine Average
Annual tonnes processed	775,000 tpy
Gold grade	4.04 g/t
Silver grade	2.22 g/t
Strip ratio	2.6:1 waste:ore (t:t)
Gold recovery	85%
Silver recovery	70%
Annual gold production	85,700 oz
Annual silver production	38,700 oz
Total cash cost per oz AuEq ⁽¹⁾	\$404
Annual EBITDA	\$66 million
Total gold production	685,549 oz
Total silver production	309,915 oz
NPV at a discount rate of 5.0%, after-tax ^{(2),(3)}	\$187.6 million
Internal rate of return, after-tax ("IRR") ^{(2),(3)}	24.8%
Payback period, after-tax (from start of production)	2.4 years
Mine life	8 years

1) Based on long term metals prices of \$1,250/oz Au and \$15.00/oz Ag.

2) US\$ / Euro exchange rate = 1.14.

3) Includes an allowance for smelter terms and community investment.

The project underwent a national environmental impact assessment ("EIA") in 2010 and an environmental permit was issued and entered into force in March 2013. Following an independent review of the EIA reports, the EBRD required a number of supplementary environmental and social studies and documents to meet the EBRD Performance Requirements ("PRs") and international good practices. In addition to the EBRD PRs, certain lenders participating in the consortium refer to the Equator Principles and therefore the project also references the International Finance Corporation ("IFC") Performance Standards (2012).

Approval of the main construction permit was received in August 2016, and earthworks on the project site commenced in the fourth quarter of 2016. During the third quarter of 2018, the Company received the final two outstanding construction permits for the permanent access road and waste water discharge pipeline, and commenced construction on both of these items. All construction related permits have now been received for the project.

EVN (the electricity supply utility) completed the installation of the powerline to site at the end of the third quarter and testing of the line commenced in early October. Subject to receipt of an operating permit for the power supply, permanent power is expected to be available to support commissioning in early November.

The main construction activities during the third quarter of 2018 were:

- Completion of major equipment foundations in the process plant area;
- Ongoing installation of major civil and mechanical works associated with the IMWF;
- Commenced installation of the grout curtain at the IMWF;
- Commenced construction of the permanent access road and waste water discharge pipeline;
- Completed installation of the powerline to the site;
- Ongoing installation of minor equipment foundations and suspended floors in the process plant area;
- Ongoing installation of electrical and instrumentation equipment;
- Ongoing installation of structural steel, piping and mechanical equipment;
- Commenced installation of building roofing and cladding;
- Operation of the water supply system and filling of the raw water tank;

- Commenced filling the thickener with water ahead of commissioning in the fourth quarter;
- Completion of cold commissioning in the thickener area; and
- Ongoing hiring and training of key operational staff.

Mining of ore and waste continued through the quarter as planned, with 155,000 tonnes of waste and 93,000 tonnes of ore blasted and excavated. Ore was hauled to the ore stockpile and will be fed to the plant during the hot commissioning process. The waste was hauled to the IMWF for construction of the initial tailings containment cells.

As at September 30, 2018, construction of the project was approximately 82% complete, based on installed quantities, compared with a planned completion of 89%. Additional civil construction resources were mobilized to site to mitigate delays experienced with concrete installation, however the knock-on effect of these delays on the subsequent structural, mechanical and electrical installation has delayed first concentrate production from late in the fourth quarter of 2018 to the first quarter of 2019.

Progress against the project baseline schedule is set out below:

Key Milestones	Expected/Actual Completion
Commence main civil/mechanical/electrical construction	Q3 2017 (complete)
Complete bulk earthworks in the process plant area	Q3 2017 (complete)
Mobilize electrical and instrumentation contractor to site	Q1 2018 (complete)
Complete IMWF earthworks	Q1 2018 (complete)
Commence pre-stripping of the mine	Q2 2018 (started)
Start cold commissioning	Q2 2018 (started)
Start hot commissioning	Q4 2018
First concentrate production	Q1 2019

The Company continues to engage in an active dialogue with the municipality, government and other stakeholders, and will do so throughout the remainder of the construction and start-up phases, which includes receipt of the subsequent operating approvals to support the Krumovgrad gold project start-up in the first quarter of 2019.

Tsumeb – Capital Project

Rotary Holding Furnace

The Company continues to assess opportunities to further optimize the smelter operation, including the installation of a rotary holding furnace, which is expected to provide surge capacity between the Ausmelt furnace and the converters, and increase smelter recoveries. This is a potentially high return project that is expected to debottleneck and increase the annual throughput of complex concentrate by over 50% up to 370,000 tonnes and, in turn, generate significant incremental margins, given the fixed cost nature of the facility.

A pre-feasibility study was completed in 2015, which evaluated a number of options to increase throughput and identified a preferred option. A subsequent feasibility study, based upon the preferred option, was completed in the fourth quarter of 2016 and confirmed the robust project economics, with an estimated implementation capital cost of approximately \$52 million. The scope of the project includes the rotary holding furnace, additional cooling and other upgrades to the Ausmelt furnace, as well as upgrades to the slag mill area.

Work to secure the necessary permits to support this planned increase in production is ongoing. An ESIA is underway for the project. Public access to the draft ESIA was provided during the second quarter of 2017. The Company is finalizing an update of certain technical studies, as a result of the feedback received from the public consultation process, and is planning to submit an updated ESIA for approval during the first half of 2019.

DPM anticipates moving forward with this project, subject to receipt of all major permits, adequate supply of complex concentrate on acceptable terms and funding being in place.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

SELECTED QUARTERLY INFORMATION

Selected financial results for the last eight quarters, which have been prepared in accordance with IFRS, are shown in the table below:

\$ millions except per share amounts	2018			2017				2016 ⁽¹⁾
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue ⁽²⁾	104.3	102.9	86.9	94.9	92.3	86.9	74.6	82.1
Net earnings (loss)	20.0	16.0	2.7	(1.8)	3.0	11.0	(12.6)	(110.1)
Net earnings (loss) attributable to:								
• Non-controlling interest	(0.3)	(0.4)	(0.0)	(0.4)	(0.1)	(0.0)	(0.1)	(0.1)
• Discontinued operations	-	-	-	-	-	-	-	(2.5)
• Continuing operations	20.3	16.4	2.7	(1.4)	3.1	11.0	(12.5)	(107.5)
Net earnings (loss) per share:								
• Discontinued operations	-	-	-	-	-	-	-	(0.02)
• Continuing operations	0.11	0.09	0.02	(0.01)	0.02	0.06	(0.07)	(0.67)
Net earnings (loss) diluted per share:								
• Discontinued operations	-	-	-	-	-	-	-	(0.02)
• Continuing operations	0.11	0.09	0.02	(0.01)	0.02	0.06	(0.07)	(0.67)
Adjusted net earnings (loss) ⁽²⁾	17.8	13.7	0.6	3.4	7.6	11.9	(6.2)	5.7
Adjusted basic earnings (loss) per share ⁽²⁾	0.10	0.08	0.00	0.02	0.04	0.07	(0.04)	0.04

1) 2016 results reflect Kapan as a discontinued operation as a result of the Kapan Disposition, which was closed on April 28, 2016.

2) Information relates to continuing operations.

The variations in the Company's quarterly results were driven largely by fluctuations in gold grades and recoveries, volumes of complex concentrate smelted, gold and copper prices, foreign exchange rates, smelter toll rates, metals exposure and slag mill concentrate returns, depreciation, net gains and losses related to Sabina special warrants, unrealized and realized gains and losses on commodity swap and option contracts related to hedging the Company's metal price exposures, realized and unrealized gains or losses on foreign exchange forward and option contracts, impairment charges and common share issuances. Following the implementation of IFRS 9 on January 1, 2018, unrealized gains or losses on commodity swap and options contracts and time value of foreign exchange forward and option contracts are recognized in other comprehensive income (loss) rather than in other expense.

The following table summarizes the quarterly average trading price for gold, copper and silver based on the LBMA for gold and silver and the LME for copper (Grade A) and highlights the quarter over quarter variability.

Average	2018			2017				2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
LBMA gold (\$/oz)	1,213	1,307	1,330	1,275	1,278	1,257	1,219	1,219
LME settlement copper (\$/lb)	2.77	3.12	3.16	3.09	2.88	2.57	2.65	2.40
LBMA spot silver (\$/oz)	14.99	16.53	16.77	16.70	16.83	17.26	17.42	17.18

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities on the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

However, actual outcomes can differ from these estimates. The significant areas of estimation and uncertainty considered by management in preparing the condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 are the same as those described in the Company's MD&A for the year ended December 31, 2017.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2018, the Company adopted IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, which resulted in changes in accounting policies as described in note 2.2 to DPM's condensed interim consolidated financial statements for the three and nine months ended September 30, 2018. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018, except for hedge accounting in respect of commodity swap and option contracts that was applied prospectively.

NEW STANDARDS NOT YET ADOPTED

IFRS 16, Leases

IFRS 16, issued in January 2016, replaces IAS 17, Leases. IFRS 16 results in most leases being recognized on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. The standard is expected to impact the accounting for the Company's operating leases, which are currently reflected in the consolidated statements of earnings (loss) and in the Company's disclosure in respect of future commitments. Under IFRS 16, all operating leases, except for short term and low value leases, are expected to be accounted for as finance leases. As a result, the leased assets and the associated obligations are recognized in the consolidated statements of financial position. The leased assets will be depreciated over the shorter of the estimated useful life of the asset and the lease term. The lease payments are apportioned between finance charges and a reduction of the lease liability. The current operating lease expense will be replaced with a depreciation charge on the leased assets and a finance charge on the lease liability, which are in aggregate expected to result in a higher total periodic expense in the earlier periods of the lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company continues to evaluate the impact of IFRS 16 on its consolidated financial statements and disclosures, internal controls and accounting policies. The Company has a project team that has reviewed the applicable technical interpretations and all existing operating leases to determine and document expected changes in lease accounting. The Company has completed its preliminary assessment and does not expect the new standard to have a material impact. The Company will finalize its assessment in the fourth quarter of 2018 with implementation commencing on January 1, 2019. IFRS 16 provides lessees the choice for either full retrospective application or modified retrospective application whereby the restatement of comparative information in prior periods would not be required but instead would be reflected in opening balances as at January 1, 2019. The Company is planning to adopt this standard effective January 1, 2019 with modified retrospective application.

NON-GAAP FINANCIAL MEASURES

Certain financial measures referred to in this MD&A are not measures recognized under IFRS and are referred to as Non-GAAP measures. These measures have no standardized meanings under IFRS and may not be comparable to similar measures presented by other companies. The definitions established and calculations performed by DPM are based on management's reasonable judgment and are consistently applied. These measures are used by management and investors to assist with assessing the Company's performance, including its ability to generate sufficient cash flow to meet its return objectives and support its investing activities and debt service obligations. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Non-GAAP financial measures, together with other financial measures calculated in accordance with IFRS, are considered to be important factors that assist investors in assessing the Company's performance.

Non-GAAP Cash Cost and All-in Sustaining Cost Measures

Cash cost per tonne of ore processed, cash cost per pound of copper in concentrate produced, cash cost per ounce of gold in concentrate produced, cash cost per ounce of gold sold, net of by-product credits, all-in sustaining cost per ounce of gold and cash cost per tonne of complex concentrate smelted, net of by-product credits, capture the important components of the Company's production and related costs. Management and investors utilize these metrics as an important tool to monitor cost performance at the Company's operations. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance.

