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T H I R D Q U A R T E R R E P O R T

Nine Months Ended
October 31, 2001

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MANAGEMENT'S DISCUSSION AND ANALYSIS

We are pleased to present the interim report of Dundee Precious Metals Inc. for the three and nine month periods ended October 31, 2001.

The net asset value per share of the Company at October 31, 2001 was \$13.48 per share compared to \$13.02 at July 31, 2001 and \$11.69 at January 31, 2001. This represents a 3.5% and 15.3% increase in the net asset value per share during the three month and nine month periods ended October 31, 2001, respectively. During the same periods, the Australian gold index increased by 13.9% and 0.4%, and the gold index in Toronto increased by 12.0% and 1.8% for the three and nine month periods ended October 31, 2001. The price of gold bullion increased to US\$281 at October 31, 2001 from US\$266 at both January 31, 2001 and July 31, 2001. The market value of the Company's shares on October 31, 2001 was \$9.20, compared to \$9.30 at July 31, 2001 and \$6.75 at January 31, 2001.

Net Asset Value

The total net assets of the Company was \$95.0 million at October 31, 2001, an increase of \$3.3 million during the quarter and \$12.3 million year-to-date. The increase in total net assets during the quarter was the result of unrealized market appreciation of \$4.1 million (net of future income taxes) and a net loss of \$0.8 million. The net loss was comprised of expenses of \$1.3 million and an income tax recovery of \$0.5 million.

The year-to-date increase, of \$12.3 million, in total net assets was the result of unrealized appreciation of \$19.5 million (net of future income taxes), a net loss of \$7.0 million and the expenditure of \$0.2 million to purchase and cancel 30,200 class A shares. The net loss was comprised of realized losses on the sale of investments of \$5.3 million, expenses of \$3.6 million, an income tax recovery of \$0.9 million, interest and dividend income of \$0.6 million and interest income received on income tax reassessments of \$0.4 million.

Investment Income

During the three and nine month periods ended October 31, 2001, the combined interest and dividend income was \$0.3 and \$0.6 million, respectively, compared to \$0.4 and \$1.0 million for the same periods in the previous year.

The Company realized losses on the sale of investments during the current quarter and year-to-date of \$0.7 million and \$5.3 million, respectively. This compares to realized losses of \$4.1 million and \$7.6 million for the three and nine month periods ended October 31, 2000. The most significant portion of the current year-to-date losses was the result of the sale of Etruscan Enterprises Ltd. at a loss of \$4.4 million.

Expenses

Total expenses before income taxes for the third quarter of 2001 was \$1.2 million compared to \$0.6 million for the same period in the previous year. On a year-to-date basis, total expenses are up by \$1.6 million over that of last year. The increase during both the three and nine month periods ended October 31, 2001 is related to a performance fee that the Manager is entitled to receive in addition to the normal management fees. The Manager is entitled to a performance fee of up to 2% of the Company's average total assets for the year depending upon the Company outperforming gold bullion. During the three and nine month periods ended October 31, 2001, the Company exceeded the benchmark resulting in a year-to-date performance fee accrual of \$1.5 million. There was no performance fee earned in the previous year.

Investment Portfolio

During the nine month period ended October 31, 2001, the investment portfolio had unrealized gains of \$7.2 million, net of future income taxes, compared to unrealized losses of \$19.0 million in the same period in the previous year. Unrealized gains are not recognized in the statement of operations but in shareholders' equity.

At October 31, 2001, the Company's portfolio mix was 73.7% Canadian, 8.5% Australian, 12.1% Latin American and 5.7% US equities. The portfolio is invested in precious metals related companies and mineral companies with the largest portion of the portfolio invested in precious metals related companies.

Dundee Precious Metals Inc. is a closed-end investment company, managed by Dynamic Mutual Funds Ltd. which provides investors with an opportunity to invest in a managed portfolio of primarily precious metals related investments with the principal objectives of capital appreciation and the provision of a hedge against inflation, while providing a portfolio diversified among issuers and among the countries in which the issuers operate.

STATEMENT OF INVESTMENT PORTFOLIO

As at October 31, 2001

(expressed in thousands of Canadian dollars except par value/share or unit amounts)
(unaudited)

