Delivering on Our Strategy

2019 ANNUAL REPORT

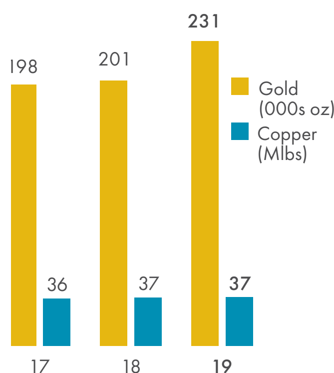
Dundee At a Glance

Dundee Precious Metal'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, we are focused on optimizing the performance of each of our operating assets to generate strong margins and to deliver safe and reliable production results. We are also focused on building a pipeline of future growth opportunities that leverages our operating expertise and our commitment to corporate responsibility to unlock value and generate a superior return on capital employed.

On the Cover:
An overhead view of the Ada Tepe open-pit gold mine, located in southern Bulgaria.

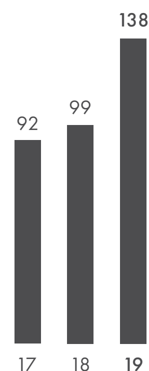
Production and Financial Highlights

Gold & Copper Contained in Concentrate Produced

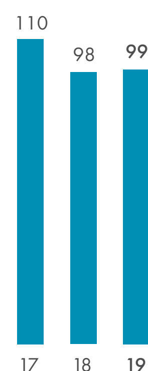


All-in Sustaining Cost[1] ($/oz)

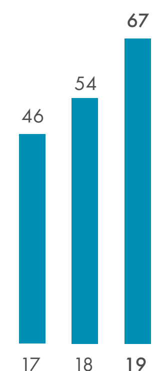
Adjusted EBITDA[1] (US$M)



Cash Flow from Operations (US$M)



Free Cash Flow[1] (US$M)



1 All-in sustaining cost, adjusted EBITDA and free cash flow are not defined measures under IFRS. Refer to the "Non-GAAP Financial Measures" as disclosed on pages 54 to 60 of the Management's Discussion and Analysis contained in this report.

Global Portfolio of Assets

KEY

- Operating Assets
- Late Stage Exploration Assets
- Strategic Investment
- Early Stage Exploration Assets

Sabina Gold & Silver
Nunavut, Canada

Malarctic JV
Quebec, Canada

Corporate Head Office
Toronto, Canada

INV Metals Inc.
Ecuador

MineRP
Ownership 78%

1 Ada Tepe

Location
Southern Bulgaria

Ownership
100%

Operation
Open pit mine

2020 Guidance
94-114koz Au

Mine Life
7 years

2 Chelopech

Location
Chelopech, Bulgaria

Ownership
100%

Operation
Underground mine

2020 Guidance
163-184koz Au;
35-40Mlbs Cu

Mine Life
8 years

3 Tsumeb

Location
Tsumeb, Namibia

Ownership
92%

Operation
Specialty Smelter

2020 Guidance
230-265k tonnes of concentrate smelted

4 Timok

Location
Serbia

Ownership
100%

Stage
PEA complete

Production
75koz Au per year
(LOM average)

Strategic Investment Portfolio

Sabina Gold & Silver

Location
Nunavut, Canada

Ownership
10.4%

Operation
Open pit /
Underground mine

Stage
Pre-construction

INV Metals Inc.

Location
Southern Ecuador

Ownership
19.5%

Operation
Underground mine

Stage
Feasibility study

Forecast/guidance information is subject to a number of risks. Refer to the Company's 2020 guidance and three-year outlook as disclosed on pages 14 to 17 of the Management's Discussion and Analysis contained in this report.

2019 Message to Shareholders

At the time of writing this letter, the world is facing an unprecedented situation as governments, and society as a whole, take measures to combat the COVID-19 pandemic. Thus far, we have not experienced any disruptions to our global operations, and we are taking proactive measures to respond to the situation. We have established procedures and contingency plans, with the health and well-being of our workforce as our highest priority, and we are extremely focused on minimizing any potential impacts to our operations and our global supply chain. Given our financial strength and our significant achievements in 2019, we are well-positioned to navigate and respond to the pandemic.

2019 was another pivotal year for Dundee Precious Metals as we established ourselves as an emerging mid-tier producer by successfully ramping-up our second gold mine, delivering record gold production, and growing our free cash flow. Notably, we achieved these results while maintaining an impressive safety record, with our Bulgarian operations achieving an impressive 2.5 million hours without a lost time injury during the year.

Our strategy is grounded by four key themes that are fundamental to delivering long-term value in our business:

- Leveraging operational excellence to optimize our existing assets;
- Creating a culture of innovation to drive both transformational and incremental improvements to the business;
- Growing our business in a disciplined and accretive manner, balanced with a return of capital to shareholders; and
- Employing leading environmental, social and governance practices, enabling us to create strong partnerships with our stakeholders.

Our continued focused on these strategic themes drove our achievements in 2019 and laid a strong foundation for the future. We delivered record annual gold production of 230,592 ounces and 37.2 million pounds of copper at an all-in sustaining cost per ounce of gold of $725. We also strengthened our balance sheet, ending the year with a growing net cash position, and advanced future growth opportunities.

We expect another strong year in 2020, as we realize a full year of benefits from our two operating mines and optimized performance at our smelter, which positions us well to generate significant free cash flow. We expect consolidated production to be between 257,000 to 299,000 ounces of gold and 35 to 40 million pounds of copper, with an all-in sustaining cost of $700 to $780 per gold ounce.

Our results in 2019 and strong future outlook for DPM are the culmination of a multi-year phase of investment in our business and the successful optimization of our assets. As a result, the company introduced an inaugural quarterly dividend of US$0.02 per share, a level we believe is sustainable based on our free cash flow outlook and which will allow us to maintain sufficient capital resources to reinvest in our business and fund growth opportunities.

While the mining industry has been criticized in the past for poor capital allocation decisions, our dividend announcement is a signal of our commitment to maintaining a disciplined approach to capital allocation and to delivering superior returns to our shareholders. Moreover, as one of the only companies of our size to implement a dividend, we continue to set ourselves apart from our peers.

REVIEW OF 2019 PERFORMANCE

Ada Tepe: Driving growth in production and cash flow

One of our most significant achievements in 2019 was declaring commercial production at Ada Tepe in June. This significant milestone was the result of many years of hard work by our local team in cooperation with local stakeholders. The full ramp-up was achieved within only 3 months, a remarkable accomplishment in the mining industry.

Ada Tepe delivered impressive performance over the second half of 2019, producing a total of 57,193 ounces in 2019 and achieving the high-end of its updated guidance for the year.

Looking ahead to 2020, we expect a strong year from Ada Tepe, with gold production expected to increase significantly over 2019 as our newest mine contributes its first full year of production and cash flow generation to our portfolio.

Rick Howes, President and CEO

Chelopech: High quality, low cost flagship asset

Chelopech continued its track record of strong, consistent operational performance and achieved its 2019 guidance, producing 173,399 ounces of gold and over 37 million pounds of copper for the year.

Our focus on innovation and operational excellence continues to pay off, and we have a number of ongoing improvement projects that we expect will enhance revenue and decrease costs.

We expect Chelopech's strong, stable production to continue, with gold production for 2020 expected to be comparable to 2019, reflecting grades in-line with life of mine levels.

Tsumeb: Focused on operational stability, efficiencies and cost reduction

In 2019, the Tsumeb smelter continued to generate free cash flow and met its updated 2019 guidance, smelting 215,289 tonnes at a cash cost of $421 per tonne, net of by-products.

Despite securing a three-year contract for our existing capacity, we recorded a $107 million non-cash impairment charge at Tsumeb, reflecting a delay in the expected timing of the potential Tsumeb expansion and changing market conditions for processing complex concentrate, which have the potential to generate additional value for Chelopech and for the company overall, despite resulting in potentially lower revenue for Tsumeb.

Following the maintenance completed in 2019, and with the next shutdown scheduled for 2021, Tsumeb is strongly positioned to deliver record performance in 2020.

We have demonstrated that significant free cash flow generation is now underway and that we are committed to deploying this capital in a disciplined manner.

GROWING FINANCIAL STRENGTH

In 2019, we generated operating cash flow of $99 million and $67 million of free cash flow, reduced our debt and ended the year in a strong financial position. As at December 31, 2019, we had $188 million of cash resources, including $23 million in cash and $165 million under our long-term revolving credit facility, and $59 million of investments comprised primarily of our 10.4% interest in Sabina Gold and Silver Corp. ("Sabina") and 19.5% equity interest in INV Metals Inc. ("INV").

Given our strong financial position and expected free cash flow generation in the coming years, we are committed to maintaining a disciplined approach to capital allocation that balances our desire to reinvest in growing and optimizing the business with our commitment to provide a cash return to our shareholders through the introduction of a sustainable dividend.

FOCUSED ON DISCIPLINED GROWTH

Timok

Our Timok Gold project in Serbia is advancing well as a potential growth opportunity for the company. We discovered Timok in 2008, and while the team has worked to advance the project, we have developed strong relationships with local communities and the government. We completed a preliminary economic assessment ("PEA") and released the results in July.

The PEA, which primarily considered oxide and transitional material types, provides a solid foundation to advance the project. With further optimization, including an evaluation of the larger sulphide resource, Timok has the potential to provide organic growth for a relatively low initial capital cost. It also has the additional benefit of our extensive regional experience and synergies. We expect to decide in the first half of 2020 whether to move ahead with a pre-feasibility study.

