

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2024 and December 31, 2023
(unaudited, in thousands of U.S. dollars)

		March 31, 2024	December 31, 2023
ASSETS			
	<i>Notes</i>		
Current Assets			
Cash and cash equivalents		607,989	595,285
Accounts receivable		135,604	99,230
Inventories		37,647	38,491
Other current assets		961	1,102
		782,201	734,108
Assets held for sale	3	84,717	82,817
		866,918	816,925
Non-Current Assets			
Investments at fair value	5	18,820	11,900
Exploration and evaluation assets		150,657	147,431
Mine properties		83,204	89,503
Property, plant & equipment		183,498	192,175
Intangible assets		15,780	14,849
Deferred income tax assets		12,839	13,015
Other long-term assets		4,701	4,438
		469,499	473,311
TOTAL ASSETS		1,336,417	1,290,236
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		77,037	78,639
Income tax liabilities		6,984	213
Current portion of long-term liabilities		6,936	5,639
		90,957	84,491
Liabilities held for sale	3	34,351	37,374
		125,308	121,865
Non-Current Liabilities			
Rehabilitation provisions		23,850	25,440
Share-based compensation liabilities	7	12,283	9,933
Other long-term liabilities		13,980	12,448
		50,113	47,821
TOTAL LIABILITIES		175,421	169,686
EQUITY			
Share capital		559,654	559,059
Contributed surplus		6,119	6,304
Retained earnings		594,176	556,777
Accumulated other comprehensive income (loss)		1,047	(1,590)
TOTAL SHAREHOLDERS' EQUITY		1,160,996	1,120,550
TOTAL LIABILITIES AND EQUITY		1,336,417	1,290,236

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three months ended March 31, 2024 and 2023

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

		Three months ended March 31,	
		2024	2023
	<i>Notes</i>		
Continuing Operations			
Revenue	13	123,791	126,368
Costs and expenses			
Cost of sales		62,229	61,870
General and administrative expenses	7	12,277	13,465
Corporate social responsibility expenses		609	745
Exploration and evaluation expenses		14,641	7,661
Finance costs		706	799
Other income and expense	8	(12,950)	(4,143)
		77,512	80,397
Earnings before income taxes from continuing operations		46,279	45,971
Current income tax expense		6,961	6,807
Deferred income tax recovery		(108)	(4,409)
Net earnings from continuing operations		39,426	43,573
Discontinued Operations			
Net earnings from discontinued operations	3	6,314	3,027
Net earnings		45,740	46,600
Net earnings:			
From continuing operations		39,426	43,573
From discontinued operations		6,314	3,027
Net earnings		45,740	46,600
Earnings per share			
- Basic			
From continuing operations		0.22	0.23
From discontinued operations		0.03	0.02
- Diluted			
From continuing operations		0.22	0.23
From discontinued operations		0.03	0.02

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 months ended March 31, 2024 and 2023

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

		Three months ended March 31,	
		2024	2023
	<i>Notes</i>		
Net earnings		45,740	46,600
Other comprehensive income (loss) items that may be reclassified subsequently to profit or loss:			
Foreign exchange option contracts designated as cash flow hedges from discontinued operations			
Unrealized losses, net of income tax of \$nil for all periods	5(c)	(100)	(2,243)
Deferred cost of hedging, net of income tax of \$nil for all periods	5(c)	(481)	945
Realized losses transferred to cost of sales, net of income tax of \$nil for all periods	5(c)	-	421
Other comprehensive income items that will not be reclassified subsequently to profit or loss:			
Unrealized gains on publicly traded securities, net of income tax expense of \$nil (2023 - \$464)	5(a)	3,218	19,545
		2,637	18,668
Comprehensive income		48,377	65,268
Comprehensive income			
From continuing operations		42,644	63,118
From discontinued operations		5,733	2,150
Comprehensive income		48,377	65,268

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2024 and 2023
(unaudited, in thousands of U.S. dollars)

