

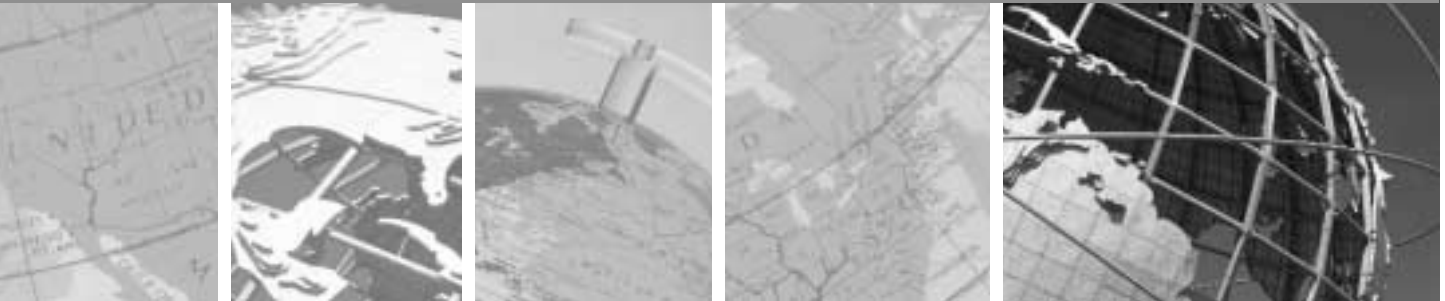


DUNDEE

PRECIOUS METALS INC.

3rd Quarter Report

N I N E M O N T H S E N D E D O C T O B E R 3 1 , 2 0 0 2



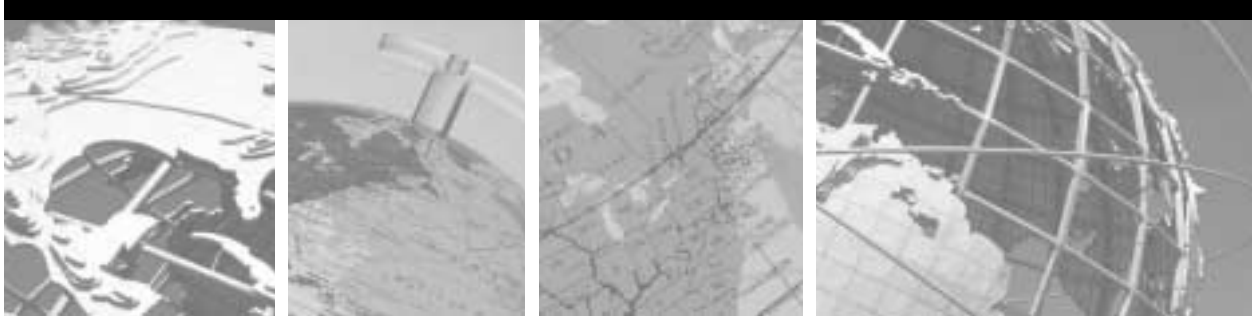


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D U N D E E P R E C I O U S M E T A L S I N C .
M A N A G E M E N T ' S D I S C U S S I O N A N D A N A L Y S I S

We are pleased to present the interim report of Dundee Precious Metals Inc. for the three and nine month periods ended October 31, 2002.

The following chart provides a summary of the net asset value per share and the share price for Dundee Precious Metals Inc. (the "Company"), compared to several key performance benchmarks, for the periods listed below:

	October 31, 2002	July 31, 2002	January 31, 2002
Net Asset Value Per Share	\$20.32	\$20.19	\$16.62
Share Price (DPM.A)	\$15.10	\$14.20	\$11.03
London Gold AM Fix (US \$)	\$316.35	\$305.50	\$281.50
S&P/TSX Gold & Precious Metal Index	5,430.39	6,605.42	5,664.48

We are extremely pleased that while the S&P/TSX Gold & Precious Metal Index has fallen by 17.8% over the quarter, our Net Asset Value has been flat.

TOTAL NET ASSETS

At October 31, 2002, the total net assets of the Company was \$140.0 million compared to total net assets of \$140.5 million at July 31, 2002 and \$116.3 million at January 31, 2002. The decrease in total net assets of \$0.5 million, during the third quarter, was the result of an increase of unrealized market appreciation of \$1.5 million (net of future income taxes), net loss of \$0.9 million and the expenditure of \$1.1 million to purchase and cancel 66,500 Class A shares.