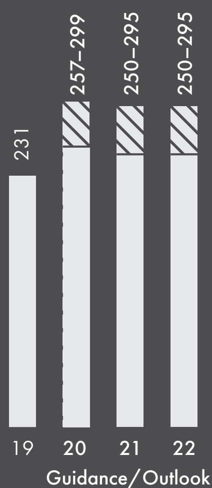
Exploration

In 2019, exploration continued at Chelopech and Ada Tepe with the objective of increasing the mine life at each site. To follow-up on 2019 results, 44,000 metres of resource development drilling will continue at Chelopech along with brownfield drill programs of 15,000 metres on mine concessions and exploration licenses at the Chelopech and Ada Tepe mines in Bulgaria in 2020. A further 3,000 metres will be drilled at the Timok gold project in Serbia focusing on near surface oxide deposits.

We initiated a three-year outlook, which highlights our strong production profile and declining capital expenditures, and reinforces the longer-term free cash flow generation potential of our portfolio. In providing a longer-term outlook for our business, we aim to provide greater visibility to the market as we transition to a mid-tier producer.

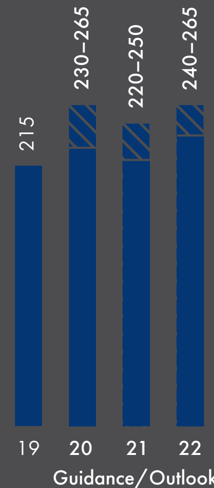
Solid Three-Year Operating Outlook

Strong Gold Production Profile
Gold contained in concentrate produced ('000s ounces)



Stable Copper Production
Copper contained in concentrate produced (Mlbs)

Improving Smelter Performance
Complex concentrate smelted ('000 tonnes)



Declining All-in Sustaining Cost
All-in sustaining cost[1] ($/oz Au)

1 All-in sustaining cost is not a defined measures under IFRS. Refer to the "Non-GAAP Financial Measures" as disclosed on pages 54 to 60 of the Management's Discussion and Analysis contained in this report.

Forecast/guidance information is subject to a number of risks. Refer to the Company's 2020 guidance and three-year outlook as disclosed on pages 14 to 17 of the Management's Discussion and Analysis contained in this report.

Strategic Investment Portfolio

In addition to our organic growth opportunities, we see additional upside with our strategic equity investment portfolio.

In October, we completed a Cdn$10 million private placement which resulted in 19.5% equity interest in INV, owners of Loma Larga, a permitting stage project in southern Ecuador. The Loma Larga project has strong similarities to Chelopech, and we believe that our unique technical and operating skills, as well as our shared commitment to the environment and communities where we operate, will be valuable to the INV team as it advances the project.

We also own approximately 10.4% of Sabina, an emerging gold company developing Back River, an advanced high-grade asset in Nunavut, Canada. We continue to be a supportive shareholder of Sabina as it advances this world-class project.

ADDING VALUE THROUGH INNOVATION

For a number of years, we have established a reputation as an innovative mining company for our work in applying new technologies to drive value in our business.

Through this focus on innovation, we have developed the capabilities to quickly assess new technologies and efficiently incorporate them into our business to create further value.

We continue to see potential in our investment in MineRP, a unique enterprise platform designed for the mining industry. We are seeing a solid ramp-up in the customer pipeline at MineRP, creating the foundation for growth potential for this investment in 2020 and beyond.

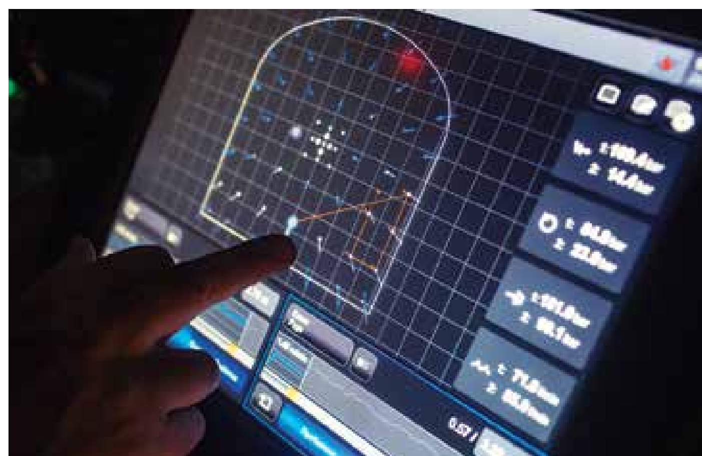
INDUSTRY-LEADING ESG

We believe that sustainability in the mining industry requires that companies adopt an enduring and robust business strategy that can deliver prosperity to all stakeholders over the long-term.

There is also an increasing focus from investors on environmental, social and governance matters, together referred to as ESG. We strive to be an industry leader in each of these areas, and our efforts and track record resulted in DPM receiving an "A" rating by MSCI, a well-respected independent ESG rating agency. We have also continued to report on our sustainability performance annually, which we have done since 2011, a transparent way for our stakeholders to measure our performance.

At DPM, we recognize a critical factor to our success is the support of the local communities where we operate. Our team in Bulgaria received the Annual Grand Award for Investor of the Year from the Bulgarian Agency of Investment. We are proud to have received this prestigious award, particularly given we were nominated by the local municipality, a testament to our ability to secure and maintain our social license.

In addition, our efforts to protect endangered tortoises in the Natura 2000 area around our Ada Tepe operation was recognized by the Bulgarian Forum for Business Leaders, which presented DPM with an Environmental Investments award.



LEADERSHIP SUCCESSION

In December 2019, we announced that after almost seven years as Chief Executive Officer and 11 years with the company, I have decided to step down.

David Rae will be taking over as CEO effective May 7, 2020. David first joined DPM in 2012 and has served as Chief Operating Officer since 2014. Over his years with the company, he has played a critical role in taking us to where we are today.

I am proud to be leaving the company in a very solid position, and in strong hands under David's leadership to take the company forward.

SUMMARY AND OUTLOOK

We were pleased to see that our significant achievements this year were recognized by the market, with our share price increasing by approximately 55% in 2019, outperforming both the GDXJ and the GDX indices, which each increased by approximately 39%.[1]

We have demonstrated that significant free cash flow generation is now underway and that we are committed to deploying this capital in a disciplined manner. With continued volatility in global markets, we expect strong fundamentals for gold to continue. DPM is extremely well positioned relative to our peers to benefit in this environment and can also better withstand any fluctuations that may occur. We firmly believe that DPM's strong fundamentals continue to represent a compelling value opportunity for investors.

I am very proud of all that our team has accomplished over my 11 years at the company. I'd like to close by acknowledging all of our dedicated employees across the company who contributed to our successes in 2019, and to thank our shareholders for their continued support. I wish the company great success in the future and I am very confident it will be in good hands under David's leadership to realize additional value for our shareholders.

Rick Howes
President and CEO

1 Source: Thomson Eikon. Calculated between January 2, 2019 and December 31, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Consolidated Financial Condition and Results of Operations

for the Three and Twelve Months Ended December 31, 2019

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

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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 twelve months ended December 31, 2019. This MD&A should be read in conjunction with DPM's audited consolidated financial statements for the year ended December 31, 2019 prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 audited consolidated financial statements for the year ended December 31, 2019. Information contained on the Company's website is not incorporated by reference herein and does not form part of this MD&A. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Cautionary Note Regarding Forward Looking Statements" and "Risks and Uncertainties" sections later in this MD&A for further information.

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

This MD&A has been prepared as at February 13, 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 optimizing the performance of each of its operating assets to deliver strong margins and safe and reliable production results. The Company is also focused on building a pipeline of future growth opportunities that leverages that same expertise to unlock value and generate a superior return on capital employed. DPM's demonstrated ability to engage and work closely with key stakeholders, and conduct its business in a responsible and sustainable manner, allows the Company to be successful in each of the countries in which it operates.

As at December 31, 2019, 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 (hereinafter referred to as "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.

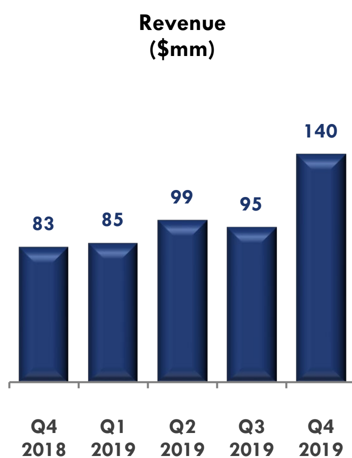
DPM holds interests in a number of exploration properties located in Canada, Serbia and Ecuador including:

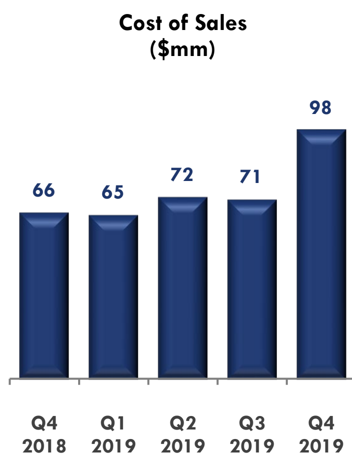
- 100% of Avala Resources Ltd. ("Avala"), which is focused on the exploration and development of the Timok gold project and other early stage projects in Serbia;
- 10.4% of Sabina Gold & Silver Corp. ("Sabina"), which is focused on the development of the Back River project in southwestern Nunavut, Canada;
- 19.5% of INV Metals Inc. ("INV"), which is focused on the exploration and development of the Loma Larga gold property located in Ecuador; and
- through an option agreement, the right to earn up to a 71% interest in Pershimex Resources Corporation's gold property located in the Archean Abitibi greenstone belt near Val-d'Or, Canada.