		Three months ended March 31,	
		2024	2023
	Notes		
OPERATING ACTIVITIES			
Earnings before income taxes		46,279	45,971
Depreciation and amortization		22,836	21,042
Changes in working capital	10(a)	(33,616)	(8,406)
Other items not affecting cash	10(b)	(5,561)	10,275
Proceeds from (payments for) settlement of derivative contracts		586	(7,382)
Interest received		5,441	4,473
Income taxes paid		(165)	(276)
Cash provided from operating activities of continuing operations		35,800	65,697
Cash provided from operating activities of discontinued operations		17,669	5,203
INVESTING ACTIVITIES			
Purchase of publicly traded securities	4	(3,675)	(397)
Proceeds from disposal of mine properties, property, plant and equipment and intangible assets		101	-
Expenditures on exploration and evaluation assets		(3,074)	(6,396)
Expenditures on mine properties		(1,936)	(1,122)
Expenditures on property, plant and equipment		(3,883)	(6,421)
Expenditures on intangible assets		(1,286)	(193)
Cash used in investing activities of continuing operations		(13,753)	(14,529)
Cash used in investing activities of discontinued operations		(1,121)	(1,693)
FINANCING ACTIVITIES			
Proceeds from exercise of stock options		963	2,853
Dividends paid	11(a)	(7,237)	(7,600)
Payments for share repurchases	11(b)	(1,865)	(8,330)
Principal repayments related to leases		(972)	(717)
Interest and finance fees paid		(232)	(307)
Cash used in financing activities of continuing operations		(9,343)	(14,101)
Cash used in financing activities of discontinued operations		(756)	(710)
Increase in cash and cash equivalents of continuing operations		12,704	37,067
Increase in cash and cash equivalents of discontinued operations		15,792	2,800
Cash and cash equivalents at beginning of period, continuing operations		595,285	429,505
Cash and cash equivalents at beginning of period, discontinued operations		1,824	3,671
Cash and cash equivalents at end of period, continuing operations		607,989	466,572
Cash and cash equivalents at end of period, discontinued operations	3	17,616	6,471

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 three months ended March 31, 2024 and 2023

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

	March 31, 2024		March 31, 2023	
	Number	Amount	Number	Amount
	<i>Notes</i>			
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	181,433,538	559,059	190,000,202	583,027
Shares issued on exercise of stock options	234,549	963	961,080	2,853
Share repurchases	<i>11(b)</i>	(252,811)	(1,291,207)	(7,468)
Transferred from contributed surplus on exercise of stock options		413		1,489
Balance at end of period	181,415,276	559,654	189,670,075	579,901
Contributed surplus				
Balance at beginning of period		6,304		6,436
Share-based compensation expense		228		287
Transferred to share capital on exercise of stock options		(413)		(1,489)
Balance at end of period		6,119		5,234
Retained earnings				
Balance at beginning of period		556,777		411,786
Net earnings		45,740		46,600
Dividend distributions	<i>11(a)</i>	(7,257)		(7,587)
Share repurchases	<i>11(b)</i>	(1,084)		(9,176)
Balance at end of period		594,176		441,623
Accumulated other comprehensive income (loss)				
Balance at beginning of period		(1,590)		(8,155)
Other comprehensive income		2,637		18,668
Balance at end of period		1,047		10,513
Total equity at end of period		1,160,996		1,037,271

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

(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 under the federal laws of Canada. DPM has common shares traded on the Toronto Stock Exchange (“TSX”). The address of DPM’s registered office is 150 King Street West, Suite 902, P.O. Box 30, Toronto, Ontario M5H 1J9.

As at March 31, 2024, DPM’s condensed interim consolidated financial statements included DPM and its subsidiary companies (collectively, the “Company”).

Continuing operations:

DPM’s principal subsidiaries included:

- 100% of Dundee Precious Metals Chelopech EAD (“Chelopech”), which owns and operates a gold, copper and silver mine located east of Sofia, Bulgaria; and
- 100% of Dundee Precious Metals Krumovgrad EAD (“Ada Tepe”), which owns and operates a gold mine located in south eastern Bulgaria, near the town of Krumovgrad.

