Dundee Precious Metals

2020 SECOND QUARTER REPORT

Delivering on Our Strategy

SECOND QUARTER REPORT – Q2 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

of Consolidated Financial Condition and Results of Operations

for the Three and Six Months Ended June 30, 2020

(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 six months ended June 30, 2020. This MD&A should be read in conjunction with DPM's unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. 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 six months ended June 30, 2020. 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 and scientific 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 Definition Standards for Mineral Resources and Mineral Reserves, and has been reviewed and approved by Ross Overall, B.Sc. (Applied Geology), Corporate Mineral Resource Manager of DPM, who is a Qualified Person as defined under NI 43-101 ("QP"), and who is not independent of the Company.

This MD&A has been prepared as at July 30, 2020.

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 employee safety, optimizing the performance of each of its operating assets and delivering strong margins. The Company is also focused on building a pipeline of future growth opportunities that leverages its operating expertise and its commitment to corporate responsibility 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.

As at June 30, 2020, 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 ("Ada Tepe"), which owns and operates a gold mine located in south eastern Bulgaria, near the town of Krumovgrad; and
- 92% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia.

DPM holds interests, directly or indirectly, in a number of exploration properties located in Canada, Serbia and Ecuador including:

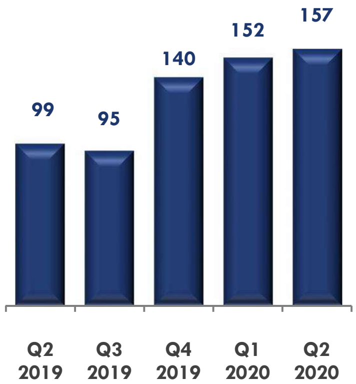
- 100% of Avala Resources Ltd. ("Avala"), which is focused on the exploration and development of the Timok gold project and other early stage projects in Serbia;
- 9.4% of Sabina Gold & Silver Corp. ("Sabina"), which is focused on the development of the Back River project in southwestern Nunavut, Canada;
- 19.4% of INV Metals Inc. ("INV"), which is focused on the exploration and development of the Loma Larga gold property located in Ecuador; and
- a 51% interest in Pershimex Resources Corporation's gold property ("Pershimex") located in the Archean Abitibi greenstone belt near Val-d'Or, Canada, with the option to earn up to a 71% interest.

DPM also owns:

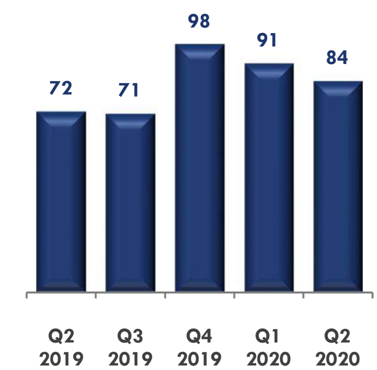
- 78% of MineRP Holdings (Proprietary) Limited, an independent mining software vendor with operations in Canada, South Africa, Australia and Chile, through MineRP Holdings Inc. ("MineRP").

Overview – Operational and Financial Highlights

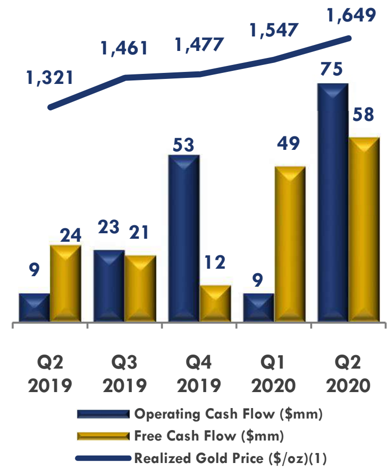
Revenue ($mm)



Cost of Sales ($mm)

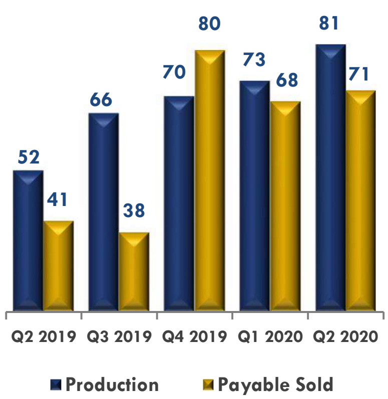


Operating Cash Flow and Free Cash Flow[(1)]



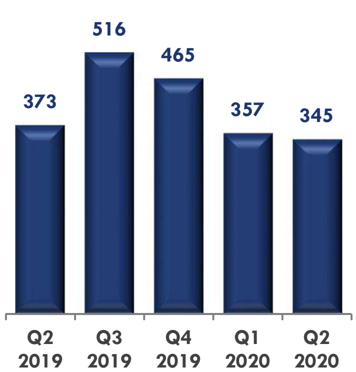
Complex Concentrate Smelted ('000s tonnes)

Gold Production and Payable Gold Sold ('000s ounces)

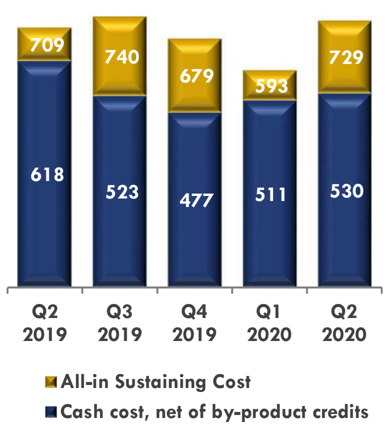


Copper Production and Payable Copper Sold (mm pounds)

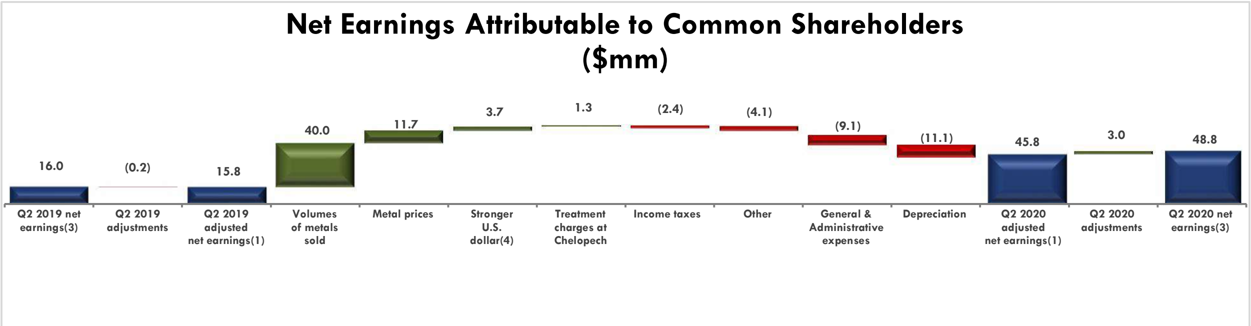
Smelter Cash Cost[(1)] ($/tonne)

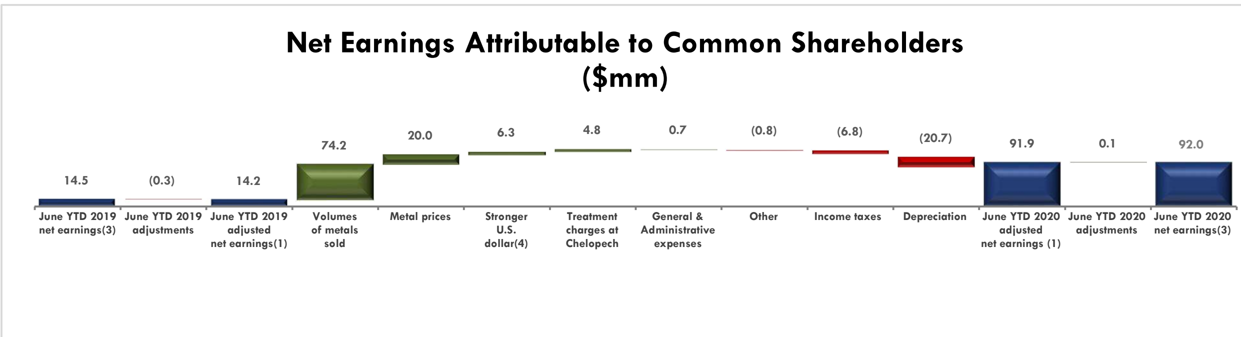


All-in Sustaining Cost[(1)] and Cash Cost, Net of by-product Credits[(1)] ($/oz)



Net Cash(Debt) and Net Debt/Capitalization[(2)]





1) *These measures are Non-GAAP measures. Refer to the "Non-GAAP Financial Measures" section contained in this MD&A for more information, including reconciliations to IFRS measures.*
2) *Net cash represents cash at the end of the period less total debt.*
3) *Net earnings attributable to common shareholders.*
4) *Includes net realized gains and losses on foreign exchange forward contracts.*

Response to Coronavirus ("COVID-19")

In March 2020, the World Health Organization classified COVID-19 as a worldwide pandemic and governments across the globe undertook extensive measures to combat the spread of this virus. To date, as a result of the proactive actions being taken within the regions in which we operate and by personnel at each of our sites, the Company has not experienced any material disruptions to its operations as a result of COVID-19. The Company's Chelopech and Ada Tepe mines in Bulgaria continue to operate at full capacity and have not experienced any disruptions to their operations.

As previously reported, the Tsumeb smelter in Namibia curtailed its operations by shutting down ancillary plants for 30 days during the month of April in response to a government directive to the natural resources sector aimed at limiting staffing levels. As a result, complex concentrate smelted for the second quarter was reduced by approximately 10%. Full operations resumed in May with ongoing management of the number of employees and contractors working at site and continued observance of the COVID-19 controls that have been established across all sites. With throughput back to full capacity, the smelter remains on track to achieve 2020 annual guidance.

To date, MineRP continues to operate with minimal impact on its ability to service existing customers remotely, although, it is experiencing some delays starting up new projects and converting a growing customer pipeline as customers satisfy themselves that implementation can be effectively executed remotely.

The Company continues to closely assess and monitor the COVID-19 situation, particularly as various jurisdictions implement measures to re-open their economies, and has undertaken a number of measures to mitigate the associated risks, including establishing procedures and contingency plans at each operating location, which are directed at safeguarding employees, managing potential supply chain disruptions, including complex concentrate feed for the smelter, and maintaining production at each of its operations. These activities are being overseen by an experienced cross-functional team that includes members of senior management and leaders at the Company's operations. DPM also continues to engage with local communities and authorities in Bulgaria, Namibia and Serbia as they respond to the challenges of the pandemic. To date, DPM has contributed over $0.8 million to support numerous initiatives to benefit local communities. This financial support has focused on local hospitals to provide additional medical facilities, supplies, transportation and protective equipment.

At present, there do not appear to be any imminent COVID-19 related circumstances that are expected to disrupt the Company's operations, however, given the highly uncertain and evolving nature of this situation, the Company is not able to reliably estimate the duration and severity of this pandemic nor the potential impact it could have on the Company's operating and financial results. For additional details on the risks faced by the Company as it relates to COVID-19, refer to the "Risk and Uncertainties" section contained in this MD&A.

Summary of Significant Operational and Financial Highlights

In the second quarter of 2020, the Company achieved record quarterly gold production, free cash flow and net earnings reflecting continued strong operating performance at Chelopech and Ada Tepe, which achieved its highest quarterly production to-date, combined with strong gold prices. Tsumeb also had a strong quarter, processing 58,516 tonnes of complex concentrate despite a 30-day reduction in throughput in April in response to a government request to the natural resources sector to limit staffing levels as a result of COVID-19. Chelopech continued its consistent track record in the second quarter, with gold production higher than expected due to the optimization of the mining sequence, which resulted in higher gold grades to the mill and higher gold recoveries in pyrite concentrate. Copper production was as expected. Chelopech and Ada Tepe are on track to achieve the higher end of their respective 2020 production guidance. Tsumeb remains on track to achieve its 2020 production guidance.

Net earnings attributable to common shareholders in the second quarter and first six months of 2020 were $48.8 million and $92.0 million, respectively, compared to $16.0 million and $14.5 million in the corresponding periods in 2019. These increases were due primarily to higher volumes of gold sold, higher realized gold prices and the favourable impact of a stronger U.S. dollar relative to the ZAR, partially offset by higher depreciation and lower realized copper prices. In addition, the results in the second quarter of 2020 were also impacted by higher share-based compensation as a result of the increase in DPM's share price.

Cash resources, including DPM's long-term revolving credit facility ("RCF"), were $225.8 million as at June 30, 2020.

REVIEW OF FINANCIAL AND OPERATIONAL CONSOLIDATED RESULTS

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

$ thousands, unless otherwise indicated	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Financial Results				
Revenue	**157,036**	99,193	**308,740**	184,531
Cost of sales	**84,578**	71,717	**175,149**	136,450
Depreciation and amortization	**26,273**	15,181	**50,600**	29,935
General and administrative expenses	**13,500**	4,363	**17,005**	17,721
Exploration and evaluation expenses	**3,914**	3,175	**7,659**	6,080
Finance cost	**1,741**	1,473	**3,964**	4,505
Other (income) expense	**(1,166)**	113	**1,705**	2,167
Earnings before income taxes	**53,712**	17,660	**101,778**	16,666
Income tax expense	**4,619**	2,066	**10,249**	2,874
Net earnings attributable to common shareholders	**48,870**	15,968	**92,041**	14,480
Basic earnings per share	**0.27**	0.09	**0.51**	0.08
Adjusted EBITDA(1)	**78,633**	34,058	**156,162**	50,736
Adjusted net earnings(1)	**45,801**	15,765	**91,927**	14,210
Adjusted basic earnings per share(1)	**0.25**	0.09	**0.51**	0.08
Cash provided from operating activities	**75,461**	9,317	**84,886**	23,770
Free cash flow(1)	**58,417**	24,405	**107,585**	34,432
Capital expenditures incurred:				
Growth(1)	**1,411**	15,026	**4,213**	32,732
Sustaining(1)	**11,259**	5,181	**18,094**	7,645
Total capital expenditures	**12,670**	20,207	**22,307**	40,377
Operational Highlights				
Metals contained in concentrate produced:				
Gold *(ounces)*	**81,365**	52,425	**154,328**	95,459
Copper *('000s pounds)*	**9,378**	9,056	**18,759**	17,077
Payable metals in concentrate sold:				
Gold *(ounces)*	**70,838**	41,424	**139,092**	80,983
Copper *('000s pounds)*	**8,543**	10,152	**18,063**	16,467
Cash cost per ounce of gold sold, net of by-product credits(1),(2)	**530**	618	**521**	623
All-in sustaining cost per ounce of gold(1),(3)	**729**	709	**662**	763
Complex concentrate smelted at Tsumeb *(mt)*	**58,516**	61,667	**123,526**	124,489
Cash cost per tonne of complex concentrate smelted at Tsumeb(1),(4)	**345**	373	**352**	372

As at,	**June 30, 2020**	December 31, 2019
Financial Position and Available Liquidity		
Cash	**75,788**	23,440
Investments at fair value	**64,710**	59,362
Total assets	**835,297**	784,710
Long-term debt	**-**	10,000
Equity	**667,879**	592,894
Number of common shares outstanding *('000s)*	**181,126**	180,537
Share price (Cdn$ per share)	**8.94**	5.58
Available liquidity(5)	**225,788**	188,440

1) *Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"); adjusted net earnings; adjusted basic earnings per share; free cash flow; growth and sustaining capital expenditures; 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 at Tsumeb, net of by-product credits, are not defined measures under IFRS. Refer to the "Non-GAAP Financial Measures" section of this MD&A for more information, including reconciliations to IFRS measures.*
2) *Cash cost per ounce of gold sold, net of by-product credits, represents Chelopech and Ada Tepe 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, divided by the payable gold in concentrate sold.*

3) All-in sustaining cost per ounce of gold represents Chelopech and Ada Tepe cost of sales less depreciation, amortization and other non-cash expenses plus treatment charges, penalties, transportation and other selling costs, cash outlays for sustaining capital expenditures and leases, 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, divided by the payable gold in concentrate sold.
4) Cash cost per tonne of complex concentrate smelted at Tsumeb, net of by-product credits, represents cost of sales less depreciation and amortization and net of revenue related to the sale of acid, divided by the volumes of complex concentrate smelted.
5) Available liquidity is defined as undrawn capacity under the RCF plus cash at the end of each reporting period.

Commodity prices and foreign exchange rates

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 six months ended June 30, 2020 and 2019 and highlights the overall year over year change in commodity prices.

Metal Market Prices (Average)	**Three Months**			**Six Months**		
Ended June 30,	**2020**	2019	**Change**	**2020**	2019	**Change**
LBMA gold *($/ounce)*	**1,710**	1,310	**31%**	**1,647**	1,307	**26%**
LME settlement copper *($/pound)*	**2.42**	2.77	**(13%)**	**2.49**	2.80	**(11%)**
LBMA spot silver *($/ounce)*	**16.33**	14.89	**10%**	**16.63**	15.23	**9%**

The average realized gold price for the second quarter and first six months of 2020 was $1,649 per ounce and $1,599 per ounce, respectively, compared to $1,321 per ounce and $1,314 per ounce in the corresponding periods in 2019, representing increases of 25% and 22%. The average realized copper price for the second quarter and first six months of 2020 was $2.36 per pound and $2.47 per pound, respectively, compared to $2.77 per pound in the corresponding periods in 2019, representing decreases of 15% and 11%. Average realized gold and copper prices are not defined measures under IFRS. For more information, including reconciliations to IFRS, refer to the "Non-GAAP Financial Measures" section contained in this MD&A.

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 of the U.S. dollar relative to these currencies.

Average Foreign Exchange Rates	**Three Months**			**Six Months**		
Ended June 30,	**2020**	2019	**Change**	**2020**	2019	**Change**
US$/Cdn$	**1.3859**	1.3375	**4%**	**1.3651**	1.3333	**2%**
Euro/US$	**1.1011**	1.1237	**2%**	**1.1010**	1.1297	**3%**
US$/ZAR	**17.9483**	14.3604	**25%**	**16.6492**	14.1805	**17%**

As at June 30, 2020, approximately 79% of projected Namibian dollar operating expenses for the balance of 2020 have been hedged with option contracts providing a weighted average floor price of 14.61 and a weighted average ceiling price of 16.14. Approximately 55% of projected Namibian dollar operating expenses for the full year 2021 have been hedged with option contracts providing a weighted average floor price of 15.67 and a weighted average ceiling price of 18.31.

Metals production

Gold contained in concentrate produced in the second quarter of 2020 increased by 55% to 81,365 ounces relative to the corresponding period in 2019 due primarily to production from Ada Tepe, which achieved commercial production in June 2019. Copper production in the second quarter of 2020 increased by 4% to 9.4 million pounds relative to the corresponding period in 2019 due primarily to higher copper grades, partially offset by lower copper recoveries.

Gold contained in concentrate produced in the first six months of 2020 increased by 62% to 154,328 ounces relative to the corresponding period in 2019 due primarily to production from Ada Tepe. Copper production in the first six months of 2020 increased by 10% to 18.8 million pounds relative to the corresponding period in 2019 due primarily to higher copper grades, partially offset by lower copper recoveries.