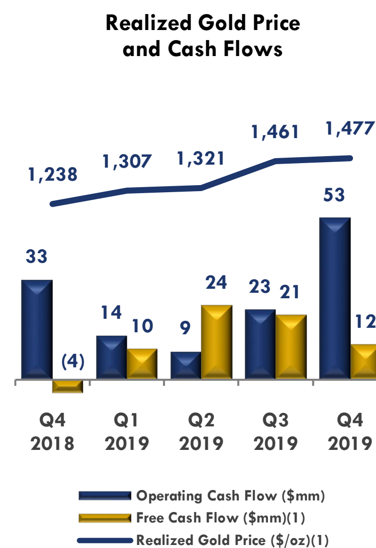
DPM also owns:

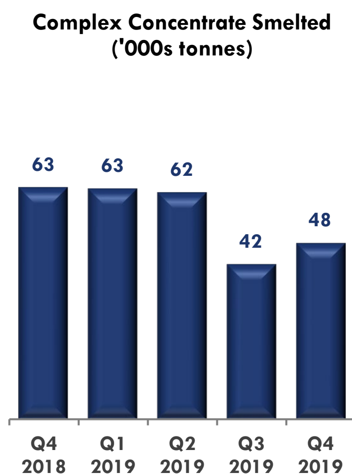
- a 78% equity interest in MineRP Holdings (Proprietary) Limited, an independent mining software vendor with operations in Canada, South Africa, Australia and Chile, through MineRP Holdings Inc. ("MineRP").

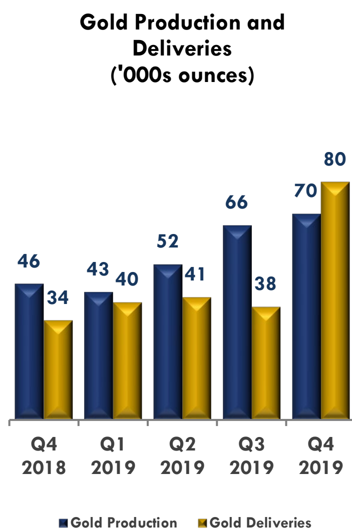
Overview – Operational and Financial Highlights

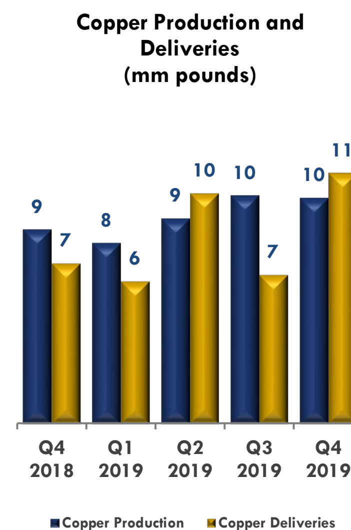


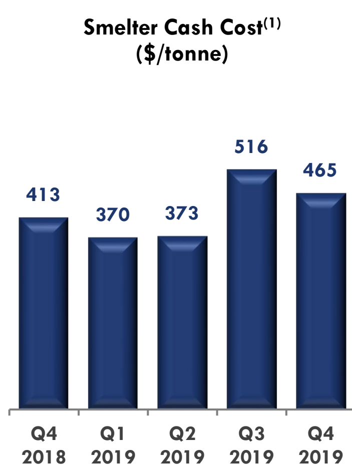


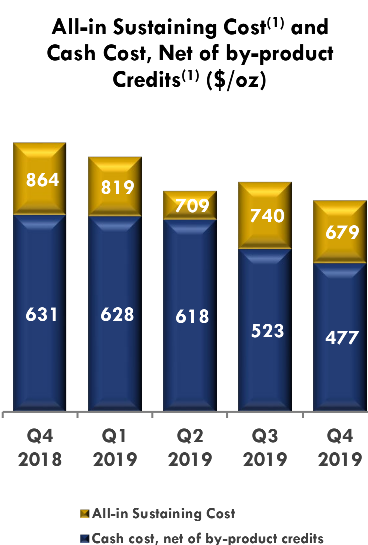


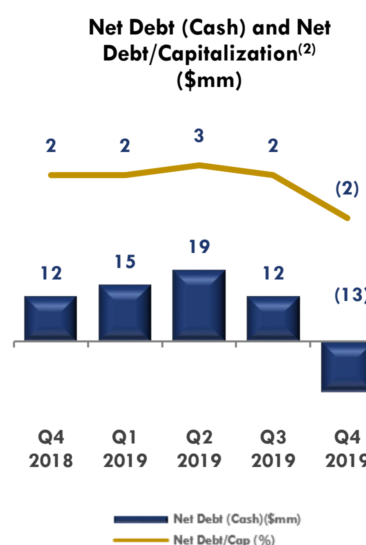


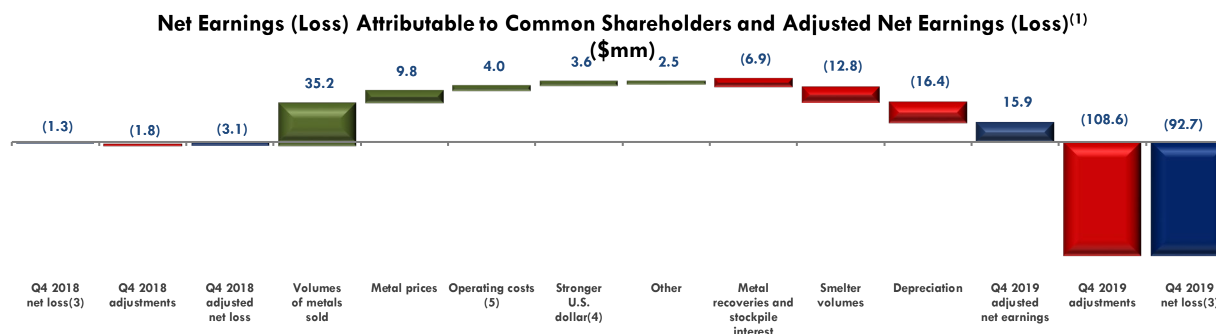


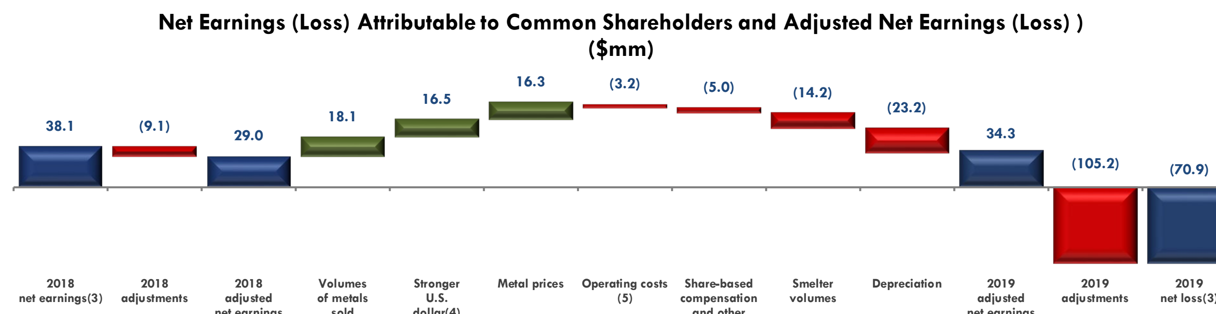












1) Refer to the "Non-GAAP Financial Measures" section contained in this MD&A for reconciliations to IFRS measures.
2) Net debt represents total debt less cash at the end of the period.
3) Net earnings (loss) attributable to common shareholders.
4) Includes net realized gains and losses on foreign exchange forward contracts.
5) Excludes impact of depreciation and foreign exchange.

Summary of Significant Operational and Financial Highlights

Financial results in 2019 reflected the impact of a stronger realized gold price and achievement of commercial production at Ada Tepe in June 2019, which contributed to record gold production for the Company.

Consolidated

- Achieved 0.50 Total Recordable Injury Frequency Rate, which is in line with the best in class results for the industry.
- Bulgarian Operations achieved 2.5 million hours without lost time injury in 2019.
- Record gold production at 230,592 ounces, up 15% relative to 2018.
- Generated cash flow from operations of $99.4 million (2018 – $98.2 million) and free cash flow[1] of $67.2 million, up 25% relative to 2018.
- Reported a net loss attributable to common shareholders of $70.9 million (2018 – net earnings attributable to common shareholders of $38.1 million), reflecting an impairment charge of $107.0 million related to Tsumeb. Adjusted net earnings[1] were $34.3 million, up 18% relative to 2018.
- Ended 2019 with approximately $188 million of available cash resources, comprised of the undrawn portion of DPM's long-term revolving credit facility ("RCF"), an increased cash position of $23.4 million, and reduced debt of $10.0 million.
- DPM's Board of Directors approved the introduction of a regular quarterly dividend and declared an inaugural quarterly dividend of $0.02 per common share.