DPM held interests in a number of exploration and development properties located in Serbia and Ecuador through its subsidiaries, including:

- 100% of Crni Vrh Resources d.o.o. and DPM Avala d.o.o., which hold the Čoka Rakita project and the Timok gold project, respectively, in Serbia; and
- 100% of DPM Ecuador S.A., which is focused on the exploration and development of the Loma Larga gold project and the Tierras Coloradas exploration property in Ecuador.

Discontinued operations (note 3):

DPM also owns:

- 98% of Dundee Precious Metals Tsumeb (Proprietary) Limited (“Tsumeb”), which owns and operates a custom smelter located in Tsumeb, Namibia. On January 31, 2024, DPM reacquired the 8% ownership interest from Greyhorse Mining (Proprietary) Limited and resumed its 100% ownership interest in Tsumeb. On February 2, 2024, DPM transferred 2% of its ownership interest in Tsumeb to the Tsumeb Employee Empowerment Trust.

2. BASIS OF PREPARATION

These condensed Interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) applicable to the preparation of interim financial statements under International Accounting Standard 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, 2023, 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, 2023.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 7, 2024.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

3. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2023, the Company decided to undertake a strategic review of its Tsumeb operation, including a potential sale, given that the smelter is no longer expected to process any Chelopech concentrate commencing in 2024 and as a result, it is no longer seen as strategic to DPM's asset portfolio. On March 7, 2024, DPM announced that it had entered into a definitive share purchase agreement ("SPA") with a subsidiary of Sinomine Resource Group Co. Ltd. for the sale of its 98% interest in the Tsumeb smelter for cash consideration of \$49.0 million, on a debt-free and cash-free basis, subject to normal working capital adjustments following closing (the "Tsumeb Disposition"). In addition, pursuant to the SPA, DPM is entitled to be paid all cash collected from IXM S.A. ("IXM") with respect to the estimated metal recoverable at Tsumeb, estimated to be \$17.9 million as at March 31, 2024. The Tsumeb Disposition is subject to customary closing conditions, including approval under the Namibia Competition Act and approvals required from Chinese regulatory authorities for overseas investments, and is expected to close in the third quarter of 2024.

As a result, the assets and liabilities of Tsumeb have been presented as held for sale in the condensed interim consolidated statement of financial position as at March 31, 2024 and December 31, 2023 and the operating results and cash flows of Tsumeb have been presented as discontinued operations in the condensed interim consolidated statements of earnings (loss) and cash flows for the three months ended March 31, 2024 and 2023. As a consequence, certain comparative figures in the condensed interim consolidated statements of earnings (loss) and cash flows have been reclassified to conform with current year presentation.

The following table summarizes the assets and liabilities of Tsumeb which have been aggregated and presented as held for sale as at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Cash	17,616	1,824
Inventories	10,205	10,790
Accounts receivable (a)	26,261	36,889
Other current assets	261	819
Restricted cash	1,173	1,209
Mine properties	945	945
Property, plant, & equipment	26,463	28,507
Intangible assets	1,193	1,258
Other long-term assets	600	576
Total assets held for sale	84,717	82,817
Accounts payable and accrued liabilities	10,417	11,125
Current portion of long-term liabilities	4,402	3,977
Rehabilitation provisions	18,842	21,578
Share-based compensation liabilities	690	532
Other long-term liabilities	-	162
Total liabilities held for sale	34,351	37,374

(a) As at March 31, 2024, Tsumeb's accounts receivable included a metal recoverable of \$17.9 million (December 31, 2023 – \$17.2 million) related to estimated metal exposure.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

The following table summarizes the operating results of Tsumeb which have been aggregated and presented as discontinued operations for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Revenue	34,500	29,465
Costs and expenses		
Cost of sales	25,824	25,591
Finance cost	800	830
Other expense	1,562	17
	28,186	26,438
Earnings before income taxes from discontinued operations	6,314	3,027
Income taxes	-	-
Net earnings from discontinued operations	6,314	3,027