Metals sold

Payable gold in concentrate sold in the second quarter of 2020 increased by 71% to 70,838 ounces relative to the corresponding period in 2019 due primarily to deliveries from Ada Tepe, which achieved commercial production in June 2019. Payable copper in concentrate sold in the second quarter of 2020 of 8.6 million pounds was 16% lower than the corresponding period in 2019 due primarily to the timing of gold-copper concentrate deliveries by Chelopech.

Payable gold in concentrate sold in the first six months of 2020 increased by 72% to 139,092 ounces relative to the corresponding period in 2019 due primarily to deliveries from Ada Tepe. Payable copper in concentrate sold in the first six months of 2020 of 18.1 million pounds was 10% higher than the corresponding period in 2019 due primarily to higher copper grades, partially offset by lower copper recoveries.

Complex concentrate smelted

Complex concentrate smelted during the second quarter of 2020 of 58,516 tonnes was 5% lower than the corresponding period in 2019 due primarily to a 30-day reduction in throughput during the month of April in response to a government request to the natural resources sector to limit staffing levels as a result of COVID-19. Complex concentrate smelted in the first six months of 2020 of 123,526 tonnes was slightly lower than the corresponding period in 2019 due primarily to a reduction in throughput as a result of COVID-19, partially offset by a steadier state of operations in 2020.

Revenue

Revenue during the second quarter of 2020 of $157.0 million was $57.8 million higher than the corresponding period in 2019 due primarily to the 71% increase in volumes of payable gold in concentrate sold and higher realized gold prices, partially offset by lower realized copper prices.

Revenue during the first six months of 2020 of $308.7 million was $124.2 million higher than the corresponding period in 2019 due primarily to the 72% increase in volumes of payable gold in concentrate sold, higher realized gold prices and lower treatment charges for Chelopech as a result of a portion of its concentrate being sold to third party smelters, partially offset by lower realized copper prices.

Cost of sales

Cost of sales in the second quarter and first six months of 2020 of $84.5 million and $175.1 million, respectively, was $12.8 million and $38.7 million higher than the corresponding periods in 2019 due primarily to increased deliveries as a result of Ada Tepe commencing commercial operation in June 2019, partially offset by the favourable impact of a stronger U.S. dollar relative to the ZAR and lower depreciation at Tsumeb as a result of an impairment charge taken in the fourth quarter of 2019.

All-in sustaining cost per ounce of gold

All-in sustaining cost per ounce of gold in the second quarter of 2020 of $729 was 3% higher than the corresponding period in 2019 due primarily to lower by-product credits and higher general and administrative expenses as a result of higher share-based compensation, reflecting the increase in DPM's share price, partially offset by low-cost gold production from Ada Tepe.

All-in sustaining cost per ounce of gold in the first six months of 2020 of $662 was 13% lower than the corresponding period in 2019 due primarily to low-cost gold production from Ada Tepe.

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

Cash cost per tonne of complex concentrate smelted in the second quarter of 2020 of $345 was 8% lower than the corresponding period in 2019 due primarily to the favourable impact of a weaker ZAR relative to the U.S. dollar, partially offset by lower volumes of complex concentrate smelted and lower acid prices.

Cash cost per tonne of complex concentrate smelted in the first six months of 2020 of $352 was 5% lower than the corresponding period in 2019 due primarily to the favourable impact of a weaker ZAR relative to the U.S. dollar, partially offset by lower acid prices.

General and administrative expenses

General and administrative expenses in the second quarter of 2020 of $13.5 million were $9.1 million higher than the corresponding period in 2019 due primarily to higher share-based compensation as a result of the increase in DPM's share price. General and administrative expenses in the first six months of 2020 of $17.0 million were comparable to the corresponding period in 2019, reflecting higher share-based compensation related to increases in DPM's share price, offset by lower operating costs, due in part to the impact of COVID-19.

Exploration and evaluation expenses

Exploration and evaluation expenses in the second quarter and first six months of 2020 were $3.9 million and $7.6 million, respectively, compared to $3.2 million and $6.1 million in the corresponding periods in 2019 due primarily to the evaluation work related to the Timok gold project and drilling at Tulare. For a more detailed discussion on the Company's exploration activities, refer to the "Exploration" section contained in this MD&A. For a more detailed discussion on the Timok gold project, refer to the "Development and Other Major Projects" section contained in this MD&A.

Finance costs

Finance costs are comprised of interest and other financing costs in respect of the Company's debt, prepaid forward gold sales arrangement, lease obligations and rehabilitation provisions.

Finance costs were $1.8 million and $4.0 million in the second quarter and first six months of 2020, respectively, compared to $1.5 million and $4.5 million in the corresponding periods in 2019. The decrease in the first six months of 2020 relative to the corresponding period in 2019 was due primarily to the repayment of all drawdowns under the Company's RCF and a reduction in commitment fees following the cancellation of tranches A and C of the RCF in 2019.

Other (income) expense

Other (income) expense is primarily comprised of unrealized gains or losses on Sabina special warrants, foreign exchange translation gains or losses and research costs associated with assessing alternate arsenic stabilization and disposal methods at Tsumeb.

The following table summarizes the items making up other (income) expense:

$ thousands	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Net gains on Sabina special warrants(1)	**(3,069)**	(203)	**(114)**	(270)
Net foreign exchange losses(2)	**1,951**	1,158	**1,445**	2,276
Interest income	**(24)**	(53)	**(66)**	(100)
Other (income) expense, net(3)	**(24)**	(789)	**440**	261
Total other (income) expense	**(1,166)**	113	**1,705**	2,167

1) *Refer to the "Financial Instruments" section contained in this MD&A for more details.*
2) *Primarily related to the revaluation of foreign denominated monetary assets and liabilities.*
3) *Includes $0.2 million (2019 - $0.3 million) and $1.3 million (2019 - $1.2 million) in the second quarter and first six months of 2020, respectively, in respect of testwork being done to treat arsenic using an arsenic vitrification pilot plant.*

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 six months ended June 30, 2020 and 2019, the Company's effective tax rate was impacted primarily by the Company's overall earnings, mix of foreign earnings, which are subject to lower tax rates in certain jurisdictions, and unrecognized tax benefits relating to corporate operating, exploration and evaluation costs.

$ thousands, unless otherwise indicated	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Earnings before income taxes	**53,712**	17,660	**101,778**	16,666
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%	**26.5%**	26.5%
Expected income tax expense	**14,234**	4,679	**26,971**	4,416
Lower rates on foreign earnings	**(10,956)**	(3,018)	**(21,332)**	(7,510)
Unrecognized tax benefit relating to losses	**1,984**	805	**4,301**	5,747
Non-deductible portion of capital (gains) losses	**(952)**	(420)	**(51)**	164
Non-deductible share based compensation expense	**62**	60	**124**	148
Other, net	**247**	(40)	**236**	(91)
Income tax expense	**4,619**	2,066	**10,249**	2,874
Effective income tax rates	**8.6%**	11.7%	**10.1%**	17.2%

Net earnings attributable to common shareholders and adjusted net earnings

Net earnings attributable to common shareholders in the second quarter and first six months of 2020 were $48.8 million ($0.27 per share) and $92.0 million ($0.51 per share), respectively, compared to $16.0 million ($0.09 per share) and $14.5 million ($0.08 per share) in the corresponding periods in 2019.

Adjusted net earnings in the second quarter and first six months of 2020 were $45.8 million ($0.25 per share) and $91.9 million ($0.51 per share), respectively, compared to $15.8 million ($0.09 per share) and $14.2 million ($0.08 per share) for the corresponding periods in 2019.

These increases were due primarily to higher volumes of gold sold, higher realized gold prices and the favourable impact of a stronger U.S. dollar relative to the ZAR, partially offset by higher depreciation and lower realized copper prices. In addition, the results in the second quarter of 2020 were also impacted by higher share-based compensation as a result of the increase in DPM's share price.

Adjusted net earnings in the second quarter and first six months of 2020 excludes after-tax gains of $3.0 million (2019 – $0.2 million) and $0.1 million (2019 – $0.3 million), respectively, related to unrealized gains on Sabina special warrants, which are not reflective of the Company's underlying operating performance. For more details on these adjustments, refer to the "Non-GAAP Financial Measures" section contained in this MD&A.

The following table summarizes adjusted net earnings (loss) by segment:

$ thousands	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Chelopech	**28,813**	19,923	**58,565**	33,766
Ada Tepe	**26,555**	(535)	**44,493**	(384)
Tsumeb	**5,319**	4,061	**12,640**	7,247
Corporate & Other	**(14,886)**	(7,684)	**(23,771)**	(26,419)
Total adjusted net earnings	**45,801**	15,765	**91,927**	14,210

Adjusted EBITDA

Adjusted EBITDA in the second quarter and first six months of 2020 was $78.7 million and $156.2 million, respectively, compared to $34.0 million and $50.7 million in the corresponding periods in 2019, 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:

$ thousands	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Chelopech	**39,414**	30,426	**79,801**	53,348
Ada Tepe	**44,051**	(620)	**77,051**	(441)
Tsumeb	**10,059**	11,509	**22,496**	22,044
Corporate & Other	**(14,891)**	(7,257)	**(23,186)**	(24,215)
Total adjusted EBITDA	**78,633**	34,058	**156,162**	50,736

The "Corporate & Other" segment in the adjusted net earnings and EBITDA tables above includes MineRP, corporate general and administrative expenses, corporate social responsibility expenses, exploration and evaluation expenses, and other income and expense items that do not pertain directly to an operating segment. For a more detailed discussion of Chelopech, Ada Tepe, Tsumeb and Corporate & Other results, refer to the "Review of Operating Results by Segment" section contained in this MD&A.

Cash provided from operating activities

Cash provided from operating activities in the second quarter of 2020 was $75.5 million compared with $9.3 million in the corresponding period in 2019 due primarily to the significant increase in earnings during the period and a favourable period over period change in non-cash working capital. Cash provided from operating activities in the first six months of 2020 was $84.9 million compared with $23.8 million in the corresponding period in 2019 due primarily to the significant increase in earnings during the period, partially offset by an unfavourable period over period change in non-cash working capital due primarily to the timing of customer receipts and higher gold prices and deliveries.

In addition, during the second quarter and first six months of 2020, Ada Tepe delivered 6,992 ounces and 20,102 ounces of gold, respectively, pursuant to the prepaid forward gold sales arrangement resulting in $9.6 million and $27.5 million of deferred revenue being recognized in revenue during the second quarter and first six months of 2020, respectively, with no corresponding impact on cash as these deliveries were in partial satisfaction of the $50.0 million of upfront proceeds received in 2016. For a detailed discussion on the factors affecting cash provided from operating activities, refer to the "Liquidity and Capital Resources" section contained in this MD&A.

Free cash flow

Free cash flow in the second quarter and first six months of 2020 was $58.4 million and $107.6 million, respectively, compared to $24.4 million and $34.4 million in the corresponding periods in 2019. These increases were due primarily to higher volumes of gold sold, higher realized gold prices and the favourable impact of a stronger U.S. dollar relative to the ZAR, partially offset by lower realized copper prices. In addition, as was the case for cash provided from operating activities, free cash flow was similarly impacted by the prepaid forward gold sales arrangement.

Capital expenditures

Capital expenditures incurred during the second quarter and first six months of 2020 were $12.7 million and $22.3 million, respectively, compared to $20.2 million and $40.4 million in the corresponding periods in 2019.

Growth capital expenditures incurred during the second quarter and first six months of 2020 were $1.4 million and $4.2 million, respectively, compared to $15.0 million and $32.7 million in the corresponding periods in 2019. These decreases were related principally to the construction of the Ada Tepe gold mine, which was completed in 2019. Sustaining capital expenditures incurred during the second quarter and first six months of 2020 were $11.3 million and $18.1 million, respectively, in line with guidance, compared to $5.2 million and $7.7 million in the corresponding periods in 2019. These increases were due primarily to spending at Ada Tepe, which commenced commercial production in June 2019, and the work on the tailings management facility at Chelopech.

THREE-YEAR OUTLOOK

DPM continues to focus on increasing the profitability of its business by optimizing existing assets, including Ada Tepe, which achieved full design tonnage at the mine and mill in September 2019. This is expected to generate further growth in gold production and declining all-in sustaining costs as highlighted in the 2020 to 2022 outlook and supplemental detailed 2020 guidance below, as well as a significant increase in cash flow.

2020 to 2022 Outlook

DPM's three-year outlook for gold and copper production, complex concentrate smelted, all-in sustaining cost, cash cost per tonne of complex concentrate smelted, and sustaining capital expenditures for 2020 to 2022 is supplemented with detailed guidance for 2020.

DPM's three-year outlook highlights the Company's strong gold production profile and declining capital expenditures. The outlook is consistent with the production schedules outlined in the technical report for Chelopech entitled "NI 43-101 Technical Report - Mineral Resource and Reserve Update, Chelopech Mine, Chelopech, Bulgaria" dated March 30, 2020 (the "Chelopech Technical Report"), and the technical report for Ada Tepe entitled "Revised NI 43-101 Technical Report, Ada Tepe Deposit, Krumovgrad Project, Bulgaria", originally dated March 21, 2014 and re-issued on November 7, 2017, adjusted where applicable to incorporate the current mine plan and inflationary impacts since the filing of the technical report (the "Ada Tepe Technical Report"). For 2021 and 2022, all production and cost estimates do not yet incorporate any cost savings initiatives, operating performance improvements in respect of mine and smelter throughput, potential improvements to mine grades and recoveries, or variations in third party processing mix at Tsumeb to capitalize on the potential to process Chelopech concentrate at higher margins through other facilities. The Chelopech Technical Report and the Ada Tepe Technical Report have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.dundeeprecious.com).

To date, with the pro-active measures taken by each of the Company's operations, the COVID-19 pandemic has had minimal impact on DPM's production and has been limited to Tsumeb's concentrate throughput being curtailed for 30 days in April 2020. DPM is closely monitoring the COVID-19 situation and has put measures in place to safeguard the health of its workforce and support the continuity of its operations. Given the highly uncertain and evolving nature of this situation, the Company is not able to reliably estimate the duration and severity of this pandemic nor the potential impact it could have on the Company's future operating and financial results. As a result, the three-year outlook provided is predicated on the COVID-19 pandemic continuing to be effectively managed with minimal impact on DPM's operations. For additional details on COVID-19, including the related risks faced by the Company, refer to the "Overview – Operational and Financial Highlights" and "Risk and Uncertainties" sections contained in this MD&A.

Highlights of previously issued three-year outlook include:

- **Strong gold production profile**: Gold production is forecast to grow by approximately 20% in 2020, based on the mid-point of 2020 guidance, as a result of a full-year contribution from Ada Tepe and continued strong performance at Chelopech. Gold production is expected to be maintained at this increased level through 2022.

- **Stable copper production**: Copper production for 2020 is expected to be in line with 2019, and stable through 2022.

- **All-in sustaining cost to trend lower:** For 2020, all-in sustaining cost is expected to be slightly higher compared to 2019, based on the mid-point of 2020 guidance. This increase is largely a result of normal course cost inflation, as well as higher sustaining capital expenditures (see 2020 Guidance). For 2021 and 2022, all-in sustaining cost is expected to decline.

- **Improving smelter performance:** The smelter is expected to deliver a record level of throughput in 2020. Annual estimates for complex concentrate smelted vary due to the timing of scheduled maintenance shutdowns, the next of which is planned for 2021, resulting in an expected decrease in complex concentrate smelted for that year, with 2022 expected to be in line with 2020. Cash cost per tonne of complex concentrate smelted is expected to remain stable for each of 2020 and 2022, with an increase expected for 2021, as a result of a planned maintenance shutdown.

- **Sustaining capital expenditures expected to decline:** Sustaining capital expenditures for 2020 are expected to increase compared with 2019, reflecting the addition of Ada Tepe as a producing mine and increased costs related to the ongoing cell construction and operation of the integrated mine waste facility ("IMWF"), as well as investments to extend the life of Chelopech's tailings management facility. For 2021 and 2022, sustaining capital expenditures are expected to be below the 2020 level, with 2022 being representative of the longer-term range.

The Company's three-year outlook is set out in the following table and remains unchanged from the outlook contained in its MD&A for the year ended December 31, 2019. If the US$/ZAR exchange rate and copper prices remain unchanged from current spot levels, all-in sustaining cost and cash cost per tonne of complex concentrate smelted are expected to be at or below the lower end of the range.

$ millions, unless otherwise indicated	**2020 Guidance**	**2021 Outlook**	**2022 Outlook**
Gold contained in concentrate produced *('000s ounces)*(1),(2)			
Chelopech	163 – 184	145 – 165	145 – 165
Ada Tepe	94 – 115	105 – 130	105 – 130
Total	257 – 299	250 – 295	250 – 295
Copper contained in concentrate produced *(million pounds)*			
Chelopech	35 – 40	30 – 40	30 – 40
All-in sustaining cost per ounce of gold(3),(4),(5),(7)	700 – 780	670 – 750	670 – 750
Complex concentrate smelted *('000s tonnes)*	230 – 265	220 – 250	240 – 265
Cash cost per tonne of complex concentrate smelted(3),(4)	370 – 450	395 – 475	380 – 455
Sustaining capital expenditures *($ millions)*(3),(4),(6)			
Chelopech	17 – 22	13 – 17	9 – 12
Ada Tepe	9 – 11	4 – 5	4 – 5
Tsumeb	12 – 15	16 – 20	16 – 20
Consolidated	43 – 54	33 – 42	29 – 37

1) Gold produced includes gold in pyrite concentrate produced of 47,000 to 53,000 ounces for 2020, and 39,000 to 44,000 ounces for each of 2021 and 2022.
2) Metals contained in concentrate produced are prior to deductions associated with smelter terms.
3) All costs and capital expenditures are based on, where applicable, a Euro/US$ exchange rate of 1.15, US$/ZAR exchange rate of 14.50, a copper price of $2.75 per pound, and have not been adjusted for inflation.
4) All-in sustaining cost per ounce of gold, cash cost per tonne of complex concentrate smelted and sustaining capital expenditures have no standardized meaning under IFRS. Refer to the "Non-GAAP Financial Measures" section of this 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.
6) Consolidated sustaining capital expenditures include $5.0 million related to corporate digital initiatives for 2020.
7) All-in sustaining cost per ounce of gold represents Chelopech and Ada Tepe cost of sales less depreciation, amortization and other non-cash items plus treatment charges, penalties, transportation and other selling costs, sustaining capital and lease 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, divided by the payable gold in concentrate sold.

The Company's detailed guidance for 2020 is set out in the following table and remains unchanged except as noted below. Based on the strong operating performance achieved in the first six months of 2020, Chelopech and Ada Tepe are on track to achieve the higher end of their 2020 production and delivery guidance and Ada Tepe's cash cost guidance has been reduced to $44 to $50 per tonne from $50 to $60 per tonne. Tsumeb remains on track to achieve its 2020 production and cost guidance. DPM has also increased the guidance for evaluation expenditures from $2.0 million to $8.0 million to $7.0 million to $10.0

million to reflect the advancement of the prefeasibility study ("PFS") and related drilling for Timok. If the US$/ZAR exchange rate and copper prices remain unchanged from current spot levels over the balance of the year, all-in sustaining cost and cash cost per tonne of complex concentrate smelted are expected to be at or below the lower end of 2020 guidance.