Chelopech

- Achieved gold production of 173,399 ounces, down 14% relative to 2018 as a result of lower gold grades, and in line with 2019 guidance. Copper production of 37.2 million pounds was up 2% relative to 2018 and was also in line with 2019 guidance.
- Sold 149,205 ounces of payable gold and 34.1 million pounds of payable copper, generating revenue of $194.0 million. Payable gold and copper in concentrate sold were both in line with 2019 guidance.
- Cost of sales of $112.4 million was comparable to 2018. Cash cost per ounce of gold sold, net of by-product credits[1], of $585 was $46 higher than 2018 due primarily to lower gold grades in concentrate sold, partially offset by a weaker Euro relative to the U.S. dollar.

- Reported earnings before income taxes of $79.5 million (2018 - $102.3 million) and adjusted EBITDA[1] of $110.9 million (2018 - $116.8 million).

Ada Tepe

- Achieved commercial production in June and ramped-up to design capacity in the third quarter.
- Achieved gold production of 57,193 ounces, which was lower than anticipated due to initial issues with the settlement time of tailings that have since been resolved, and in line with 2019 revised guidance.
- Sold 49,459 ounces of payable gold, in line with 2019 revised guidance, generating revenue of $69.7 million.
- Cost of sales was $41.5 million, including depreciation of $21.9 million. Cash cost per ounce of gold sold, net of by-product credits, was $425.
- Reported earnings before income taxes of $25.3 million and adjusted EBITDA of $49.3 million.

Tsumeb

- Complex concentrate smelted was 215,289 tonnes, down 7% relative to 2018 due to an unplanned outage as a result of a pressurization event in early September, and below the original 2019 guidance, generating revenue of $140.7 million.
- Cost of sales of $140.7 million was $11.0 million lower than 2018 due primarily to a weaker ZAR relative to the U.S. dollar. Cash cost per tonne of complex concentrate smelted[1] of $421 was 5% lower than 2018 due primarily to a weaker ZAR relative to the U.S. dollar, partially offset by lower throughput.
- Reported a loss before income taxes of $114.1 million compared to $5.2 million in 2018 as a result of a non-cash write down of $107.0 million attributable to the timing of the smelter expansion and changing market conditions for processing complex concentrate, which while favourable for Chelopech and DPM overall, are less favourable for Tsumeb.
- Reported an adjusted EBITDA of $23.2 million (2018 - $23.1 million).
- The Company finalized a supply agreement under its ongoing tolling contract with IXM S.A. (“IXM”), such that the smelter’s existing capacity is now fully contracted for the next three years.

Timok gold project

- In August, the Company filed a NI 43-101 Technical Report supporting the updated Preliminary Economic Assessment ("PEA") on its Timok gold project in Serbia. The Technical Report and the July 15, 2019 news release are both available for review on SEDAR (www.sedar.com) and on the Company's website (www.dundeeprecious.com).

Exploration

- At Chelopech, diamond drilling continued in the fourth quarter from underground positions along the Southeast Breccia Pipe Zone ("SEBPZ") and from surface at the Wedge South target and at the Krasta prospect. Results from the first two holes at the Wedge South target are encouraging and further drilling is in progress.
- At Ada Tepe, drilling continued during the fourth quarter on the concession and exploration licenses near the mine.
- In Serbia, drilling focused on shallow oxide targets at the Timok gold project as well as extensions of higher grade copper gold porphyry mineralization at depth at the Tulare project.
- In Quebec, mapping and prospecting in the second half of 2019 have defined new drill targets on the Malartic project.

Other

- Approximately 85% of projected Namibian dollar operating expenses for 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.
- In April, the Company cancelled tranches A and C of its RCF and, in June, increased tranche B from $150 million to $175 million.
- During 2019, the Company acquired an approximate 19.5% equity interest in INV for a total cost of $8.4 million.

1) Refer to the “Non-GAAP Financial Measures” section contained in this MD&A for reconciliations to IFRS measures.

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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Financial Results				
Revenue	**139,641**	83,007	**419,062**	377,111
Cost of sales	**98,152**	65,619	**306,360**	272,863
Depreciation and amortization	**31,189**	14,812	**82,127**	58,944
General and administrative expenses	**11,077**	9,841	**34,548**	30,036
Exploration and evaluation expenses	**4,782**	4,400	**14,356**	12,577
Finance cost	**2,693**	1,769	**10,255**	7,224
Impairment charge (reversal)	**107,000**	(111)	**107,000**	(111)
Other (income) expense	**(313)**	2,425	**721**	8,636
Earnings (loss) before income taxes	**(85,334)**	(1,636)	**(56,993)**	44,414
Income tax expense (recovery)	**8,014**	(75)	**15,049**	7,242
Net earnings (loss) attributable to common shareholders	**(92,684)**	(1,291)	**(70,902)**	38,113
Basic earnings (loss) per share	**(0.52)**	(0.01)	**(0.40)**	0.21
Adjusted EBITDA[(1)]	**55,049**	12,458	**138,247**	99,467
Adjusted net earnings (loss)[(1)]	**15,955**	(3,062)	**34,317**	29,026
Adjusted basic earnings (loss) per share[(1)]	**0.09**	(0.02)	**0.19**	0.16
Cash provided from operating activities	**52,926**	32,689	**99,430**	98,157
Free cash flow[(1)]	**11,744**	(4,288)	**67,211**	53,945
Capital expenditures incurred:				
Growth[(1)]	**1,497**	14,168	**36,533**	80,079
Sustaining[(1)]	**18,613**	9,504	**37,285**	27,371
Total capital expenditures	**20,110**	23,672	**73,818**	107,450
Operational Highlights				
Metals contained in concentrate produced:				
Gold *(ounces)*	**69,491**	45,848	**230,592**	201,095
Copper *('000s pounds)*	**10,031**	8,559	**37,250**	36,673
Payable metals in concentrate sold:				
Gold *(ounces)*[(7)]	**79,109**	33,455	**198,664**	163,595
Copper *('000s pounds)*	**11,060**	7,070	**34,131**	33,651
Cash cost per ounce of gold sold, net of by-product credits[(1),(2),(3)]	**477**	631	**546**	539
All-in sustaining cost per ounce of gold[(1),(3),(4)]	**679**	864	**725**	660
Complex concentrate smelted at Tsumeb *(mt)*	**48,614**	63,061	**215,289**	232,043
Cash cost per tonne of complex concentrate smelted at Tsumeb[(1),(5)]	**465**	413	**421**	445

As at,	**December 31, 2019**	December 31, 2018
Financial Position and Available Liquidity		
Cash	**23,440**	17,043
Investments at fair value	**59,362**	29,997
Total assets	**784,710**	859,585
Debt	**10,000**	29,000
Equity	**592,894**	638,181
Number of common shares outstanding *('000s)*	**180,537**	178,548
Share price (Cdn$ per share)	**5.58**	3.60
Available liquidity[(6)]	**188,440**	255,043

1) Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"); adjusted net earnings (loss); adjusted basic earnings (loss) 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 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) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $0.8 million and $6.3 million for the fourth quarter and twelve months of 2018, respectively.
4) 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.
5) 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.
6) Available liquidity is defined as undrawn capacity under the RCF plus cash at the end of each reporting period.
7) Payable gold in concentrate sold in the fourth quarter of 2019 is approximately 3,000 ounces lower than the payable gold in concentrate sold reported in the Company's January 9, 2020 news release due to a finalization adjustment.

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 twelve months ended December 31, 2019 and 2018 and highlights the overall year over year change in commodity prices.

Metal Market Prices (Average)	**Three Months**			**Twelve Months**		
Ended December 31,	**2019**	2018	**Change**	**2019**	2018	**Change**
LBMA gold *($/ounce)*	**1,481**	1,228	**21%**	**1,392**	1,269	**10%**
LME settlement copper *($/pound)*	**2.67**	2.80	**(5%)**	**2.72**	2.96	**(8%)**
LBMA spot silver *($/ounce)*	**17.31**	14.55	**19%**	**16.20**	15.71	**3%**

The average realized gold price for the fourth quarter and twelve months of 2019 was $1,477 per ounce and $1,407 per ounce, respectively, compared to $1,238 per ounce and $1,271 per ounce in the corresponding periods in 2018. The average realized copper price for the fourth quarter and twelve months of 2019 was $2.70 per pound and $2.72 per pound, respectively, compared to $2.65 per pound and $2.76 per pound in the corresponding periods in 2018. Average realized gold and copper prices are not defined measures under IFRS. For a reconciliation 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**			**Twelve Months**		
Ended December 31,	**2019**	2018	**Change**	**2019**	2018	**Change**
US$/Cdn$	**1.3200**	1.3214	**0%**	**1.3268**	1.2961	**2%**
Euro/US$	**1.1073**	1.1409	**3%**	**1.1196**	1.1812	**5%**
US$/ZAR	**14.6855**	14.2855	**3%**	**14.4316**	13.2285	**9%**

As at December 31, 2019, approximately 85% of projected Namibian dollar operating expenses for 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.

Metals production

In the fourth quarter of 2019, gold contained in concentrate produced increased by 52% to 69,491 ounces, including 26,528 ounces from Ada Tepe, which achieved full design capacity in the third quarter of 2019, and copper production increased by 17% to 10.0 million pounds due primarily to higher copper grades and recoveries at Chelopech, in each case, relative to the corresponding period in 2018.

In 2019, gold contained in concentrate produced increased by 15% to 230,592 ounces, including 57,193 ounces from Ada Tepe, and copper production increased by 2% to 37.2 million pounds, in each case, relative to 2018. The increase in gold production was due primarily to the start of commercial production at Ada Tepe in June 2019, partially offset by lower gold grades and recoveries at Chelopech, in line with its 2019 mine plan.