The following table summarizes Tsumeb's minimum contractual commitments as at March 31, 2024:

	up to 1 year	1 - 5 years	Total
Capital commitments	1,682	-	1,682
Purchase commitments	8,839	2,664	11,503
Total commitments	10,521	2,664	13,185

Tsumeb secondary materials

On March 5, 2024, DPM amended its tolling agreement with IXM, effective January 1, 2024, which, among other things, updated the contractual terms related to change of control, termination provisions, third-party concentrates and associated commissions, stockpile interest rates, and insurance. The term of the agreement remained unchanged to terminate on December 31, 2026. Pursuant to the amended agreement, DPM agreed to issue a limited parent company financial guarantee in favour of IXM, which guarantees Tsumeb's obligations to IXM up to \$40.0 million. In addition, the contracts related to the delivery of Chelopech concentrates to Tsumeb under the IXM tolling agreement were terminated effective December 31, 2023.

As at March 31, 2024, Tsumeb had approximately \$52.7 million of recoverable third party in-process secondary materials, which it is contractually obligated to process and return, generally in the form of blister, to IXM pursuant to the tolling agreement. Of this amount, IXM is obligated to pay DPM the estimated metal recoverable of \$17.9 million in cash as the secondary materials are returned to normal levels, as defined in the tolling agreement.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

4. TERMINATION OF AGREEMENT TO ACQUIRE OSINO RESOURCES CORP. (“OSINO”)

On December 18, 2023, the Company announced that it had entered into an arrangement agreement (the “Arrangement Agreement”) whereby DPM would acquire all of the issued and outstanding shares of Osino (the “Osino Shares”) for consideration consisting of Cdn\$0.775 in cash per Osino Share and 0.0801 of a DPM common share per Osino Share, with an implied value of Cdn\$1.55 per Osino Share.

Concurrently with the Arrangement Agreement, DPM had agreed to purchase an aggregate of Cdn\$10.0 million Osino Shares, in two equal tranches at a price of Cdn\$1.13 per share pursuant to a private placement. The first tranche of the private placement was completed on December 22, 2023, whereby DPM acquired 4,424,779 Osino Shares at a cost of \$3.8 million (Cdn\$5.0 million), and the second and final tranche was completed on January 30, 2024, whereby DPM acquired an additional 4,424,778 Osino Shares at a cost of \$3.7 million (Cdn\$5.0 million).

On February 19, 2024, Osino announced that it had received a binding proposal from a foreign-based mining company (the “Offeror”) to acquire all of the Osino Shares for a purchase price of Cdn\$1.90 per Osino Share payable in cash (the “New Proposal”). The New Proposal was determined by the Board of Directors of Osino to constitute a “Superior Proposal” as defined in the Arrangement Agreement. On February 20, 2024, DPM announced that it would not propose to amend the terms of the Arrangement Agreement as previously announced in response to the New Proposal. On February 26, 2024, Osino announced that it had entered into a new binding agreement with the Offeror in respect of the New Proposal and terminated the Arrangement Agreement with DPM.

In connection with the termination of the Arrangement Agreement, DPM received a net termination fee of \$6.9 million in cash, which was recognized as other income in the condensed interim consolidated statements of earnings (loss) for the three months ended March 31, 2024.

As at March 31, 2024, DPM held a total of 12,660,157 Osino shares at a fair value of \$16.5 million, which was included in investments at fair value in the condensed interim consolidated statements of financial position.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

5. 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	
		March 31, 2024	December 31, 2023
Financial assets			
Cash and cash equivalents	Amortized cost	607,989	595,285
Accounts receivable on provisionally priced sales	Fair value through profit or loss	85,717	75,602
Other accounts receivable	Amortized cost	49,887	23,628
Restricted cash	Amortized cost	602	602
Derivatives	Fair value through profit or loss	108	1,048
	Fair value through other comprehensive income	18,712	10,852
Publicly traded securities (a)			
Foreign exchange option contracts (c)	Derivatives for cash flow hedges	261	819
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	75,521	77,460
Commodity swap contracts (b)	Derivatives for fair value hedges	1,493	1,179
Foreign exchange option contracts (c)	Derivatives for cash flow hedges	23	-

The carrying values of all the financial assets and liabilities measured at amortized cost approximate their fair values as at March 31, 2024 and December 31, 2023.