The year-to-date increase in total net assets, of \$23.8 million, was the result of an increase in unrealized market appreciation of \$2.1 million (net of future income taxes), net income of \$23.4 million and the expenditure of \$1.7 million to purchase and cancel 102,000 Class A shares.

RESULTS OF OPERATIONS

In reporting the Company's results of operations, the reported income reflects only dividend income, interest income, and net realized gains and losses on the sale of investments. The results of operations do not include unrealized gains and losses in the investment portfolio, therefore earnings are only a partial measure of the Company's performance. Accordingly, the performance of the Company is best measured by the change in the net asset value per share.

Net loss before taxes was \$1.7 million during the three months ended October 31, 2002 compared to a net loss before taxes of \$1.3 million during the same period in the prior year. The Company's net loss before taxes, for the current quarter consisted of net realized loss on the sale of investments of \$0.8 million, expenses of \$1.2 million reduced by dividend and interest income of \$0.3 million. During the same period in the prior year, the Company's net loss before taxes consisted of net realized losses on the sale of investments of \$0.7 million, expenses of \$1.2 million, dividend and interest income of \$0.3 million and interest income received on income tax reassessments of \$0.3 million. Partially offsetting this loss for the three month period ended October 31, 2002 was an income tax recovery of \$0.8 million, compared to an income tax recovery of \$0.5 million for the same period in the prior year.

DUNDEE PRECIOUS METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Year to date net income before taxes was \$28.4 million compared to a net loss of \$8.0 million for the same period in the prior year. The net income, for the nine month period ended October 31, 2002, consisted of net realized gains on the sale of investments of \$31.4 million, dividend and interest income of \$1.1 million, reduced by expenses of \$4.1 million. This compares to net realized losses of \$5.3 million, expenses of \$3.6 million, dividend and interest income of \$0.6 million and interest income received on income tax reassessments of \$0.3 million for the nine month period ended October 31, 2001. Partially offsetting the income for the nine months ended October 31, 2002 was an income tax provision of \$5.0 million, compared to an income tax recovery of \$0.9 million for the same period in the prior year.

Year to date, the realized gains on the sale of Meridian Gold Inc. (\$12.6 million), Goldcorp Inc. (\$9.8 million), Agnico-Eagle Mines Limited (\$6.9 million) and Buenaventura Ciap de Minas (\$4.0 million) accounted for most of the net realized gain on the sale of investments.

Total expenses before income taxes for the nine month period ended October 31, 2002 was \$4.1 million compared to \$3.6 million for the same period during the previous year. Increases in management fees of \$0.5 million and performance fees of \$0.6 million were reduced by savings in interest expense of \$0.6 million, accounting for most of the change in expenses. The Manager is entitled to a performance fee of up to 2.0% of the Company's average total assets for the year dependent upon the Company outperforming its gold bullion benchmark. The performance fee is payable at the end of the Company's fiscal year.

INVESTMENT PORTFOLIO

At October 31, 2002, the investment portfolio had unrealized appreciation (net of future income taxes) of \$24.9 million compared to \$22.7 million at January 31, 2002. The Company's portfolio mix was 88.0% Canadian, 5.1% Australian and 6.9% Latin American, with approximately 71.4% of the portfolio invested in gold related companies and 28.6% in other minerals 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 portfolio of primarily precious metals related and mineral investments. The principal objectives of the Company are to provide investors with capital appreciation and the provision of a hedge against inflation, while providing a portfolio diversified among issuers and geography.