Metals sold

Payable gold in concentrate sold in the fourth quarter of 2019 increased by 136% to 79,109 ounces relative to the corresponding period in 2018 due primarily to gold production from Ada Tepe, the timing of concentrate deliveries and a drawdown of concentrate inventories at Chelopech and Ada Tepe. Payable copper in concentrate sold in the fourth quarter of 2019 of 11.0 million pounds was 56% higher than the corresponding period in 2018 due primarily to higher deliveries of gold-copper concentrate as a result of the timing of concentrate deliveries and a drawdown of concentrate inventories at Chelopech.

In 2019, payable gold in concentrate sold increased by 21% to 198,664 ounces relative to 2018 due primarily to the start of commercial production at Ada Tepe in June 2019, partially offset by lower gold grades at Chelopech. In 2019, payable copper in concentrate sold of 34.1 million pounds was comparable to 2018.

Complex concentrate smelted

Complex concentrate smelted at Tsumeb during the fourth quarter of 2019 of 48,614 tonnes was 23% lower than the corresponding period in 2018 due primarily to the timing of the Ausmelt furnace maintenance shutdown that occurred in the fourth quarter in 2019 versus the third quarter in 2018.

Complex concentrate smelted at Tsumeb during 2019 of 215,289 tonnes was 7% lower than 2018 due primarily to the pressurization event in the Ausmelt offgas system that occurred in September 2019 during a restart after routine maintenance. Repairs to the damaged offgas system components were completed over a 14-day period and during the restart of the facility, it was determined that the initial pressurization event had also caused damage to the lining of the furnace. This resulted in advancing the Ausmelt furnace reline, baghouse and ducting maintenance originally planned for October 2019 to September 2019. This work was completed over a 38-day period, 10 days longer than planned due primarily to delays in receiving materials. The next Ausmelt furnace maintenance shutdown is currently scheduled for 2021, based on an expected operating cycle of 18 to 24 months.

Revenue

Revenue during the fourth quarter of 2019 of $139.7 million was $56.7 million higher than the corresponding period in 2018 due primarily to higher production and the timing of concentrate deliveries from Ada Tepe, resulting in an increase in revenue of $54.9 million.

Revenue during 2019 of $419.1 million was $42.0 million higher than 2018 due primarily to the commencement of gold concentrate deliveries at Ada Tepe in 2019, resulting in an increase in revenue of $69.7 million, and higher realized gold prices, partially offset by lower volumes of payable gold in concentrate sold at Chelopech, as a result of lower grades, and lower volumes of complex concentrate smelted at Tsumeb.

Cost of sales

Cost of sales in the fourth quarter and twelve months of 2019 of $98.2 million and $306.4 million, respectively, was $32.5 million and $33.5 million higher than the corresponding periods in 2018 due primarily to higher depreciation and gold concentrate deliveries at Ada Tepe following the commencement of production in June 2019, partially offset by the favourable impact of a stronger U.S. dollar relative to the ZAR and Euro.

All-in sustaining cost per ounce of gold

All-in sustaining cost per ounce of gold in the fourth quarter of 2019 of $679 was $185 lower than the corresponding period in 2018 due primarily to deliveries of low-cost gold produced at Ada Tepe, following the achievement of full design capacity in the third quarter of 2019.

All-in sustaining cost per ounce of gold in 2019 of $725 was $65 higher than 2018 due primarily to lower gold grades in gold-copper concentrate produced at Chelopech and higher cash outlays for sustaining capital expenditures, in line with 2019 guidance, partially offset by deliveries of low-cost gold produced at Ada Tepe in 2019.

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

Cash cost per tonne of complex concentrate smelted at Tsumeb during the fourth quarter of 2019 of $465 was $52 higher than the corresponding period in 2018 due primarily to lower volumes of complex concentrate smelted stemming from the timing of the Ausmelt furnace maintenance shutdown, partially offset by the favourable impact of a weaker ZAR relative to the U.S. dollar.

Cash cost per tonne of complex concentrate smelted at Tsumeb during 2019 of $421 was $24 lower than 2018 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.

General and administrative expenses

General and administrative expenses in the fourth quarter and twelve months of 2019 of $11.0 million and $34.5 million, respectively, were $1.2 million and $4.5 million higher than the corresponding periods in 2018 due primarily to higher share-based compensation, reflecting strong share price performance in 2019.

Exploration and evaluation expenses

Exploration and evaluation expenses in the fourth quarter and twelve months of 2019 were $4.8 million and $14.4 million, respectively, compared to $4.4 million and $12.6 million in the corresponding periods in 2018 due primarily to increased activities in Serbia on the Timok PEA. 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 PEA, 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 $2.7 million in the fourth quarter of 2019 compared to $1.7 million in the corresponding period in 2018 due primarily to the deemed interest accretion on prepaid forward gold sales, which were previously fully capitalized prior to the achievement of commercial production at Ada Tepe in June 2019.

Finance costs were $10.3 million in 2019 compared to $7.2 million in 2018 due primarily to writing-off certain unamortized expenses as a result of the cancellation of tranches A and C of the RCF and the deemed interest accretion on prepaid forward gold sales.

Tsumeb impairment

As at December 31, 2019, the Company assessed the recoverable amount of Tsumeb, triggered by the timing of the anticipated expansion project being delayed and the ability to optimize the mix of feed being processed by the smelter.

As at December 31, 2019, the carrying value of Tsumeb exceeded its estimated recoverable amount resulting in an impairment charge of $107.0 million. This charge is primarily attributable to the increased opportunity to process additional volumes of third party complex concentrate at Tsumeb by capitalizing on, from time to time, market demand to process Chelopech concentrate, which has more available outlets than other complex third party concentrate processed by Tsumeb. 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. The ability to optimize mix, as well as the actual timing and volume of expected additional third party complex concentrate coming to market, could also result in Tsumeb's expansion being further delayed and possibly deferred indefinitely if a long term contract cannot be secured to support the planned expansion to 370,000 tonnes. At present, the outlook for additional third party complex concentrate coming to market remains favourable as is the prospect for entering into a long-term arrangement. In 2019, the Company contracted additional supply under its tolling agreement with IXM, on terms in line with existing arrangements, such that the smelter's existing capacity is now fully contracted for the next three years. In addition, the Government of Namibia recently issued an Environmental Clearance Certificate to the Company, which provides the approval required to move forward with the expansion.

Other (income) expense

Other (income) expense is primarily comprised of foreign exchange translation gains or losses, unrealized gains or losses on Sabina special warrants, 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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Net (gains) losses on Sabina special warrants[1]	**(451)**	166	**(3,871)**	2,624
Net foreign exchange losses[2]	**628**	1,926	**5,116**	2,242
Interest income	**(48)**	(101)	**(271)**	(327)
Other (income) expense, net[3]	**(442)**	434	**(253)**	4,097
Total other (income) expense	**(313)**	2,425	**721**	8,636

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 $0.6 million (2018 – $0.7 million) and $2.1 million (2018 – $2.9 million) in the fourth quarter and twelve months of 2019, respectively, in respect of testwork being done to treat arsenic using an arsenic vitrification plant.*

Income tax expense (recovery)

Income tax expense (recovery) and 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 twelve months ended December 31, 2019 and 2018, the Company's effective tax rate was impacted primarily by the Company's amount of earnings and losses, mix of foreign earnings and losses, 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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Earnings (loss) before income taxes	**(85,334)**	(1,636)	**(56,993)**	44,414
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%	**26.5%**	26.5%
Expected income tax expense (recovery)	**(22,613)**	(433)	**(15,103)**	11,770
Lower rates on foreign (earnings) losses	**24,817**	(8,666)	**14,670**	(22,413)
Unrecognized tax benefit relating to losses	**7,279**	6,221	**15,272**	13,476
Non-deductible portion of capital (gains) losses	**(892)**	2,870	**89**	3,509
Non-deductible share based compensation expense	**70**	69	**280**	303
Other, net	**(647)**	(136)	**(159)**	597
Income tax expense (recovery)	**8,014**	(75)	**15,049**	7,242
Effective income tax rates	**(9.4%)**	(4.6%)	**(26.4%)**	16.3%

Net earnings (loss) attributable to common shareholders and adjusted net earnings (loss)

Net loss attributable to common shareholders in the fourth quarter and twelve months of 2019 was $92.7 million and $70.9 million, respectively, compared to $1.3 million and net earnings attributable to common shareholders of $38.1 million in the corresponding periods in 2018. These losses were due to an impairment charge taken in respect of Tsumeb.

Adjusted net earnings in the fourth quarter and twelve months of 2019 were $15.9 million and $34.3 million, respectively, compared to an adjusted net loss of $3.1 million and adjusted net earnings of $29.0 million for the corresponding periods in 2018. These increases were due primarily to the start-up of Ada Tepe, which achieved commercial production in June 2019, higher realized gold prices and a stronger U.S. dollar relative to the Euro and ZAR, partially offset by lower volumes of complex concentrate smelted at Tsumeb.