(a) Publicly traded securities

Publicly traded securities include a portfolio of equity investments in publicly traded mining and exploration companies, primarily the Osino Shares.

For the three months ended March 31, 2024, the Company recognized unrealized gains on these publicly traded securities of \$3.2 million (2023 – \$20.0 million) in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss.

(b) Commodity swap 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 March 31, 2024, the Company's outstanding QP Hedges, all of which mature within three months from the reporting date, are summarized in the table below:

Commodity hedged	Volume hedged	Weighted average fixed price of QP Hedges
Payable gold	15,830 ounces	2,135/ounce
Payable copper	1,730,627 pounds	3.91/pound

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

The Company designates 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 is calculated based on the corresponding London Metal Exchange forward copper prices and New York Commodity Exchange forward gold prices, as applicable. As at March 31, 2024, the net fair value loss on all outstanding QP Hedges was \$1.5 million (December 31, 2023 – \$1.2 million), which was included in accounts payable and accrued liabilities.

For the three months ended March 31, 2024, the Company recognized, in revenue, net losses of \$1.5 million (2023 – \$7.8 million) on QP Hedges.

(c) Foreign exchange option contracts related to discontinued operations

The Company enters into foreign exchange 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 option contracts are entered into to provide price protection below a specified “floor” rate and participation up to a specified “ceiling” rate. The option contracts entered into 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 March 31, 2024, the Company had outstanding foreign exchange option contracts in respect of a portion of its projected Namibian dollar (“NAD”) operating expenses which are linked to the South African Rand (“ZAR”), maturing prior to September 30, 2024, as summarized in the table below:

Year of projected operating expenses	Amount hedged in ZAR ⁽ⁱ⁾	Call options sold Weighted average ceiling rate US\$/ZAR	Put options purchased Weighted average floor rate US\$/ZAR
Balance of 2024	642,736,956	20.65	18.42

(i) The NAD is pegged to the ZAR on a 1:1 basis.

The Company designates the intrinsic value of foreign exchange option contracts as cash flow hedges. The time value component of foreign exchange option contracts is 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 quoted in the market. As at March 31, 2024, the net fair value gain on all outstanding foreign exchange option contracts was \$0.2 million (December 31, 2023 – \$0.8 million), of which \$0.3 million (December 31, 2023 – \$0.8 million) was included in assets held for sale and \$0.1 million (December 31, 2023 – \$nil) was included in liabilities held for sale.

The Company recognized realized gains of \$nil (2023 – realized losses of \$0.4 million) for the three months ended March 31, 2024 in net earnings from discontinued operations on the spot component of settled contracts.

For the three months ended March 31, 2024, the Company recognized unrealized losses of \$0.1 million (2023 – \$2.2 million) in other comprehensive income (loss) on the spot component of the outstanding foreign exchange option contracts. The Company also recognized unrealized losses of \$0.5 million (2023 – unrealized gains of \$0.9 million) on the time value component of the outstanding foreign exchange option contracts in other comprehensive income (loss) as a deferred cost of hedging.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

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.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2024 and December 31, 2023:

	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Accounts receivable on provisionally priced sales	-	85,717	-	85,717
Derivatives	-	-	108	108
Publicly traded securities	18,712	-	-	18,712
Foreign exchange option contracts	-	261	-	261
Financial liabilities				
Commodity swap contracts	-	1,493	-	1,493
Foreign exchange option contracts	-	23	-	23
	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Accounts receivable on provisionally priced sales	-	75,602	-	75,602
Derivatives	-	-	1,048	1,048
Publicly traded securities	10,852	-	-	10,852
Foreign exchange option contracts	-	819	-	819
Financial liabilities				
Commodity swap contracts	-	1,179	-	1,179