$ millions, unless otherwise indicated	**Chelopech**	**Ada Tepe**	**Tsumeb**	**Consolidated Guidance**
Ore processed *('000s tonnes)*	2,090 – 2,200	765 - 892	-	2,855 – 3,092
Cash cost per tonne of ore processed[3],[4]	38 - 40	44 - 50	-	-
Metals contained in concentrate produced[1],[2]				
Gold *('000s ounces)*	163 - 184	94 - 115	-	257 - 299
Copper *(million pounds)*	35 - 40	-	-	35 - 40
Payable metals in concentrate sold[1]				
Gold *('000s ounces)*	135 - 153	94 - 114	-	229 - 267
Copper *(million pounds)*	33 – 38	-	-	33 - 38
All-in sustaining cost per ounce of gold[3],[4],[5],[8]	-	-	-	700 - 780
Complex concentrate smelted *('000s tonnes)*	-	-	230 - 265	230 - 265
Cash cost per tonne of complex concentrate smelted[3],[4]	-	-	370 - 450	370 - 450
Corporate general and administrative expenses[3],[6]	-	-	-	18 - 22
Exploration expenses[3]	-	-	-	13 - 15
Evaluation expenses	-	-	-	7 - 10
Sustaining capital expenditures[3],[4],[7]	17 – 22	9 – 11	12 – 15	43 - 54
Growth capital expenditures[3],[4]	4 – 7	0 – 1	1 – 2	5 - 10

1) *Gold produced includes gold in pyrite concentrate produced of 47,000 to 53,000 ounces and payable gold sold includes payable gold in pyrite concentrate sold of 29,000 to 33,000 ounces.*
2) *Metals contained in concentrate produced are prior to deductions associated with smelter terms.*
3) *Based on Euro/US$ exchange rate of 1.15, US$/ZAR exchange rate of 14.50 and copper price of $2.75 per pound, where applicable.*
4) *Cash cost per tonne of ore processed, all-in sustaining cost per ounce of gold, cash cost per tonne of complex concentrate smelted at Tsumeb and sustaining and growth capital expenditures have no standardized meaning under IFRS. Refer to the "Non-GAAP Financial Measures" section of this 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.*
6) *Excludes mark-to-market adjustments on share-based compensation of $8.4 million, due to the increase in DPM's share price, in the first six months of 2020 and MineRP's general and administrative expenses.*
7) *Consolidated sustaining capital expenditures include approximately $5.0 million related to corporate digital initiatives.*
8) *All-in sustaining cost per ounce of gold represents Chelopech and Ada Tepe cost of sales less depreciation, amortization and other non-cash items plus treatment charges, penalties, transportation and other selling costs, sustaining capital and lease 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, divided by the payable gold in concentrate sold.*

The foregoing three-year outlook and supplemental detailed 2020 guidance are not expected to occur evenly throughout the year. The estimated metals contained in concentrate produced, payable metals in concentrate sold and volumes of complex concentrate smelted are expected to vary from quarter to quarter depending on the areas being mined, the timing of concentrate deliveries and planned outages. The rate of capital expenditures is also expected to vary from quarter to quarter based on the schedule for, and execution of, each capital project.

Additional detail on the Company's three-year outlook is set out below:

Chelopech

Gold contained in concentrate produced in 2020 is expected to be between 163,000 ounces and 184,000 ounces, which is comparable to 2019 and reflects grades at expected life of mine levels. Gold contained in concentrate produced in 2021 and 2022 is expected to be slightly lower compared to the outlook for 2020, as a result of lower grades. Grade control drilling to convert the higher grade upper zone mineralization into Mineral Reserve will continue and could offset some of the decreases in grade, as was the case for 2019.

Copper contained in concentrate produced in 2020 is expected to be between 35 million pounds to 40 million pounds, which is comparable to 2019, and is expected to be 30 million pounds to 40 million pounds for 2021 and 2022.

Sustaining capital expenditures in 2020 are expected to be comparable to 2019 and include approximately $8.0 million to complete the work associated with extending the life of Chelopech's tailings management facility. Growth capital expenditures related to resource development drilling and margin improvement projects are expected to be between $4.0 million and $7.0 million in 2020.

Sustaining capital expenditures are expected to decline in each of 2021 and 2022, following the completion of the tailings management upgrade in 2020.

Ada Tepe

Gold contained in concentrate produced in 2020 is expected to be between 94,000 ounces and 115,000 ounces. For 2021 and 2022, gold contained in concentrate produced is expected to increase to between 105,000 ounces and 130,000 ounces, largely as a result of an expected increase in grade.

A portion of 2020 production is being used in partial satisfaction of the $50.0 million of upfront proceeds received in 2016 under the prepaid forward gold sales arrangement. As a result, no cash will be received in 2020 in respect of 34,087 ounces of gold that will be delivered to fully satisfy this arrangement, 20,102 ounces of which were delivered in the first six months of 2020. From an earnings perspective, $46.6 million of deferred revenue as at December 31, 2019 related to the prepaid forward gold sales arrangement will be recognized as revenue in 2020.

Sustaining capital expenditures are expected to be between $9.0 million and $11.0 million in 2020, including $7.0 million to $9.0 million for the IMWF. Sustaining capital expenditures for the 2020 to 2022 period are higher than the most recent Technical Report for Ada Tepe as they incorporate normal course cost inflation and include IMWF-related costs, which were previously classified as operating costs in the Technical Report, as sustaining capital. The estimates also include increased costs in respect of IMWF activities associated with additional equipment, contractors and waste handling. This cost impact is expected to be reduced during 2021, following a transition from the use of contract work to DPM personnel, which is expected to commence in the third quarter of 2020.

Tsumeb

The smelter is expected to deliver record performance in 2020, with complex concentrate smelted estimated to be between 230,000 tonnes and 265,000 tonnes, representing a 15% increase from 2019 production levels based on the mid-point of 2020 guidance. Complex concentrate smelted for 2021 is expected to be between 220,000 tonnes and 250,000 tonnes, reflecting a planned furnace maintenance shutdown. Complex concentrate smelted for 2022 is expected to increase to between 240,000 tonnes and 265,000 tonnes, in line with estimated 2020 levels, as there is no planned furnace maintenance shutdown. The Company has contracted sufficient quantities of complex concentrate through to December 2022.

Cash costs are expected to remain stable for each of 2020 and 2022, with an increase expected for 2021 as a result of a planned maintenance shutdown. These estimates do not incorporate ongoing cost saving initiatives, with cash cost per tonne figures being largely a function of throughput.

Based on an expected operating cycle of the Ausmelt furnace of 18 to 24 months going forward, sustaining capital expenditures for Tsumeb assume a planned maintenance shutdown every other year. In 2020, sustaining capital expenditures are expected to be lower than 2019, largely due to the absence of a planned shutdown. For 2021, sustaining capital expenditures are expected to be $16.0 million to $20.0 million, similar to 2019 actual expenditures, which also contained a maintenance shutdown. For 2022, sustaining capital is expected to be $16.0 million to $20.0 million, reflecting the estimated capital cost for additional hazardous waste disposal capacity.

All-in sustaining cost

The all-in sustaining cost for our mining operations is expected to range between $700 to $780 per ounce of gold in 2020 and reflects normal course escalation in power, labour and maintenance at both sites, and elevated sustaining capital costs associated with the extension of Chelopech's tailings management facility and additional near-term costs related to Ada Tepe's IMWF. All-in sustaining cost is expected to decline to between $670 and $750 per ounce of gold for 2021 and 2022, reflecting lower forecast sustaining capital.

Exploration and evaluation expenditures

Expenditures related to exploration in 2020 are expected to range between $13.0 million and $15.0 million, in line with 2019 spending. The 2020 budget is being used to fund brownfield drill programs of 15,000 metres on mine concessions and nearby exploration licenses at the Chelopech and Ada Tepe mines in Bulgaria and a further 3,000 metres is planned at the Timok gold project in Serbia. The remaining exploration budget is expected to be deployed primarily toward other greenfield projects in Bulgaria and Serbia.

Following encouraging results from the optimization work completed on the Timok gold project in 2019 to incorporate the sulphide portion of the resource, the Company initiated a PFS, which is expected to be completed by the end of 2020. DPM has increased its guidance for evaluation expenditures associated with moving forward with the PFS from $2.0 million to $8.0 million to $7.0 million to $10.0 million to reflect the advancement of the PFS and related drilling for Timok.

REVIEW OF OPERATING RESULTS BY SEGMENT

Chelopech – Selected Operational and Financial Highlights

$ thousands, unless otherwise indicated	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Operational Highlights				
Ore mined *(mt)*	**558,993**	561,258	**1,092,018**	1,115,907
Ore processed *(mt)*	**555,958**	553,975	**1,101,788**	1,105,784
Head grade / recoveries in gold-copper concentrate (ore milled)				
Gold *(g/mt) / %*	**3.65 / 50.8**	3.46 / 55.3	**3.52 / 49.5**	3.37 / 53.2
Copper *(%) / %*	**0.97 / 78.7**	0.91 / 81.8	**0.98 / 78.8**	0.85 / 82.2
Silver *(g/mt) / %*	**6.53 / 34.9**	5.22 / 36.5	**6.51 / 37.4**	5.30 / 34.3
Gold-copper concentrate produced *(mt)*	**27,401**	24,996	**55,265**	48,366
Pyrite concentrate produced *(mt)*	**73,532**	64,489	**138,930**	122,566
Metals contained in concentrate produced:				
Gold in gold-copper concentrate *(ounces)*	**33,149**	34,021	**61,689**	63,806
Gold in pyrite concentrate *(ounces)*	**15,939**	13,053	**30,030**	26,302
Copper *(pounds)*	**9,378,230**	9,056,533	**18,759,352**	17,077,089
Silver *(ounces)*	**40,822**	33,896	**86,167**	64,631
Cash cost per tonne of ore processed(1),(2)	**37.65**	35.35	**36.98**	35.03
Cash cost per ounce of gold in gold-copper concentrate produced(1),(2),(3)	**437**	356	**437**	376
Cash cost per pound of copper in gold-copper concentrate produced(1),(2),(3)	**0.62**	0.77	**0.66**	0.81
Gold-copper concentrate delivered *(mt)*	**26,947**	30,136	**57,071**	50,288
Pyrite concentrate delivered *(mt)*	**46,181**	50,381	**112,439**	121,858
Payable metals in concentrate sold:				
Gold in gold-copper concentrate *(ounces)*(5)	**30,083**	34,535	**59,741**	63,041
Gold in pyrite concentrate *(ounces)*(5)	**6,640**	6,889	**15,747**	17,942
Copper *(pounds)*(5)	**8,542,690**	10,151,583	**18,063,122**	16,467,037
Silver *(ounces)*(5)	**34,773**	37,765	**79,908**	62,826
Cash cost per ounce of gold sold, net of by-product credits (2),(4),(6)	**707**	618	**656**	623
Cost per tonne of gold-copper concentrate sold(7)	**1,016**	1,033	**999**	1,127
Financial Highlights				
Revenue(8)	**59,774**	53,994	**122,908**	95,778
Cost of sales(9)	**27,376**	31,121	**57,017**	56,684
Earnings before income taxes	**31,843**	22,309	**64,934**	37,450
Adjusted EBITDA(2)	**39,414**	30,426	**79,801**	53,348
Net earnings/Adjusted net earnings(2)	**28,813**	19,923	**58,565**	33,766
Capital expenditures incurred:				
Growth(2)	**1,056**	944	**2,215**	1,969
Sustaining(2)	**3,333**	3,011	**6,579**	4,548
Total capital expenditures	**4,389**	3,955	**8,794**	6,517

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) Refer to the "Non-GAAP Financial Measures" section of this MD&A for more information, including reconciliations of these non-GAAP measures.
3) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver sales revenue.
4) Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $4.4 million (2019 – $5.2 million) and $10.6 million (2019 – $12.3 million) in the second quarter and first six months of 2020, respectively.
5) Represents payable metals in gold-copper and pyrite concentrate sold based on provisional invoices.
6) 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, divided by the payable gold in gold-copper and pyrite concentrate sold.
7) Represents cost of sales divided by the volumes of gold-copper concentrate delivered.
8) Revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and final settlements to reflect any physical and cost adjustments on provisionally priced sales. Net favourable settlements of $2.2 million (2019 - $1.9 million) and $5.4 million (2019 – unfavourable settlements of $1.3 million) were recognized in the second quarter and first six months of 2020, respectively. Deductions during the second quarter and first six months of 2020 were $26.8 million (2019 – $31.1 million) and $53.0 million (2019 – $55.8 million), respectively.
9) Cost of sales includes depreciation of $7.4 million (2019 – $7.9 million) and $14.5 million (2019 – $15.5 million) in the second quarter and first six months of 2020, respectively.

Review of Chelopech Results

Concentrate and metals production

Gold-copper concentrate produced during the second quarter and first six months of 2020 of 27,401 tonnes and 55,265 tonnes, respectively, was 10% and 14% higher than the corresponding periods in 2019 due primarily to higher copper grades, partially offset by lower copper recoveries.

Pyrite concentrate produced during the second quarter and first six months of 2020 of 73,532 tonnes and 138,930 tonnes, respectively, was 14% and 13% higher than the corresponding periods in 2019 due primarily to higher gold grades and recoveries.

In the second quarter and first six months of 2020, gold contained in gold-copper and pyrite concentrate produced was 49,088 ounces and 91,719 ounces, respectively, compared to 47,074 ounces and 90,108 ounces in the corresponding periods in 2019.

Relative to the second quarter of 2019, gold contained in gold-copper concentrate produced in the second quarter of 2020 decreased by 3% to 33,149 ounces and gold contained in pyrite concentrate produced increased by 22% to 15,939 ounces. Relative to the first six months of 2019, gold contained in gold-copper concentrate produced in the first six months of 2020 decreased by 3% to 61,689 ounces and gold contained in pyrite concentrate produced increased by 14% to 30,030 ounces. Gold production in 2020 relative to 2019 benefitted from higher gold grades and higher gold recoveries in pyrite concentrate, partially offset by lower gold recoveries in gold-copper concentrate, which were impacted by the ore mineralogy.

Copper production in the second quarter and first six months of 2020 of 9.4 million pounds and 18.8 million pounds, respectively, was 4% and 10% higher than the corresponding periods in 2019 due primarily to higher copper grades, partially offset by lower copper recoveries.

Silver production in the second quarter and first six months of 2020 of 40,822 ounces and 86,167 ounces, respectively, was 20% and 33% higher than the corresponding periods in 2019 due primarily to higher silver grades.

Concentrate deliveries and metals sold

Deliveries of gold-copper concentrate during the second quarter of 2020 of 26,947 tonnes were 11% lower than the corresponding period in 2019 due primarily to the timing of deliveries. Deliveries of gold-copper concentrate during the first six months of 2020 of 57,071 tonnes were 13% higher than the corresponding period in 2019 due primarily to increased gold-copper concentrate production and the timing of deliveries.

Deliveries of pyrite concentrate during the second quarter and first six months of 2020 of 46,181 tonnes and 112,439 tonnes, respectively, were each 8% lower than the corresponding periods in 2019 due primarily to the timing of deliveries.

In the second quarter of 2020, payable gold in gold-copper concentrate sold decreased by 13% to 30,083 ounces, payable copper decreased by 16% to 8.6 million pounds and payable silver decreased by 8% to 34,773 ounces, in each case, relative to the corresponding period in 2019. The decreases in payable metals were due primarily to the timing of deliveries. Payable gold in pyrite concentrate sold in the second quarter of 2020 of 6,640 ounces was 4% lower than the corresponding period in 2019 due primarily to lower pyrite concentrate deliveries.

In the first six months of 2020, payable gold in gold-copper concentrate sold decreased by 5% to 59,741 ounces, payable copper increased by 10% to 18.1 million pounds and payable silver increased by 27% to 79,908 ounces, in each case, relative to the corresponding period in 2019. The decrease in gold sold was due primarily to lower gold production as a result of lower gold recoveries, partially offset by higher gold grades. The increase in copper sold was due primarily to higher copper grades, partially offset by lower copper recoveries. Payable gold in pyrite concentrate sold in the first six months of 2020 of 15,747 ounces was 12% lower than the corresponding period in 2019 due primarily to lower pyrite concentrate deliveries.

Inventory

Gold-copper concentrate inventory totaled 3,738 tonnes as at June 30, 2020, down from 5,544 tonnes as at December 31, 2019 due to the timing of gold-copper concentrate deliveries.

Cash cost measures

Cash cost per tonne of ore processed in the second quarter and first six months of 2020 of $37.65 and $36.98, respectively, was 7% and 6% higher than the corresponding periods in 2019 due primarily to higher labour costs as a result of annual pay increases, higher royalties as a result of higher gold prices and contained metal in ore mined and higher input costs for certain materials, partially offset by the favourable impact of a weaker Euro relative to the U.S. dollar.

Cash cost per ounce of gold sold, net of by-product credits, during the second quarter of 2020 of $707 was $89 higher than the corresponding period in 2019 due primarily to lower by-product credits as a result of lower copper sold and lower realized copper prices, partially offset by a weaker Euro relative to the U.S. dollar and lower treatment charges.

Cash cost per ounce of gold sold, net of by-product credits, during the first six months of 2020 of $656 was $33 higher than the corresponding period in 2019 due primarily to lower gold grades in gold-copper concentrate sold, partially offset by lower treatment charges, a lower cost per tonne of concentrate sold as a result of higher copper grades, and a weaker Euro relative to the U.S. dollar.

Net earnings / Adjusted net earnings

Net earnings and adjusted net earnings in the second quarter of 2020 of $28.8 million were $8.9 million higher than the corresponding period in 2019 due primarily to higher realized gold prices, partially offset by lower realized copper prices and lower metals sold as a result of the timing of gold-copper deliveries.

Net earnings and adjusted net earnings in the first six months of 2020 of $58.5 million were $24.8 million higher than the corresponding period in 2019 due primarily to higher realized gold prices, lower treatment charges, a lower cost per tonne concentrate sold and a weaker Euro relative to the U.S. dollar, partially offset by lower realized copper prices and lower gold grades in gold-copper concentrate sold.

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

$ millions **Ended June 30,**	**Three Months**	**Six Months**
Adjusted net earnings - 2019	**19.9**	**33.7**
Higher realized metal prices	11.7	20.0
Lower treatment charges and freight	1.3	4.8
Lower cost per tonne concentrate sold[(1)]	0.4	3.2
Weaker Euro	0.4	1.0
Lower metals sold	(4.7)	(3.3)
Other	(0.2)	(0.9)
Adjusted net earnings - 2020	**28.8**	**58.5**

1) *Excludes impact of depreciation and foreign exchange.*

Capital expenditures

Capital expenditures during the second quarter and first six months of 2020 of $4.4 million and $8.8 million, respectively, were $0.5 million and $2.3 million higher than the corresponding periods in 2019 due primarily to the work on the tailings management facility and are expected to be in line with 2020 guidance.