The following tables provide a reconciliation of the Company's cash cost per tonne of ore processed and cash cost per tonne of complex concentrate smelted, net of by-product credits to its cost of sales:

<i>\$ thousands, unless otherwise indicated</i>				
For the three months ended September 30, 2018	Chelopech	Tsumeb	MineRP	Total
Ore processed (<i>mt</i>)	578,914	-		
Metals contained in copper concentrate produced:				
Gold (<i>ounces</i>)	32,307	-		
Copper (<i>pounds</i>)	10,308,518	-		
Complex concentrate smelted (<i>mt</i>)	-	68,431		
Cost of sales	29,519	37,847	2,578	69,944
Add/(deduct):				
Depreciation, amortization & other	(8,215)	(6,603)		
Change in concentrate inventory	(1,910)	-		
Total cash cost before by-product credits	19,394	31,244		
By-product credits	(729)	(6,495)		
Total cash cost after by-product credits	18,665	24,749		
Cash cost per tonne ore processed	33.50	-		
Cash cost per pound copper produced ⁽¹⁾	0.77	-		
Cash cost per ounce gold produced ⁽¹⁾	333	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	362		

1) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

<i>\$ thousands, unless otherwise indicated</i>				
For the three months ended September 30, 2017	Chelopech	Tsumeb	MineRP	Total
Ore processed (<i>mt</i>)	565,696	-		
Metals contained in copper concentrate produced:				
Gold (<i>ounces</i>)	34,161	-		
Copper (<i>pounds</i>)	9,478,655	-		
Complex concentrate smelted (<i>mt</i>)	-	57,991		
Cost of sales	29,010	43,243	-	72,253
Add/(deduct):				
Depreciation, amortization & other	(9,027)	(6,359)		
Realized (gains) losses on foreign exchange forward contracts	90	(1,858)		
Change in concentrate inventory	(128)	-		
Total cash cost before by-product credits	19,945	35,026		
By-product credits	(958)	(6,952)		
Total cash cost after by-product credits	18,987	28,074		
Cash cost per tonne ore processed	35.26	-		
Cash cost per pound copper produced ⁽¹⁾	0.77	-		
Cash cost per ounce gold produced ⁽¹⁾	342	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	484		

1) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

<i>\$ thousands, unless otherwise indicated</i>				
For the nine months ended September 30, 2018	Chelopech	Tsumeb	MineRP	Total
Ore processed (<i>mt</i>)	1,692,060	-		
Metals contained in copper concentrate produced:				
Gold (<i>ounces</i>)	107,910	-		
Copper (<i>pounds</i>)	28,114,419	-		
Complex concentrate smelted (<i>mt</i>)	-	168,982		
Cost of sales	86,360	112,202	8,682	207,244
Add/(deduct):				
Depreciation, amortization & other	(24,231)	(18,624)		
Change in concentrate inventory	(2,188)	-		
Total cash cost before by-product credits	59,941	93,578		
By-product credits	(2,380)	(16,359)		
Total cash cost after by-product credits	57,561	77,219		
Cash cost per tonne ore processed	35.42	-		
Cash cost per pound copper produced ⁽¹⁾	0.78	-		
Cash cost per ounce gold produced ⁽¹⁾	330	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	457		

1) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

<i>\$ thousands, unless otherwise indicated</i>				
For the nine months ended September 30, 2017	Chelopech	Tsumeb	MineRP	Total
Ore processed (<i>mt</i>)	1,691,084	-		
Metals contained in copper concentrate produced:				
Gold (<i>ounces</i>)	104,783	-		
Copper (<i>pounds</i>)	26,321,575	-		
Complex concentrate smelted (<i>mt</i>)	-	160,269		
Cost of sales	82,152	116,489	-	198,641
Add/(deduct):				
Depreciation, amortization & other	(27,457)	(19,125)		
Realized (gains) losses on foreign exchange forward contracts	231	(4,935)		
Change in concentrate inventory	1,531	-		
Total cash cost before by-product credits	56,457	92,429		
By-product credits	(2,620)	(16,070)		
Total cash cost after by-product credits	53,837	76,359		
Cash cost per tonne ore processed	33.38	-		
Cash cost per pound copper produced ⁽¹⁾	0.72	-		
Cash cost per ounce gold produced ⁽¹⁾	332	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	476		

1) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

The following table provides, for the periods indicated, a reconciliation of Chelopech cash cost per ounce of gold sold, net of by-product credits, including payable gold in pyrite concentrate sold and related costs, to its cost of sales:

<i>\$ thousands, unless otherwise indicated</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Cost of sales ⁽¹⁾	29,519	29,100	86,360	82,383
Add/(deduct):				
Depreciation, amortization & other	(8,215)	(9,027)	(24,231)	(27,457)
Other charges, including freight ⁽²⁾	28,225	26,808	81,257	76,624
By-product credits ⁽³⁾	(28,446)	(24,205)	(76,342)	(61,822)
Cash cost of sales, net of by-product credits	21,083	22,676	67,044	69,728
Payable gold in copper and pyrite concentrates sold (ounces) ⁽⁴⁾	40,324	41,926	130,140	123,063
Cash cost per ounce of gold sold, net of by-product credits	523	541	515	567

1) Includes realized losses on the forward point component of the foreign exchange forward contracts recorded in other expense in the three and nine months ended September 30, 2017.

2) Includes treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of \$4.9 million and \$18.2 million in the third quarter and first nine months of 2018, respectively, compared to \$5.5 million and \$18.2 million in the corresponding periods in 2017.

3) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of \$0.5 million and \$5.5 million during the third quarter and first nine months of 2018, respectively, compared to \$3.9 million and \$7.2 million in the corresponding periods in 2017.

4) Includes payable gold in pyrite concentrate sold in the third quarter and first nine months of 2018 of 7,667 ounces and 27,781 ounces, respectively, compared to 7,302 ounces and 24,931 ounces in the corresponding periods in 2017.

The following table provides, for the periods indicated, a reconciliation of Chelopech cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, to its cost of sales:

<i>\$ thousands, unless otherwise indicated</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Cost of sales ⁽¹⁾	29,519	29,100	86,360	82,383
Add/(deduct):				
Depreciation, amortization & other	(8,215)	(9,027)	(24,231)	(27,457)
Other charges, including freight	23,377	21,283	63,075	58,385
By-product credits ⁽²⁾	(28,446)	(24,205)	(76,342)	(61,822)
Cash cost of sales, net of by-product credits	16,235	17,151	48,862	51,489
Payable gold in copper concentrate sold (ounces)	32,657	34,624	102,359	98,132
Cash cost per ounce of gold sold, net of by-product credits	497	495	477	525

1) Includes realized losses on the forward point component of the foreign exchange forward contracts recorded in other expense in the three and nine months ended September 30, 2017.

2) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of \$0.5 million and \$5.5 million during the third quarter and first nine months of 2018, respectively, compared to \$3.9 million and \$7.2 million in the corresponding periods in 2017.

DPM's all-in sustaining cost per ounce of gold calculation, including payable gold in pyrite concentrate sold and related costs, is set out in the following table:

<i>\$ thousands, unless otherwise indicated</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Cash cost of sales, net of by-product credits ⁽¹⁾	21,083	22,676	67,044	69,728
Accretion expenses ⁽¹⁾	97	74	308	215
General and administrative expenses ⁽²⁾	2,001	2,674	8,014	8,698
Cash outlays for sustaining capital ⁽¹⁾	1,824	3,290	3,629	7,459
All-in sustaining costs	25,005	28,714	78,995	86,100
Payable gold in copper and pyrite concentrates sold (ounces) ⁽³⁾	40,324	41,926	130,140	123,063
All-in sustaining cost per ounce of gold	620	685	607	700

1) Represents the cash cost of sales, net of by-product credits, accretion expenses and cash sustaining capital expenditures that are specific to Chelopech.

- 2) Represents an allocated portion of DPM's general and administrative expenses, including share based remuneration, and excluding depreciation and expenses related to Avala, Krumovgrad and MineRP, based on Chelopech proportion of total revenue, excluding MineRP.
- 3) Includes payable gold in pyrite concentrate sold in the third quarter and first nine months of 2018 of 7,667 ounces and 27,781 ounces, respectively, compared to 7,302 ounces and 24,931 ounces in the corresponding periods in 2017.

DPM's all-in sustaining cost per ounce of gold calculation, excluding payable gold in pyrite concentrate sold and related costs, is set out in the following table:

<i>\$ thousands, unless otherwise indicated</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Cash cost of sales, net of by-product credits ⁽¹⁾	16,235	17,151	48,862	51,489
Accretion expenses ⁽¹⁾	97	74	308	215
General and administrative expenses ⁽²⁾	2,001	2,674	8,014	8,698
Cash outlays for sustaining capital ⁽¹⁾	1,824	3,290	3,629	7,459
All-in sustaining costs	20,157	23,189	60,813	67,861
Payable gold in copper concentrate sold (<i>ounces</i>)	32,657	34,624	102,359	98,132
All-in sustaining cost per ounce of gold	617	670	594	692

1) Represents the cash cost of sales, net of by-product credits, accretion expenses and cash sustaining capital expenditures that are specific to Chelopech.

2) Represents an allocated portion of DPM's general and administrative expenses, including share based remuneration, and excluding depreciation and expenses related to Avala, Krumovgrad and MineRP, based on Chelopech proportion of total revenue, excluding MineRP.

Adjusted earnings before income taxes, adjusted net earnings and adjusted basic earnings per share

Adjusted earnings before income taxes, adjusted net earnings and adjusted basic earnings per share are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings are defined as net earnings attributable to common shareholders, adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including:

- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized gains or losses on the forward point component of the foreign exchange forward contracts that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized and realized gains or losses related to investments carried at fair value;
- significant tax adjustments not related to current period earnings; and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides a reconciliation of adjusted net earnings to net earnings attributable to common shareholders:

<i>\$ thousands, except per share amounts</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Net earnings attributable to common shareholders	20,325	3,042	39,404	1,563
Add/(deduct) after-tax adjustments:				
Unrealized losses on commodity swap and option contracts, net of income tax recovery of \$400 and \$1,172	-	3,600	-	10,549
Unrealized losses on the forward point component of foreign exchange forward contracts, net of income tax recovery of \$10 and \$51	-	1,578	-	3,806
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018, net of income tax recovery of \$369 and \$1,086 ⁽¹⁾	(3,326)	-	(9,774)	-
Net (gains) losses related to Sabina special and other warrants, net of income taxes of \$nil for all periods	782	(631)	2,458	(2,646)
Adjusted net earnings	17,781	7,589	32,088	13,272
Basic earnings per share	0.11	0.02	0.22	0.01
Adjusted basic earnings per share	0.10	0.04	0.18	0.07

1) These losses were recognized in net earnings attributable to common shareholders in 2017 but were never recognized in adjusted net earnings.

Adjusted earnings before income taxes is defined as earnings before income taxes adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including:

- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized gains or losses on the forward point component of the foreign exchange forward contracts that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized and realized gains or losses related to investments carried at fair value; and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides a reconciliation of adjusted earnings before income taxes to earnings before income taxes:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Earnings before income taxes	21,657	3,278	46,050	4,576
Add/(deduct) adjustments:				
Unrealized losses on commodity swap and option contracts	-	4,000	-	11,721
Unrealized losses on the forward point component of foreign exchange forward contracts	-	1,588	-	3,857
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018 ⁽¹⁾	(3,695)	-	(10,860)	-
Net (gains) losses related to Sabina special and other warrants	782	(631)	2,458	(2,646)
Adjusted earnings before income taxes	18,744	8,235	37,648	17,508

1) These losses were recognized in earnings before income taxes in 2017 but were never recognized in adjusted earnings before income taxes.

Adjusted EBITDA

Adjusted EBITDA is used by management and investors to measure the underlying operating performance of the Company's operating segments. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior

periods. In addition, the Compensation Committee of the Board of Directors uses adjusted EBITDA, together with other measures, to set incentive compensation goals and assess performance.