During the three months ended March 31, 2024 and the year ended December 31, 2023, 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.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

6. DEBT

(a) DPM Revolving Credit Facility

DPM has a committed revolving credit facility (the “RCF”) with a consortium of four banks that matures in July 2026, and is secured by pledges of DPM’s investments in Ada Tepe, Chelopech and the Loma Larga gold project and by guarantees from each of the subsidiaries that hold these assets. Initially, DPM is permitted to borrow up to an aggregate principal amount of \$150.0 million, which can be increased pursuant to an accordion feature that permits, subject to certain conditions, the facility to be increased to \$250.0 million. The cost of borrowing is based on the Secured Overnight Financing Rate (“SOFR”), plus a spread, which is currently 2.25%, and can range between 2.25% and 3.50% depending upon DPM’s leverage. The RCF contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 3.75:1, and (ii) a minimum net worth equal to \$600 million plus (minus) 50% of ongoing net earnings (loss) plus 50% of all equity raised by DPM, in each case, as defined under the RCF.

As at March 31, 2024 and December 31, 2023, DPM was in compliance with all financial covenants and \$nil was drawn under the RCF.

(b) Other credit agreements and guarantees

Chelopech and Ada Tepe have a \$21.0 million multi-purpose credit facility that matures on November 30, 2024 and is guaranteed by DPM. As at March 31, 2024, \$19.8 million (December 31, 2023 – \$18.6 million) had been utilized in the form of letters of credit and letters of guarantee, primarily in respect of concession contracts with the Bulgarian Ministry of Energy.

Chelopech and Ada Tepe also have a Euro 21.0 million (\$22.7 million) credit facility to support mine closure and rehabilitation obligations in respect of concession contracts with the Bulgarian Ministry of Energy. This credit facility matures on November 30, 2024 and is guaranteed by DPM. As at March 31, 2024, \$22.7 million (December 31, 2023 – \$23.2 million) had been utilized in the form of letters of guarantee.

Ada Tepe also has a \$10.3 million multi-purpose credit facility that matures on November 30, 2024 and is guaranteed by DPM. As at March 31, 2024, \$1.6 million (December 31, 2023 – \$1.6 million) had been utilized in the form of letters of credit and letters of guarantee, primarily in respect of exploration contracts with the Bulgarian Ministry of Energy.

Advances under these facilities bear interest at a rate equal to the one month SOFR plus 2.5%. The letters of credit and guarantee bear a fee of 0.6% based on the amounts issued.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

7. SHARE-BASED COMPENSATION PLANS

The following is a summary of the new grants under the Company's share-based compensation plans in April 2024 for continuing operations:

	Number of units	Fair value granted
Restricted Share Units	582,935	4,319
Performance Share Units	319,405	2,365
Deferred Share Units	47,326	340
DPM Stock Options	266,403	767
Total	1,216,069	7,791

As at March 31, 2024, the Company had a total share-based compensation liability of \$20.5 million (December 31, 2023 – \$16.5 million) from continuing operations, of which the current portion of \$8.2 million (December 31, 2023 – \$6.6 million) was included in accounts payable and accrued liabilities on the condensed interim consolidated statements of financial position.