Ada Tepe – Selected Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Operational Highlights				
Ore mined *(mt)*	**272,256**	73,172	**464,021**	89,414
Ore processed *(mt)*	**224,539**	98,700	**458,010**	98,700
Head grade / recoveries in gold concentrate(1)				
Gold *(g/mt) / %*	**5.34 / 83.9**	2.78 / 65.9	**5.03 / 84.5**	2.78 / 65.9
Silver *(g/mt) / %*	**2.56 / 58.4**	2.01 / 36.1	**2.54 / 58.3**	2.01 / 36.1
Gold concentrate produced *(mt)*	**1,517**	340	**2,989**	340
Metals contained in concentrate produced:				
Gold *(ounces)*	**32,277**	5,351	**62,609**	5,351
Silver *(ounces)*	**10,771**	2,114	**21,885**	2,114
Cash cost per tonne of ore processed(2),(3)	**44.00**	47.78	**41.99**	47.78
Cash cost per ounce of gold in concentrate produced(2),(3),(4)	**301**	875	**301**	875
Gold concentrate delivered *(mt)(9)*	**1,622**	41	**3,109**	41
Payable metals in concentrate sold:				
Gold *(ounces)*(5),(9)	**34,115**	424	**63,604**	424
Silver *(ounces)*(5),(9)	**10,297**	134	**20,010**	134
Cash cost per ounce of gold sold, net of by-product credits(3),(6)	**340**	-	**360**	-
Financial Highlights				
Revenue(7)	**55,993**	-	**99,022**	-
Cost of sales(8)	**25,052**	-	**47,988**	-
Earnings (loss) before income taxes	**29,290**	(688)	**49,246**	(612)
Adjusted EBITDA(3)	**44,051**	(620)	**77,051**	(441)
Net earnings (loss)/Adjusted net earnings (loss)(3)	**26,555**	(535)	**44,493**	(384)
Capital expenditures incurred:				
Growth(3)	**180**	13,969	**233**	30,614
Sustaining(3)	**5,018**	-	**6,755**	-
Total capital expenditures	**5,198**	13,969	**6,988**	30,614

1) *Recoveries are after the flotation circuit but before filtration.*
2) *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.*
3) *Refer to the "Non-GAAP Financial Measures" section of this MD&A for more information, including reconciliations of these non-GAAP measures.*
4) *Total cash costs are net of by-product silver sales.*
5) *Represents payable metals in gold concentrate sold based on provisional invoices.*
6) *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 silver revenues, divided by the payable gold in concentrate sold.*
7) *Revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and final settlements to reflect any physical and cost adjustments on provisionally priced sales.*
8) *Cost of sales includes depreciation of $14.3 million (2019 – $nil) and $26.7 million (2019 – $nil) in the second quarter and first six months of 2020, respectively.*
9) *The deliveries in the second quarter and first six months of 2019 were made prior to achieving commercial production in June 2019, and as a result, net revenue and associated cost of sales from these concentrate sales were recorded in mine properties in the second quarter of 2019.*

Review of Ada Tepe Results

Gold production

In the second quarter and first six months of 2020, gold contained in concentrate produced was 32,277 ounces and 62,609 ounces, respectively, which exceeded expectations as a result of strong gold grades and higher throughput. Ada Tepe achieved commercial production in June 2019 and gold contained in concentrate produced was 5,351 ounces in the second quarter and first six months of 2019.

Gold sold

In the second quarter and first six months of 2020, payable gold in concentrate sold of 34,115 ounces and 63,604 ounces, respectively, was above expectation as a result of higher than expected gold production.

During the second quarter and first six months of 2019 and prior to achieving commercial production, 41 tonnes of gold concentrate, containing payable gold of 424 ounces, were delivered.

Inventory

Gold concentrate inventory totaled 183 tonnes as at June 30, 2020, down from 303 tonnes as at December 31, 2019.

Cash cost measures

Cash cost per tonne of ore processed in the second quarter and first six months of 2020 of $44.00 and $41.99, respectively, was lower than anticipated due primarily to higher throughput, the favourable impact of a weaker Euro relative to the U.S. dollar and lower rates for electricity and certain consumables.

Cash cost per ounce of gold sold, net of by-product credits, in the second quarter and first six months of 2020 of $340 and $360, respectively, was lower than expected due to a lower cash cost per tonne of ore processed and higher gold sold as a result of higher than anticipated grades.

Net earnings / Adjusted net earnings

Net earnings and adjusted net earnings in the second quarter and first six months of 2020 were $26.6 million and $44.5 million, respectively, compared to a net loss and adjusted net loss of $0.6 million and $0.4 million in the corresponding periods in 2019 due primarily to higher deliveries of gold concentrate as Ada Tepe achieved commercial production in June 2019.

Capital expenditures

Capital expenditures during the second quarter and first six months of 2020 of $5.2 million and $7.0 million, respectively, were $8.8 million and $23.6 million lower than the corresponding periods in 2019 due to the completion of construction in the second quarter of 2019 and are expected to be in line with 2020 guidance.

Prepaid forward gold sales arrangement

In September 2016, the Company entered into a prepaid forward gold sales arrangement with several of DPM's existing lenders whereby the Company will deliver 45,982 ounces of gold on specified dates over a 21-month period commencing in May 2019 in exchange for an upfront cash prepayment of $50.0 million. In March 2019, the Company amended its prepaid forward gold sales arrangement whereby gold deliveries for the first six months originally scheduled to commence in May 2019 were delivered during the period from October 2019 to March 2020 in addition to the existing quantities due during this period. As a result, total quantities of gold to be delivered increased by 228 ounces to 46,210 ounces. These gold deliveries are in the form of unallocated gold credits sourced from any of the Company's own mines and are scheduled to occur over a 15-month period from October 2019 to December 2020 in satisfaction of the upfront cash prepayment of $50.0 million that was received in September 2016.

The cash prepayment of $50.0 million was recorded as deferred revenue in the consolidated statements of financial position, and is recognized as revenue when deliveries are made under the prepaid forward gold sales arrangement.

During the second quarter and first six months of 2020, 6,992 ounces and 20,102 ounces of gold, respectively, were delivered pursuant to the prepaid forward gold sales arrangement and as a result, $9.6 million and $27.5 million was transferred from deferred revenue to revenue during the second quarter and first six months of 2020. As at June 30, 2020, $19.1 million of deferred revenue, representing 13,984 ounces of gold, is expected to be settled within the next six months.

Tsumeb – Selected Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Operational Highlights				
Complex concentrate smelted *(mt)*:				
Chelopech	**22,984**	23,717	**41,093**	47,407
Third parties	**35,532**	37,950	**82,433**	77,082
Total complex concentrate smelted	**58,516**	61,667	**123,526**	124,489
Cash cost per tonne of complex concentrate smelted, net of by-product credits(1),(2)	**345**	373	**352**	372
Acid production *(mt)*	**65,595**	62,991	**134,341**	127,450
Acid deliveries *(mt)*	**72,043**	69,339	**143,717**	127,624
Financial Highlights				
Toll revenue(3)	**32,170**	35,440	**67,166**	70,398
Acid revenue	**6,091**	7,903	**12,719**	14,527
Total revenue	**38,261**	43,343	**79,885**	84,925
Cost of sales(4)	**30,513**	37,839	**64,860**	74,392
Earnings before income taxes	**5,319**	4,061	**12,640**	7,247
Adjusted EBITDA(2)	**10,059**	11,509	**22,496**	22,044
Net earnings/Adjusted net earnings(2)	**5,319**	4,061	**12,640**	7,247
Capital expenditures incurred:				
Growth(2)	**125**	98	**1,659**	134
Sustaining(2)	**906**	1,745	**1,786**	2,044
Total capital expenditures	**1,031**	1,843	**3,445**	2,178

1) Cash cost per tonne of complex concentrate smelted, net of by-product credits, represents cost of sales less depreciation and amortization and 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 more information, including reconciliations of these non-GAAP measures.
3) Includes deductions for stockpile interest and favourable or unfavourable estimated metal recoveries.
4) Cost of sales includes depreciation of $4.1 million (2019 – $6.7 million) and $8.4 million (2019 – $13.3 million) in the second quarter and first six months of 2020, respectively.

Review of Tsumeb Results

Production & acid deliveries

Complex concentrate smelted during the second quarter of 2020 of 58,516 tonnes was 5% lower than the corresponding period in 2019 due primarily to a 30-day reduction in throughput during the month of April in response to a government request to the natural resources sector to limit staffing levels as a result of COVID-19. Complex concentrate smelted in the first six months of 2020 of 123,526 tonnes was slightly lower than the corresponding period in 2019 due primarily to a reduction in throughput as a result of COVID-19, partially offset by a steadier state of operations in 2020.

Acid production in the second quarter and first six months of 2020 of 65,595 tonnes and 134,341 tonnes, respectively, was 4% and 5% higher than the corresponding periods in 2019 attributable to efficient operations and a higher sulphur content in concentrate smelted.

Acid deliveries in the second quarter and first six months of 2020 of 72,043 tonnes and 143,717 tonnes, respectively, were 4% and 13% higher than the corresponding periods in 2019 due primarily to increased production and the timing of deliveries.

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

Cash cost per tonne of complex concentrate smelted in the second quarter of 2020 of $345 was 8% lower than the corresponding period in 2019 due primarily to the favourable impact of a weaker ZAR relative to the U.S. dollar, partially offset by lower volumes of complex concentrate smelted and lower acid prices.

Cash cost per tonne of complex concentrate smelted in the first six months of 2020 of $352 was 5% lower than the corresponding period in 2019 due primarily to the favourable impact of a weaker ZAR relative to the U.S. dollar, partially offset by lower acid prices.

Net earnings / Adjusted net earnings

Net earnings and adjusted net earnings in the second quarter of 2020 of $5.3 million were $1.2 million higher than the corresponding period in 2019 due primarily to a weaker ZAR relative to the U.S. dollar, a reduction in depreciation as a result of an impairment charge taken in the fourth quarter of 2019 and higher toll rates, partially offset by a reduction in estimated metal recoveries, lower volumes of complex concentrate smelted as a result of COVID-19 and lower acid prices.

Net earnings and adjusted net earnings in the first six months of 2020 of $12.6 million were $5.3 million higher than the corresponding period in 2019 due primarily to a weaker ZAR relative to the U.S. dollar and a reduction in depreciation as a result of an impairment charge taken in the fourth quarter of 2019, partially offset by a reduction in estimated metal recoveries, a change in mix with lower volumes of high margin concentrate being smelted and lower acid prices.

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

$ millions **Ended June 30,**	**Three Months**	**Six Months**
Adjusted net earnings – 2019	**4.1**	**7.3**
Weaker ZAR(1)	3.3	5.3
Lower depreciation	2.6	4.9
Other	(0.2)	1.7
Higher toll rates	2.0	0.8
Lower estimated metal recoveries	(4.3)	(3.1)
Lower volumes of complex concentrate smelted & customer mix	(1.8)	(1.9)
Lower acid prices & customer mix	(1.8)	(1.8)
Lower (higher) operating expenses(2)	1.4	(0.6)
Adjusted net earnings – 2020	**5.3**	**12.6**

1) *Includes realized losses on foreign exchange option contracts of $2.3 million and $2.4 million in the second quarter and first six months of 2020, respectively, compared to realized gains on foreign exchange option contracts of $0.2 million and $0.6 million in the corresponding periods in 2019.*
2) *Excludes impact of depreciation and foreign exchange.*

Capital expenditures

Capital expenditures during the second quarter of 2020 of $1.0 million were $0.9 million lower than the corresponding period in 2019. Capital expenditures during the first six months of 2020 of $3.4 million were $1.2 million higher than the corresponding period and are expected to be at the lower end of 2020 guidance.

REVIEW OF CORPORATE & OTHER SEGMENT RESULTS

The Corporate & Other segment results include MineRP, corporate general and administrative expenses, corporate social responsibility expenses, exploration and evaluation expenses, and other income and expense items that do not pertain directly to an operating segment.

The following table summarizes the Company's selected Corporate & Other segment results:

$ thousands	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Financial Highlights				
Revenue(1)	**3,008**	1,856	**6,925**	3,828
Cost of sales(1)	**1,637**	2,757	**5,284**	5,374
General and administrative expenses(2)	**13,500**	4,363	**17,005**	17,721
Exploration and evaluation expenses(3)	**2,759**	2,385	**5,349**	4,505
Loss before income taxes	**(12,740)**	(8,022)	**(25,042)**	(27,419)
Adjusted loss before interest, taxes, depreciation and amortization	**(14,891)**	(7,257)	**(23,186)**	(24,215)
Net loss attributable to common shareholders(4)	**(11,817)**	(7,481)	**(23,657)**	(26,149)
Adjusted net loss(5)	**(14,886)**	(7,684)	**(23,771)**	(26,419)

1) Revenue and cost of sales are related to MineRP.
2) Includes MineRP general and administrative expenses of $1.3 million (2019 - $1.5 million) and $2.8 million (2019 – $3.1 million) in the second quarter and first six months of 2020, respectively.
3) Includes evaluation expenses related to Timok of $1.2 million (2019 - $0.1 million) and $2.2 million (2019 – $0.3 million) in the second quarter and first six months of 2020, respectively.
4) Excludes earnings attributable to non-controlling interests of $0.2 million (2019 – loss of $0.4 million) and loss of $0.5 million (2019 – $0.7 million) in the second quarter and first six months of 2020, respectively, primarily related to MineRP.
5) Excludes net gains on Sabina special warrants.

MineRP

Revenue in the second quarter and first six months of 2020 of $3.0 million and $6.9 million, respectively, was $1.2 million and $3.1 million higher than the corresponding periods in 2019 due primarily to the finalization of contracts with new customers. In addition, continued implementation services related to existing projects and software sales also added to revenue.

Cost of sales in the second quarter of 2020 of $1.7 million was $1.1 million lower than the corresponding period in 2019 due primarily to lower servicing costs and the favourable impact of a weaker ZAR. Cost of sales in the first six months of 2020 of $5.3 million was comparable to the corresponding period in 2019.

General and administrative expenses

General and administrative expenses in the second quarter of 2020 of $13.5 million was $9.1 million higher than the corresponding period in 2019 due primarily to higher share-based compensation, as a result of the increase in DPM's share price. General and administrative expenses in the first six months of 2020 of $17.0 million was comparable to the corresponding period in 2019, reflecting higher share-based compensation related to increases in DPM's share price, offset by lower operating costs, due in part to the impact of COVID-19.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2020, the Company had cash of $75.8 million, investments valued at $64.7 million primarily related to its 9.4% interest in Sabina and 19.4% interest in INV, and $150.0 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 June 30, 2020, 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, all contractual commitments, as well as a number of margin improvement and growth opportunities. 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.

As part of the Company's assessment of the potential implications associated with the COVID-19 pandemic, the Company assessed its financial resources as at June 30, 2020 and concluded that it has sufficient available cash resources to manage the potential impacts that could reasonably be expected to arise.

Capital allocation and declaration of dividend

As part of its strategy to deliver superior returns to its shareholders, the Company adheres to a disciplined capital allocation framework that is based on three fundamental considerations – balance sheet strength, reinvestment in the business, and the return of capital to shareholders. Maintaining a strong balance sheet includes ensuring adequate liquidity, managing within prudent financial metrics, and building a strong cash position to support accretive growth. Reinvestment in the business includes investing in its operating assets to sustain and optimize performance; investing in resource development to extend the life of its mines and to identify new gold resources; further advancing existing resources towards production; as well as investing in new projects to grow beyond its existing asset base. Returning capital to shareholders includes dividends, and under certain circumstances, opportunistic share repurchases. These alternatives are not mutually exclusive and are assessed in a balanced manner with a view to maximizing total shareholder returns over the long-term.

With Ade Tepe achieving its design capacity and recoveries in the third quarter of 2019 and now fully operational, 2020 marks the beginning of a period of significant free cash flow generation, which will be used to further strengthen DPM's balance sheet, reinvest in the business, and return cash to shareholders by way of dividends.

Consistent with the Company's disciplined capital allocation framework, on February 13, 2020, the Company declared an inaugural quarterly dividend of $0.02 per common share to shareholders of record on March 31, 2020, resulting in a total dividend payment of $3.6 million on April 15, 2020.

On May 6, 2020, the Company declared a second quarter dividend of $0.02 per common share to shareholders of record on June 30, 2020, resulting in a total dividend payment of $3.6 million on July 15, 2020. As at June 30, 2020, the Company recognized a dividend payable of $3.6 million in accounts payable and accrued liabilities in the condensed interim consolidated statements of financial position and a corresponding dividend distribution from its retained earnings in the condensed interim consolidated statements of changes in shareholders' equity.

On July 30, 2020, the Company declared a third quarter dividend of $0.02 per common share payable on October 15, 2020 to shareholders of record on September 30, 2020.

The level of the Company's dividend is based on establishing a sustainable dividend having regard for the Company's free cash flow outlook and is expected to allow the Company to build additional balance sheet strength to support further growth, a key element of DPM's strategy. The declaration, amount and timing of any future dividend are at the sole discretion of the Board of Directors and will be assessed based on the Company's capital allocation framework, having regard for the Company's financial position, overall market conditions, and its outlook for sustainable free cash flow, capital requirements, and other factors considered relevant by the Board of Directors.

Cash flow

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

$ thousands	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Cash provided from operating activities, before changes in non-cash working capital	**66,954**	29,662	**123,994**	45,435
Changes in non-cash working capital	**8,507**	(20,345)	**(39,108)**	(21,665)
Cash provided from operating activities	**75,461**	9,317	**84,886**	23,770
Cash used in investing activities	**(7,963)**	(13,176)	**(16,179)**	(28,999)
Cash provided from (used in) financing activities	**(5,341)**	12,071	**(16,359)**	10,356
Increase in cash	**62,157**	8,212	**52,348**	5,127
Cash at beginning of period	**13,631**	13,958	**23,440**	17,043
Cash at end of period	**75,788**	22,170	**75,788**	22,170

Cash as at June 30, 2020 was $75.8 million compared to $22.2 million in the corresponding period in 2019. The primary factors impacting these cash flow movements are summarized below.

Operating Activities

Cash provided from operating activities in the second quarter of 2020 was $75.5 million compared with $9.3 million in the corresponding period in 2019 due primarily to the significant increase in earnings during the period and a favourable period over period change in non-cash working capital. Cash provided from operating activities in the first six months of 2020 was $84.9 million compared with $23.8 million in the corresponding period in 2019 due primarily to the significant increase in earnings during the period, partially offset by an unfavourable period over period change in non-cash working capital due primarily to the timing of customer receipts and higher gold prices and deliveries.

In addition, during the second quarter and first six months of 2020, Ada Tepe delivered 6,992 ounces and 20,102 ounces of gold, respectively, pursuant to the prepaid forward gold sales arrangement resulting in $9.6 million and $27.5 million of deferred revenue being recognized in revenue during the second quarter and first six months of 2020, respectively, with no corresponding impact on cash as these deliveries were in partial satisfaction of the $50.0 million of upfront proceeds received in 2016.

The favourable change in non-cash working capital in the second quarter of 2020 of $8.5 million was due primarily to an increase in other liabilities as a result of increased share-based compensation and an increase in accounts payable and accrued liabilities as a result of the timing of payments to suppliers. The unfavourable change in non-cash working capital in the first six months of 2020 of $39.1million was due primarily to the timing of customer receipts and higher gold prices and deliveries.

Cash provided from operating activities, before changes in non-cash working capital, during the second quarter and first six months of 2020 was $67.0 million and $124.0 million, respectively, compared to $29.7 million and $45.5 million in the corresponding periods in 2019. These increases are consistent with the underlying improvement in the Company's financial performance during the period as well as the same factors affecting cash flow from operating activities, with the exception of changes in non-cash working capital.

Investing Activities

Cash used in investing activities in the second quarter and first six months of 2020 was $8.0 million and $16.2 million, respectively, compared to $13.2 million and $29.0 million in the corresponding periods in 2019.