Par value/ shares or units	Cost	Market Value	% of Portfolio
Canadian Equities and Convertibles			
235,500	Aber Diamond Corporation \$ 3,506	\$ 3,926	
884,795	Agnico-Eagle Mines Limited 7,103	13,582	
479,040	Argosy Minerals Inc. 2,002	149	
833,333	Atikwa Minerals Limited, Special Warrants 100	140	
180,529	Banro Resource Corporation 2,502	108	
6,000,000	Cambior Inc. 3,097	4,680	
266,100	Corner Bay Silver Inc. 165	460	
4,447,306	Dayton Mining Corporation 7,859	2,135	
750,000	Diagem International Resource Corp. 150	83	
750,000	Diagem International Resource Corp., Warrants, Aug.22 03 -	8	
2,727,273	Eldorado Gold Corporation 1,500	818	
1,363,636	Eldorado Gold Corporation, Warrants, Feb.21 03 -	14	
5,115,713	Emerging Africa Gold (EAG) Inc. 337	716	
1,000,000	Emerging Africa Gold (EAG) Inc., Warrants, Aug.13 02 -	10	
400,000	Emerging Africa Gold (EAG) Inc., 12.00%, Convertible, Feb.09 04 400	400	
283,030	European Goldfields Ltd. 62	1,027	
2,425,000	Fort Knox Gold Resources Inc., Special Warrants 970	1,892	
2,830,300	Gabriel Resources Ltd. 2,424	10,897	
752,860	Goldcorp Inc., Class "A", Subordinated Voting 5,907	14,078	
5,306,200	Golden Queen Mining Co. Ltd. 3,694	1,061	
39,085,725	Hope Bay Gold Corporation Inc.* 17,390	7,035	
15,703,000	Hope Bay Gold Corporation Inc., Warrants ** -	158	
625,690	Kinross Gold Corporation 3,872	845	
1,100,000	Manhattan Minerals 990	759	
1,300,000	Major Drilling Group International Inc. 7,128	2,600	
640,200	Meridian Gold Inc. 3,203	11,011	
10,686,729	Tahera Corporation 1,380	1,389	
3,800,000	Tahera Corporation, Warrants, Aug.29 04 -	190	
2,817,000	Tahera Corporation, 8.00%, Convertible, Aug.04 04 2,817	2,929	
3,319,329	Twin Mining Corporation 1,786	1,494	
1,663,333	Verena Minerals Corporation * 1,220	499	
400,000	Verena Minerals Corporation, Warrants, Jan.31 03 -	4	
	81,564	85,097	73.7%

STATEMENT OF INVESTMENT PORTFOLIO

As at October 31, 2001

(expressed in thousands of Canadian dollars except par value/share or unit amounts)
(unaudited)

Par value/ shares or units	Cost	Market Value	% of Portfolio
Australian Equities			
6,438,460	East African Gold Mines Limited \$ 6,979	\$ 7,356	
2,517,854	Ranger Minerals NL 5,138	2,150	
2,560,143	Red Back Mining NL 866	250	
	12,983	9,756	8.5%
Latin American Equities			
432,530	Buenaventura Ciap de Minas S.A., Sponsored ADR, Series "B" 2,460	13,905	
	2,460	13,905	12.1%
US Equities			
501,800	Homestake Mining Company 8,204	6,529	
	8,204	6,529	5.7%
	\$105,211	\$115,287	100.0%

* 29,000,000 and 800,000 shares of Hope Bay Gold Corporation Inc. and Verena Minerals Corporation, respectively, are not freely tradeable.

** These warrants are exercisable during the period from March 2002 to August 2003 at prices ranging from \$0.43 to \$0.65.

See accompanying notes to the unaudited interim period financial statements.

STATEMENTS OF FINANCIAL POSITION

As at
(expressed in thousands of Canadian dollars except per share amounts)
(unaudited)

	October 31, 2001	January 31, 2001
Assets		
Investments at market value		
(cost October 2001 – \$105,211; January 2001 – \$107,167)	\$ 115,287	\$ 90,112
Cash and short-term deposits	1,297	1,701
Interest, dividends and other receivables	459	89
Income taxes recoverable	7,047	13,639
	\$ 124,090	\$ 105,541
Liabilities		
Accounts payable and accrued liabilities	\$ 477	\$ 275
Performance fees payable	1,634	–
Bank loan	13,900	15,600
Future income taxes	13,124	6,989
	29,135	22,864
Shareholders' Equity		
Capital stock, warrants and contributed surplus (note 2)	84,888	85,086
Retained earnings	2,821	9,857
Unrealized appreciation (depreciation) in market value of investments, net of future income taxes (October 2001 – \$2,830; January 2001 – \$4,789)	7,246	(12,266)
Net Assets Represented		
By Shareholders' Equity	94,955	82,677
	\$ 124,090	\$ 105,541
Net Asset Value Per Share	\$ 13.48	\$ 11.69

See accompanying notes to the unaudited interim period financial statements.

STATEMENTS OF CHANGES IN INVESTMENTS

As at
(expressed in thousands of Canadian dollars)
(unaudited)

	October 31, 2001	January 31, 2001
Investments at market value, beginning of period	\$ 90,112	\$ 100,143
Unrealized depreciation in the market value of investments, beginning of period	17,055	18,322
Investments at cost, beginning of period	107,167	118,465
Cost of investments purchased during the period	11,862	22,723
Cost of investments sold during the period		
Proceeds from sales	(8,486)	(16,865)
Net realized losses on sales	(5,332)	(17,156)
	(13,818)	(34,021)
Investments at cost, end of period	105,211	107,167
Unrealized appreciation (depreciation) in the market value of investments, end of period	10,076	(17,055)
Investments at market value, end of period	\$ 115,287	\$ 90,112

See accompanying notes to the unaudited interim period financial statements.