The following table summarizes the impact of the mark-to-market adjustments related to the change in DPM's share price on the Company's share-based compensation expenses from continuing operations for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Increase in share-based compensation expenses due to mark-to-market adjustments	2,782	8,029

The following table summarizes total share-based compensation expenses recognized by the Company in net earnings from continuing operations in the condensed interim consolidated statements of earnings (loss) for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Share-based compensation expenses recognized in:		
Cost of sales	360	1,020
General and administrative expenses	3,977	8,372
Exploration and evaluation expenses	195	37
Total	4,532	9,429

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

8. OTHER INCOME AND EXPENSE

	Three months ended March 31,	
	2024	2023
Realized losses on foreign exchange forward contracts	-	3,176
Net termination fee received from Osino (note 4)	(6,901)	-
Net foreign exchange (gains) losses	153	(3,278)
Interest income	(8,407)	(4,078)
Other, net	2,205	37
	(12,950)	(4,143)

9. RELATED PARTY TRANSACTIONS

Key management remuneration

The Company's related parties include its key management. Key management includes directors, the Chief Executive Officer ("CEO"), the Executive Vice Presidents and the 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 months ended March 31, 2024 and 2023 was as follows:

	Three months ended March 31,	
	2024	2023
Salaries, management bonuses and director fees	2,245	973
Other benefits	131	67
Share-based compensation	2,994	7,080
Total remuneration	5,370	8,120

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

10. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Changes in working capital

	Three months ended	
	March 31,	
	2024	2023
(Increase) decrease in accounts receivable and other assets	(33,558)	1,424
(Increase) decrease in inventories	816	(417)
Decrease in accounts payable and accrued liabilities	(1,240)	(14,940)
Increase in other liabilities	366	5,527
	(33,616)	(8,406)

(b) Other items not affecting cash

	Three months ended	
	March 31,	
	2024	2023
Share-based compensation expense	228	287
Realized losses on commodity swap contracts	1,163	9,301
Realized losses on foreign exchange forward contracts	-	788
Net finance income	(7,702)	(3,280)
Other, net	750	3,179
	(5,561)	10,275

11. SUPPLEMENTARY SHAREHOLDERS' EQUITY INFORMATION

(a) Dividend

During the three months ended March 31, 2024, the Company declared a quarterly dividend of \$0.04 (2023 – \$0.04) per common share to its shareholders of record resulting in dividend distributions of \$7.3 million (2023 – \$7.6 million) recognized against its retained earnings in the condensed interim consolidated statements of changes in shareholders' equity. The Company paid an aggregate of \$7.2 million (2023 – \$7.6 million) of dividends which were included in cash used in financing activities in the condensed interim consolidated statements of cash flows for the three months ended March 31, 2024 and recognized a dividend payable of \$7.3 million (December 31, 2023 – \$7.3 million) in accounts payable and accrued liabilities in the condensed interim consolidated statements of financial position as at March 31, 2024.

On May 7, 2024, the Company declared a dividend of \$0.04 per common share payable on July 15, 2024 to shareholders of record on June 30, 2024.

(b) Share repurchases under the Normal Course Issuer Bid ("NCIB")

The Company renewed its NCIB on March 18, 2024 with an expiry date of March 17, 2025. The maximum number of shares that can be repurchased during this period is 15,500,000 shares. The NCIB also allows the Company to implement an automatic share repurchase plan with its designated broker in order to facilitate the purchase of its shares.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

During the three months ended March 31, 2024, the Company purchased a total of 252,811 (2023 – 1,291,207) shares, all of which were cancelled as at March 31, 2024. The total cost of these purchases was \$1.9 million (2023 – \$8.3 million) at an average price per share of \$7.37 (Cdn\$9.94) (2023 – \$6.45 (Cdn\$8.82)), of which \$0.8 million (2023 – \$4.0 million) was recognized as a reduction in share capital, and \$1.1 million (2023 – \$4.3 million) as a reduction in retained earnings in the condensed interim consolidated statements of changes in shareholders' equity. Cash payments of \$1.9 million (2023 – \$8.3 million) were included in cash used in financing activities in the condensed interim consolidated statements of cash flows for the three months ended March 31, 2024.

For the three months ended March 31, 2023, the Company had accrued \$8.3 million for the amount repurchased under the automatic share repurchase plan, of which \$3.5 million was recognized as a reduction in share capital and \$4.8 million as a reduction in retained earnings in the condensed interim consolidated statements of changes in shareholders' equity for the three months ended March 31, 2023.

12. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

The Company had the following minimum contractual commitments from continuing operations as at March 31, 2024:

	up to 1 year	1 - 5 years	Total
Capital commitments	5,302	-	5,302
Purchase commitments	16,507	25	16,532
Total commitments	21,809	25	21,834

(b) Contingencies

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 reportable operating segments – Chelopech and Ada Tepe in Bulgaria. 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 and evaluation 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.

The operating results of Tsumeb have been presented as a discontinued operation and the assets and liabilities of Tsumeb have been presented as held for sale as a result of the Tsumeb Disposition (*note 3*).

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

The following table summarizes the relevant information by segment for the three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024			
	Chelopech	Ada Tepe	Corporate & Other	Total
Continuing operations				
Revenue (a)	69,966	53,825	-	123,791
Earnings (loss) before income taxes from continuing operations	34,608	28,950	(17,279)	46,279
Other disclosures				
Depreciation and amortization (b)	7,692	14,455	689	22,836
Share-based compensation expenses (c)	233	127	4,172	4,532
Capital expenditures (d)	3,991	2,161	7,846	13,998
	Three months ended March 31, 2023			
	Chelopech	Ada Tepe	Corporate & Other	Total
Continuing operations				
Revenue (a)	64,572	61,796	-	126,368
Earnings (loss) before income taxes from continuing operations	25,925	34,621	(14,575)	45,971
Other disclosures				
Depreciation and amortization (b)	6,613	13,892	537	21,042
Share-based compensation expenses (c)	682	338	8,409	9,429
Capital expenditures (d)	5,551	2,148	6,070	13,769

- (a) Revenues from Chelopech and Ada Tepe were generated from the sale of concentrate.
- (b) Depreciation and amortization relating to operating segments were included in cost of sales and those relating to Corporate and Other were included in general and administrative expenses, as well as exploration and evaluation expenses.
- (c) Share-based compensation expenses relating to operating segments were included in cost of sales and those relating to Corporate and Other were included in general and administrative expenses, as well as exploration and evaluation expenses (note 7).
- (d) Capital expenditures for Corporate and Other included \$3.3 million (2023 – \$5.3 million) related to the Loma Larga gold project in Ecuador.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024 and 2023

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

The following table summarizes the Company's revenue recognized for the three months ended March 31, 2024 and 2023:

	Three months ended March 31,	
	2024	2023
Revenue recognized at a point in time from:		
Sale of concentrate	123,817	126,437
Revenue from contracts with customers	123,817	126,437
Mark-to-market price adjustments on provisionally priced sales	1,451	7,726
Net mark-to-market losses on QP Hedges	(1,477)	(7,795)
Total revenue	123,791	126,368

The following table summarizes total assets and total liabilities by segment as at March 31, 2024 and December 31, 2023:

	As at March 31, 2024				
	Chelopech	Ada Tepe	Corporate & Other	Tsumeb	Total
Total current assets	159,102	218,394	404,705	-	782,201
Total non-current assets	158,605	118,369	192,525	-	469,499
Assets held for sale (note 3)	-	-	-	84,717	84,717
Total assets	317,707	336,763	597,230	84,717	1,336,417
Liabilities	66,384	27,539	47,147	-	141,070
Liabilities held for sale (note 3)	-	-	-	34,351	34,351
Total liabilities	66,384	27,539	47,147	34,351	175,421

	As at December 31, 2023				
	Chelopech	Ada Tepe	Corporate & Other	Tsumeb	Total
Total current assets	130,468	199,293	404,347	-	734,108
Total non-current assets	164,483	130,558	178,270	-	473,311
Assets held for sale (note 3)	-	-	-	82,817	82,817
Total assets	294,951	329,851	582,617	82,817	1,290,236
Liabilities	60,078	27,728	44,506	-	132,312
Liabilities held for sale (note 3)	-	-	-	37,374	37,374
Total liabilities	60,078	27,728	44,506	37,374	169,686