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

$ thousands	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Chelopech	**3,805**	2,911	**6,519**	5,662
Tsumeb	**761**	1,650	**2,642**	2,946
Ada Tepe	**1,652**	10,779	**4,246**	26,758
Other	**1,867**	440	**2,894**	1,073
Total cash capital expenditures	**8,085**	15,780	**16,301**	36,439

Cash outlays for capital expenditures in the second quarter and first six months of 2020 of $8.1 million and $16.3 million, respectively, were $7.6 million and $20.1 million lower than the corresponding periods in 2019 due primarily to the completion of construction at Ada Tepe in the second quarter of 2019.

Cash used in investing activities also included proceeds of $8.2 million related to the sale of Kapan's royalties and unused fixed assets at Chelopech that were received in the first six months of 2019.

Financing Activities

Cash used in financing activities in the second quarter and first six months of 2020 was $5.3 million and $16.3 million, respectively, compared to cash provided from financing activities of $12.1 million and $10.4 million in the corresponding periods in 2019. The primary factors impacting the movement in financing activities are summarized below:

- Net repayments under the RCF in the second quarter and first six months of 2020 were $nil and $10.0 million, respectively, compared to drawdowns of $12.0 million in the corresponding periods in 2019;
- Dividend paid in the second quarter and first six months of 2020 was $3.6 million compared to $nil in the corresponding periods in 2019;
- Repayments of lease obligations in the second quarter and first six months of 2020 were $1.1 million and $2.1 million, respectively, compared to $0.9 million and $1.8 million in the corresponding periods in 2019; and
- Interest and other borrowing related costs paid in the second quarter and first six months of 2020 were $0.7 million and $1.5 million, respectively, compared to $0.7 million and $2.1 million in the corresponding periods in 2019.

Financial Position

$ thousands **As at,**	**June 30, 2020**	December 31, 2019	**Increase/ (Decrease)**
Cash	**75,788**	23,440	**52,348**
Accounts receivable, inventories and other current assets	**111,842**	81,586	**30,256**
Investments at fair value	**64,710**	59,362	**5,348**
Non-current assets, excluding investments at fair value	**582,957**	620,322	**(37,365)**
Total assets	**835,297**	784,710	**50,587**
Current liabilities	**96,807**	109,583	**(12,776)**
Non-current liabilities	**70,611**	82,233	**(11,622)**
Equity attributable to common shareholders	**662,786**	586,616	**76,170**
Non-controlling interests	**5,093**	6,278	**(1,185)**

Cash increased by $52.4 million to $75.8 million during the first six months of 2020 due primarily to strong operating performance in the first six months of 2020 combined with higher gold prices. Accounts receivable, inventories and other current assets increased by $30.2 million to $111.8 million due primarily to an increase in accounts receivable as a result of the timing of customer receipts and higher gold prices and deliveries. Non-current assets, excluding investments at fair value, decreased by $37.4 million to $582.9 million due primarily to depreciation and depletion, partially offset by capital expenditures.

Current liabilities decreased by $12.8 million to $96.8 million during the first six months of 2020 due primarily to the decrease in deferred revenue related to the prepaid forward gold sales settled, partially offset by an increase in income tax liabilities. Non-current liabilities decreased by $11.6 million to $70.6 million due primarily to repayments under the RCF and a decrease in rehabilitation provisions primarily as a result of a stronger U.S. dollar relative to the ZAR and Euro. Equity attributable to common shareholders increased by $76.2 million to $662.8 million due primarily to the net earnings generated in the period, partially offset by comprehensive losses related to unrealized mark-to-market losses and deferred costs related to foreign exchange hedges and dividends declared.

Contractual Obligations, Commitments and Contingencies

The Company had the following minimum contractual obligations and commitments as at June 30, 2020:

$ thousands	**up to 1 year**	**1 – 5 years**	**over 5 years**	**Total**
Lease obligations	5,370	15,671	1,278	22,319
Capital commitments	7,300	-	-	7,300
Purchase commitments	10,207	8	-	10,215
Other obligations	2,573	13,941	2,453	18,967
Total contractual obligations and commitments	**25,450**	**29,620**	**3,731**	**58,801**

As at June 30, 2020, Tsumeb had approximately $56.3 million (December 31, 2019 – $62.9 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”) pursuant to a tolling agreement (the “Tolling Agreement”).

In December 2019, the Company and IXM agreed to amend the existing Tolling Agreement to provide for lower stockpile interest on excess secondary materials, the establishment of the December 31, 2019 excess secondary balances as the new targeted levels above which secondary materials would be required to be purchased by the Company, an extension of the date by which the Company must eliminate excess secondary materials to March 31, 2021, and an extension of the Tolling Agreement by one year to December 31, 2023. During the second quarter of 2020, $0.7 million of secondary materials was purchased. As at June 30, 2020, the value of excess secondary materials was approximately $31.9 million, which was approximately $0.7 million above the targeted levels under the Tolling Agreement. IXM has agreed to waive the quarterly requirement to purchase secondary materials above targeted levels as at June 30, 2020.

Debt

As at June 30, 2020, the Company’s total outstanding debt was $nil (December 31, 2019 – $10.0 million) and the Company was in compliance with all of its debt covenants.

As at June 30, 2020, the Company’s total debt, as a percentage of total capital, was nil (December 31, 2019 – 2%) and the Company’s total debt, net of cash, as a percentage of total capital, was negative 13% (December 31, 2019 – negative 2%).

DPM RCF

DPM has a committed RCF with a consortium of banks. In June 2020, the Company amended the RCF by reducing the tranche B of the facility from $175 million to $150 million and extending its maturity date from February 2022 to February 2023. The Company’s borrowing spread above LIBOR is 2.5%, and can range between 2.5% and 3.5% depending upon 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 Ada Tepe, 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 3.75:1, (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 June 30, 2020, $nil (December 31, 2019 – $10.0 million) was drawn under the RCF.

Tsumeb Overdraft Facility

In April 2020, Tsumeb increased its demand overdraft facility from Namibian $50.0 million ($2.9 million) to Namibian $100.0 million ($5.8 million). This facility is guaranteed by DPM and bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.5%. As at June 30, 2020, $nil (December 31, 2019 - $nil) was drawn from this facility.

Credit Agreements and Guarantees

Chelopech and Ada Tepe have a $16.0 million multi-purpose credit facility that matures on November 30, 2021. This credit facility is guaranteed by DPM. As at June 30, 2020, $5.9 million (December 31, 2019 – $5.7 million) had been utilized against this multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Ada Tepe also have a Euro 21.0 million ($23.6 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2021 and is guaranteed by DPM. As at June 30, 2020, $23.5 million (December 3, 2019 – $23.6 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

Ada Tepe has a $5.3 million multi-purpose credit facility that matures on November 30, 2021. This credit facility is guaranteed by DPM. As at June 30, 2020, $0.2 million (December 31, 2019 – $0.1 million) had been utilized against this 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.

Outstanding Share Data

DPM’s common shares are traded on the TSX under the symbol DPM. As at July 30, 2020, 181,165,464 common shares were issued and outstanding.

DPM also has 3,130,702 stock options outstanding as at July 30, 2020 with exercise prices ranging from Cdn$2.21 to Cdn$4.46 per share (weighted average exercise price – Cdn$3.43 per share).

Normal Course Issuer Bid and Automatic Repurchase Direction

On February 21, 2020, DPM announced that the TSX accepted its notice of intention to renew its normal course issuer bid (the “Bid”) to repurchase certain of its common shares (“Shares”) through the facility of the TSX.

The number of Shares that can be purchased during the period of the Bid, which commenced February 28, 2020 and terminates on February 27, 2021, will not exceed 9 million Shares, being approximately 5% of the outstanding Shares as of February 18, 2020. Pursuant to the terms of the Bid, the Company will not acquire on any given trading day more than 134,336 Shares, representing 25% of the average daily volume of Shares for the six months ended January 31, 2020. The price that the Company will pay for Shares in open market transactions will be the market price at the time of purchase and any Shares that are purchased under the Bid will be cancelled. The actual timing and number of Shares that may be purchased pursuant to the New Bid will be subject to DPM’s ongoing capital requirements and management’s view that, from time to time, DPM’s Shares trade at prices well below the underlying value of the Company and during these periods the repurchase of Shares represents an excellent opportunity to enhance shareholder value.

On March 31, 2020, the Company issued an automatic purchase direction (the “Direction”) to its designated broker under the Bid in order to facilitate purchases, subject to certain specified parameters, of DPM Shares during a period when the Company would ordinarily not be active in the market due to regulatory restrictions or self-imposed blackout periods. This Direction was terminated by the Company on June 11, 2020 and, to date, no purchases of Shares have been made under the Bid.

A copy of the TSX Form 12 for the New Bid can be obtained by contacting the Company at info@dundeeprecious.com.

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 June 30, 2020, the Company's investments at fair value were $64.7 million (December 31, 2019 - $59.4 million), the vast majority of which related to the value of its investment in Sabina common shares and special warrants and its investment in INV common shares.

As at June 30, 2020, DPM held: (i) 30,537,746 common shares of Sabina or 9.4% of the outstanding common shares 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 special warrants was based on the fair value of the Sabina common shares, which was determined based on the closing bid prices as at June 30, 2020. For the three and six months ended June 30, 2020, the Company recognized unrealized gains on the Sabina special warrants of $3.0 million (2019 – $0.2 million) and $0.1 million (2019 – $0.3 million), respectively, in other (income) expense in the condensed interim consolidated statements of earnings (loss).

For the three and six months ended June 30, 2020, the Company recognized unrealized gains on these publicly traded securities of $29.8 million (2019 – $2.2 million) and $5.2 million (2019 – $3.2 million), respectively, in other comprehensive income (loss) that will not be reclassified to profit or loss.

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 June 30, 2020, 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	15,350 ounces	$1,749.65/ounce

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 LME forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. As at June 30, 2020, the net fair value loss on all outstanding commodity swap contracts was $0.7 million (December 31, 2019 – $1.4 million), which was included in accounts payable and accrued liabilities.

The Company recognized net losses of $3.1 million (2019 – net gains of $0.5 million) and $4.1 million (2019 – $1.1 million) for the three and six months ended June 30, 2020, respectively, in revenue on these commodity swap contracts.

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 June 30, 2020, the Company had outstanding foreign exchange option contracts in respect of a portion of its projected Namibian dollar denominated operating expenses, which is linked to the ZAR, as summarized in the table below:

Year of projected operating expenses	Amount hedged in ZAR	Call options sold weighted average ceiling rate US$/ZAR	Put options purchased weighted average floor rate US$/ZAR
Balance of 2020	734,360,000	16.14	14.61
2021	949,200,000	18.31	15.67

Approximately 79% and 55% of projected Namibian dollar operating expenses for the balance of 2020 and full year 2021, respectively, have been hedged.

The Company designates the spot component of the foreign exchange forward contracts and the intrinsic value of option contracts as cash flow hedges. The time value component of foreign exchange forward and option contracts is treated as a separate cost of hedging.

The fair value gain or loss on these outstanding contracts is calculated based on foreign exchange forward rates quoted in the market. As at June 30, 2020, the net fair value loss on all outstanding foreign exchange option contracts was $6.6 million (December 31, 2019 – net fair value gain of $3.9 million), of which $nil (December 31, 2019 – $3.9 million) was included in other current assets, $5.1 million (December 31, 2019 – $nil) in accounts payable and accrued liabilities and $1.5 million (December 2019 - $nil) in other long-term liabilities.

For the three and six months ended June 30, 2020, the Company recognized unrealized losses of $0.8 million (2019 – unrealized gains of $0.7 million) and $5.2 million (2019 – unrealized gains of $0.3 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 $2.3 million (2019 – realized gains of $0.2 million) and $2.4 million (2019 – $0.6 million), respectively, for the three and six months ended June 30, 2020 in cost of sales on the spot component of settled contracts in respect of foreign denominated operating expenses.

For the three and six months ended June 30, 2020, the Company recognized unrealized gains of $6.4 million (2019 – $1.9 million) and unrealized losses of $5.4 million (2019 – unrealized gains of $2.5 million), respectively, 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 is also exposed to credit and liquidity risks in the event of non-performance by counterparties in connection with its commodity swap 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 Mine

In the second quarter of 2020, a total of 10,905 metres of resource development diamond drilling was completed, which comprises of:

- 5,866 metres of grade control drilling aimed to better define the shape and volume of existing ore bodies;
- 4,564 metres of extensional drilling designed to explore for new mineralization along modelled trends; and
- 475 metres of geotechnical drilling designed to define the limits of the historic block cave zone on the upper levels of Block 151.

Extensional drilling was concentrated on targets on the upper levels of the Chelopech deposit, specifically on the north-east of Block 10, the area between Blocks 19 and 25 in the central part of the deposit and the area surrounding Blocks 147 and 149, to look for new extensions to mineral resources. Further to this, the area down plunge and along strike of Block 25 was also drilled during the second quarter of 2020. A detailed review of the drilling program results is discussed below.

<u>*Central Area*</u>

Zone northern of Block 10

During the second quarter of 2020, the northeastern flanks of the Chelopech deposit were explored with particular focus on an area to the north east of Block 10. Drilling was designed to explore for high sulphidation style copper-gold mineralization hosted by breccia bodies. This area is considered as priority target based on structural trends, geochemical vectoring and the presence of numerous historically recorded intervals of advanced argillic alteration, occasionally with ore-grade mineralization.

A total of 1,044 metres were drilled from cuddy ND-730-440-VH to test for a new mineralization on the upper elevations of the mine. Drill holes EXT10_555_26 and EXT10_555_27 returned visible pyrite/dickite/±tennantite stockwork and rare Chalcopyrite disseminations. Drilling is ongoing and the initial analytical results from the program are still pending. The area is still open in numerous directions and will require further drilling to support the geology and resource models. Drilling will continue at this target in the third quarter of 2020.

Block 19

Seven holes were completed on the western margin of an advanced argillic alteration envelope which hosts Block 19 between 460 mRL and 360 mRL. Disseminated tennantite /±chalcopyrite mineralization was observed in core. Assay results for most of these holes are pending.

Block 25

A total of 990 metres were drilled from level 405 to test upper parts of Block 25 and a gap area between Blocks 19 and 25. Two extensional holes aimed to explore the highest level of Block 25 but unfortunately they failed to intersect significant mineralization.

Furthermore, a grade control program from position 150-360-EXP was undertaken, designed to extend mineralization discovered during earlier drilling programs. As a result, there has been a significant extension to the existing Block 25 orebody in westerly direction between 420 mRL and 350 mRL.

Target 700

At the end of June 2020, drilling started from ND-730-440 aimed to test Target 700. The program was designed to follow up on high grade Au – barite – sulphide mineralization that was delineated during 2019. There is potential in this area for further extensions due to the current wide spaced and irregular drilling grid. The purpose of the drilling program is to improve the data coverage and the geological model, with the goal of building larger more coherent volumes for resource estimation. Assay results are pending for drill holes from this program. Drilling will continue in the third quarter of 2020.

Western Area

Blocks 147 and 149

Based upon review of the results from previous drilling, new drill targets have been identified that suggest potential to discover or extend the current extents of economic mineralization. An extensional drilling program was completed from location 149-220-SD testing an area surrounding Blocks 144, 147 and 149. As a result, the contours of the silica envelope were corrected between 270 mRL and 230 mRL. A single mineralized intersection in Block 147 is shown in the table below (hole EXT149_220_02). This hole is significant since it extends Block 147 mineralization above 240 mRL, which to date has not been fully tested, and indicates that further extensions may be present. Remaining results from this program are still pending.

Mineralized intercepts (gold equivalent ("AuEq") cut-off grade of 3 g/t) received from extensional drilling during the second quarter of 2020:

HOLE ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EXT149_220_02	5579	29738	224	338.6	9.3	241.5	252.0	10.5	9.54	6.12	81.16	1.66

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 10 metres with a maximum internal dilution of 4.5 metres.*
4) *All 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 and Reserve Update, Chelopech Mine, Chelopech, Bulgaria" (the "Chelopech Technical Report") filed on SEDAR at www.sedar.com on March 30, 2020.*

Outlook

In the third quarter of 2020, the Mineral Resource development strategy for Chelopech will be focused on:

- Drilling towards Target 700 will continue from location ND-730-440 (BP10). The aim is to determine shape and volume of mineralization. Emphasis will be on testing for extensions to high grade Au – barite – sulphide mineralization between 600 mRL and 400 mRL;
- Target North is located in the most northerly section of Chelopech deposit. This area has been considered as priority target based on the structural trends, geochemical vectoring and MT geophysical anomalies. Drilling is scheduled to start in the third quarter of 2020;
- Extensional drilling will continue from level 555, with the purpose of exploring an area to the north of Block 10;
- A grade control drilling program will be undertaken to define the eastern boundary of Block 103 between 420 mRL and 360 mRL; and
- Grade control in Block 149 to infill the current drilling grid and to look for extensions.

Sampling Analysis, Quality Assurance and Quality Control ("QAQC") and Data Verification of Chelopech Mine drill core

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. All holes are drilled with NQ diamond core. 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. All drill cores are photographed prior to cutting and/or sampling.

Following DPM exploration standard procedures and internationally accredited standards, a full suite of certified reference materials, blanks and field duplicates are submitted to the laboratory with each batch of samples. The overall quality control sample insertion 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, which is independent of the Company. Samples are routinely assayed for copper, gold, silver, sulphur and arsenic.

The Company's Qualified Person has verified that all results reported in this disclosure have passed QAQC protocols. Further verification of results included comparison of assay data with geology, alteration and mineralization logging data.

Chelopech Brownfield Exploration

During the second quarter of 2020, a total of 4,094 metres of surface exploration drilling was completed comprised of 11 holes (from which two are still in progress) at Sveta Petka exploration license, with the aim to test the copper–gold targets at Krasta, Wedge South and West Shaft prospects. During this period some precautions related to the COVID-19 situation where observed, resulting in delays related to sampling and assay turnaround time (note that KR_34 to 38 results are still pending), however they did not significantly impact planned drilling activities.

Krasta

Eight diamond drill holes (KR_32 to 39) totaling 2,762 metres were completed at the Krasta target, with the aim to extend existing higher-grade intervals vertically and laterally. Most of the holes intersected zones of sulphide (pyrite and sulphosalts) mineralization in the form of disseminations, veins and semi-massive sulphide, hosted by phreatomagmatic breccias with advanced argillic alteration, as well as lower grade porphyry style mineralization on the footwall of Petrovden Fault.

Notably, hole KR_33 intersected advanced argillic alteration at shallow levels encompassing vuggy silica, alunite, and dickite within a phreatomagmatic breccia interval. The interval returned an intercept of 21 metres @ 1.54 g/t AuEq, starting at 74 metres downhole, that extends the copper–gold zone of Krasta at approximately 70 metres below the surface. Hole KR_39 intersected a higher-grade interval of 4.8 metres in true thickness that averaged 3.25 g/t AuEq from a zone of veins and mottled styled pyrite-sulphosalt (tennantite, enargite) mineralization. Upon receipt of all the assays, evaluation of Krasta results is planned and will include geological and geo-metallurgical modelling as well as an early stage economic evaluation.