DUNDEE PRECIOUS METALS INC.
STATEMENT OF INVESTMENT PORTFOLIO

As at October 31, 2002

(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				
100,000	Altius Minerals Corporation, Restricted	\$ 105	\$ 120	
50,000	Altius Minerals Corporation, Purchase Warrants, May 21 04	–	3	
3,666,667	American Bonanza Gold Mining Corp., Restricted	550	477	
3,666,667	American Bonanza Gold Mining Corp., Purchase Warrants, Oct. 18 04	–	37	
500,000	Anatolia Minerals, Restricted	281	491	
500,000	Anatolia Minerals, Purchase Warrants, Feb. 27 03	–	140	
2,500,000	Apollo Gold Corp., Restricted	3,168	5,125	
625,000	Apollo Gold Corp., Warrants, Mar. 21 04	–	31	
479,040	Argosy Minerals Inc.	2,002	50	
3,327,945	Ariane Gold Corp.	2,324	2,030	
1,033,333	Atikwa Minerals Limited, Special Warrants	140	289	
180,529	Banro Resource Corporation	2,502	542	
8,264,700	Cambior Inc.	6,426	11,735	
1,600,000	Campbell Res. Inc., Restricted	960	688	
800,000	Campbell Res. Inc., Purchase Warrants, May 15 03	–	8	
2,762,973	Case Resources Inc.*	950	1,824	
500,000	Cumberland Resources Ltd., Purchase Warrants, Dec. 20 02	655	350	
10,230,617	Diagem International Resource Corp.*	1,362	1,740	
2,125,000	Diagem International Resource Corp., Purchase Warrants, Mar. 20 04	–	21	
750,000	Diagem International Resource Corp., Warrants, Aug. 22 03	–	8	
2,500,000	Eastmain Resource Inc., Restricted	750	825	
1,250,000	Eastmain Resource Inc., Purchase Warrants, May 14 03	–	63	
1,363,636	Eldorado Gold Corporation, Warrants, Feb. 21 03	–	968	
9,203,473	Eldorado Gold Corporation, Special Warrants	4,220	13,897	
533,030	European Goldfields Ltd.	837	1,093	
2,425,000	FNX Mining Company Inc.	970	12,124	
3,830,300	Gabriel Resources Ltd.	5,923	15,703	
5,306,200	Golden Queen Mining Co. Ltd.*	3,695	2,520	
800,000	Greystar Resources Ltd.	1,000	896	
2,000,000	Greystar Resources Ltd., Purchase Warrants, Jun. 11 03	–	20	
625,690	Kinross Gold Corporation	3,872	1,621	
1,100,000	Manhattan Minerals Corp.	990	374	
550,000	Manhattan Minerals Corp., Warrants, Sep. 18 03	–	6	
900	Manhattan Minerals Corp., Units	900	900	
2,400,000	Major Drilling Group International Inc.	8,441	6,720	
400,000	Metallic Ventures, Class A Preferred Shares	1,519	1,560	
700,000	Metallica Resources Inc., Restricted	1,260	840	
350,000	Metallica Resources Inc., Purchase Warrants, Apr. 16 03	–	4	
13,216,113	Miramar Mining Corporation**	21,169	15,726	
1,171,139	Miramar Mining Corporation, Warrants**	–	12	
2,698,413	Northgate Exploration Ltd.	4,838	3,481	
99,207	Northgate Exploration Ltd., Purchase Warrants, Dec. 28 06	–	33	

DUNDEE PRECIOUS METALS INC.
STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at October 31, 2002

(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 (cont'd)				
833,333	Northgate Exploration Ltd., Warrants	538	275	
130,000	Opti Canada, Class A Common Shares, Restricted	1,885	1,885	
7,827,258	Pacific Rim Mining Corporation	7,859	4,696	
500,000	Placer Dome Inc.	6,757	6,825	
3,000,000	Quest Ventures Ltd., participating secured loan agreement, Dec. 15 02	3,000	3,380	
368,421	Ranchgate Oil and Gas, Special Warrants	350	350	
2,000,000	Rio Narcea Gold Mines Ltd.	3,120	2,960	
4,000,000	Rio Narcea Gold Mines Ltd., Special Warrants, Mar. 22 03	3,200	6,512	
11,942,916	Tahera Corporation	1,605	1,672	
3,800,000	Tahera Corporation, Warrants, Aug. 29 04	-	190	
2,817,000	Tahera Corporation, 8.00%, Convertible, Aug. 04 04	2,817	3,155	
937,500	TecnoPetrol Inc., Restricted	150	427	
468,750	TecnoPetrol Inc., Warrants Apr. 9 04	-	101	
100,000	Tempest Energy Corp., Restricted	400	395	
1,200,000	Titanium Corporation Inc.	2,246	2,939	
800,000	Titanium Corporation Inc., Escrow Shares	984	1,666	
869,329	Twin Mining Corporation	468	304	
1,222,033	Verena Minerals Corporation	896	92	
400,000	Verena Minerals Corporation, Warrants, Jan. 30 03	-	4	
2,000,000	Wheaton River Minerals Ltd.	2,300	1,940	
978,500	Wheaton River Minerals Ltd., Warrants, May 30 07	-	411	
1,825,000	Wolfden Resources Inc.	2,573	1,369	
		122,957	146,643	88.0%
Australian Equities				
6,549,282	East African Gold Mines Limited	7,180	7,357	
3,957,016	Revesco Group Ltd.	316	281	
3,957,016	Revesco Group Ltd., Purchase Options, Nov. 11 11	117	123	
3,129,063	Red Back Mining NL	963	786	
		8,576	8,547	5.1%
Latin American Equities				
332,530	Buenaventura Ciap de Minas S.A., Sponsored ADR, Series "B"	1,891	11,543	
		1,891	11,543	6.9%
		\$ 133,424	\$ 166,733	100.0%