Adjusted EBITDA excludes the following from earnings before income taxes:

- depreciation and amortization;
- interest income;
- finance cost;
- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized gains or losses on the forward point component of the foreign exchange forward contracts that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized and realized gains or losses related to investments carried at fair value; and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides a reconciliation of adjusted EBITDA to earnings before income taxes:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Earnings before income taxes	21,657	3,278	46,050	4,576
Add/(deduct):				
Depreciation and amortization	15,417	15,725	44,132	47,225
Finance cost	1,791	1,721	5,455	5,780
Interest income	(71)	(71)	(226)	(212)
Net (gains) losses related to Sabina special and other warrants	782	(631)	2,458	(2,646)
Unrealized losses on commodity swap and option contracts	-	4,000	-	11,721
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018 ⁽¹⁾	(3,695)	-	(10,860)	-
Unrealized losses on the forward point component of foreign exchange forward contracts	-	1,588	-	3,857
Adjusted EBITDA	35,881	25,610	87,009	70,301

1) These losses were recognized in earnings before income taxes in 2017 but were never recognized in adjusted EBITDA.

Free cash flow

Free cash flow is defined as cash provided from operating activities, before changes in non-cash working capital, less cash outlays for sustaining capital, mandatory principal repayments and interest payments related to debt and finance leases. This measure is used by the Company and investors to measure the cash flow available to fund the Company's growth capital expenditures.

DPM's free cash flow calculation is set out in the following table:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2018	2017	2018	2017
Cash provided from operating activities	34,482	29,113	65,468	80,777
Add (deduct) changes in non-cash working capital	(507)	(2,161)	15,573	(11,169)
Cash provided from operating activities, excluding changes in non-cash working capital	33,975	26,952	81,041	69,608
Cash outlays for sustaining capital	(7,458)	(6,936)	(17,029)	(16,221)
Mandatory principal repayments related to debt	-	-	-	(16,250)
Principal repayments related to finance leases	(622)	(370)	(1,643)	(1,122)
Interest payments	(714)	(1,681)	(4,136)	(4,444)
Free cash flow	25,181	17,965	58,233	31,571

Cash provided from operating activities, before changes in non-cash working capital

Cash provided from operating activities, before changes in non-cash working capital, is defined as cash provided from operating activities excluding changes in non-cash working capital as set out in the Company's condensed interim consolidated statements of cash flows. This measure is used by the Company and investors to measure the cash flow generated by the Company's operating segments prior to any changes in non-cash working capital, which at times can distort performance.

Growth capital expenditures

Growth capital expenditures are generally defined as capital expenditures that expand existing capacity, increase life of assets and/or increase future earnings. This measure is used by management and investors to assess the extent of discretionary capital spending being undertaken by the Company each period.

Sustaining capital expenditures

Sustaining capital expenditures are generally defined as expenditures that support the ongoing operation of the asset or business without any associated increase in capacity, life of assets or future earnings. This measure is used by management and investors to assess the extent of non-discretionary capital spending being incurred by the Company each period.

Average realized price reconciliation

The following table provides a reconciliation of the Company's average realized gold and copper prices to its revenue:

<i>\$ thousands, unless otherwise indicated</i>	Three Months		Nine Months	
	2018	2017	2018	2017
Ended September 30,				
Total revenue	104,339	92,322	294,104	253,843
Add/(deduct):				
Tsumeb revenue	(47,304)	(38,411)	(112,513)	(104,914)
MineRP revenue	(2,507)	-	(9,173)	-
Treatment charges and other deductions	28,225	26,808	81,257	76,624
Realized hedging losses on Production Hedges	-	(3,860)	-	(7,182)
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018	(4,953)	-	(12,251)	-
Unfavourable (favourable) mark-to-market adjustments and final settlements	(594)	1,428	1,390	(1,459)
Silver revenue	(683)	(747)	(2,188)	(2,127)
Revenue from gold and copper	76,523	77,540	240,626	214,785
Revenue from gold	48,759	54,082	166,472	155,090
Payable gold in concentrate sold (<i>ounces</i>)	40,324	41,926	130,140	123,063
Average realized gold price per ounce	1,209	1,290	1,279	1,260
Revenue from copper	27,764	23,458	74,154	59,695
Payable copper in concentrate sold (<i>'000s pounds</i>)	10,099	9,363	26,581	24,440
Average realized copper price per pound	2.75	2.51	2.79	2.44

RISKS AND UNCERTAINTIES

The operating results, financial condition and future prospects of the Company are subject to a number of inherent risks and uncertainties associated with its business activities, which include the acquisition, financing, exploration, development, construction and operation of its mine, mill and concentrate processing facilities and the research, development and sales activities of MineRP, a software vendor for the mining industry. The operating results, financial condition and prospects of the Company are also subject to numerous external factors, which include economic, geo-political, regulatory, legal, tax and market risks impacting, among other things, precious metals and copper prices, acid prices, toll rates, foreign exchange rates, inflation and the availability and cost of capital to fund the capital requirements of the business. Each of these risks could have a material adverse impact on the Company's future business, results of operations and financial condition, and could cause actual results to differ materially from those described in any Forward Looking Statements contained in this MD&A. The Company endeavors to manage these risks and uncertainties in a balanced manner with a view to mitigating risk while maximizing total shareholder returns. It is the responsibility of senior management, and the functional head of each business, to identify and to effectively manage the risks of each business. This includes developing appropriate risk management strategies, policies, processes and systems. There can be no assurance that the Company has been or will be successful in identifying all risks or that any risk-mitigating strategies adopted to reduce or eliminate risk will be successful. These risks should be considered when evaluating the Company and its guidance.

A comprehensive discussion of the risks faced by the Company can be found in the Company's 2017 Annual MD&A and AIF.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") based on the Internal Control – Integrated Framework (2013) developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Company in its reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

The Company's management, under the supervision of the CEO and the CFO, has evaluated its DC&P and ICFR and concluded that, as of September 30, 2018, they have been designed effectively to provide reasonable assurance regarding required disclosures and the reliability of financial reporting and the preparation of financial statements for external purposes.

NI 52-109 also requires Canadian public companies to disclose any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to the internal controls in the first nine months of 2018.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements and other information included in this MD&A and our other disclosure documents constitute "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation, which we refer to collectively hereinafter as "Forward Looking Statements". Statements that constitute Forward Looking Statements include, but are not limited to, certain statements with respect to the estimated capital costs, operating costs, key project operating costs and financial metrics and other project economics with respect to Krumovgrad; the timing of development, permitting,

construction, commissioning activities and commencement of production in respect of Krumovgrad; timing of further optimization work at Tsumeb and potential benefits of the planned rotary furnace installation; price of gold, copper, silver and acid; toll rates; metals exposure and stockpile interest deductions; the estimation of Mineral Reserves and Mineral Resources and the realization of such mineral estimates; the timing and amount of estimated future production and output, life of mine, costs of production, cash costs and other cost measures, capital expenditures, rates of return at Krumovgrad and other deposits and timing of the development of new deposits; results of economic studies; success of exploration activities; success of permitting activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining and smelting operations; success of permitting activities; environmental risks; reclamation expenses; potential or anticipated outcome of title disputes or claims; benefits of digital initiatives; and timing and possible outcome of pending litigation. Forward Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “outlook”, “intends”, “anticipates”, or “does not anticipate”, or “believes”, or variations of such words and phrases or that state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Without limitation to the foregoing, the following section outlines certain specific Forward Looking Statements contained in the “2018 Guidance” of this MD&A, unless otherwise noted, and provides certain material assumptions used to develop such forward looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements (which are provided without limitation to the additional general risk factors discussed herein):

Ore mined/milled: assumes Chelopech mines perform at planned levels. Subject to a number of risks, the more significant of which is: failure of plant, equipment or processes to operate as anticipated.

Cash cost per tonne of ore processed: assumes Chelopech ore mined/milled is in line with the guidance provided; foreign exchange rates remain at or around current levels; and operating expenses at Chelopech are at planned levels. Subject to a number of risks, the more significant of which are: lower than anticipated ore mined/milled; a weaker U.S. dollar relative to the Euro; and unexpected increases in labour and other operating costs.

Metals contained in copper and pyrite concentrates produced: assumes grades and recoveries are consistent with current estimates of Mineral Resources and Mineral Reserves and DPM's current expectations; and ore mined/milled is consistent with guidance. Subject to a number of risks, the more significant of which are: lower than anticipated ore grades, recovery rates and ore mined/milled.

All-in sustaining costs: assumes that metals contained in concentrate produced and cash cost per tonne of ore processed at Chelopech are each in line with the guidance provided; copper prices remain at or around current levels; timing of concentrate deliveries are consistent with DPM's current expectations; payable metals in concentrate sold are consistent with the guidance provided, and general and administrative expenses and sustaining capital expenditures are consistent with the guidance provided. Subject to a number of risks, the more significant of which are: lower than anticipated metals contained in concentrate produced, concentrate deliveries and metal prices; a higher than anticipated cash cost per tonne of ore processed; and higher than anticipated sustaining capital expenditures and general and administrative expenses.

Complex concentrate smelted at Tsumeb: assumes no significant disruption in equipment availability or concentrate supply. Subject to a number of risks, the more significant of which are: unanticipated operational issues; lower than anticipated equipment availability; and disruptions to or changes in the supply of complex concentrate.

Cash cost per tonne of complex concentrate smelted, net of by-product credits: assumes complex concentrate smelted is consistent with the guidance provided; acid prices are at or around current levels; acid production and operating expenses are at planned levels; and foreign exchange rates remain at or around current levels. Subject to a number of risks, the more significant of which are: complex concentrate smelted and acid production are lower than anticipated; acid prices are lower than anticipated; strengthening of the ZAR relative to the U.S. dollar; and higher than anticipated operating and transportation costs due to a variety of factors, including higher than anticipated inflation, labour and other operating costs.

Sustaining and growth capital expenditures: assumes foreign exchange rates remain at or around current levels, and all capital projects proceed as planned and at a cost that is consistent with the budget established for each project. Subject to a number of risks, the more significant of which are: technical challenges, delays related to securing necessary approvals, equipment deliveries, equipment performance, and the speed with which work is performed; availability of qualified labour; and changes in project parameters and estimated costs, including foreign exchange impacts.

Liquidity (see comments contained in “Liquidity and Capital Resources” section): assumes the operating and cost performance at Chelopech and Tsumeb are consistent with current expectations; metal and acid prices, and foreign exchange rates remain at or around current levels; concentrate and acid sales agreements, and smelter toll terms are consistent with current terms and/or forecast levels; progress of capital projects is consistent with current expectations; and DPM’s RCF remains in place. Subject to a number of risks, the more significant of which are: lower than anticipated metals production at Chelopech, complex concentrate throughput and acid production at Tsumeb, concentrate deliveries and metal prices; weaker U.S. dollar relative to local operating currencies; changes in contractual sales and/or toll terms and acid prices; changes to project parameters, schedule and/or costs; and the inability to draw down on DPM’s RCF due to a breach or potential breach of one of its covenants.