Significant drill intercepts from the Krasta target received in the second quarter of 2020:

HOLE ID	EAST	NORTH	RL	AZ	DIP	From	To	Length (m)	True width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
KR_28	7111	30823	821	320	-40	272.3	292	19.7	18	2.18	0.96	1.56	0.59
Including:						**287**	**292**	**5**	**4.5**	**3.49**	**1.29**	**1.55**	**1.07**
KR_30	7265	30937	787	325	-45	218.8	234	15.2	14	1.65	1.38	1.39	0.13
KR_32	7135	30719	782	315	-65	350	355	5	5	1.01	0.62	0.42	0.19
KR_33	7103	30956	854	325	-45	74	95	21	18	1.54	0.86	1.66	0.33

KR_39	7111	30822	822	307	-32	260	270	10	9.5	2.33	1.15	1.98	0.58
including:						**265**	**270**	**5**	**4.8**	**3.25**	**1.48**	**2.91**	**0.86**

1) Coordinates are in Chelopech mine-grid.
2) AuEq calculation is based on the following formula: Au g/t + 2.06 x Cu %.
3) A general cut-off grade of 1 g/t AuEq, and 5 metres min length, 5 metres maximum internal dilution is applied.
4) For internal highlights (in bold) the cut-off average grade is 3 g/t AuEq.
5) True widths are estimated based on the current geological model.

Wedge South

A deep directional drilling program continues at the Wedge South target with a total of 966 metres achieved during the quarter, from one completed hole whilst a daughter hole is in progress. Two discrete mineralized zones interpreted as steep NW-striking and SW-dipping structures of phyllic and advanced argillic altered phreatomagmatic breccias were observed in hole WZ_06 at 830 to 866 metres and 994 to 1,000 metres downhole depths. A follow up daughter hole (WZ_07) is currently in progress, aiming to test the shallower part of the interpreted mineralized structures modelled from drill hole intersections of earlier WZ_04 to 06 holes.

West Shaft Prospect

A new drilling program commenced at West Shaft Prospect, located around one kilometre west of the Chelopech Mine, within the Sveta Petka exploration license. This conceptual target area has been delineated using a combination of geological interpretation: extension of Chelopech type diorite and phreatomagmatic breccia under the Chelopech Thrust Zone (“CTZ”) and geophysical vectors: demagnetized zone, conductive magneto-telluric anomaly and a high-gravity feature. The first hole (WS_01) is currently at 590 metres and passed into the footwall of CTZ and intercepted advanced argillic altered phreatomagmatic breccias with high-sulphidation style mineralization, interpreted as possibly an extension or satellite of the Chelopech hydrothermal system.

Exploration plans for the third quarter of 2020 will be focused on the continuation of surface diamond drilling at the Wedge South and West Shaft prospects as well as commencement of drilling at Sharlo Dere within the mine concession (adjacent to Krasta system).

Ada Tepe Grade Control Drilling

In the second quarter of 2020, reverse circulation drilling in the pushback one and three areas was conducted to ensure that grade control drilling remains at least one year ahead of mining. During this period 20,727 metres were completed at a 5 by 5 metre spacing. Drilling was conducted in two areas, in pushback one from level 430 metres to the base of the pit and in pushback three from surface to level 420 metres. All results from pushback one drilling have now been received and updates to the geologic models have commenced to support grade control model and mining activities.

During the third quarter of 2020, a total of 30,000 metres of grade control drilling are planned with two drill rigs. Drilling will target infilling volumes that are scheduled to be mined later in the mine life, in particular the areas of pushback three from surface to level 420 and pushback four from surface to the basement.

Ada Tepe Brownfield Exploration

Concession Area

During the second quarter of 2020, a program to collect spectral and XRF data was completed on 14 historical drill holes at the Surnak Prospect to support geological and resource re-modelling. Furthermore, a 4.2 kilometre IP survey is underway in order to identify additional exploration targets within and adjacent to the Surnak Prospect.

Approximately 5,000 metres of drilling at Surnak and two other satellite deposits are planned for the second half of 2020, with the goal of establishing Mineral Resources and extending the life of the Ada Tepe Mine.

Chiirite EL

The IP survey (pole-dipole), that was suspended due to COVID-19 in March was resumed and completed in late June, and successfully delineated targets at depth at Chatal Kaya and helped to refine the drilling strategy.

A second phase of drilling started at Chatal Kaya prospect in June and, so far, three drill holes have been completed and one is in progress (totaling 635 metres to date). The drill program aims to define the footprint of the hydrothermal system and to ascertain the grade and thickness continuity along strike of the main veins.

Elhovo EL

At the Elhovo exploration license, five diamond drill holes totaling 1,482 metres were completed, testing geophysical (chargeability) and geological (alteration and mineralization defined by surface mapping and sampling) targets. While most of the assays are pending, the results to date returned intervals of mineralization with elevated Au grades (ELHDD005: 2.0 metres at 2.36 g/t Au from 135.0 metres and 0.9 metres at 4.93 g/t Au from 177.0 metres) associated with structurally related damage zones with localized alteration and mineralization. In-depth interpretation, review and planning for the next exploration phase will be undertaken after receiving the remaining assays from the drill program.

Serbia Brownfield Exploration

During the first half of the second quarter of 2020, a state of emergency was declared in Serbia due to the COVID-19 pandemic and all exploration related works were temporarily ceased, and offices were closed. The state of emergency was lifted on May 7 and, during the second half of May, exploration activities resumed gradually with drilling restarting in late June.

Timok Gold Project

A series of short drilling programs on Bigar West, Korkan North and Chocolate targets commenced in late June, with 850 metres completed to date. The programs target shallow oxide gold mineralization in order to support the growth of Mineral Resource inventories at the Timok gold project.

Tulare Copper-Gold Project

At the Kiseljak copper-gold porphyry prospect, the deep drilling program (KIDD089), partially testing the NE contact zone between metamorphic rocks (amphibolite and gneiss) and early diorite intrusive, was cut short due to COVID-19. Results have been received and show higher grade mineralization at the end of the hole, returning 30 metres at 1.04g/t AuEq (0.34 g/t Au and 0.53% Cu) within a larger zone of 219 metres at 0.77 g/t AuEq starting from 825 metres downhole. Furthermore, an upper intercept of 127.6 metres at 0.63 AuEq (0.22 g/t Au and 0.30 % Cu) starting from 613.4 metres downhole, confirms and extends the mineralization intercepted in earlier drilling programs.

The infill drilling program recommenced in late June, with two holes completed to date, aiming to re-classify the pit-constrained Inferred Mineral Resource and support technical studies related to the Serbian Elaborate.

At the Yellow Creek copper-gold porphyry prospect, the deep drilling program resumed with a daughter hole (YCDD041) aiming to test the core of the system at depth. The hole is approaching the target and is currently in week potassic and phyllic altered diorite (PO3) and basement metamorphic rocks, hosting quartz-magnetite-pyrite veins.

Malartic Project, Quebec

The diamond drill program of 3,250 metres, which was suspended on March 24, in accordance with an order issued by the Government of Quebec to close non-essential business due to COVID-19, resumed on May 11 and was completed in the second quarter of 2020. A total of 2,423 metres was drilled in three holes, including 1,640 metres in the second quarter of 2020. Drilling in two holes was cancelled due to the lack of access during the summer season. Assays results are pending.

In the second quarter of 2020, the Company acquired a 51% interest in the Malartic project by completing a cash payment of Cdn$180,000 and issuing an additional 25,000 Shares to Pershimex pursuant to the terms of the Phase 1 option under the option agreement between the Company and Pershimex. An amendment to the option agreement was also concluded with Pershimex to extend the right to determine whether or not to proceed with a potential earn in of the Phase 2 option until December 29, 2020. The Phase 2 option will allow the Company to acquire a further 20% interest, bringing its total interest to 71%, by incurring Cdn$3.5 million in exploration expenditures over the next three years.

Sampling Analysis and QAQC 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, whereas NQ size was used for the Malartic project. 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.

Core and channel samples from exploration programs at Chelopech, Ada Tepe and the Timok gold project are shipped to the Company's own exploration laboratory in Bor, Serbia, which is managed by SGS Minerals. Core samples from the Malartic project are processed using identical QAQC procedures and analytical methods, but sample preparation and gold fire assay analysis were completed by SGS in Canada.

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 shipments to the laboratory until analyses are completed and remaining sample materials are returned to the Company. The chain of custody is transferred from the Company to SGS at the laboratory door.

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 millimetres (75% passing 2 millimetres for Malartic samples). 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 (85% passing 75 microns for Malartic samples).

Gold analyses are done using a conventional 50-gram fire assay and AAS finish. For the Malartic project, samples returning over 10 ppm are re-analyzed using a gravimetric finish. Multi-element analyses for 49 elements, including Ag, Cu, Mo, As, Bi, Pb, Sb, and Zn, are done using a four-acid digestion and an ICP-MS finish. Samples returning over 10 ppm for Ag and 1% for Cu, Pb and Zn are re-analyzed using high grade methods with AAS finish. Sulphur is analyzed using an Eltra Analyzer equipped with an induction furnace. Gold equivalent (AuEq) calculations at the Chelopech project are calculated using the following formula: Au g/t + 2.06 x Cu %.

The Company's Qualified Person has verified that all results reported in this disclosure have passed QAQC protocols. Further verification of results included comparison of assay data with geology, alteration and mineralization logging data.

DEVELOPMENT AND OTHER MAJOR PROJECTS

Timok Gold Project, Serbia

The Timok gold project is a sediment hosted gold deposit located in the central-eastern region of the Republic of Serbia.

A scoping study, based on Mineral Resource Estimates released in 2018, commenced in the same year.

On July 15, 2019, DPM announced the results of the preliminary economic assessment ("PEA") on Timok. The PEA was based on the updated Mineral Resource Estimate completed in September 2018 and provided a base case, considering primarily oxide and transitional material types.

Highlights of the PEA include:

- After-tax $NPV_{5\%}$ of $105 million and after-tax IRR of 18.6% assuming a gold price of $1,250 per ounce;
- Cash cost of $618 per ounce;
- All-in sustaining cost of $717 per ounce;
- Peak annual gold production of approximately 132,000 ounces;
- Initial capital costs of $136 million; and
- Mine life of 9 years.

The PEA was prepared by CSA Global Consultants Canada Limited and is dated April 30, 2019. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Unlike Mineral Reserves, Mineral Resources do not have demonstrated economic viability. There is no certainty that the PEA results will be realized. On August 29, 2019, the Company filed a NI 43-101 Technical Report entitled "NI 43-101 Technical Report, Updated Preliminary Economic Assessment for the Timok Gold Project, Serbia" effective April 30, 2019 (the "Timok Technical Report"), which supports the PEA on Timok and is available on DPM's website and filed on SEDAR at www.sedar.com. Refer to the Timok Technical Report for the key assumptions, parameters and risks associated with the PEA discussed herein.

Following encouraging results from the optimization work completed in 2019 to incorporate the sulphide portion of the resource, the Company initiated a PFS, which is expected to be completed by the end of 2020. Development of a permitting and approvals plan incorporating the environmental and social impact assessment process and approvals, as well as all additional licensing (major permits and authorizations) requirements, which was initiated in the fourth quarter of 2018, will continue during the PFS phase. Planned stakeholder engagement and permitting activities have been rescheduled as a result of the restrictions coming from the declared COVID-19 State of Emergency in Serbia.

Tsumeb Rotary Holding Furnace

The Company continues to assess opportunities to further optimize the inherent value of the Tsumeb smelter operation, including the installation of a rotary holding furnace at an estimated upfront cost of approximately $39 million. This furnace is expected to provide surge capacity between the Ausmelt furnace and the converters, increase smelter recoveries as well as potentially bring in additional third party feed and increase the proportion of third party volumes. These opportunities have the potential to generate additional value, with the rotary furnace installation being 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. As a result, the Company continues to take steps to support moving forward with this project, and in particular, securing adequate long-term supply of complex concentrate on acceptable terms.

Until such supply is secured, DPM will seek to process additional volumes of third party complex concentrate at Tsumeb by capitalizing on, from time to time, market demand to process Chelopech concentrate. While this has the potential to generate additional overall value for the Company, this would be realized through lower treatment charges and higher margins at Chelopech rather than higher throughput and higher margins at Tsumeb. This could, in turn, result in the proposed expansion of the smelter being further delayed and possibly deferred indefinitely if an acceptable long term contract cannot be secured to support the expansion to 370,000 tonnes.

On December 13, 2019, the Government of Namibia issued an Environmental Clearance Certificate to Tsumeb, approving its proposed expansion to 370,000 tonnes per year.

OFF BALANCE SHEET ARRANGEMENTS

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

SELECTED QUARTERLY AND ANNUAL INFORMATION

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

$ millions	**2020**		2019				2018	
except per share amounts	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**157.0**	151.7	139.7	94.9	99.2	85.3	83.0	104.3
Net earnings (loss)	**49.0**	42.5	(93.3)	7.5	15.6	(1.8)	(1.5)	20.0
Net earnings (loss) attributable to:								
• Non-controlling interests	**0.2**	(0.7)	(0.6)	0.2	(0.4)	(0.3)	(0.2)	(0.3)
• Common shareholders	**48.8**	43.2	(92.7)	7.3	16.0	(1.5)	(1.3)	20.3
Net earnings (loss) per share	**0.27**	0.24	(0.52)	0.04	0.09	(0.01)	(0.01)	0.11
Net earnings (loss) diluted per share	**0.27**	0.24	(0.52)	0.04	0.09	(0.01)	(0.01)	0.11
Adjusted net earnings (loss)	**45.8**	46.1	15.9	4.2	15.8	(1.6)	(3.1)	17.8
Adjusted basic earnings (loss) per share	**0.25**	0.26	0.09	0.02	0.09	(0.01)	(0.02)	0.10

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, smelter metal recoveries and slag mill concentrate returns, depreciation, gains and losses related to Sabina special warrants, realized gains and losses on commodity swap and option contracts related to hedging the Company's metal price exposures, realized gains or losses on foreign exchange forward and option contracts related to hedging the Company's foreign denominated operating expenditures, impairment charges and common share issuances. In addition, Ada Tepe achieved commercial production in June 2019 and full design capacity in the third quarter of 2019, and first concentrate deliveries commenced in the third quarter of 2019.

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.

	2020		2019				2018	
Average	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
LBMA gold *($/oz)*	**1,710**	1,584	1,481	1,474	1,310	1,304	1,228	1,213
LME settlement copper *($/lb)*	**2.42**	2.56	2.67	2.63	2.77	2.82	2.80	2.77
LBMA spot silver *($/oz)*	**16.33**	16.94	17.31	17.02	14.89	15.57	14.55	14.99

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 periods. 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 six months ended June 30, 2020 are the same as those described in the Company's MD&A for the year ended December 31, 2019.

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 gold-copper concentrate produced, cash cost per ounce of gold in gold-copper concentrate produced, cash cost per ounce of gold in gold 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, cash cost per pound of copper produced, cash cost per ounce of gold produced and cash cost per tonne of complex concentrate smelted, net of by-product credits to its cost of sales:

$ thousands, unless otherwise indicated **For the three months ended** **June 30, 2020**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	**555,958**	**224,539**	**-**		
Metals contained in gold-copper concentrate produced[1]:					
Gold *(ounces)*	**33,149**	**32,277**	**-**		
Copper *(pounds)*	**9,378,230**	**-**	**-**		
Complex concentrate smelted *(mt)*	**-**	**-**	**58,516**		
Cost of sales	**27,376**	**25,052**	**30,513**	**1,637**	**84,578**
Add/(deduct):					
Depreciation, amortization & other	**(7,442)**	**(14,318)**	**(4,083)**		
Change in concentrate inventory	**1,001**	**(854)**	**-**		
Total cash cost before by-product credits	**20,935**	**9,880**	**26,430**		
By-product credits	**(669)**	**(176)**	**(6,214)**		
Total cash cost after by-product credits	**20,266**	**9,704**	**20,216**		
Cash cost per tonne ore processed	**37.65**	**44.00**	**-**		
Cash cost per pound copper produced[2]	**0.62**	**-**	**-**		
Cash cost per ounce gold produced[2]	**437**	**301**	**-**		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**-**	**345**		

1) Excludes metals contained in pyrite concentrate produced.
2) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

$ thousands, unless otherwise indicated **For the three months ended** **June 30, 2019**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	553,975	98,700	-		
Metals contained in gold-copper concentrate produced[1]:					
Gold *(ounces)*	34,021	5,351	-		
Copper *(pounds)*	9,056,533	-	-		
Complex concentrate smelted *(mt)*	-	-	61,667		
Cost of sales	31,121	-	37,839	2,757	71,717
Add/(deduct):					
Depreciation, amortization & other	(7,917)	-	(6,692)		
Change in concentrate inventory	(3,620)	4,716	-		
Total cash cost before by-product credits	19,584	4,716	31,147		
By-product credits	(504)	(31)	(8,122)		
Total cash cost after by-product credits	19,080	4,685	23,025		
Cash cost per tonne ore processed	35.35	47.78	-		
Cash cost per pound copper produced[2]	0.77	-	-		
Cash cost per ounce gold produced[2]	356	875	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	-	373		

1) Excludes metals contained in pyrite concentrate produced.
2) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

$ thousands, unless otherwise indicated **For the six months ended** **June 30, 2020**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	**1,101,788**	**458,010**	**-**		
Metals contained in gold-copper concentrate produced[1]:					
Gold *(ounces)*	**61,689**	**62,609**	**-**		
Copper *(pounds)*	**18,759,352**	**-**	**-**		
Complex concentrate smelted *(mt)*	**-**	**-**	**123,526**		
Cost of sales	**57,017**	**47,988**	**64,860**	**5,284**	**175,149**
Add/(deduct):					
Depreciation, amortization & other	**(14,608)**	**(26,677)**	**(8,402)**		
Change in concentrate inventory	**(1,670)**	**(2,078)**	**-**		
Total cash cost before by-product credits	**40,739**	**19,233**	**56,458**		
By-product credits	**(1,445)**	**(363)**	**(13,023)**		
Total cash cost after by-product credits	**39,294**	**18,870**	**43,435**		
Cash cost per tonne ore processed	**36.98**	**41.99**	**-**		
Cash cost per pound copper produced[2]	**0.66**	**-**	**-**		
Cash cost per ounce gold produced[2]	**437**	**301**	**-**		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**-**	**352**		

1) Excludes metals contained in pyrite concentrate produced.
2) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver revenue.

$ thousands, unless otherwise indicated **For the six months ended** **June 30, 2019**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	1,105,784	98,700	-		
Metals contained in gold-copper concentrate produced[1]:					
Gold *(ounces)*	63,806	5,351	-		
Copper *(pounds)*	17,077,089	-	-		
Complex concentrate smelted *(mt)*	-	-	124,489		
Cost of sales	56,684	-	74,392	5,374	136,450
Add/(deduct):					
Depreciation, amortization & other	(15,502)	-	(13,287)		
Change in concentrate inventory	(2,448)	4,716	-		
Total cash cost before by-product credits	38,734	4,716	61,105		
By-product credits	(982)	(31)	(14,825)		
Total cash cost after by-product credits	37,752	4,685	46,280		
Cash cost per tonne ore processed	35.03	47.78	-		
Cash cost per pound copper produced[2]	0.81	-	-		
Cash cost per ounce gold produced[2]	376	875	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	-	372		

1) Excludes metals contained in pyrite concentrate produced.
2) 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, to its cost of sales:

$ thousands, unless otherwise indicated	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Cost of sales	**27,376**	31,121	**57,017**	56,684
Add/(deduct):				
Depreciation, amortization & other	**(7,442)**	(7,917)	**(14,608)**	(15,502)
Other charges, including freight(1)	**26,785**	31,100	**53,030**	55,823
By-product credits	**(20,749)**	(28,703)	**(45,926)**	(46,577)
Cash cost of sales, net of by-product credits	**25,970**	25,601	**49,513**	50,428
Payable gold in concentrate sold *(ounces)*(2)	**36,723**	41,424	**75,488**	80,983
Cash cost per ounce of gold sold, net of by-product credits	**707**	618	**656**	623

1) Includes treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $4.4 million (2019 – $5.2 million) and $10.6 million (2019 – $12.3 million) in the second quarter and first six months of 2020, respectively.
2) Includes payable gold in pyrite concentrate sold in the second quarter and first six months of 2020 of 6,640 ounces (2019 – 6,889 ounces) and 15,747 ounces (2019 – 17,942 ounces), respectively.