Adjusted net earnings (loss) excludes net after-tax losses of $108.6 million (2018 – net after-tax gains of $1.8 million) and $105.2 million (2018 – net after-tax gains of $9.1 million), respectively, principally related to an impairment charge taken in respect of Tsumeb in 2019 as well as several other items not reflective of the Company's underlying operating performance, including unrealized gains on commodity price hedges that, prior to the adoption of IFRS 9 in 2018, did not receive hedge accounting treatment and gains and losses on Sabina special warrants. 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**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Chelopech	**21,015**	12,519	**71,569**	77,008
Ada Tepe	**21,870**	387	**22,167**	(139)
Tsumeb	**(9,646)**	(1,552)	**(7,111)**	(5,189)
Corporate & Other	**(17,284)**	(14,416)	**(52,308)**	(42,654)
Total adjusted net earnings (loss)	**15,955**	(3,062)	**34,317**	29,026

On June 8, 2019, Ada Tepe achieved commercial production and is now reported as a separate operating segment. The comparative segment information has been restated.

Adjusted EBITDA

Adjusted EBITDA in the fourth quarter and twelve months of 2019 was $55.0 million and $138.2 million, respectively, compared to $12.5 million and $99.5 million in the corresponding periods in 2018, reflecting the same factors that affected adjusted net earnings (loss), except for depreciation, interest and income taxes, which are excluded from adjusted EBITDA.

The following table summarizes adjusted EBITDA by segment:

$ thousands	**Three Months**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Chelopech	**30,815**	20,994	**110,927**	116,805
Ada Tepe	**41,502**	(101)	**49,301**	(1,301)
Tsumeb	**(2,164)**	5,848	**23,181**	23,117
Corporate & Other	**(15,104)**	(14,283)	**(45,162)**	(39,154)
Total adjusted EBITDA	**55,049**	12,458	**138,247**	99,467

The "Corporate & Other" segment in the table 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 fourth quarter and twelve months of 2019 was $52.9 million and $99.4 million, respectively, compared to $32.7 million and $98.1 million in the corresponding periods in 2018 reflecting the same underlying factors affecting net earnings (loss), except for depreciation, any impairment charges or reversals thereof, and changes in working capital. In addition, during the fourth quarter and twelve months of 2019, Ada Tepe delivered 12,123 ounces of gold pursuant to the prepaid forward gold sales arrangement resulting in $16.5 million of deferred revenue being recognized in revenue with no corresponding impact on cash as these deliveries were in partial satisfaction of the $50.0 million of upfront proceeds received in 2016 in respect of the prepaid forward gold sales arrangement. 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 fourth quarter and twelve months of 2019 was $11.8 million and $67.2 million, respectively, compared to negative cash flow of $4.3 million and free cash flow of $53.9 million in the corresponding periods in 2018. Free cash flow was impacted by the same factors affecting cash provided from operating activities, with the exception of changes in working capital, which are excluded from free cash flow, and outlays for sustaining capital, lease obligations and interest, which are included in free cash flow.

Capital expenditures

Capital expenditures incurred during the fourth quarter and twelve months of 2019 were $20.1 million and $73.8 million, respectively, compared to $23.6 million and $107.4 million in the corresponding periods in 2018.

Growth capital expenditures incurred during the fourth quarter and twelve months of 2019 were $1.5 million and $36.5 million, respectively, compared to $14.1 million and $80.0 million in the corresponding periods in 2018. The period over period decline in growth capital expenditures was related principally to the construction of the Ada Tepe gold mine. Sustaining capital expenditures incurred during the fourth quarter and twelve months of 2019 were $18.6 million and $37.3 million, respectively, compared to $9.5 million and $27.4 million in the corresponding periods in 2018 and were in line with 2019 guidance. Fourth quarter changes were due primarily to the timing of executing planned projects and the timing of the Ausmelt maintenance shutdown. The increase in 2019 sustaining capital expenditures was in line with 2019 guidance and reflected higher spending, as planned, for the work being done at Chelopech to extend the life of its tailings management facility.

2019 ACTUAL RESULTS COMPARISON TO 2019 GUIDANCE

The following table provides a comparison of the Company's results to its 2019 original guidance and its updated guidance.

$ millions, unless otherwise indicated	**Original Consolidated Guidance**	**Updated Consolidated Guidance**	**2019 Consolidated Results**
Ore processed *('000s tonnes)*	2,540 – 2,790	2,542 – 2,662	2,674
Cash cost per tonne of ore processed(1),(2)			
Chelopech	36 – 39	36 – 39	36
Ada Tepe	50 – 60	50 – 55	49
Metals contained in concentrate produced(3),(4)			
Gold *('000s ounces)*	210 – 262	200 – 247	231
Copper *(million pounds)*	33 – 39	33 – 39	37
Payable metals in concentrate sold(3)			
Gold *('000s ounces)*	191 – 237	180 – 221	199
Copper *(million pounds)*	32 – 37	32 – 37	34
All-in sustaining cost per ounce of gold(1),(2)	675 – 820	675 – 820	725
Complex concentrate smelted *('000s tonnes)*	225 – 250	210 – 230	215
Cash cost per tonne of complex concentrate smelted, net of by-product credits(1)	380 – 450	380 – 450	421
Corporate general and administrative expenses(5)	16 – 20	16 – 20	22
Exploration expenses	12 – 14	12 – 14	11
Sustaining capital expenditures(1)	38 – 46	38 – 46	37
Growth capital expenditures(1)	29 – 32	29 – 32	37

1) *Cash cost per tonne of ore processed, all-in sustaining cost per ounce of gold and cash cost per tonne of complex concentrate smelted, net of by-product credits, and sustaining 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.*
2) *Includes the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, and payable gold in pyrite concentrate sold.*
3) *Includes gold in pyrite concentrate produced of 53,471 ounces compared to guidance of 43,000 to 53,000 ounces and payable gold in pyrite concentrate sold of 36,545 ounces compared to guidance of 30,000 to 35,000 ounces.*
4) *Metals contained in concentrate produced are prior to deductions associated with smelter terms.*
5) *Excludes mark-to-market adjustments on share based compensation of $6.5 million and MineRP's general and administrative expenses of $6.3 million.*

Consolidated mine production, metal production, metal deliveries and all-in-sustaining cash costs for 2019 were all in line with the Company's original guidance.

Complex concentrate smelted of 215,289 tonnes was in line with updated guidance although, below the original guidance of 225,000 to 250,000 tonnes due to the pressurization event experienced at the smelter in the third quarter of 2019 and a longer than planned Ausmelt furnace maintenance shutdown. The next maintenance shutdown is currently scheduled for 2021, based on an expected operating cycle of 18 to 24 months.

Growth capital expenditures incurred of $36.5 million were above the 2019 guidance due primarily to carry-over of construction cost from 2018 at Ada Tepe, which ultimately came in under budget.

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 is initiating a 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, supplemented with detailed guidance for 2020.

DPM's three-year outlook reflects the production schedules outlined in the Chelopech Technical Report entitled "Mineral Resource & Reserve Update, Chelopech Project, Chelopech, Bulgaria" dated March 28, 2018 and the Technical Report for Ada Tepe entitled "Revised NI 43-101 Technical Report, Ada Tepe Deposit, Krumovgrad Project, Bulgaria", dated November 7, 2017, adjusted where applicable to incorporate the current mine plan for each operation and inflationary impacts since the filing of the relevant 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. These Technical Reports have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.dundeeprecious.com).

Highlights 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 the record level expected for 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 2020 levels, with 2022 being representative of the longer-term range.

The Company's three-year outlook is set out in the following table:

$ millions, unless otherwise indicated	**2019 Results**	**2020 Guidance**	**2021 Outlook**	**2022 Outlook**
Gold contained in concentrate produced *('000s ounces)*[(1),(2)]				
Chelopech	174	163 – 184	145 – 165	145 – 165
Ada Tepe	57	94 – 115	105 – 130	105 – 130
Total	231	257 – 299	250 – 295	250 – 295
Copper contained in concentrate produced *(million pounds)*				
Chelopech	37	35 – 40	30 – 40	30 – 40
All-in sustaining cost per ounce of gold[(3),(4),(5),(7)]	725	700 – 780	670 – 750	670 – 750
Complex concentrate smelted *('000s tonnes)*	215	230 – 265	220 – 250	240 – 265
Cash cost per tonne of complex concentrate smelted[(3),(4)]	421	370 – 450	395 – 475	380 – 455
Sustaining capital expenditures *($ millions)*[(3),(4),(6)]				
Chelopech	16	17 – 22	13 – 17	9 – 12
Ada Tepe	4	9 – 11	4 – 5	4 – 5
Tsumeb	16	12 – 15	16 – 20	16 – 20
Consolidated	37	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 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:

$ 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	50 - 60	-	-
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	-	-	-	2 - 8
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 and MineRP's general and administrative expenses.*
7) *Consolidated sustaining capital expenditures include approximately $5 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 is 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 described below:

Chelopech

Gold contained in concentrate produced in 2020 is expected to be between 163,000 ounces and 184,000 ounces in 2020, 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.

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 a result of an expected increase in grade.

A portion of 2020 production will be 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 31,756 ounces of gold, which will be delivered in 2020 to satisfy this arrangement. From an earnings perspective, $42.2 million of deferred revenue as at December 31, 2019 related to the prepaid forward gold sales arrangement will be recognized as revenue.

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 mid-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 240,000 tonnes to 265,000 tonnes, in-line with estimated 2020 levels, as there is no planned furnace maintenance shutdown.

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 $670 to $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 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 will be deployed primarily toward other greenfield projects in Bulgaria, Serbia and the Malartic project in Quebec.

Evaluation expenditures are related to the potential costs associated with moving forward with a prefeasibility study on the Timok gold project. Following optimization work completed in 2019 to incorporate the sulphide portion of the resource, geotechnical work is currently underway prior to initiating a potential prefeasibility study. If approved, the prefeasibility study would be initiated in the first half of 2020.