Forward looking statements are based on certain key assumptions and the opinions and estimates of management and Qualified Persons (in the case of technical and scientific information) as of the date such statements are made and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the Forward Looking Statements. In addition to factors already discussed in this document, such factors include, among others: the uncertainties with respect to actual results of current exploration activities, actual results of current reclamation activities, conclusions of economic evaluations and economic studies; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; uncertainties and risks inherent to developing and commissioning new mines into production, such as the Krumovgrad project, which may be subject to unforeseen delays, costs or other issues; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company’s activities; social and non-governmental organizations (“NGO”) opposition to mining projects and smelting operations; fluctuations in metal and acid prices, toll rates and foreign exchange rates; unanticipated title disputes; claims or litigation; limitation on insurance coverage; cyber-attacks; risks related to the implementation, cost and realization of benefits from digital initiatives; failure to realize projected financial results from MineRP; risks related to operating a technology business reliant on the ownership, protection and ongoing development of key intellectual properties; as well as those risk factors discussed or referred to in any other documents (including without limitation the Company’s most recent AIF) filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward Looking Statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Unless required by securities laws, the Company undertakes no obligation to update Forward Looking Statements if circumstances or management’s estimates or opinion should change. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

This MD&A uses the terms “Measured”, “Indicated” and “Inferred” Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (“SEC”) does not recognize them. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2018 and December 31, 2017

(unaudited, in thousands of U.S. dollars)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	23,391	28,767
Accounts receivable	52,465	33,854
Inventories	26,896	28,093
Other current assets <i>(note 4(c) & 4(d))</i>	3,407	7,863
	106,159	98,577
Non-Current Assets		
Investments at fair value <i>(note 4(a) & 4(b))</i>	28,006	48,411
Mine properties	323,274	269,597
Property, plant & equipment	347,530	359,264
Intangible assets	48,959	55,494
Deferred income tax assets	9,649	8,962
Other long-term assets	4,804	4,445
	762,222	746,173
TOTAL ASSETS	868,381	844,750
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	63,021	75,140
Income tax liabilities	4,459	2,993
Current portion of long-term liabilities	3,192	2,184
	70,672	80,317
Non-Current Liabilities		
Long-term debt <i>(note 5(a))</i>	39,000	23,000
Deferred revenue	57,259	50,000
Rehabilitation provisions <i>(note 6)</i>	35,702	38,041
Share based compensation plans <i>(note 7)</i>	6,229	5,923
Other long-term liabilities	17,352	13,981
	155,542	130,945
TOTAL LIABILITIES	226,214	211,262
EQUITY		
Share capital	515,562	515,507
Contributed surplus	12,175	11,720
Retained earnings	117,200	57,115
Accumulated other comprehensive income (loss)	(8,984)	41,820
Equity attributable to common shareholders of the Company	635,953	626,162
Non-controlling interests	6,214	7,326
TOTAL EQUITY	642,167	633,488
TOTAL LIABILITIES AND EQUITY	868,381	844,750

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenue (note 13)	104,339	92,322	294,104	253,843
Costs and expenses				
Cost of sales	69,944	72,253	207,244	198,641
General and administrative expenses	6,251	4,711	20,195	14,423
Corporate social responsibility expenses	268	494	772	1,294
Exploration and evaluation expenses	3,089	1,961	8,177	6,199
Finance cost	1,791	1,721	5,455	5,780
Other expense	1,339	7,904	6,211	22,930
Earnings before income taxes	21,657	3,278	46,050	4,576
Current income tax expense	1,867	2,348	8,231	7,174
Deferred income tax recovery	(217)	(2,043)	(914)	(3,961)
Net earnings	20,007	2,973	38,733	1,363
Net earnings (loss) attributable to:				
Common shareholders of the Company	20,325	3,042	39,404	1,563
Non-controlling interests	(318)	(69)	(671)	(200)
Net earnings	20,007	2,973	38,733	1,363
Basic and diluted earnings per share attributable to common shareholders of the Company (note 8)	0.11	0.02	0.22	0.01

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net earnings	20,007	2,973	38,733	1,363
Other comprehensive income (loss) items that may be reclassified subsequently to profit or loss:				
Unrealized gains (losses) on foreign exchange forward and option contracts designated as cash flow hedges, net of income tax expense of \$0.2 (2017 - \$355) and \$2 (2017 - \$912), respectively	(1,187)	1,107	(6,242)	8,508
Unrealized gains on commodity swap and option contracts designated as cash flow hedges, net of income tax expense of \$192 (2017 - \$nil) and \$617 (2017 - \$nil), respectively	1,729	-	5,555	-
Deferred cost of hedging on foreign exchange forward and option contracts, net of income tax expense of \$15 (2017 - \$nil) and \$80 (2017 - \$nil), respectively	539	-	971	-
Deferred cost of hedging on commodity swap and option contracts, net of income tax expense of \$32 (2017 - \$nil) and \$203 (2017 - \$nil), respectively	292	-	1,830	-
Realized losses on foreign exchange forward and option contracts transferred to net earnings, net of income tax expense of \$nil (2017 - \$23) and \$nil (2017 - \$19), respectively	2,514	867	1,779	3,122
Realized gains on commodity swap and option contracts transferred to net earnings, net of income tax expense of \$265 (2017 - \$nil) and \$409 (2017 - \$nil), respectively	(2,384)	-	(3,682)	-
Cost of hedging on foreign exchange forward and option contracts transferred to net earnings, net of income tax expense of \$nil (2017 - \$nil) and \$nil (2017 - \$nil), respectively	(702)	-	(1,330)	-
Cost of hedging on commodity swap and option contracts transferred to net earnings, net of income tax expense of \$49 (2017 - \$nil) and \$125 (2017 - \$nil), respectively	(441)	-	(1,123)	-
Unrealized gains on publicly traded securities, net of income tax expense of \$nil (2017 - \$1,037) and \$nil (2017 - \$1,037), respectively	-	4,537	-	23,536
Currency translation adjustments	(835)	-	(3,890)	-
Other comprehensive income (loss) items that will not be reclassified subsequently to profit or loss:				
Losses on foreign exchange forward contracts designated as cash flow hedges, net of income tax expense of \$nil (2017 - \$nil) and \$nil (2017 - \$nil), respectively	-	(801)	-	(801)
Realized gains on foreign exchange forward contracts, transferred to mine properties, net of income tax expense of \$nil (2017 - \$229) and \$nil (2017 - \$286), respectively	-	(2,061)	-	(2,572)
Unrealized losses on publicly traded securities, net of income tax recovery of \$nil (2017 - \$nil) and \$1,198 (2017 - \$nil), respectively	(6,223)	-	(22,174)	-
	(6,698)	3,649	(28,306)	31,793
Comprehensive income	13,309	6,622	10,427	33,156
Comprehensive income (loss) attributable to:				
Common shareholders of the Company	13,806	6,691	11,960	33,356
Non-controlling interests	(497)	(69)	(1,533)	(200)
Comprehensive income	13,309	6,622	10,427	33,156

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
OPERATING ACTIVITIES				
Earnings before income taxes	21,657	3,278	46,050	4,576
Items not affecting cash and other adjustments (note 10(a))	14,731	27,058	47,241	75,646
Changes in non-cash working capital (note 10(b))	507	2,161	(15,573)	11,169
Payments for settlement of derivative contracts	(885)	(2,020)	(5,267)	(6,690)
Income taxes paid	(1,528)	(1,364)	(6,983)	(3,924)
Cash provided from operating activities	34,482	29,113	65,468	80,777
INVESTING ACTIVITIES				
Purchase of publicly traded securities	-	-	(5,419)	-
Proceeds from Kapan disposition	-	-	-	4,372
Proceeds from disposal of mine properties and property, plant and equipment	130	18	170	114
Payments for settlement of derivative contracts on MineRP acquisition (note 3)	-	(634)	-	(634)
Expenditures on mine properties	(13,899)	(17,056)	(56,791)	(42,454)
Expenditures on property, plant and equipment	(7,962)	(6,609)	(18,354)	(14,817)
Expenditures on intangible assets	(79)	(670)	(252)	(2,635)
Cash used in investing activities	(21,810)	(24,951)	(80,646)	(56,054)
FINANCING ACTIVITIES				
Proceeds from share issuance	-	16	156	33,212
Share issuance costs	-	(6)	-	(499)
Drawdowns (repayments), net under credit facilities (note 5(a) & 5(b))	(1,806)	-	16,000	(25,000)
Repayments of term loans	-	-	-	(16,250)
Financing fees on debt	-	-	(575)	(390)
Finance lease obligation	(622)	(370)	(1,643)	(1,122)
Interest paid	(714)	(1,681)	(4,136)	(4,444)
Cash provided from (used in) financing activities	(3,142)	(2,041)	9,802	(14,493)
Increase (decrease) in cash	9,530	2,121	(5,376)	10,230
Cash at beginning of period	13,861	19,866	28,767	11,757
Cash at end of period	23,391	21,987	23,391	21,987

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, except for number of shares)

	September 30, 2018		September 30, 2017	
	Number	Amount	Number	Amount
Share capital				
Authorized				
Unlimited common and preference shares with no par value				
Issued				
Fully paid common shares with one vote per share				
Balance at beginning of period	178,492,566	515,507	160,588,112	482,656
Shares issued on financing	-	-	17,843,120	33,176
Shares issued on option agreement	15,000	37	10,000	17
Share issuance costs	-	-	-	(499)
Shares issued on exercise of stock options (note 7)	6,239	12	19,333	37
Transferred from contributed surplus on exercise of stock options	-	6	-	20
Balance at end of period	178,513,805	515,562	178,460,565	515,407
Contributed surplus				
Balance at beginning of period		11,720		10,890
Share based compensation expense		882		944
Transferred to share capital on exercise of stock options		(6)		(20)
Other changes in contributed surplus		(421)		(159)
Balance at end of period		12,175		11,655
Retained earnings				
Balance at beginning of period		57,115		56,898
Impact of adoption of IFRS 9 (note 2.2)		20,681		-
Adjusted balance at beginning of period		77,796		56,898
Net earnings attributable to common shareholders of the Company		39,404		1,563
Balance at end of period		117,200		58,461
Accumulated other comprehensive income (loss) (note 11)				
Balance at beginning of period		41,820		1,360
Impact of adoption of IFRS 9 (note 2.2)		(20,681)		-
Adjusted balance at beginning of period		21,139		1,360
Other comprehensive income (loss)		(27,444)		31,793
Realized gains on forward foreign exchange contracts and cost of hedging transferred to mine properties, net of income tax expense of \$298 (2017 - \$nil)		(2,679)		-
Balance at end of period		(8,984)		33,153
Total equity attributable to common shareholders of the Company		635,953		618,676
Non-controlling interests				
Balance at beginning of period		7,326		223
Net loss attributable to non-controlling interests		(671)		(200)
Other comprehensive loss attributable to non-controlling interests		(862)		-
Other changes in non-controlling interests		421		159
Balance at end of period		6,214		182
Total equity at end of period		642,167		618,858

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

1. CORPORATE INFORMATION

Dundee Precious Metals Inc. (“DPM”) is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. DPM is a publicly listed company incorporated in Canada with limited liability under legislation of the Province of Ontario. DPM has common shares traded on the Toronto Stock Exchange (“TSX”). The address of DPM’s registered office is 1 Adelaide Street East, Suite 500, P. O. Box 195, Toronto, Ontario, M5C 2V9.

As at September 30, 2018, DPM’s condensed interim consolidated financial statements include DPM and its subsidiary companies (collectively, the “Company”).

DPM’s principal subsidiaries include:

- 100% of Dundee Precious Metals Chelopech EAD (“Chelopech”), which owns and operates a gold, copper and silver mine located east of Sofia, Bulgaria;
- 100% of Dundee Precious Metals Krumovgrad EAD (“Krumovgrad”), which is currently constructing a gold mine located in south eastern Bulgaria, near the town of Krumovgrad; and
- 100% of Dundee Precious Metals Tsumeb (Proprietary) Limited (“Tsumeb”), which owns and operates a custom smelter located in Tsumeb, Namibia.

DPM holds interests in a number of exploration properties located in Canada, Serbia and Armenia, including:

- 10.2% of Sabina Gold and Silver Corp. (“Sabina”), which is focused on the Back River project in southwestern Nunavut, Canada;
- 100% of Avala Resources Ltd., which is focused on the exploration and development of the Timok gold project, the Lenovac project, the Tulare copper and gold project and other early stage projects in Serbia; and
- through an option agreement, the right to earn up to a 71% interest in Pershimex Resources Corporation’s (formerly Khalkos Exploration Inc.) gold property located in the Archean Abitibi greenstone belt near Val-d’Or, Canada.