The following table provides, for the periods indicated, a reconciliation of Ada Tepe cash cost per ounce of gold sold, net of by-product credits, to its cost of sales:

$ thousands, unless otherwise indicated	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Cost of sales	**25,052**	-	**47,988**	-
Add/(deduct):				
Depreciation, amortization & other	**(14,318)**	-	**(26,677)**	-
Other charges, including freight	**1,024**	-	**1,942**	-
By-product credits	**(170)**	-	**(337)**	-
Cash cost of sales, net of by-product credits	**11,588**	-	**22,916**	-
Payable gold in concentrate sold *(ounces)*	**34,115**	-	**63,604**	-
Cash cost per ounce of gold sold, net of by-product credits	**340**	-	**360**	-

DPM's cash cost per ounce of gold sold, net of by-product credits, and all-in sustaining cost per ounce of gold calculations are set out in the following table:

$ thousands, unless otherwise indicated	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Cash cost of sales, net of by-product credits(1)	**37,558**	25,601	**72,429**	50,428
Rehabilitation related accretion expenses(1)	**100**	84	**208**	175
General and administrative expenses(2)	**9,250**	2,090	**10,879**	7,867
Cash outlays for sustaining capital(1)	**4,268**	1,532	**7,787**	3,171
Cash outlays for leases(1)	**441**	78	**797**	143
All-in sustaining costs	**51,617**	29,385	**92,100**	61,784
Payable gold in concentrate sold *(ounces)*	**70,838**	41,424	**139,092**	80,983
Cash cost per ounce of gold sold, net of by-product credits	**530**	618	**521**	623
All-in sustaining cost per ounce of gold	**729**	709	**662**	763

1) Represents the cash cost of sales, net of by-product credits, rehabilitation related accretion expenses, cash outlays for sustaining capital expenditures and leases that are specific to Chelopech and Ada Tepe.
2) Represents an allocated portion of DPM's general and administrative expenses, including share-based compensation, and excluding depreciation and expenses related to Avala and MineRP, based on Chelopech and Ada Tepe's proportion of total revenue, excluding MineRP.

Adjusted net earnings and adjusted basic earnings per share

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 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:

$ thousands, except per share amounts	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Net earnings attributable to common shareholders	**48,870**	15,968	**92,041**	14,480
Add/(deduct) after-tax adjustments:				
Net gains related to Sabina special warrants, net of income taxes of $nil for all periods	**(3,069)**	(203)	**(114)**	(270)
Adjusted net earnings	**45,801**	15,765	**91,927**	14,210
Basic earnings per share	**0.27**	0.09	**0.51**	0.08
Adjusted basic earnings per share	**0.25**	0.09	**0.51**	0.08

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 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:

$ thousands	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Earnings before income taxes	**53,712**	17,660	**101,778**	16,666
Add/(deduct):				
Depreciation and amortization	**26,273**	15,181	**50,600**	29,935
Finance cost	**1,741**	1,473	**3,964**	4,505
Interest income	**(24)**	(53)	**(66)**	(100)
Net gains related to Sabina special warrants	**(3,069)**	(203)	**(114)**	(270)
Adjusted EBITDA	**78,633**	34,058	**156,162**	50,736

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 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:

$ thousands	**Three Months**		**Six Months**	
Ended June 30,	**2020**	2019	**2020**	2019
Cash provided from operating activities	**75,461**	9,317	**84,886**	23,770
Add (deduct) changes in non-cash working capital	**(8,507)**	20,345	**39,108**	21,665
Cash provided from operating activities, excluding changes in non-cash working capital	**66,954**	29,662	**123,994**	45,435
Cash outlays for sustaining capital	**(6,771)**	(3,602)	**(12,853)**	(7,089)
Principal repayments related to leases	**(1,060)**	(896)	**(2,066)**	(1,770)
Interest payments	**(706)**	(759)	**(1,490)**	(2,144)
Free cash flow	**58,417**	24,405	**107,585**	34,432

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:

$ thousands, unless otherwise indicated	Three Months		Six Months	
Ended June 30,	**2020**	2019	**2020**	2019
Total revenue	**157,036**	99,193	**308,740**	184,531
Add/(deduct):				
Tsumeb revenue	**(38,261)**	(43,343)	**(79,885)**	(84,925)
MineRP revenue	**(3,008)**	(1,856)	**(6,925)**	(3,828)
Treatment charges and other deductions	**27,809**	31,100	**54,972**	55,823
Unfavourable (favourable) final settlements on provisional concentrate sales	**(5,839)**	(1,656)	**(8,267)**	1,420
Silver revenue	**(719)**	(563)	**(1,696)**	(957)
Revenue from gold and copper	**137,018**	82,875	**266,939**	152,064
Revenue from gold	**116,816**	54,736	**222,371**	106,444
Payable gold in concentrate sold *(ounces)*	**70,838**	41,424	**139,092**	80,983
Average realized gold price per ounce	**1,649**	1,321	**1,599**	1,314
Revenue from copper	**20,202**	28,139	**44,568**	45,620
Payable copper in concentrate sold *('000s pounds)*	**8,543**	10,152	**18,063**	16,467
Average realized copper price per pound	**2.36**	2.77	**2.47**	2.77

RISKS AND UNCERTAINTIES

The operating results and financial condition of the Company are subject to a number of inherent risks and uncertainties associated with its business activities, which include the acquisition, exploration, development, financing, construction, commissioning 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 and financial condition of the Company are also subject to numerous external factors, which include economic, social, geo-political, environmental, 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 unit, to identify and to effectively manage the risks of each business unit. 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.

A comprehensive discussion of the risks faced by the Company can be found in the Company's 2019 Annual MD&A and AIF. These risks, including the risk related to COVID-19, discussed below, along with other potential risks not specifically discussed in the Company's MD&A and AIF, should be considered when evaluating the Company and its guidance. Additional risks not identified by the Company may also affect the Company.

COVID-19

The current outbreak of COVID-19 and any future emergence and spread of similar or other pathogens has had an adverse impact on global economic conditions. This crisis may continue or worsen which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity, the demand for and ability to transport the Company's products and its ability to advance its projects and other growth initiatives. The outbreak of COVID-19 and the resulting global upheavals have caused significant volatility in commodity prices. The outbreak and its declaration as a global pandemic caused companies and governments around the world to impose sweeping restrictions on the movement of people and goods, including social distancing measures and restrictions on group gatherings, isolation and quarantine requirements, closure of business and government offices, travel advisories and travel restrictions. Governments in relevant jurisdictions may introduce new, or modify existing, laws, regulations, orders or other measures that could impact the Company's ability to operate or affect the actions of its suppliers, contractors and service providers. While some restrictions have been lifted in the jurisdictions in which the Company operates, should restrictions be re-imposed and/or additional measures be implemented, and/or should the responses of companies and governments be insufficient to contain the impact of COVID-19, this may lead to an economic recession or downturn that may adversely impact the Company's business, financial condition and results of operations. The outbreak of COVID-19 may also continue to affect financial markets, may adversely affect the Company's ability to raise capital, and may cause continued interest rate volatility and movements that may make obtaining financing or extending existing credit facilities more challenging or more expensive or unavailable on commercially reasonable terms or at all. In addition, if any number of employees or consultants of the Company or any key supplier become infected with COVID-19 or similar pathogens and/or the Company is unable to source necessary replacements, consumables or supplies or transport its products, due to government restrictions or otherwise, it could have a material negative impact on the Company's operations and prospects, including the complete shutdown of one or more of its operations. Although, the Company has not experienced any material disruptions to its operations to date, as a result of measures it has taken, there is no assurance the Company will remain unaffected by the current COVID-19 pandemic or potential future health crises. The Company will continue to work actively to monitor the situation and implement further measures as required to mitigate and/or deal with any repercussions that may occur as a result of the COVID-19 outbreak.

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 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 June 30, 2020, 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 reasonable likely to materially affect, ICFR. No material changes were made to the internal controls in the first six months of 2020.

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”.

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”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “outlook”, “intends”, “anticipates”, “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, or the negative of any of these terms or similar expressions. The Forward Looking Statements in this MD&A relate to, among other things: measures the Company is undertaking in response to the COVID-19 outbreak, including its impacts on the Company’s global supply chains, the level of and duration of reductions or curtailments in operating levels at Tsumeb or any of the Company’s mining operations or exploration; expected cash flows; 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 estimated capital costs, operating costs, key project operating costs and financial metrics and other project economics, including the three-year outlook provided by the Company; currency fluctuations; the impact of any impairment charges; the processing of Chelopech concentrate; timing of further optimization work at Tsumeb; potential benefits of the planned rotary furnace installation at the Tsumeb smelter; results of economic studies; success of exploration activities; achieving the results set out in the PEA; results of the PFS; the commencement and completion of the PFS; success of permitting activities; permitting timelines; success of investments, including potential acquisitions; requirements for additional capital; government regulation of mining and smelting operations; environmental risks; reclamation expenses; potential or anticipated outcome of title disputes or claims; benefits of digital initiatives; the payment of dividends; the timing and number of common shares of the Company that may be purchased pursuant to the NCIB; and timing and possible outcome of pending litigation.

Forward Looking Statements are based on certain key assumptions and the opinions and estimates of management and Qualified Person (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: risks relating to the Company’s business generally and as magnified by the impact of COVID-19, including changes to the Company’s supply chain, product shortages, delivery and shipping issues, closure and/or failure of plant, equipment or processes to operate as anticipated, employees and contractors becoming infected with COVID-19, lost work hours and labour force shortages; fluctuations in metal and acid prices, toll rates and foreign exchange rates; possible variations in ore grade and recovery rates; inherent uncertainties in respect of conclusions of economic evaluations and economic studies, including the PEA and the PFS; changes in project parameters as plans continue to be refined; uncertainties with respect to actual results of current exploration activities; uncertainties and risks inherent to developing and commissioning new mines into production, which may be subject to unforeseen delays; 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; limitations on insurance coverage; 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; actual results of current reclamation activities; social and non-governmental organizations opposition to mining projects and smelting operations; unanticipated title disputes; claims or litigation; the failure to realize on the potential benefits of the planned rotary furnace installation at the Tsumeb smelter; cyber-attacks; there being no assurance that the Company will purchase additional common shares of the Company under the NCIB; 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.

This list is not exhaustive of the factors that may affect any of the Company's Forward Looking Statements. The Forward Looking Statements are based on what the Company's management considers to be reasonable assumptions, beliefs, expectations and opinions based on the information currently available to it. Without limitation to the foregoing, the following section outlines certain specific Forward Looking Statements contained in the "Three-Year Outlook" section 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 and Ada Tepe 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 and Ada Tepe ore mined/milled are in line with the guidance provided; foreign exchange rates remain at or around current levels; and operating expenses at Chelopech and Ada Tepe 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 concentrate 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 and Ada Tepe are each in line with the guidance provided; copper and silver prices remain at or around current levels; the timing, destination and commercial terms in respect 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, sustaining capital expenditures and leases, 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, leases 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, including changes in the proportion of third party and Chelopech feed.

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 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 and Ada Tepe, complex concentrate throughput and acid production at Tsumeb, concentrate deliveries and metal prices; lower than anticipated reductions in secondary materials at Tsumeb; weaker U.S. dollar relative to local operating currencies; changes in contractual sales and/or toll terms and acid prices; changes to capital 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.

General: assumes ability to carry on exploration and development activities; ability to operate in a safe, efficient and effective manner; no significant unanticipated operational or technical difficulties; maintenance of good relations with the communities surrounding Chelopech, Ada Tepe and Tsumeb; and no significant events or changes relating to regulatory, environmental, health and safety matters, including that the Company does not experience any negative effects as a result of the COVID-19 pandemic.

The reader is cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. 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. The Company's Forward Looking Statements reflect current expectations regarding future events and are only as of the date hereof. Other than as it may be required by law, 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 June 30, 2020 and December 31, 2019

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

	June 30, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash	**75,788**	23,440
Accounts receivable	**75,969**	38,309
Inventories	**34,457**	38,033
Other current assets *(note 3(c) & 3(d))*	**1,416**	5,244
	187,630	105,026
Non-Current Assets		
Investments at fair value *(note 3(a) & 3(b))*	**64,710**	59,362
Mine properties	**164,416**	180,732
Property, plant & equipment	**367,660**	387,181
Intangible assets	**38,055**	40,034
Deferred income tax assets	**9,380**	9,048
Other long-term assets	**3,446**	3,327
	647,667	679,684
TOTAL ASSETS	**835,297**	784,710
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**63,654**	59,736
Income tax liabilities	**8,528**	2,579
Current portion of deferred revenue	**18,878**	42,176
Current portion of long-term liabilities	**5,747**	5,092
	96,807	109,583
Non-Current Liabilities		
Long-term debt *(note 4(a))*	**-**	10,000
Deferred revenue	**-**	3,207
Rehabilitation provisions	**37,354**	40,799
Share-based compensation plans	**15,079**	11,700
Deferred income tax liabilities	**1,289**	1,137
Other long-term liabilities	**16,889**	15,390
	70,611	82,233
TOTAL LIABILITIES	**167,418**	191,816
EQUITY		
Share capital	**524,300**	522,351
Contributed surplus	**8,592**	9,150
Retained earnings	**129,807**	45,007
Accumulated other comprehensive income	**87**	10,108
Equity attributable to common shareholders of the Company	**662,786**	586,616
Non-controlling interests	**5,093**	6,278
TOTAL EQUITY	**667,879**	592,894
TOTAL LIABILITIES AND EQUITY	**835,297**	784,710

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 six months ended June 30, 2020 and 2019

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Revenue *(note 11)*	**157,036**	99,193	**308,740**	184,531
Costs and expenses				
Cost of sales	**84,578**	71,717	**175,149**	136,450
General and administrative expenses	**13,500**	4,363	**17,005**	17,721
Corporate social responsibility expenses	**757**	692	**1,480**	942
Exploration and evaluation expenses	**3,914**	3,175	**7,659**	6,080
Finance cost	**1,741**	1,473	**3,964**	4,505
Other (income) expense	**(1,166)**	113	**1,705**	2,167
Earnings before income taxes	**53,712**	17,660	**101,778**	16,666
Current income tax expense	**6,554**	1,533	**11,840**	3,252
Deferred income tax expense (recovery)	**(1,935)**	533	**(1,591)**	(378)
Net earnings	**49,093**	15,594	**91,529**	13,792
Net earnings (loss) attributable to:				
Common shareholders of the Company	**48,870**	15,968	**92,041**	14,480
Non-controlling interests	**223**	(374)	**(512)**	(688)
Net earnings	**49,093**	15,594	**91,529**	13,792
Earnings per share attributable to common shareholders of the Company				
- Basic	**0.27**	0.09	**0.51**	0.08
- Diluted	**0.27**	0.09	**0.51**	0.08

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 six months ended June 30, 2020 and 2019

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Net earnings	**49,093**	15,594	**91,529**	13,792
Other comprehensive income (loss) items that may be reclassified subsequently to profit or loss:				
Foreign exchange forward and option contracts designated as cash flow hedges				
Unrealized gains (losses), net of income tax recovery of $nil (2019 - $4) and $nil (2019 - $25), respectively	**(3,056)**	837	**(7,504)**	739
Deferred cost of hedging, net of income tax recovery of $nil (2019 - $2) and $nil (2019 - $8), respectively	**6,412**	1,872	**(5,392)**	2,336
Realized (gains) losses transferred to cost of sales, net of income tax expense of $nil (2019 - $nil) and $nil (2019 - $nil), respectively	**2,273**	(165)	**2,326**	(549)
Currency translation adjustments	**(695)**	813	**(4,891)**	607
Other comprehensive income (loss) items that will not be reclassified subsequently to profit or loss:				
Unrealized gains on publicly traded securities, net of income tax expense of $880 (2019 - $nil) and $880 (2019 - $nil), respectively	**28,903**	2,165	**4,353**	3,163
	33,837	5,522	**(11,108)**	6,296
Comprehensive income	**82,930**	21,116	**80,421**	20,088
Comprehensive income (loss) attributable to:				
Common shareholders of the Company	**82,862**	21,309	**82,020**	20,644
Non-controlling interests	**68**	(193)	**(1,599)**	(556)
Comprehensive income	**82,930**	21,116	**80,421**	20,088

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 six months ended June 30, 2020 and 2019

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
OPERATING ACTIVITIES				
Earnings before income taxes	**53,712**	17,660	**101,778**	16,666
Revenue transferred from deferred revenue	**(9,569)**	-	**(27,470)**	-
Depreciation and amortization	**26,273**	15,181	**50,600**	29,935
Changes in non-cash working capital *(note 7(a))*	**8,507**	(20,345)	**(39,108)**	(21,665)
Other items not affecting cash *(note 7(b))*	**2,992**	4	**9,920**	2,694
Payments for settlement of derivative contracts	**(3,364)**	(423)	**(5,326)**	(1,057)
Income taxes paid	**(3,090)**	(2,760)	**(5,508)**	(2,803)
Cash provided from operating activities	**75,461**	9,317	**84,886**	23,770
INVESTING ACTIVITIES				
Purchase of publicly traded securities	**-**	-	**-**	(748)
Proceeds from disposal of mine properties, property, plant and equipment and intangible assets	**122**	2,604	**122**	8,188
Expenditures on mine properties	**(978)**	(12,304)	**(2,137)**	(29,414)
Expenditures on property, plant and equipment	**(5,005)**	(3,143)	**(11,003)**	(6,250)
Expenditures on intangible assets	**(2,102)**	(333)	**(3,161)**	(775)
Cash used in investing activities	**(7,963)**	(13,176)	**(16,179)**	(28,999)
FINANCING ACTIVITIES				
Proceeds from shares issued	**410**	1,726	**1,182**	2,270
Drawdowns (repayments) of credit facilities *(note 4(a))*	**-**	12,000	**(10,000)**	12,000
Financing fees on debt	**(375)**	-	**(375)**	-
Lease obligations	**(1,060)**	(896)	**(2,066)**	(1,770)
Dividend paid *(note 8(a))*	**(3,610)**	-	**(3,610)**	-
Interest paid	**(706)**	(759)	**(1,490)**	(2,144)
Cash provided from (used in) financing activities	**(5,341)**	12,071	**(16,359)**	10,356
Increase in cash	**62,157**	8,212	**52,348**	5,127
Cash at beginning of period	**13,631**	13,958	**23,440**	17,043
Cash at end of period	**75,788**	22,170	**75,788**	22,170

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 six months ended June 30, 2020 and 2019

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

	June 30, 2020		June 30, 2019	
	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	**180,537,053**	**522,351**	178,547,639	515,658
Shares issued as part of an exploration option agreement	**25,000**	**154**	20,000	74
Shares issued on exercise of stock options	**563,811**	**1,182**	672,953	1,659
Transferred from contributed surplus on exercise of stock options		**613**		834
Balance at end of period	**181,125,864**	**524,300**	179,240,592	518,225
Contributed surplus				
Balance at beginning of period		**9,150**		12,085
Share-based compensation expense		**469**		557
Transferred to share capital on exercise of stock options		**(613)**		(834)
Other changes in contributed surplus		**(414)**		(1,581)
Balance at end of period		**8,592**		10,227
Retained earnings				
Balance at beginning of period		**45,007**		115,909
Net earnings attributable to common shareholders of the Company		**92,041**		14,480
Dividend distribution *(note 8(a))*		**(7,241)**		-
Balance at end of period		**129,807**		130,389
Accumulated other comprehensive income (loss)				
Balance at beginning of period		**10,108**		(11,652)
Other comprehensive income (loss)		**(10,021)**		6,164
Realized losses on foreign exchange forward contracts and cost of hedging transferred to Mine Properties, net of income tax recovery of $nil (2019 - $33)		**-**		339
Balance at end of period		**87**		(5,149)
Total equity attributable to common shareholders of the Company		**662,786**		653,692
Non-controlling interests				
Balance at beginning of period		**6,278**		6,181
Net loss attributable to non-controlling interests		**(512)**		(688)
Other comprehensive income (loss) attributable to non-controlling interests		**(1,087)**		132
Other changes in non-controlling interests		**414**		1,189
Balance at end of period		**5,093**		6,814
Total equity at end of period		**667,879**		660,506

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

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 June 30, 2020, 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 ("Ada Tepe"), which owns and operates a gold mine located in south eastern Bulgaria, near the town of Krumovgrad; and
- 92% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia.