See accompanying notes to the unaudited interim period financial statements.

* 355,617, 346,306 and 2,800,000 shares of Diagem International Resource Corp., Case Resources Inc. and Golden Queen Mining Co. Ltd., respectively, are not freely tradeable.

** Hope Bay Gold Corporation Inc. shares and warrants were converted into Miramar Mining Corporation securities following the amalgamation. The warrants are exercisable between April 2003 and August 2003 at prices ranging from \$1.63 to \$2.47.

DUNDEE PRECIOUS METALS INC.
STATEMENTS OF FINANCIAL POSITION

As at October 31, 2002 and January 31, 2002

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

	October 31, 2002	January 31, 2002
Assets		
Investments at market value		
(cost October 2002 – \$133,424; January 2002 – \$92,513)	\$ 166,733	\$ 122,869
Cash	994	5,087
Receivable for investment securities sold	–	1,548
Interest, dividends and other receivables	141	66
Income taxes recoverable	1,790	7,361
	<u>169,658</u>	<u>136,931</u>
Liabilities		
Accounts payable and accrued liabilities	527	565
Performance fees payable	2,099	2,278
Bank loan (Note 2)	10,000	–
Future income taxes	16,944	17,832
	<u>29,570</u>	<u>20,675</u>
Shareholders' Equity		
Capital stock, warrants and contributed surplus (Note 3)	82,738	84,444
Retained earnings	32,456	9,073
Unrealized appreciation in market value of investments, net of future income taxes (October 2002 – \$8,415; January 2002 – \$7,617)	24,894	22,739
Net Assets Represented By Shareholders' Equity	<u>140,088</u>	<u>116,256</u>
	\$ 169,658	\$ 136,931
Net Asset Value Per Share	\$ 20.32	\$ 16.62

See accompanying notes to the unaudited interim period financial statements.

DUNDEE PRECIOUS METALS INC.
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	
	2002	2001	2002	2001
Investment Income				
Dividends	\$ 39	\$ 180	\$ 386	\$ 375
Interest	289	73	725	247
	328	253	1,111	622
Net realized gains (losses) on sale of investments	(812)	(663)	31,390	(5,332)
	(484)	(410)	32,501	(4,710)
Expenses				
Management fees	430	289	1,322	822
Performance fees	475	559	2,099	1,527
Interest on bank loan	58	187	65	633
Administrative and other expenses	130	143	364	446
Goods and services and other taxes	71	70	264	158
	1,164	1,248	4,114	3,586
Other Income				
Interest income received on income tax reassessments	-	340	-	340
Income (Loss) Before Taxes	(1,648)	(1,318)	28,387	(7,956)
Provision for (Recovery of) Income Taxes				
Current	(843)	(1,901)	6,691	562
Future	63	1,445	(1,687)	(1,482)
	(780)	(456)	5,004	(920)
Net Income (Loss)	\$ (868)	\$ (862)	\$ 23,383	\$ (7,036)
Net Income (Loss) Per Share	\$ (0.09)	\$ (0.12)	\$ 3.39	\$ (1.00)
Retained Earnings				
Balance, beginning of period	\$ 33,324	\$ 3,683	\$ 9,073	\$ 9,857
Net income (loss)	(868)	(862)	23,383	(7,036)
Balance, end of period	\$ 32,456	\$ 2,821	\$ 32,456	\$ 2,821

See accompanying notes to the unaudited interim period financial statements.