**STATEMENTS OF OPERATIONS AND
RETAINED EARNINGS**

*For the three and nine months ended October 31
(expressed in thousands of Canadian dollars except per share amounts)
(unaudited)*

	Three Months		Nine Months	
	2001	2000	2001	2000
Investment Income				
Dividends	\$ 180	\$ 192	\$ 375	\$ 430
Interest	73	251	247	546
	253	443	622	976
Net realized loss on sale of investments	(663)	(4,081)	(5,332)	(7,598)
	(410)	(3,638)	(4,710)	(6,622)
Expenses				
Management fees	289	245	822	742
Performance fees	559	—	1,527	—
Interest on bank loan	187	221	633	690
Administrative and other expenses	143	132	446	424
Goods and services and other taxes	70	51	158	151
	1,248	649	3,586	2,007
Other Income				
Interest income received on income tax reassessments	340	—	340	1,386
Loss Before Taxes	(1,318)	(4,287)	(7,956)	(7,243)
Recovery For Income Taxes	(456)	(2,269)	(920)	(2,361)
Net Loss	\$ (862)	\$ (2,018)	\$ (7,036)	\$ (4,882)
Net Loss Per Share	\$ (0.12)	\$ (0.28)	\$ (1.00)	\$ (0.68)
Retained Earnings				
Balance, beginning of period	\$ 3,683	\$ 18,952	\$ 9,857	\$ 21,816
Net loss	(862)	(2,018)	(7,036)	(4,882)
Balance, end of period	\$ 2,821	\$ 16,934	\$ 2,821	\$ 16,934

See accompanying notes to the unaudited interim period financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

For the three and nine months ended October 31
(expressed in thousands of Canadian dollars except per share amounts)
(unaudited)

	Three Months		Nine Months	
	2001	2000	2001	2000
Net loss	\$ (862)	\$ (2,018)	\$ (7,036)	\$ (4,882)
Change in unrealized appreciation (depreciation) in market value of investments, net of future income taxes	4,107	(4,920)	19,513	(7,866)
Purchase of Class A shares	–	–	(199)	(82)
Changes in net assets during the period	3,245	(6,938)	12,278	(12,830)
Net assets, beginning of period	91,710	90,596	82,677	96,488
Net assets, end of period	\$ 94,955	\$ 83,658	\$ 94,955	\$ 83,658
Net asset value per share	\$ 13.48	\$ 11.66	\$ 13.48	\$ 11.66

See accompanying notes to the unaudited interim period financial statements.

CONDENSED NOTES
TO THE FINANCIAL STATEMENTS

(tabular amounts in thousands of Canadian dollars)
(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The financial statements of Dundee Precious Metals Inc. (the “Company”) have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as those disclosed in note 2 to the Company’s financial statements for the year ended January 31, 2001. These interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended January 31, 2001.

2. CAPITAL STOCK, WARRANTS AND CONTRIBUTED SURPLUS

Total capital stock, warrants and contributed surplus outstanding at October 31, 2001 was:

	Number	Amount
Class A shares		
Balance, January 31, 2001	7,070,972	\$ 81,672
Shares purchased and cancelled	(30,200)	(349)
Balance, October 31, 2001	<u>7,040,772</u>	81,323
Class A share purchase warrants	<u>2,520,000</u>	2,520
Common shares	<u>3,000</u>	1
Contributed surplus		<u>1,044</u>
		<u>\$ 84,888</u>


**CONDENSED NOTES
TO THE FINANCIAL STATEMENTS**

2. CAPITAL STOCK, WARRANTS AND CONTRIBUTED SURPLUS

(CONT'D)

a) Warrants

Each warrant entitles the holder to purchase one Class A share at any time up to February 20, 2004 at \$25.00 per share.

b) Shares Purchased

During the nine month period ended October 31, 2001, the Company purchased and cancelled 30,200 Class A shares under its normal course issuer bid. The difference between the stated capital of \$348,810 of these shares and the cash consideration paid of \$198,254 (\$6.56 per share) was allocated to contributed surplus.

c) Per Share Information

Net loss per share for the nine months is based on the weighted average number of common shares outstanding during the nine months (7,055,605; October 2000 – 7,175,672).

3. INCOME TAXES

The Company reached a settlement with the Canada Customs and Revenue Agency ("CCRA") and the Ontario Ministry of Finance for the taxation years up to and including January 31, 1995, relating to the tax treatment of investment gains. The Company has accounted for income taxes based on criteria used in the settlement. The CCRA audited the taxation years January 31, 1996 to January 31, 1999 and has proposed modifying the previously agreed upon criteria for this period. The Company is in discussions with the CCRA.


CORPORATE INFORMATION

Manager

Dynamic Mutual Funds Ltd.
A wholly-owned subsidiary of
Dundee Wealth Management Inc.
Toronto, Canada

Stock Symbol

DPM.A – Class A Shares
DPM.WTA – Warrants

Stock Exchange Listings

The Toronto Stock Exchange

Net Asset Value Per Share

Net asset value per share is calculated at the close of business every Thursday and is published each Saturday in the Globe and Mail Report on Business and the National Post. This information also appears in the closed-end fund tables of a number of major United States newspapers.