DPM also owns:

- 78% equity interest in MineRP Holdings (Proprietary) Limited, an independent mining software vendor with operations in Canada, South Africa, Australia and Chile, through MineRP Holdings Inc. (“MineRP”) (*note 3*).

2.1 BASIS OF PREPARATION

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants of Canada Handbook – Accounting applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company’s annual consolidated financial statements for the year ended December 31, 2017, except for the changes in accounting policies as described below in *note 2.2*. These condensed interim consolidated financial statements were approved by the Board of Directors on November 7, 2018.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

2.2 CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers*, which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018, except for hedge accounting in respect of commodity swap and option contracts that was applied prospectively.

IFRS 9, *Financial Instruments*

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

Upon adoption of IFRS 9, the two main changes in the Company's accounting policy on financial instruments are: i) equity investments previously classified as available-for-sale are now classified as financial assets measured at FVOCI and ii) derivative instruments previously held for trading now qualify for hedge accounting, including the Company's commodity swap and option contracts, to the extent they comply with the IFRS 9 criteria for hedge accounting.

Equity investments previously classified as available-for-sale financial assets satisfied the conditions for classification as financial assets at FVOCI and the Company elected to irrevocably designate them at FVOCI. Gains and losses in respect of these investments are recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss), are not transferred to profit or loss upon disposition and are not subject to impairment assessments.

The new hedge accounting standards more closely align the accounting for hedging instruments with the Company's risk management practices. As a result, more hedge relationships are eligible for hedge accounting. Upon adoption of IFRS 9, the Company's foreign exchange forward contracts, which previously qualified for hedge accounting, continue to qualify. The Company has also elected to account for the forward point component of foreign exchange forward contracts as a cost of hedging. The Company's commodity swap and option contracts, which previously did not qualify for hedge accounting under IAS 39, now qualify for hedge accounting to the extent they comply with the IFRS 9 criteria for hedge accounting.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	Under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable		
on provisionally priced sales	Held for trading	FVPL
Other accounts receivable	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Sabina special warrants (4(a))	Held for trading	FVPL
Publicly traded securities (4(b))	Available for sale	FVOCI
Commodity swap and option contracts (4(c))	Derivatives held for trading	Derivatives for cash flow and fair value hedges
Foreign exchange forward and option contracts (4(d))	Derivatives for cash flow hedges	Derivatives for cash flow hedges
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Debt (note 5)	Other financial liabilities	Amortized cost
Commodity swap and option contracts (4(c))	Derivatives held for trading	Derivatives for cash flow and fair value hedges
Foreign exchange forward and option contracts (4(d))	Derivatives for cash flow hedges	Derivatives for cash flow hedges

The effects of adopting IFRS 9 in the opening balances as at January 1, 2018 are summarized in the table below:

	Impact on opening balances upon adoption of IFRS 9		
	Retained earnings	Accumulated other comprehensive income (loss)	Impact on total equity
Balance as at December 31, 2017	57,115	41,820	98,935
Reclassify equity investments from available for sale to FVOCI (i)	20,645	(20,645)	-
Elect cost of hedge accounting (ii)	36	(36)	-
	20,681	(20,681)	-
Adjusted balance as at January 1, 2018	77,796	21,139	98,935

- (i) Upon adoption of IFRS 9, impairment charges on available-for-sale investments previously recognized in profit or loss were transferred from retained earnings to accumulated other comprehensive income (loss) with no impact on total shareholders' equity.
- (ii) Upon adoption of IFRS 9, the accumulated unrealized losses, net of income taxes, on the forward point component of outstanding foreign exchange forward contracts previously recognized in profit or loss were transferred from retained earnings to accumulated other comprehensive income (loss) with no impact on total shareholders' equity.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following are the Company's new accounting policies for its financial instruments under IFRS 9:

(a) Financial assets and liabilities excluding derivative instruments related to hedging activities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income, or through profit or loss)" and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. The Company has classified accounts receivable on provisionally priced sales as financial assets measured at FVPL. Other accounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of earnings (loss). The Company's investment in Sabina special warrants and its accounts receivable on provisionally priced sales are classified as financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company's investments in publicly traded equity securities are classified as financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and long-term debt, which are each measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of earnings (loss).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of earnings (loss).

(b) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the dates they are entered into and are subsequently re-measured at their fair value at the end of each reporting period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

For a derivative instrument to qualify for hedge accounting, the Company documents at the inception of the transaction the relationship between a hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking the hedging transaction. The Company also documents its assessment, both at inception and on an ongoing basis, of whether the derivative used to hedge an underlying exposure is highly effective in offsetting changes in the cash flows of the hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months, and as a current asset or liability when the remaining maturity is 12 months or less.

Foreign exchange forward and option contracts designated as cash flow hedges

The Company designates the spot component of foreign exchange forward contracts and the intrinsic value of foreign exchange option contracts entered to hedge a portion of its projected operating expenses and capital expenditures denominated in foreign currencies as cash flow hedges.

The effective portion of changes in fair value of the spot component of the forward contracts and in the intrinsic value of the options are initially recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). For hedges of operating expenses, the accumulated fair value change initially recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss) is subsequently recognized in cost of sales in the consolidated statements of earnings (loss) in the period when the underlying hedged operating expenses occur. For hedges of capital expenditures, the accumulated fair value change initially recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss) is subsequently included in the carrying value of the underlying assets hedged in the period the underlying hedged capital expenditures occur.

The time value, which forms a component of these foreign exchange forward and option contracts, is treated as a separate cost of hedging. As a result, any unrealized fair value change in the time value component of the outstanding foreign exchange forward and option contracts is initially recognized as a deferred cost of hedging in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). The accumulated cost of hedging is subsequently recognized in cost of sales or included in the carrying value of the underlying assets hedged in the period the underlying hedged operating expenses or capital expenditures occur.

Commodity swap and option contracts designated as cash flow hedges

The Company also designates the spot component of commodity swap contracts and the intrinsic value of commodity option contracts to hedge future metal price exposures ("Production Hedges") as cash flow hedges.

The effective portion of changes in fair value of the spot component of the swaps and in the intrinsic value of the options are initially recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). The accumulated fair value change is subsequently recognized in revenue in the consolidated statements of earnings (loss) in the period the underlying hedged sales occur.

The forward points, or time value, which form a component of these commodity swap and option contracts, are treated as a separate cost of hedging. As a result, any unrealized fair value change in the time value component of the outstanding commodity swap and option contracts is initially recognized as a deferred cost of hedging in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). The accumulated cost of hedging is subsequently recognized in revenue in the period the underlying hedged sales occur.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Commodity swap and option contracts designated as fair value hedges

The Company designates the spot component of commodity swap contracts to hedge the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales (“QP Hedges”) as a fair value hedge.

The effective portion of changes in fair value of the spot component of these commodity swap contracts are recognized in revenue in the consolidated statements of earnings (loss), together with any changes in the fair value of the hedged accounts receivable on the provisionally priced sales.

The forward point component of these commodity swap contracts is accounted for separately as a cost of hedging. As a result, any change in the fair value of the forward point component is recognized in revenue in the consolidated statements of earnings (loss).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for cash flow hedge accounting, the accumulated deferred gains or losses remain in other comprehensive income or loss until the period the underlying transaction that was hedged occurs at which point they are reclassified and recognized in revenue in the consolidated statements of earnings (loss). If the underlying hedged transaction is no longer expected to occur, the accumulated gains or losses that were initially recognized in other comprehensive income or loss are immediately reclassified to other income or expense in the consolidated statements of earnings (loss).

The gains or losses relating to the ineffective portion of all cash flow or fair value hedges, if any, are recognized immediately in other income or expense in the consolidated statements of earnings (loss).

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, *Construction contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standard Interpretations Committee interpretation 31, *Revenue – Barter Transactions Involving Advertising Services*.

Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable.

While the implementation of IFRS 15 did not have a material impact on the Company’s revenue recognition policies, the Company recognized a deemed financing expense in respect of its prepaid forward gold sales arrangement. This deemed financing expense was capitalized to mine properties under construction as borrowing costs incurred in respect of the Krumovgrad gold project. As a result, mine properties and deferred revenue each increased by \$4.5 million as at January 1, 2018 and \$2.7 million during the nine months ended September 30, 2018.

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2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following are the Company's new accounting policies for revenue recognition under IFRS 15:

(a) Revenue recognition

Revenue from the sale of concentrates containing gold, copper and silver is recognized when control has been transferred, which is considered to occur when products have been delivered to the location specified in the sales contract and the significant risks of loss have been transferred to the buyer. Revenue is measured based on the consideration specified in the contract.

Revenue from the sale of concentrates is initially recorded based on a provisional value which is a function of prevailing market prices, estimated weights and grades less smelter and commercial deductions. Under the terms of the concentrate sales contracts, the final metal price ("settlement price") for the payable metal is based on a predetermined quotational period of London Metal Exchange and London Bullion Market daily prices. The price of the concentrate is the sum of the metal payments less the sum of specified deductions, including treatment and refining charges, penalties for deleterious elements, and freight. The terms of these contracts result in embedded derivatives because of the timing difference between the prevailing metal prices for provisional payments and the actual contractual metal prices used for final settlement. These embedded derivatives are adjusted to fair value at the end of each reporting period through to the date of final price determination with any adjustments recognized in revenue.

Any adjustments to the amount receivable for each shipment on the settlement date, caused by final assay results, are adjusted through revenue at the time of determination.

Revenue from processing concentrate is recognized when concentrate has been smelted and is based on the toll rate specified in the toll agreement, which can vary based on the composition of the concentrate processed and prevailing market conditions at the time the agreement was entered. Under each toll agreement, Tsumeb incurs a carrying charge in respect of the concentrate it processes until blister copper is delivered. This charge is recorded as a reduction of revenue.

Revenue from processing concentrate is also adjusted for any over or under recoveries of metals delivered relative to contracted rates, which are subject to estimation, including the amount of metals contained in concentrate received, material in-process and blister delivered. These significant estimates are based on the Company's process knowledge and multiple assay results, the final results of which could differ from initial estimates.

Revenue from the sale of sulphuric acid, a by-product from processing concentrate at the Tsumeb smelter, is measured at the price specified in the sales contract and is recognized when the control has been transferred, which is considered to occur when the products have been delivered to the location specified in the sales contract and the risk of loss has been transferred to the buyer.

Revenue from MineRP's software services is recognized over time when the services are rendered. This is measured based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The estimated revenue or extent of progress toward percentage of completion is revised if changes occur or circumstances arise that indicate a revision is warranted. Any resulting increase or decrease in estimated revenue is reflected in the consolidated statements of earnings (loss) in the period in which such determination is made.

Revenue from licenses entered by MineRP containing software and ongoing services elements is recognized based on the estimated fair value of each element. The fair value of each element is determined based on the market price of each element when sold separately. Revenue relating to the software element is recognized when the control has been transferred to the customer, which occurs on delivery. Revenue relating to the service element is recognized over time when the services are rendered.

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2.2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Deferred revenue

Deferred revenue is recognized in the consolidated statements of financial position when a cash prepayment is received from one or more customers prior to the sale of product or delivery of service. Revenue is subsequently recognized in the consolidated statements of earnings (loss) when the sale occurs, which generally occurs when control has been transferred or in the case of services, when the services have been rendered.

The Company recognizes the time value of money, where there is a significant financing component, in finance cost when the period between the payment by the customer and transfer of the contracted goods or services exceeds one year.