REVIEW OF OPERATING RESULTS BY SEGMENT

Chelopech – Selected Operational and Financial Highlights

$ thousands, unless otherwise indicated	**Three Months**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Operational Highlights				
Ore mined *(mt)*	**535,720**	512,907	**2,211,067**	2,211,557
Ore processed *(mt)*	**547,834**	524,693	**2,203,242**	2,216,753
Head grade / recoveries in gold-copper concentrate (ore milled)				
Gold *(g/mt)* / %	**3.48 / 47.4**	3.55 / 56.6	**3.35 / 50.5**	3.72 / 53.5
Copper *(%)* / %	**1.02 / 81.6**	0.93 / 79.6	**0.93 / 82.1**	0.92 / 81.2
Silver *(g/mt)* / %	**7.74 / 35.0**	5.55 / 37.5	**6.29 / 35.4**	6.77 / 38.0
Gold-copper concentrate produced *(mt)*	**28,730**	25,204	**105,741**	104,087
Pyrite concentrate produced *(mt)*	**64,282**	56,400	**252,582**	258,884
Metals contained in concentrate produced:				
Gold in gold-copper concentrate *(ounces)*	**29,101**	33,930	**119,928**	141,840
Gold in pyrite concentrate *(ounces)*	**13,862**	11,918	**53,471**	59,255
Copper *(pounds)*	**10,031,111**	8,558,247	**37,250,240**	36,672,666
Silver *(ounces)*	**47,673**	35,127	**157,851**	183,283
Cash cost per tonne of ore processed(1),(2)	**39.88**	39.33	**36.30**	36.35
Cash cost per ounce of gold in gold-copper concentrate produced(1),(2),(3)	**449**	379	**402**	342
Cash cost per pound of copper in gold-copper concentrate produced(1),(2),(3)	**0.79**	0.85	**0.78**	0.80
Gold-copper concentrate delivered *(mt)*	**35,473**	21,913	**106,895**	102,524
Pyrite concentrate delivered *(mt)*	**64,152**	63,475	**256,937**	255,063
Payable metals in concentrate sold:				
Gold in gold-copper concentrate *(ounces)*(5)	**30,843**	24,499	**112,660**	126,858
Gold in pyrite concentrate *(ounces)*(5)	**9,325**	8,956	**36,545**	36,737
Copper *(pounds)*(5)	**11,060,418**	7,069,963	**34,130,933**	33,650,828
Silver *(ounces)*(5)	**50,357**	29,218	**138,305**	165,035
Cash cost per ounce of gold sold, net of by-product credits (2),(4),(6),(7)	**602**	631	**585**	539
Cost per tonne of gold-copper concentrate sold(8)	**963**	1,087	**1,051**	1,075
Financial Highlights				
Revenue(9)	**56,890**	41,232	**193,989**	213,650
Cost of sales(10)	**34,152**	23,809	**112,367**	110,169
Earnings before income taxes	**22,963**	19,636	**79,462**	102,331
Adjusted EBITDA(2)	**30,815**	20,994	**110,927**	116,805
Net earnings attributable to common shareholders	**21,015**	18,054	**71,569**	92,317
Adjusted net earnings(2)	**21,015**	12,519	**71,569**	77,008
Capital expenditures incurred:				
Growth(2)	**913**	910	**3,879**	4,106
Sustaining(2)	**5,805**	4,219	**16,124**	9,309
Total capital expenditures	**6,718**	5,129	**20,003**	13,415

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 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 $6.4 million (2018 – $6.3 million) and $25.5 million (2018 – $24.5 million) in the fourth quarter and twelve months of 2019, respectively.
5) Represents payable metals in gold-copper and pyrite concentrates 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 concentrates sold.
7) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $0.8 million and $6.3 million in the fourth quarter and twelve months of 2018, respectively.
8) Represents cost of sales divided by the volumes of gold-copper concentrate delivered.
9) Revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and mark-to-market adjustments and final settlements to reflect any physical and cost adjustments on provisionally priced sales. Net unfavourable mark-to-market adjustments and

final settlements of $3.5 million (2018 – favourable adjustments of $1.2 million) and $4.9 million (2018 – unfavourable adjustments of $0.2 million) were recognized during fourth quarter and twelve months of 2019, respectively. Deductions during the fourth quarter and twelve months of 2019 were $28.3 million (2018 – $24.0 million) and $100.7 million (2018 – $105.2 million), respectively.

10) *Cost of sales includes depreciation of $7.7 million (2018 – $7.4 million) and $30.7 million (2018 – $30.9 million) in the fourth quarter and twelve months of 2019, respectively.*

Review of Chelopech Results

Concentrate and metals production

Gold-copper concentrate produced during the fourth quarter and twelve months of 2019 of 28,730 tonnes and 105,741 tonnes, respectively, was 14% and 2% higher than the corresponding periods in 2018 due primarily to higher copper grades and recoveries.

Pyrite concentrate produced during the fourth quarter of 2019 of 64,282 tonnes was 14% higher than the corresponding period in 2018, as expected. Pyrite concentrate produced during 2019 of 252,582 tonnes was comparable to 2018.

In the fourth quarter of 2019, gold contained in gold-copper concentrate produced decreased by 14% to 29,101 ounces, copper production increased by 17% to 10.0 million pounds and silver production increased by 36% to 47,673 ounces, in each case, relative to the corresponding period in 2018. The decrease in gold production was due primarily to lower gold grades, in line with the mine plans, and lower recoveries. The increase in copper production was due primarily to higher copper grades and recoveries.

In 2019, gold contained in gold-copper concentrate produced decreased by 15% to 119,928 ounces, copper production increased by 2% to 37.2 million pounds and silver production decreased by 14% to 157,851 ounces, in each case, relative to 2018. The decrease in gold production was due primarily to lower grades, in line with the mine plan, and lower recoveries.

Gold contained in pyrite concentrate produced during the fourth quarter of 2019 of 13,862 ounces was 16% higher than the corresponding period in 2018 due primarily to higher volumes of pyrite concentrate produced. Gold contained in pyrite concentrate produced during 2019 of 53,471 ounces was 10% lower than 2018 due primarily to lower gold grades and lower volumes of pyrite concentrate produced.

Concentrate deliveries and metals sold

Deliveries of gold-copper concentrate during the fourth quarter and twelve months of 2019 of 35,473 tonnes and 106,895 tonnes, respectively, were 62% and 4% higher than the corresponding periods in 2018 due primarily to the timing of shipments and a drawdown of gold-copper concentrate inventories.

Deliveries of pyrite concentrate during the fourth quarter and twelve months of 2019 of 64,152 tonnes and 256,937 tonnes, respectively, were comparable to the corresponding periods in 2018.

In the fourth quarter of 2019, payable gold in gold-copper concentrate sold increased by 26% to 30,843 ounces, payable copper increased by 56% to 11.0 million pounds and payable silver increased by 72% to 50,357 ounces, in each case, relative to the corresponding period in 2018. These increases were consistent with the increase in gold-copper concentrate deliveries. Payable gold in pyrite concentrate sold in the fourth quarter of 2019 of 9,325 ounces was 4% higher than the corresponding period in 2018, consistent with the increase in pyrite concentrate deliveries.

In 2019, payable gold in gold-copper concentrate sold decreased by 11% to 112,660 ounces, payable copper was comparable at 34.1 million pounds and payable silver decreased by 16% to 138,305 ounces, in each case, relative to 2018. The decrease in payable gold was due primarily to lower gold grades. Payable gold in pyrite concentrate sold in 2019 of 36,545 ounces was comparable to 2018.

Inventory

Gold-copper concentrate inventory totaled 5,544 tonnes as at December 31, 2019, down from 6,698 tonnes as at December 31, 2018.

Cash cost measures

Cash cost per tonne of ore processed in the fourth quarter and twelve months of 2019 of $39.88 and $36.30, respectively, was comparable to the corresponding periods in 2018. The favourable impact of a stronger U.S. dollar relative to the Euro offset the increases in local currency operating expenses.

Cash cost per ounce of gold sold, net of by-product credits, during the fourth quarter of 2019 of $602 was $29 lower than the corresponding period in 2018 due primarily to lower treatment charges, the favourable impact of a stronger U.S. dollar relative to the Euro and higher by-product credits as a result of higher gold-copper concentrate deliveries. Cash cost per ounce of gold sold, net of by-product credits, during 2019 of $585 was $46 higher than 2018 due primarily to lower gold grades in concentrate sold, partially offset by the favourable impact of a stronger U.S. dollar relative to the Euro.

Net earnings attributable to common shareholders

Net earnings attributable to common shareholders in the fourth quarter of 2019 of $21.0 million were $3.0 million higher than the corresponding period in 2018 due primarily to higher realized gold prices.

Net earnings attributable to common shareholders in 2019 of $71.5 million were $20.8 million lower than 2018 due primarily to lower volumes of payable gold in concentrate sold as a result of lower grades, partially offset by higher realized gold prices and the favourable impact of a stronger U.S. dollar relative to the Euro, which has more than offset the increase in local currency operating expenses.

Net earnings attributable to common shareholders in the fourth quarter and twelve months of 2018 were also impacted by net after-tax gains of $5.5 million and $15.3 million, respectively, related to items not reflective of Chelopech's underlying operating performance, including unrealized gains on commodity price hedges that, prior to the adoption of IFRS 9 in 2018, did not receive hedge accounting. For more details on these adjustments, refer to the "Non-GAAP Financial Measures" section contained in this MD&A.