DPM holds interests, directly or indirectly, in a number of exploration properties located in Canada, Serbia and Ecuador including:

- 100% of Avala Resources Ltd., which is focused on the exploration and development of the Timok gold project and other early stage projects in Serbia;
- 9.4% of Sabina Gold and Silver Corp. ("Sabina"), which is focused on the development of the Back River project in southwestern Nunavut, Canada;
- 19.4% of INV Metals Inc. ("INV"), which is focused on the exploration and development of the Loma Larga gold property located in Ecuador; and
- a 51% interest in Pershimex Resources Corporation's gold property located in the Archean Abitibi greenstone belt near Val-d'Or, Canada, with the option to earn up to a 71% interest.

DPM also owns:

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

2. 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, 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, 2019, 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, 2019.

These condensed interim consolidated financial statements were approved by the Board of Directors on July 30, 2020.

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

3. 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:

		Carrying Amount	
	Financial instrument classification	**June 30, 2020**	December 31, 2019
Financial assets			
Cash	Amortized cost	**75,788**	23,440
Accounts receivable on provisionally priced sales	Fair value through profit or loss	**25,961**	11,246
Other accounts receivable	Amortized cost	**50,008**	27,063
Restricted cash	Amortized cost	**1,878**	2,177
Sabina special warrants *(a)*	Fair value through profit or loss	**6,602**	6,488
Publicly traded securities *(b)*	Fair value through other comprehensive income	**58,108**	52,874
Foreign exchange option contracts *(d)*	Derivatives for cash flow hedges	**-**	3,938
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	**57,903**	58,320
Debt *(note 4(a))*	Amortized cost	**-**	10,000
Commodity swap contracts *(c)*	Derivatives for fair value hedges	**698**	1,416
Foreign exchange option contracts *(d)*	Derivatives for cash flow hedges	**6,633**	-

The carrying values of all the financial assets and liabilities measured at amortized cost approximate their fair values as at June 30, 2020 and December 31, 2019.

(a) Sabina special warrants

As at June 30, 2020, DPM held: (i) 30,537,746 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.

For the three and six months ended June 30, 2020, the Company recognized unrealized gains on the Sabina special warrants of $3.0 million (2019 – $0.2 million) and $0.1 million (2019 – $0.3 million), respectively, in other (income) 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 and INV common shares. For the three and six months ended June 30, 2020, the Company recognized unrealized gains on these publicly traded securities of $29.8 million (2019 – $2.2 million) and $5.2 million (2019 – $3.2 million), respectively, in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss.

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

(c) 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 June 30, 2020, 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	15,350 ounces	$1,749.65 /ounce

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 and silver prices, as applicable. As at June 30, 2020, the net fair value loss on all outstanding commodity swap contracts was $0.7 million (December 31, 2019 – $1.4 million), which was included in accounts payable and accrued liabilities.

The Company recognized net losses of $3.1 million (2019 – net gains of $0.5 million) and $4.1 million (2019 – $1.1 million), respectively, for the three and six months ended June 30, 2020 in revenue on these commodity swap contracts.

(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 June 30, 2020, the Company had outstanding foreign exchange option contracts in respect of a portion of its projected South African Rand ("ZAR") denominated operating expenses 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 2020	734,360,000	16.14	14.61
2021	949,200,000	18.31	15.67

(i) *The Namibian dollar is pegged to the ZAR 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. The time value component of foreign exchange forward and option contracts is treated as a separate cost of hedging.

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

The fair value gain or loss on these outstanding contracts is calculated based on foreign exchange forward rates quoted in the market. As at June 30, 2020, the net fair value loss on all outstanding foreign exchange option contracts was $6.6 million (December 31, 2019 – net fair value gain of $3.9 million), of which $nil (December 31, 2019 – $3.9 million) was included in other current assets, $5.1 million (December 31, 2019 – $nil) in accounts payable and accrued liabilities, and $1.5 million (December 31, 2019 – $nil) in other long-term liabilities.

For the three and six months ended June 30, 2020, the Company recognized unrealized losses of $0.8 million (2019 – unrealized gains $0.7 million) and $5.2 million (2019 – unrealized gains of $0.3 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 $2.3 million (2019 – realized gains of $0.2 million) and $2.4 million (2019 – realized gains of $0.6 million), respectively, for the three and six months ended June 30, 2020 in cost of sales on the spot component of settled contracts in respect of foreign denominated operating expenses.

For the three and six months ended June 30, 2020, the Company recognized unrealized gains of $6.4 million (2019 – $1.9 million) and unrealized losses of $5.4 million (2019 – unrealized gains of $2.5 million), respectively, 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.

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 June 30, 2020 and December 31, 2019:

				As at June 30, 2020
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Accounts receivable on provisionally priced sales	**-**	**25,961**	**-**	**25,961**
Sabina special warrants	**-**	**-**	**6,602**	**6,602**
Publicly traded securities	**58,108**	**-**	**-**	**58,108**
Financial liabilities				
Commodity swap contracts	**-**	**698**	**-**	**698**
Foreign exchange option contracts	**-**	**6,633**	**-**	**6,633**

				As at December 31, 2019
	Level 1	Level 2	Level 3	Total
Financial assets				
Accounts receivable on provisionally priced sales	-	11,246	-	11,246
Sabina special warrants	-	-	6,488	6,488
Publicly traded securities	52,874	-	-	52,874
Foreign exchange option contracts	-	3,938	-	3,938
Financial liabilities				
Commodity swap contracts	-	1,416	-	1,416

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

During the six months ended June 30, 2020 and the year ended December 31, 2019, 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, 2019 to June 30, 2020:

Balance as at January 1, 2019	2,617
Unrealized gains included in net earnings	3,871
Balance as at December 31, 2019	6,488
Unrealized gains included in net earnings	**114**
Balance as at June 30, 2020	**6,602**

4. DEBT

(a) DPM Revolving Credit Facility ("RCF")

DPM has a committed RCF with a consortium of banks. In June 2020, the Company amended the RCF by reducing tranche B of the facility from $175.0 million to $150.0 million and extending its maturity date from February 2022 to February 2023. The Company's borrowing spread above LIBOR is 2.5%, and can range between 2.5% and 3.5% depending upon 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 Ada Tepe, 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 3.75:1, (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 June 30, 2020, DPM was in compliance with all financial covenants and $nil (December 31, 2019 – $10.0 million) was drawn under the RCF.

(b) Tsumeb overdraft facility

In April 2020, Tsumeb increased its demand overdraft facility from Namibian $50.0 million ($2.9 million) to Namibian $100.0 million ($5.8 million). This facility is guaranteed by DPM and bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.5%. As at June 30, 2020 and December 31, 2019, $nil was drawn from this facility.

(c) Other credit agreements and guarantees

Chelopech and Ada Tepe have a $16.0 million multi-purpose credit facility that matures on November 30, 2021. This credit facility is guaranteed by DPM. As at June 30, 2020, $5.9 million (December 31, 2019 – $5.7 million) had been utilized against this multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Ada Tepe also have a Euro 21.0 million ($23.6 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2021 and is guaranteed by DPM. As at June 30, 2020, $23.5 million (December 31, 2019 – $23.6 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

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

Ada Tepe has a $5.3 million multi-purpose credit facility that matures on November 30, 2021. This credit facility is guaranteed by DPM. As at June 30, 2020, $0.2 million (December 31, 2019 – $0.1 million) had been utilized against this 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.

5. SHARE-BASED COMPENSATION PLANS

The following is a summary of the new grants under the Company's share-based compensation plans during the six months ended June 30, 2020:

	Number of units granted	Fair value granted
Restricted Share Units ("RSUs")	**1,102,561**	**3,456**
Performance Share Units ("PSUs")	**353,947**	**1,112**
Deferred Share Units ("DSUs")	**88,521**	**378**
DPM Stock Options	**660,814**	**855**

For the three and six months ended June 30, 2020, mark-to-market adjustments related to the change in DPM's share price resulted in an increase in share-based compensation of $11.9 million (2019 – a decrease of $2.5 million) and $7.0 million (2019 – $3.3 million), respectively.

6. RELATED PARTY TRANSACTIONS

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 six months ended June 30, 2020 and 2019 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Salaries, management bonuses and director fees	**769**	1,957	**1,675**	3,171
Other benefits	**56**	141	**122**	234
Share-based compensation	**6,561**	1,861	**5,488**	5,692
Total remuneration	**7,386**	3,959	**7,285**	9,097

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

7. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Changes in non-cash working capital

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
(Increase) decrease in accounts receivable and other assets	**1,868**	(6,410)	**(38,043)**	(9,450)
(Increase) decrease in inventories	**(1,764)**	372	**3,641**	(1,915)
Increase (decrease) in accounts payable and accrued liabilities	**2,717**	(11,501)	**(9,025)**	(10,919)
Increase (decrease) in other liabilities	**5,686**	(2,806)	**4,319**	619
	8,507	(20,345)	**(39,108)**	(21,665)

(b) Other items not affecting cash

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Net interest expense	**1,230**	851	**2,784**	3,269
Accretion expense related to rehabilitation provisions	**486**	569	**1,113**	1,136
Share-based compensation expense	**234**	224	**469**	557
Net gains on Sabina special warrants	**(3,069)**	(203)	**(114)**	(270)
Net (gains) losses on commodity swap contracts	**3,071**	(454)	**3,846**	1,140
Net (gains) losses on foreign exchange option contracts	**2,273**	(165)	**2,326**	(549)
Other, net	**(1,233)**	(818)	**(504)**	(2,589)
	2,992	4	**9,920**	2,694

8. SUPPLEMENTARY SHAREHOLDERS' EQUITY INFORMATION

(a) Dividend

On February 13, 2020, the Company declared an inaugural quarterly dividend of $0.02 per common share to shareholders of record on March 31, 2020, resulting in a total dividend payment of $3.6 million on April 15, 2020.

On May 6, 2020, the Company declared a dividend of $0.02 per common share payable on July 15, 2020 to shareholders of record on June 30, 2020. As at June 30, 2020, the Company recognized a dividend payable of $3.6 million under accounts payable and accrued liabilities in the condensed interim consolidated statements of financial position and a corresponding dividend distribution from its retained earnings in the condensed interim consolidated statements of changes in shareholders' equity.

On July 30, 2020, the Company declared a dividend of $0.02 per common share payable on October 15, 2020 to shareholders of record on September 30, 2020.

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

(b) Normal Course Issuer Bid ("NCIB") and Automatic Repurchase Direction

On February 21, 2020, the Company renewed its NCIB previously filed on May 16, 2018. On March 31, 2020, the Company issued an automatic purchase direction (the "Direction") to its designated broker under the NCIB in order to facilitate purchases, subject to certain specified parameters, of DPM common shares during a period when the Company would ordinarily not be active in the market due to regulatory restrictions or self-imposed blackout periods. This Direction was terminated by the Company on June 11, 2020 and, to date, no purchases of DPM shares have been made under the NCIB.

9. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

The Company had the following minimum contractual commitments as at June 30, 2020:

	up to 1 year	1 - 5 years	Total
Capital commitments	7,300	-	**7,300**
Purchase commitments	10,207	8	**10,215**
Total commitments	**17,507**	**8**	**17,515**

As at June 30, 2020, Tsumeb had approximately $56.3 million (December 31, 2019 – $62.9 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"), pursuant to a tolling agreement (the "Tolling Agreement").

In December 2019, the Company and IXM agreed to amend the existing Tolling Agreement to provide for lower stockpile interest on excess secondary materials, the establishment of the December 31, 2019 excess secondary balances as the new targeted levels above which secondary materials would be required to be purchased by the Company, an extension of the date by which the Company must eliminate excess secondary materials to March 31, 2021, and an extension of the Tolling Agreement by one year to December 31, 2023. In June 2020, The Company purchased $0.7 million of secondary materials, which was included in the other long-term assets in the condensed interim consolidated statements of financial position. As at June 30, 2020, the value of excess secondary materials was approximately $31.9 million, which was approximately $0.7 million above the targeted levels under the Tolling Agreement. IXM has agreed to waive the quarterly requirement to purchase secondary materials above targeted levels as at June 30, 2020.

(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.

10. FINANCIAL RISK MANAGEMENT IN RESPONSE TO CORONAVIRUS (“COVID-19”)

In March 2020, the World Health Organization classified COVID-19 as a worldwide pandemic and governments across the globe undertook extensive measures to combat the spread of this virus. To date, as a result of the proactive actions being taken within the regions in which we operate and by personnel at each of our sites, the Company has not experienced any material disruptions to its operations as a result of COVID-19. The Company’s Chelopech and Ada Tepe mines in Bulgaria continue to operate at full capacity and have not experienced any disruptions to their operations.

In April 2020, the Tsumeb smelter in Namibia curtailed its operations by shutting down ancillary plants for 30 days and reducing complex concentrate smelted for the three months ended June 30, 2020 by approximately 10% in response to a government directive to the natural resources industry aimed at limiting staffing levels. Full operations resumed in May 2020 with ongoing management of the number of employees and contractors working at site and continued observance of the COVID-19 controls that have been established across all sites.

The Company continues to closely assess and monitor the COVID-19 situation, particularly as various jurisdictions implement measures to re-open their economies, and has undertaken a number of measures to mitigate the associated risks, including establishing procedures and contingency plans at each operating location, which are directed at safeguarding employees, managing potential supply chain disruptions, including complex concentrate feed for the smelter, and maintaining production at each of its operations. These activities are being overseen by an experienced cross-functional team that includes members of senior management and leaders at the Company’s operations.

At present, there do not appear to be any imminent COVID-19 related circumstances that are expected to disrupt the Company’s operations, however, given the highly uncertain and evolving nature of this situation, the Company is not able to reliably estimate the duration and severity of this pandemic nor the potential impact it could have on the Company’s operating and financial results.

11. 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 three reportable operating segments – Chelopech and Ada Tepe 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 and evaluation, 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.

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

The following table summarizes the relevant information by segment for the three and six months ended June 30, 2020 and 2019:

Three months ended June 30, 2020	**Chelopech**	**Ada Tepe**	**Tsumeb**	**Corporate & Other**	**Total**
Revenue *(a)*	**59,774**	**55,993**	**38,261**	**3,008**	**157,036**
Earnings (loss) before income taxes	**31,843**	**29,290**	**5,319**	**(12,740)**	**53,712**
Capital expenditures	**4,389**	**5,198**	**1,031**	**2,052**	**12,670**

Three months ended June 30, 2019	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
Revenue *(a)*	53,994	-	43,343	1,856	99,193
Earnings (loss) before income taxes	22,309	(688)	4,061	(8,022)	17,660
Capital expenditures	3,955	13,969	1,843	440	20,207

Six months ended June 30, 2020	**Chelopech**	**Ada Tepe**	**Tsumeb**	**Corporate & Other**	**Total**
Revenue *(a)*	**122,908**	**99,022**	**79,885**	**6,925**	**308,740**
Earnings (loss) before income taxes	**64,934**	**49,246**	**12,640**	**(25,042)**	**101,778**
Capital expenditures	**8,794**	**6,988**	**3,445**	**3,080**	**22,307**

Six months ended June 30, 2019	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
Revenue *(a)*	95,778	-	84,925	3,828	184,531
Earnings (loss) before income taxes	37,450	(612)	7,247	(27,419)	16,666
Capital expenditures	6,517	30,614	2,178	1,068	40,377

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

The following table summarizes the Company's revenue recognized for the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30,		**Six months ended June 30,**	
	2020	2019	**2020**	2019
Revenue recognized at a point in time from:				
Sale of concentrate	**109,262**	54,693	**215,004**	94,784
Processing concentrate	**32,170**	35,440	**67,166**	70,398
Acid sales	**6,091**	7,903	**12,719**	14,527
Sale of software licenses	**1,800**	277	**2,175**	345
Mark-to-market price adjustments on provisionally priced sales	**6,505**	(699)	**6,926**	994
Revenue recognized over time from:				
Software services	**1,208**	1,579	**4,750**	3,483
Total revenue	**157,036**	99,193	**308,740**	184,531

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

The following table summarizes the total assets and total liabilities by segment as at June 30, 2020 and December 31, 2019:

					As at June 30, 2020
	Chelopech	**Ada Tepe**	**Tsumeb**	**Corporate & Other**	**Total**
Total current assets	**73,826**	**61,844**	**35,129**	**16,831**	**187,630**
Total non-current assets	**172,481**	**273,208**	**108,518**	**93,460**	**647,667**
Total assets	**246,307**	**335,052**	**143,647**	**110,291**	**835,297**
Total liabilities	**42,765**	**46,603**	**41,033**	**37,017**	**167,418**

					As at December 31, 2019
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
Total current assets	36,525	25,607	27,258	15,636	105,026
Total non-current assets	177,494	291,997	118,671	91,522	679,684
Total assets	214,019	317,604	145,929	107,158	784,710
Total liabilities	40,566	64,083	43,549	43,618	191,816

CORPORATE INFORMATION

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Hume Kyle
Executive Vice President and Chief Financial Officer

Michael Dorfman
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Kelly Stark-Anderson
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Mark Crawley
Vice President, Commercial

Iliya Garkov
Vice President and General Manager, Bulgaria

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Vice President, Sustainability and External Relations

Zebra Kasete
Vice President and Managing Director, Tsumeb

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Vice President, Operational Excellence

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3 Corporate Governance and Nominating Committee
4 Health, Safety and Environment Committee
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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