In assessing the accounting for the Company's prepaid forward gold sales arrangement, the Company used judgement to determine that the upfront cash prepayment received was not a financial liability as the sale will be settled through the delivery of gold, which is a non-financial item rather than through cash or other financial assets. It is the Company's intention to settle this arrangement through its own production. If such settlement is not expected to occur, the prepaid forward gold sales arrangement would become a financial liability as a cash settlement may be required.

2.3 NEW STANDARDS NOT YET ADOPTED

IFRS 16, Leases

IFRS 16, issued in January 2016, replaces IAS 17, *Leases*. IFRS 16 results in most leases being recognized on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. The standard is expected to impact the accounting for the Company's operating leases, which are currently reflected in the consolidated statements of earnings (loss) and in the Company's disclosure in respect of future commitments. Under IFRS 16, all operating leases, except for short term and low value leases, are expected to be accounted for as finance leases. As a result, the leased assets and the associated obligations are recognized in the consolidated statements of financial position. The leased assets will be depreciated over the shorter of the estimated useful life of the asset and the lease term. The lease payments are apportioned between finance charges and a reduction of the lease liability. The current operating lease expense will be replaced with a depreciation charge on the leased assets and a finance charge on the lease liability, which are in aggregate expected to result in a higher total periodic expense in the earlier periods of the lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company continues to evaluate the impact of IFRS 16 on its consolidated financial statements and disclosures, internal controls and accounting policies. The Company has a project team that has reviewed the applicable technical interpretations and all existing operating leases to determine and document expected changes in lease accounting. The Company has completed its preliminary assessment and does not expect the new standard to have a material impact. The Company will finalize its assessment in the fourth quarter of 2018 with implementation commencing on January 1, 2019. IFRS 16 provides lessees the choice for either full retrospective application or modified retrospective application whereby the restatement of comparative information in prior periods would not be required but instead would be reflected in opening balances as at January 1, 2019. The Company is planning to adopt this standard effective January 1, 2019 with modified retrospective application.

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3. SIGNIFICANT TRANSACTIONS

On October 25, 2017, the Company completed the acquisition of MineRP and combination with its Terrative Digital Solutions Division ("Terrative"), creating a technology provider with operations in Canada, South Africa, Australia and Chile in the mining industry for digital innovation. As a result of this transaction, the Company owns a 78% equity interest in MineRP.

Net assets acquired comprised primarily intellectual property and goodwill with provisional values of \$3.8 million and \$24.6 million, respectively. The goodwill is attributable to a number of factors that cannot specifically be allocated to an identifiable asset, including its market reputation, the potential for significant future overall market and MineRP revenue growth, synergies between Terrative and MineRP technologies, and the skills and knowledge of its existing employees.

The purchase price allocation of MineRP acquisition was finalized as at June 30, 2018. As a result, the Company adjusted its provisional purchase price allocation so as to recognize \$3.4 million of value related to customer relationships and reduced the value allocated to intellectual property and goodwill by \$1.0 million and \$1.9 million to \$2.8 million and \$22.7 million, respectively.

4. FINANCIAL INSTRUMENTS

Set out below is a comparison, by category, of the carrying amounts of the Company's financial instruments that are recognized in the condensed interim consolidated statements of financial position:

	Financial instrument classification	Carrying Amount	
		September 30, 2018	December 31, 2017
Financial assets			
Cash	Amortized cost	23,391	28,767
Accounts receivable			
on provisionally priced sales	FVPL	25,159	7,678
Other accounts receivable	Amortized cost	27,306	26,176
Restricted cash	Amortized cost	2,169	2,392
Sabina special warrants (a)	FVPL	2,783	5,239
Publicly traded securities (b)	FVOCI	25,223	-
Publicly traded securities (b)	Available for sale	-	43,172
Commodity swap and option contracts (c)	Derivatives for cash flow and fair value hedges	35	-
Foreign exchange forward and option contracts (d)	Derivatives for cash flow hedges	2,621	6,326
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	57,925	60,122
Debt (note 5(a) & 5(b))	Amortized cost	39,000	23,000
Commodity swap and option contracts (c)	Derivatives for cash flow and fair value hedges	916	-
Commodity swap and option contracts (c)	Derivatives held for trading	-	15,018
Foreign exchange forward and option contracts (d)	Derivatives for cash flow hedges	4,180	-

The carrying values of all the financial assets and liabilities measured at amortized cost approximate their fair values as at September 30, 2018 and December 31, 2017.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(a) Sabina special warrants

During the nine months ended September 30, 2018, the Company purchased additional 3,246,200 common shares of Sabina at an average price of \$1.66 (Cdn\$2.10) per share. As at September 30, 2018, DPM held: (i) 26,785,913 common shares of Sabina; and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the Back River project or upon the occurrence of certain other events. Each of the special warrants is exercisable into one common share until 2044.

The fair value of the special warrants was based on the fair value of the Sabina common shares, which was determined based on the closing bid prices as at September 30, 2018 and December 31, 2017.

The fair value of the Sabina special warrants was included in investments at fair value in the condensed interim consolidated statements of financial position.

For the three and nine months ended September 30, 2018, the Company recognized unrealized losses on the Sabina special warrants of \$0.6 million (2017 – unrealized gains of \$0.6 million) and \$2.4 million (2017 – unrealized gains of \$2.6 million), respectively, in other expense in the condensed interim consolidated statements of earnings (loss).

(b) Publicly traded securities

Publicly traded securities include a portfolio of equity investments in publicly traded mining and exploration companies, comprised primarily of Sabina common shares. These investments were classified as available-for-sale under IAS 39 as management intended to hold them for the medium to long-term. Upon adoption of IFRS 9, the Company elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income or loss. See *note 2.2* for the changes in accounting policy.

For the three and nine months ended September 30, 2018, the Company recognized unrealized losses on these publicly traded securities of \$6.3 million (2017 – unrealized gains of \$5.6 million) and \$23.4 million (2017 – unrealized gains of \$24.6 million), respectively, in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss. Had the Company not adopted IFRS 9, these unrealized losses for the three and nine months ended September 30, 2018 would have been presented in other comprehensive income or loss and would have been subsequently reclassified to the consolidated statements of earnings (loss) once realized.

(c) Commodity swap and option contracts

The Company enters into cash settled commodity swap contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to eliminate or substantially reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales. As at September 30, 2018, the Company had outstanding commodity swap contracts in respect of this exposure as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	18,385 ounces	1,192.76 /ounce
Payable copper	3,417,161 pounds	2.83 /pound
Payable silver	17,195 ounces	14.62 /ounce

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The Company also enters into cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures. Commodity swap contracts are entered to swap future contracted monthly average prices for fixed prices. Commodity option contracts are entered to provide price protection below a specified “floor” price and price participation up to a specified “ceiling” price. These option contracts are comprised of a series of call options and put options (which when combined create a price “collar”) that are generally structured so as to provide for a zero upfront cash cost.

As at September 30, 2018, the Company had outstanding commodity swap contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Average fixed price of Production Hedges (\$/pound)
Balance of 2018	4,791,742	2.62

As at September 30, 2018, the Company had outstanding commodity option contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Call options sold Average ceiling price (\$/pound)	Put options purchased Average floor price (\$/pound)
Balance of 2018	3,174,653	3.32	2.80

The commodity swap and option contracts did not qualify for hedge accounting previously as component hedging was not permitted under IAS 39. Upon adoption of IFRS 9, the Company is now able to designate the spot component of commodity swap contracts and the intrinsic value of the commodity option contracts in respect of Production Hedges as cash flow hedges and the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges. See *note 2.2* for the changes in accounting policy.

The fair value gain or loss on commodity swap contracts was calculated based on the corresponding London Metal Exchange forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. The fair value gain or loss on commodity option contracts was calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at September 30, 2018, the net fair value loss on all outstanding commodity swap and option contracts was \$0.9 million (December 31, 2017 – \$15.0 million), which was included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2018, the Company recognized unrealized losses of \$0.9 million and unrealized gains of \$2.9 million, respectively, in other comprehensive income (loss) on outstanding commodity swap and option contracts. The Company also recognized net gains of \$4.3 million and \$6.7 million, respectively, for the three and nine months ended September 30, 2018 in revenue on settled contracts. Had the Company not adopted IFRS 9, net gains of \$3.4 million and \$9.6 million, respectively, for the three and nine months ended September 30, 2018 would have been recognized in other expense in the condensed interim consolidated statements of earnings (loss).

For the three and nine months ended September 30, 2017, the Company recognized unrealized losses of \$3.8 million and \$12.3 million, respectively, on commodity swap and option contracts in other expense. The Company also recognized realized losses on the settled contracts of \$4.1 million and \$9.7 million, respectively, for the three and nine months ended September 30, 2017 in other expense.

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(d) Foreign exchange forward and option contracts

The Company enters into foreign exchange forward and option contracts from time to time to reduce the foreign exchange exposure associated with projected operating expenses and capital expenditures denominated in foreign currencies.

Foreign exchange forward contracts are entered to fix foreign exchange rates on future operating expenses and capital expenditures. Foreign exchange option contracts are entered to provide price protection below a specified "floor" rate and participation up to a specified "ceiling" rate. The option contracts entered are comprised of a series of call options and put options (which when combined create a price "collar") that are structured so as to provide for a zero upfront cash cost.

As at September 30, 2018, the Company had outstanding foreign exchange forward contracts in respect of projected foreign denominated operating expenses and capital expenditures as summarized in the tables below:

Year of projected operating expenses	Foreign currency hedged (i)	Amount hedged in foreign currency	Average exchange rate US\$/Foreign currency
Balance of 2018	South African rand	380,523,375	13.1897

Year of projected capital expenditures	Foreign currency hedged (i)	Amount hedged in foreign currency	Average exchange rate Foreign currency/US\$
Balance of 2018	Euro	19,865,000	1.1586
2019	Euro	1,850,000	1.1762
Total	Euro	21,715,000	1.1601

As at September 30, 2018, the Company had outstanding foreign exchange option contracts in respect of its 2019 projected foreign denominated operating expenses as summarized in the table below:

Foreign currency hedged (i)	Amount hedged in foreign currency	Call options sold Average ceiling rate US\$/Foreign currency	Put options purchased Average floor rate US\$/Foreign currency
South African rand	722,490,000	15.68	14.25

(i) The Bulgarian leva is pegged to the Euro and the Namibian dollar is pegged to the South African rand on a 1:1 basis.

The Company designates the spot component of the foreign exchange forward contracts and the intrinsic value of option contracts as cash flow hedges. Upon adoption of IFRS 9, the forward point component of foreign exchange forward contracts is now treated as a separate cost of hedging. See *note 2.2* for the changes in accounting policy.

The fair value gain or loss on these outstanding contracts was calculated based on foreign exchange forward rates and option pricing quoted in the market. As at September 30, 2018, the fair value loss on all outstanding foreign exchange forward and option contracts was \$1.6 million, of which \$1.9 million was included in other current assets, \$0.7 million in other long-term assets, \$3.4 million in accounts payable and accrued liabilities and \$0.8 million in other long-term liabilities. As at December 31, 2017, the fair value gain on all outstanding foreign exchange forward contracts was \$6.3 million, which was included in other current assets.

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For the three and nine months ended September 30, 2018, the Company recognized unrealized gains of \$0.6 million (2017 – unrealized losses of \$0.7 million) and unrealized losses of \$8.6 million (2017 – unrealized gains of \$8.9 million), respectively, in other comprehensive income (loss) on the spot component of the outstanding foreign exchange forward and option contracts. The Company also recognized realized losses of \$2.5 million (2017 – \$0.8 million) and \$1.8 million (2017 – \$3.1 million), respectively, for the three and nine months ended September 30, 2018 in cost of sales on the spot component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized gains of \$0.7 million (2017 – \$2.3 million) and \$4.1 million (2017 – \$2.9 million), respectively, for the three and nine months ended September 30, 2018 as reductions to mine properties on the spot component of the settled contracts in respect of foreign denominated capital expenditures.