DUNDEE PRECIOUS METALS INC.
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	
	2002	2001	2002	2001
Net income (loss)	\$ (868)	\$ (862)	\$ 23,383	\$ (7,036)
Change in unrealized appreciation in				
market value of investments, net of future income taxes	1,533	4,107	2,155	19,513
Purchase of Class A shares	(1,093)	-	(1,706)	(199)
Changes in net assets during the period	(428)	3,245	23,832	12,278
Net assets, beginning of period	140,516	91,710	116,256	82,677
Net assets, end of period	\$ 140,088	\$ 94,955	\$ 140,088	\$ 94,955
Net asset value per share	\$ 20.32	\$ 13.48	\$ 20.32	\$ 13.48

See accompanying notes to the unaudited interim period financial statements.

DUNDEE PRECIOUS METALS INC.
STATEMENTS OF CHANGES IN INVESTMENTS

For the Three and Nine Months ended October 31

(expressed in thousands of Canadian dollars) (unaudited)

	Three Months		Nine Months	
	2002	2001	2002	2001
Investments at market value, beginning of period	\$ 160,251	\$ 107,989	\$ 122,869	\$ 90,112
Unrealized appreciation (depreciation) in the				
market value of investments, beginning of period	(30,462)	(4,366)	(30,356)	17,055
Investments at cost, beginning of period	129,789	103,623	92,513	107,167
Cost of investments purchased during the period	15,544	2,995	82,881	11,862
Cost of investments sold during the period				
Proceeds from sales	(11,103)	(744)	(73,366)	(8,486)
Net realized gain (loss) on sale of investments	(806)	(663)	31,396	(5,332)
	(11,909)	(1,407)	(41,970)	(13,818)
Investments at cost, end of period	133,424	105,211	133,424	105,211
Unrealized appreciation in the				
market value of investments, end of period	33,309	10,076	33,309	10,076
Investments at market value, end of period	\$ 166,733	\$ 115,287	\$ 166,733	\$ 115,287

See accompanying notes to the unaudited interim period financial statements.

DUNDEE PRECIOUS METALS INC.
CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the nine month periods ended October 31, 2002 and 2001

(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, 2002. These interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended January 31, 2002.

2 . BANK LINE OF CREDIT

The Company has a revolving term credit facility with a Canadian chartered bank (the "Bank") for an amount no greater than the lesser of \$25,000,000, 25% of the value of the net assets of the Company, or 100% of the net asset value of cash, cash equivalents and securities held by the Company that are traded on a recognized stock exchange and have a trading value of greater than \$2.00. This facility matures on March 12, 2004 but, if requested in writing, may be extended each year for a further year with the approval of the bank.

3. CAPITAL STOCK, WARRANTS AND CONTRIBUTED SURPLUS

Total capital stock, warrants and contributed surplus outstanding at October 31, 2002 was:

	NUMBER	AMOUNT
Class A shares		
Balance, January 31, 2002	6,991,972	\$ 80,760
Shares purchased and cancelled	(102,000)	(1,178)
Balance, October 31, 2002	<u>6,889,972</u>	79,582
Class A share purchase warrants	<u>2,520,000</u>	2,520
Common shares	<u>3,000</u>	1
Contributed surplus		<u>635</u>
		<u>\$ 82,738</u>

DUNDEE PRECIOUS METALS INC.
CONDENSED NOTES TO THE FINANCIAL STATEMENTS (cont'd)**3. 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, 2002 the Company purchased and cancelled 102,000 Class A shares under its normal course issuer bid. The difference between the stated capital of \$1,178,100 of these shares and the cash consideration paid of \$1,705,869 (\$16.72 per share) was allocated to contributed surplus.

c) Per Share Information

The weighted average number of common shares outstanding during the nine month periods ended October 31, 2002 and 2001 was 6,971,539 and 7,055,605, respectively.

HEAD OFFICE

Scotia Plaza, 55th Floor
40 King Street West
Toronto, Ontario M5H 4A9
Tel: (416) 365-5100
Fax: (416) 865-3463
Toll Free: 1 (800) 268-8186
www.dundeprecious.com

**DUNDEE**
PRECIOUS METALS INC.**REGISTRAR
AND TRANSFER AGENT**

Computershare Trust Company of Canada
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1
Tel: (416) 981-9633
Fax: (416) 981-9800
Toll Free: 1 (800) 663-9097

**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 LISTING

The Toronto Stock Exchange

NET ASSET VALUE PER SHARE

Net asset value per share is calculated at the close of business each day that the Toronto Stock Exchange is open and is published in the Globe and Mail, Report on Business and the National Post. This information also appears in the closed-end fund tables in The Wall Street Journal, The New York Times and Barrons.