For the three and nine months ended September 30, 2018, the Company recognized \$0.2 million and \$0.7 million of unrealized gains on the time value component of the outstanding foreign exchange forward and option contracts, respectively, in other comprehensive income (loss) as a deferred cost of hedging. The Company also recognized realized gains of \$0.7 million and \$1.3 million, respectively, for the three and nine months ended September 30, 2018 in cost of sales on the forward point component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of \$0.3 million and \$1.1 million, respectively, for the three and nine months ended September 30, 2018 as additions to mine properties on the forward point component of the settled contracts in respect of foreign denominated capital expenditures. Had the Company not adopted IFRS 9, net gains of \$0.6 million and \$0.9 million, respectively, for the three and nine months ended September 30, 2018 would have been recorded in other expense in the condensed interim consolidated statements of earnings (loss).

For the three and nine months ended September 30, 2017, the Company recognized unrealized losses of \$1.4 million and \$3.7 million, respectively, in other expense on the forward point component of the outstanding foreign exchange forward contracts. The Company also recognized realized gains of \$1.4 million and \$4.3 million, respectively, for the three and nine months ended September 30, 2017 in other expense on the forward point component of the settled contracts.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3: based on inputs which have a significant effect on fair value that are not observable from market data.

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The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2018 and December 31, 2017:

	As at September 30, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Accounts receivable on provisionally priced sales	-	25,159	-	25,159
Sabina special warrants	-	-	2,783	2,783
Publicly traded securities	25,223	-	-	25,223
Commodity swap and option contracts	-	35	-	35
Foreign exchange forward and option contracts	-	2,621	-	2,621
Financial liabilities				
Commodity swap and option contracts	-	916	-	916
Foreign exchange forward and option contracts	-	4,180	-	4,180

	As at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Accounts receivable on provisionally priced sales	-	7,678	-	7,678
Sabina special warrants	-	-	5,239	5,239
Publicly traded securities	43,172	-	-	43,172
Foreign exchange forward contracts	-	6,326	-	6,326
Financial liabilities				
Commodity swap and option contracts	-	15,018	-	15,018

During the nine months ended September 30, 2018 and the year ended December 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The following table reconciles Level 3 fair value measurements from January 1, 2017 to September 30, 2018:

Balance as at January 1, 2017	2,008
Purchase of other warrants	216
Unrealized gains included in net loss	3,015
Balance as at December 31, 2017	5,239
Purchase of other warrants	2
Unrealized losses included in net earnings	(2,458)
Balance as at September 30, 2018	2,783

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5. DEBT

(a) DPM Revolving Credit Facility (“RCF”)

DPM has a committed RCF with a consortium of banks. In April 2018, the RCF was amended to extend the terms of tranche B by an additional year. As at September 30, 2018, the RCF is comprised of a \$45.0 million tranche A maturing in February 2022, a \$150.0 million tranche B maturing in February 2021, and a \$76.0 million tranche C maturing in September 2021 that contains quarterly availability reductions of \$4.0 million that commenced in the third quarter of 2018.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and the Company’s funded net debt to adjusted earnings before interest, taxes, depreciation and amortization (“Debt Leverage Ratio”), as defined in the RCF agreement. The RCF is secured by pledges of the Company’s investments in Krumovgrad, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

The RCF contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 4.0:1 during the construction of the Krumovgrad gold project (the Debt Leverage Ratio declines to 3.5:1 for periods that begin two years after the commencement of the Krumovgrad gold project which was October 2016), (ii) a current ratio (including the addition of any unutilized credit within tranche B to current assets) of greater than 1.5:1, and (iii) a minimum net worth of \$500.0 million plus (minus) 50% of ongoing annual net earnings (losses).

As at September 30, 2018, DPM was in compliance with all financial covenants and \$39.0 million (December 31, 2017 – \$23.0 million) was drawn under the RCF.

(b) Tsumeb overdraft facility

In April 2018, Tsumeb entered into a Namibian \$50.0 million (\$3.5 million) demand overdraft facility that is guaranteed by DPM. This facility bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.50%. As at September 30, 2018, \$nil was drawn from this facility.

(c) Other credit agreements and guarantees

Chelopech and Krumovgrad have a \$16.0 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at September 30, 2018, \$4.7 million (December 31, 2017 – \$5.5 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Krumovgrad also have a Euro 21.0 million (\$24.4 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2018 and is guaranteed by DPM. As at September 30, 2018, \$22.2 million (December 31, 2017 – \$23.0 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

Krumovgrad has a \$5.3 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at September 30, 2018, \$0.1 million (December 31, 2017 – \$0.1 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Advances under these facilities bear interest at a rate equal to the one month U.S. Dollar LIBOR plus 2.5%. The letters of credit and guarantee bear a fee of 0.6% based on the amounts issued. The Company is currently in the process of extending these credit facilities for another year.

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6. REHABILITATION PROVISIONS

The rehabilitation provisions represent the present value of rehabilitation costs relating to the Chelopech, Tsumeb and Krumovgrad sites, which are expected to be incurred between 2019 and 2041.

Key assumptions used in determining the rehabilitation provisions were as follows:

	September 30, 2018	December 31, 2017
Discount period		
Chelopech	2019 - 2037	2018 - 2029
Tsumeb	2021 - 2039	2021 - 2039
Krumovgrad	2019 - 2041	2019 - 2041
Local discount rate		
Chelopech/Krumovgrad	2.5%	2.4%
Tsumeb	10.3%	10.1%
Local inflation rate		
Chelopech/Krumovgrad	2.3%	2.3%
Tsumeb	5.2%	5.2%

Changes to rehabilitation provisions were as follows:

	Chelopech	Tsumeb	Krumovgrad	Total
Balance as at January 1, 2017	15,281	14,709	306	30,296
Change in cost estimate	-	-	2,773	2,773
Remeasurement of provisions (a)	1,824	1,515	(180)	3,159
Accretion expense	288	1,504	21	1,813
Balance as at December 31, 2017	17,393	17,728	2,920	38,041
Change in cost estimate	(2,055)	-	1,737	(318)
Remeasurement of provisions (a)	(759)	(2,773)	(207)	(3,739)
Accretion expense	308	1,347	63	1,718
Balance as at September 30, 2018	14,887	16,302	4,513	35,702

(a) Remeasurement of provisions resulted from the changes in discount rates, inflation rates and foreign exchange rates at each site.

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7. SHARE BASED COMPENSATION PLANS

Restricted Share Unit (“RSU”) plan

DPM has an RSU Plan for directors, certain employees and eligible contractors of DPM and its wholly-owned subsidiaries in consideration of past services to the Company. The Board of Directors administers this plan and determines the grants.

(a) Non-performance based RSUs

These RSUs vest equally over a three-year period and are paid in cash based on the Market Price of DPM's publicly traded common shares on the entitlement date or dates, which should not be later than December 31 of the year that is three years after the year of service for which the RSUs are granted, as determined by the Board of Directors in its sole discretion.

The following is a summary of the RSUs granted for the periods indicated:

	Number of RSUs	Amount
Balance as at January 1, 2017	2,759,980	2,486
RSUs granted	1,667,400	3,189
RSUs redeemed	(1,190,339)	(2,453)
RSUs forfeited	(241,604)	(275)
Mark-to-market adjustments		1,194
Balance as at December 31, 2017	2,995,437	4,141
RSUs granted	1,687,875	2,775
RSUs redeemed	(1,368,098)	(3,413)
RSUs forfeited	(109,433)	(75)
Mark-to-market adjustments		112
Balance as at September 30, 2018	3,205,781	3,540

As at September 30, 2018, there was \$3.5 million (December 31, 2017 – \$2.2 million) of RSU expenses remaining to be charged to net earnings in future periods relating to the RSU plan.

(b) Performance Share Units (“PSUs”)

Under the RSU Plan, the Board of Directors may, at its sole discretion, (i) grant RSUs with a performance-based component, referred to as PSUs, subject to performance conditions to be achieved by the Company, and (ii) determine the entitlement date or dates of such PSUs. These PSUs vest after three years and are paid in cash based on the Market Price of DPM's publicly traded common shares, subject to established performance criteria, on the entitlement date or dates, which shall not be later than December 31 of the year that is three years after the year of service for which the PSUs were granted, as determined by the Board of Directors in its sole discretion.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

The following is a summary of the PSUs granted for the years indicated:

	Number of PSUs	Amount
Balance as at January 1, 2017	1,161,800	640
PSUs granted	654,850	1,007
PSUs forfeited	(104,300)	(83)
Mark-to-market adjustments		88
Balance as at December 31, 2017	1,712,350	1,652
PSUs granted	589,500	1,163
PSUs redeemed	(331,400)	(691)
Mark-to-market adjustments		405
Balance as at September 30, 2018	1,970,450	2,529

As at September 30, 2018, there was \$2.0 million (December 31, 2017 – \$1.5 million) of expenses remaining to be charged to net earnings in future periods relating to these PSUs.

Deferred Share Unit (“DSU”) plans

DPM has a DSU Plan for directors and certain employees.

Under the employee DSU Plan, grants to employees of the Company are determined by the Board of Directors, or the compensation committee, in lieu of a cash bonus. The DSUs are redeemable in cash based on the Market Price of DPM’s publicly traded common shares on the date the employee ceases to be employed by DPM or a subsidiary thereof.

Under the director DSU Plan, directors may receive a portion of their annual compensation in the form of DSUs. The DSUs are redeemable in cash based on the Market Price of DPM’s publicly traded common shares at any time before the end of the year following the year in which the director ceases to be a director of DPM or a subsidiary thereof.

The following is a continuity of the DSUs for the periods indicated:

	Number of DSUs	Amount
Balance as at January 1, 2017	1,255,387	2,079
DSUs granted	263,524	565
DSUs redeemed	(178,875)	(363)
Mark-to-market adjustments		919
Balance as at December 31, 2017	1,340,036	3,200
DSUs granted	210,732	500
Mark-to-market adjustments		(131)
Balance as at September 30, 2018	1,550,768	3,569

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

DPM Stock option plan

The Company has established an incentive stock option plan for directors, selected employees and consultants. Pursuant to the plan, the exercise price of an option cannot be less than the market price of DPM's common shares on the trading date preceding the effective date of the option grant. The aggregate number of shares that can be issued from treasury under this plan is 12,500,000. Options granted vest equally over a three-year period and expire five years from the date of grant.

During the nine months ended September 30, 2018, the Company granted 811,903 (2017 – 958,522) stock options with a fair value of \$1.2 million (2017 – \$1.1 million). The estimated value of the options granted will be recognized as an expense in the condensed interim consolidated statements of earnings (loss) and an addition to contributed surplus in the condensed interim consolidated statements of changes in shareholders' equity over the vesting period. The Company recorded stock option expenses of \$0.3 million (2017 – \$0.2 million) and \$0.9 million (2017 – \$0.9 million), respectively, for the three and nine months ended September 30, 2018 under this stock option plan.

As at September 30, 2018, there was \$1.1 million (December 31, 2017 – \$0.8 million) of share based compensation cost remaining to be charged to net earnings in future periods relating to stock option grants. The fair value of options granted was estimated using the Black-Scholes option pricing model. The expected volatility is estimated based on the historic average share price volatility. The inputs used in the measurement of the fair values at the time the options were granted were as follows:

	September 30, 2018	September 30, 2017
Five year risk free interest rate	1.9% - 2.0%	1.0% - 1.4%
Expected life in years	4.75	4.75
Expected volatility	65.9% - 68.2%	68.4% - 69.4%
Dividends per share	-	-

The following is a stock option continuity for the periods indicated:

	Number of options	Weighted average exercise price per share (Cdn\$)
Balance as at January 1, 2017	5,647,653	4.44
Options granted	996,065	2.82
Options exercised	(51,334)	2.63
Options forfeited	(122,199)	2.69
Options expired	(1,004,782)	7.71
Balance as at December 31, 2017	5,465,403	3.60
Options granted	811,903	3.28
Options exercised	(6,239)	2.34
Options expired	(677,700)	7.82
Balance as at September 30, 2018	5,593,367	3.04

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

The following lists the options outstanding and exercisable as at September 30, 2018:

Options outstanding			Options exercisable		
Range of exercise prices per share (Cdn\$)	Number of options outstanding	Weighted average remaining years	Weighted average exercise price per share (Cdn\$)	Number of options exercisable	Weighted average exercise price per share (Cdn\$)
2.05 - 2.97	3,546,564	2.30	2.69	2,505,143	2.73
3.28 - 3.96	2,046,803	2.08	3.65	1,234,900	3.89
2.05 - 3.96	5,593,367	2.22	3.04	3,740,043	3.11

8. EARNINGS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net earnings attributable to common shareholders	20,325	3,042	39,404	1,563
Basic weighted average number of common shares	178,513,805	178,460,565	178,501,100	176,878,565
Effect of stock options	338,627	166,594	493,472	210,609
Diluted weighted average number of common shares	178,852,432	178,627,159	178,994,572	177,089,174
Basic earnings per share	0.11	0.02	0.22	0.01
Diluted earnings per share	0.11	0.02	0.22	0.01

9. RELATED PARTY TRANSACTIONS

(a) Key management remuneration

The Company's related parties include its key management. Key management includes directors (executive and non-executive), the Chief Executive Officer ("CEO") and the Executive and Senior Vice Presidents reporting directly to the CEO.

The remuneration of the key management of the Company recognized in the condensed interim consolidated statements of earnings (loss) for the three and nine months ended September 30, 2018 and 2017 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Salaries, management bonuses and director fees	1,180	1,222	3,690	3,552
Other benefits	70	84	262	277
Share based compensation	376	1,029	2,801	3,361
Total remuneration	1,626	2,335	6,753	7,190

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

(b) Transaction with a director

In January 2018, the Company purchased 2,200,000 common shares of Sabina from a director of the Company at the market price of \$1.81 (Cdn\$2.26) per share for a total cost of \$4.0 million (Cdn\$5.0 million) to maintain a 10.2% of ownership interest in Sabina (*note 4(a)*).

10. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting cash and other adjustments

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Depreciation and amortization	15,417	15,725	44,132	47,225
Net interest expense	1,178	1,179	3,511	4,224
Accretion expense related to rehabilitation provisions	542	470	1,718	1,343
Share based compensation expense	274	267	882	944
Net (gains) losses on Sabina special warrants	782	(631)	2,458	(2,646)
Net (gains) losses on commodity swap and option contracts	(4,399)	7,905	(6,731)	21,974
Net losses on foreign exchange forward and option contracts	1,812	1,435	449	2,531
Other, net	(875)	708	822	51
	14,731	27,058	47,241	75,646

(b) Changes in non-cash working capital

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
(Increase) decrease in accounts receivable and other assets	2,596	(2,550)	(18,918)	6,434
(Increase) decrease in inventories	2,143	1,081	1,197	(1,326)
Increase (decrease) in accounts payable and accrued liabilities	(4,223)	3,002	2,148	4,244
Increase (decrease) in other liabilities	(9)	628	-	1,817
	507	2,161	(15,573)	11,169

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

11. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Nine months ended September 30,	
	2018	2017
Cash flow hedge reserve		
Balance at beginning of period	5,966	(6,924)
Unrealized gains (losses) on foreign exchange forward and option contracts designated as cash flow hedges, net of income taxes	(6,242)	7,707
Realized losses on foreign exchange forward and option contracts transferred to net earnings, net of income taxes	1,779	3,122
Realized gains on foreign exchange forward contracts transferred to mine properties, net of income taxes	(3,700)	(2,572)
Unrealized gains on commodity swap and option contracts transferred to net earnings, net of income taxes	5,555	-
Realized gains on commodity swaps and option contracts transferred to net earnings, net of income taxes	(3,682)	-
Balance at end of period	(324)	1,333
Deferred cost of hedge reserve		
Balance at beginning of period	-	-
Impact of adoption of IFRS 9 (note 2.2)	(36)	-
Adjusted balance at beginning of period	(36)	-
Deferred cost of hedging on foreign exchange forward and option contracts, net of income taxes	971	-
Cost of hedging on foreign exchange forward and option contracts transferred to net earnings, net of income taxes	(1,330)	-
Cost of hedging on foreign exchange forward contracts transferred to mine properties, net of income taxes	1,021	-
Deferred cost of hedging on commodity swap and option contracts, net of income taxes	1,830	-
Cost of hedging on commodity swaps and option contracts transferred to net earnings, net of income taxes	(1,123)	-
Balance at end of period	1,333	-
Unrealized gains (losses) on publicly traded securities		
Balance at beginning of period	35,457	10,867
Impact of adoption of IFRS 9 (note 2.2)	(20,645)	-
Adjusted balance at beginning of period	14,812	10,867
Unrealized gains (losses) on publicly traded securities, net of income taxes	(22,174)	23,536
Balance at end of period	(7,362)	34,403
Accumulated currency translation adjustments		
Balance at beginning of period	397	(2,583)
Currency translation adjustments	(3,028)	-
Balance at end of period	(2,631)	(2,583)
Accumulated other comprehensive income (loss)	(8,984)	33,153

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

12. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

The Company had the following minimum contractual commitments as at September 30, 2018:

	up to 1 year	1 - 5 years	over 5 years	Total
Capital commitments	39,595	-	-	39,595
Purchase commitments	11,986	9,115	8	21,109
Operating lease payments	1,546	2,846	796	5,188
Total commitments	53,127	11,961	804	65,892

As at September 30, 2018, Tsumeb had approximately \$70.3 million (December 31, 2017 – \$112.2 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to IXM S.A. (“IXM”), formerly Louis Dreyfus Company Metals Suisse, pursuant to a tolling agreement.

In July 2017, the Company and IXM agreed to amend the existing tolling agreement to provide for, among other things, lower stockpile interest deductions on excess secondary materials, specified quarterly targeted reductions designed to eliminate excess secondary materials representing at that time approximately \$90.0 million over a period that extends to December 31, 2020, the purchase of secondary materials in excess of established quarterly targeted levels, and the extension of the tolling agreement by one year. During the nine months ended September 30, 2018, the purchase of secondary materials was not required. As at September 30, 2018, the value of excess secondary materials was approximately \$45.2 million (December 31, 2017 – \$86.0 million).

(b) Other

The Company is involved in legal proceedings, from time to time, arising in the ordinary course of its business. It is not expected that any material liability will arise from current legal proceedings or have a material adverse effect on the Company’s future business, operations or financial condition.

13. OPERATING SEGMENT INFORMATION

Operating segments are components of an entity whose operating results are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance and for which separate financial information is available.

The Company has two operating segments from continuing operations – Chelopech in Bulgaria and Tsumeb in Namibia. The nature of their operations, products and services are described in *note 1, Corporate Information*. These segments are organized predominantly by the products and services provided to customers and geography of the businesses. The Corporate and Other segment includes corporate, exploration, development projects, the results of MineRP and other income and cost items that do not pertain directly to an operating segment. There are no significant inter-segment transactions that have not been eliminated on consolidation.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

The following table summarizes the relevant information by segment for the three and nine months ended September 30, 2018 and 2017:

Three months ended September 30, 2018				
	Chelopech	Tsumeb	Corporate & Other	Total
Revenue (a)	54,528	47,304	2,507	104,339
Earnings (loss) before income taxes	24,483	8,757	(11,583)	21,657
Capital expenditures	3,952	3,761	18,826	26,539

Three months ended September 30, 2017				
	Chelopech	Tsumeb	Corporate & Other	Total
Revenue (a)	53,911	38,411	-	92,322
Earnings (loss) before income taxes	16,164	(5,210)	(7,676)	3,278
Capital expenditures	5,042	2,933	16,630	24,605

Nine months ended September 30, 2018				
	Chelopech	Tsumeb	Corporate & Other	Total
Revenue (a)	172,418	112,513	9,173	294,104
Earnings (loss) before income taxes	82,695	(3,637)	(33,008)	46,050
Capital expenditures	8,286	12,595	62,897	83,778

Nine months ended September 30, 2017				
	Chelopech	Tsumeb	Corporate & Other	Total
Revenue (a)	148,929	104,914	-	253,843
Earnings (loss) before income taxes	42,812	(15,775)	(22,461)	4,576
Capital expenditures	12,010	8,240	47,104	67,354

(a) Chelopech's revenues were generated from the sale of concentrate, Tsumeb's revenues were generated from processing concentrate, and revenues for Corporate and Other were generated from sale of software licenses and delivery of consulting services by MineRP.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2018 and 2017

(unaudited, in thousands of U.S. dollars, unless otherwise indicated)

The following table summarizes the Company's revenue recognized for the three and nine months ended September 30, 2018 and 2017:

	Three months ended		Nine months ended	
	September 30, 2018	2017	September 30, 2018	2017
Revenue recognized at a point in time from:				
Sale of concentrate	56,127	54,325	173,839	146,254
Processing concentrate	47,304	38,411	112,513	104,914
Sale of software licenses	412	-	1,162	-
Mark-to-market price adjustments on provisionally priced sales	(1,599)	(414)	(1,421)	2,675
Revenue recognized over time from:				
Software services	2,095	-	8,011	-
Total revenue	104,339	92,322	294,104	253,843

The following table summarizes the total assets and total liabilities by segment as at September 30, 2018 and December 31, 2017:

	As at September 30, 2018			
	Chelopech	Tsumeb	Corporate & Other	Total
Total current assets	47,594	30,610	27,955	106,159
Total non-current assets	187,731	238,264	336,227	762,222
Total assets	235,325	268,874	364,182	868,381
Total liabilities	35,007	45,544	145,663	226,214
	As at December 31, 2017			
	Chelopech	Tsumeb	Corporate & Other	Total
Total current assets	45,101	23,693	29,783	98,577
Total non-current assets	206,537	247,235	292,401	746,173
Total assets	251,638	270,928	322,184	844,750
Total liabilities	51,245	44,533	115,484	211,262

CORPORATE INFORMATION

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Hume Kyle

Executive Vice President and
Chief Financial Officer

David Rae

Executive Vice President and
Chief Operating Officer

Michael Dorfman

Senior Vice President,
Corporate Development

Richard Gosse

Senior Vice President, Exploration

Nikolay Hristov

Senior Vice President,
Sustainable Business Development

John Lindsay

Senior Vice President, Projects

Paul Proulx

Senior Vice President, Corporate
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Mark Crawley

Vice President, Commercial

Iliya Garkov

Vice President and General Manager,
Bulgaria

Zebra Kasete

Vice President and Managing Director
Dundee Precious Metals
Tsumeb (Pty) Limited

Kelly Stark-Anderson

Vice President, Legal, and
Corporate Secretary

Alex Wilson

Vice President, Human Resources

Theophile Yameogo

Vice President,
Digital Innovation

Sylvia Chen

Global Controller

Walter Farag

Treasurer

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² Compensation Committee

³ Corporate Governance and
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⁴ Health, Safety and Environment
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⁵ Lead Director

⁶ Chair

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Stock Listing and Symbol

The Toronto Stock Exchange

DPM – Common Shares

Copies of the Company's Quarterly and Annual Reports are available on written request from our registrar.

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