Adjusted net earnings

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

$ millions **Ended December 31,**	**Three Months**	**Twelve Months**
Adjusted net earnings - 2018	**12.5**	**77.0**
Lower volumes of metals sold	(2.4)	(25.9)
Higher local currency operating expenses[1]	(0.5)	(3.1)
Lower treatment charges and freight	1.8	1.1
Other	(0.8)	2.0
Stronger U.S. dollar	0.6	4.1
Higher realized metal prices[2]	9.8	16.3
Adjusted net earnings - 2019	**21.0**	**71.5**

1) Excludes impact of depreciation and foreign exchange.
2) Includes net gains and losses on commodity swap and option contracts.

Capital expenditures

Capital expenditures during the fourth quarter and twelve months of 2019 of $6.7 million and $20.0 million, respectively, were $1.6 million and $6.6 million higher than the corresponding periods in 2018, due primarily to elevating the height of the tailings management facility to extend its life, in line with higher planned spending in 2019.

Ada Tepe – Selected Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Operational Highlights				
Ore mined *(mt)*	**182,558**	62,798	**430,384**	157,834
Ore processed *(mt)*	**217,489**	-	**470,545**	-
Head grade / recoveries in gold concentrate[1]				
Gold *(g/mt) / %*	**4.44 / 84.6**	-	**4.56 / 83.3**	-
Silver *(g/mt) / %*	**2.53 / 56.8**	-	**2.62 / 57.2**	-
Gold concentrate produced *(mt)*	**1,410**	-	**2,700**	-
Metals contained in concentrate produced:				
Gold *(ounces)*	**26,528**	-	**57,193**	-
Silver *(ounces)*	**10,110**	-	**22,519**	-
Cash cost per tonne of ore processed[2],[3]	**49.04**	-	**49.29**	-
Cash cost per ounce of gold in concentrate produced[2],[3],[4]	**395**	-	**399**	-
Gold concentrate delivered *(mt)*	**1,804**	-	**2,397**	-
Payable metals in concentrate sold:				
Gold *(ounces)*[5],[8]	**38,941**	-	**49,459**	-
Silver *(ounces)*[5]	**13,855**	-	**17,854**	-
Cash cost per ounce of gold sold, net of by-product credits[3],[6]	**349**	-	**425**	-
Financial Highlights				
Revenue[9]	**54,924**	-	**69,710**	-
Cost of sales[10]	**28,993**	-	**41,515**	-
Earnings (loss) before income taxes[7]	**24,304**	(174)	**25,334**	(1,520)
Adjusted earnings (loss) before interest, taxes, depreciation and amortization[3],[7]	**41,502**	(101)	**49,301**	(1,301)
Net earnings (loss) attributable to common shareholders/adjusted net earnings (loss)[3],[7]	**21,870**	387	**22,167**	(139)
Capital expenditures incurred:				
Growth[3]	**553**	13,702	**32,438**	75,538
Sustaining[3]	**2,212**	-	**3,978**	-
Total capital expenditures	**2,765**	13,702	**36,416**	75,538

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 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) 2018 financial results are comprised primarily of exploration expenses.
8) Includes 424 ounces of payable gold sold prior to achieving commercial production in June 2019 and the net revenue and associated cost of sales generated from these sales were recorded in mine properties in the second quarter of 2019.
9) Revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and mark-to-market adjustments and final settlements to reflect any physical and cost adjustments on provisionally priced sales.
10) Cost of sales includes depreciation of $16.3 million and $21.9 million in the fourth quarter and twelve months of 2019, respectively.

Review of Ada Tepe Results

Gold production

In the fourth quarter and twelve months of 2019, gold contained in concentrate produced was 26,528 ounces and 57,193 ounces, respectively. Gold production in the fourth quarter was slightly higher than expected as a result of higher gold grades in ore treated, offsetting the planned maintenance to reline the SAG mill. Gold recovery in concentrate continued to perform as expected in the fourth quarter.

Ada Tepe achieved the low end of its original 2019 production guidance of 55,000 to 75,000 ounces with production being impacted by a longer than expected tailings settlement time, which delayed the construction of additional cells in the IMWF, and also delayed the ramp-up to full design capacity to the

third quarter of 2019. The settlement time of tailings has improved and with construction of new cells on-going, further operating flexibility is expected going forward.

Gold sold

In the fourth quarter and twelve months of 2019, payable gold in concentrate sold was 38,941 ounces and 49,459 ounces, respectively. Payable gold in 2019 was slightly below the original 2019 guidance of 53,000 to 72,000 ounces and in line with the updated 2019 guidance. As anticipated at the end of the third quarter of 2019, Ada Tepe payable gold in concentrate sold during the fourth quarter was significantly greater than gold contained in concentrate produced due to delays related to the finalization of concentrate sales agreements that impacted the timing of deliveries in the third quarter.

Inventory

Gold concentrate inventory totaled 303 tonnes as at December 31, 2019.

Cash cost measures

Cash cost per tonne of ore processed in the fourth quarter and twelve months of 2019 was $49.04 and $49.29, respectively, and lower than anticipated due primarily to the timing of maintenance activities.

Cash cost per ounce of gold sold, net of by-product credits, in the fourth quarter and twelve months of 2019 was $349 and $425, respectively, in line with expectations.

Net earnings (loss) attributable to common shareholders

Net earnings attributable to common shareholders in the fourth quarter and twelve months of 2019 were $21.9 million and $22.2 million, respectively, compared to net earnings attributable to common shareholders of $0.4 million and a net loss attributable to common shareholders of $0.1 million in the corresponding periods in 2018 due to the commencement of gold concentrate deliveries and the recognition of the associated revenue and costs, including depreciation, following the achievement of commercial production in June 2019.

Capital expenditures

Capital expenditures during the fourth quarter and twelve months of 2019 of $2.7 million and $36.4 million, respectively, were $11.0 million and $39.1 million lower than the corresponding periods in 2018 due primarily to the completion of construction in June 2019.

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 are now to be delivered from November 2019 to April 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 will be 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 November 2019 to January 2021 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 will be recognized as revenue when deliveries are made under the prepaid forward gold sales arrangement.

During the year ended December 31, 2019, 12,123 ounces of gold were delivered pursuant to the prepaid forward gold sales arrangement and as a result, $16.5 million was transferred from deferred revenue to revenue. As at December 31, 2019, $42.2 million of deferred revenue is expected to be settled within the next 12 months.

Tsumeb – Selected Operational and Financial Highlights

$ thousands, unless otherwise indicated	**Three Months**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Operational Highlights				
Complex concentrate smelted *(mt):*				
Chelopech	**15,799**	18,940	**79,233**	84,931
Third parties	**32,815**	44,121	**136,056**	147,112
Total complex concentrate smelted	**48,614**	63,061	**215,289**	232,043
Cash cost per tonne of complex concentrate smelted, net of by-product credits[1],[2]	**465**	413	**421**	445
Acid production *(mt)*	**52,539**	63,667	**223,009**	240,404
Acid deliveries *(mt)*	**23,363**	69,729	**199,205**	244,123
Financial Highlights				
Toll revenue[3]	**20,940**	33,061	**118,467**	129,334
Acid revenue	**2,683**	6,774	**22,226**	23,014
Total revenue	**23,623**	39,835	**140,693**	152,348
Cost of sales[4]	**32,078**	39,507	**140,651**	151,709
Impairment charge	**107,000**	-	**107,000**	-
Loss before income taxes	**(116,646)**	(1,552)	**(114,111)**	(5,189)
Adjusted earnings (loss) before interest, taxes, depreciation and amortization[2]	**(2,164)**	5,848	**23,181**	23,117
Net loss attributable to common shareholders[2]	**(116,646)**	(1,552)	**(114,111)**	(5,189)
Adjusted net loss[2]	**(9,646)**	(1,552)	**(7,111)**	(5,189)
Capital expenditures incurred:				
Growth[2]	**-**	62	**136**	99
Sustaining[2]	**10,478**	5,225	**16,006**	17,783
Total capital expenditures	**10,478**	5,287	**16,142**	17,882

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 reconciliations of these non-GAAP measures.*
3) *Includes deductions for stockpile interest and slag mill concentrate returns, and favourable or unfavourable estimated metal recoveries.*
4) *Cost of sales includes depreciation of $6.7 million (2018 – $6.7 million) and $27.3 million (2018 – $25.3 million) in the fourth quarter and twelve months of 2019, respectively.*

Review of Tsumeb Results

Production & acid deliveries

Complex concentrate smelted during the fourth quarter of 2019 of 48,614 tonnes was 23% lower than the corresponding period in 2018 due primarily to the timing of the Ausmelt furnace maintenance shutdown that occurred in the fourth quarter of 2019 versus the third quarter of 2018.

Complex concentrate smelted during 2019 of 215,289 tonnes was 7% lower than 2018 due primarily to the pressurization event in the Ausmelt offgas system that occurred in September 2019 during a restart after routine maintenance. Repairs to the damaged offgas system components were completed over a 14-day period and during the restart of the facility, it was determined that the initial pressurization event had also caused damage to the lining of the furnace. This resulted in advancing the Ausmelt furnace reline, baghouse and ducting maintenance originally planned for October 2019 to September 2019. This work was completed over a 38-day period, 10 days longer than planned. This extension was due primarily to delays in receiving materials that needed to be fabricated. The next Ausmelt furnace maintenance shutdown is currently scheduled for 2021, based on an expected operating cycle of 18 to 24 months.

In 2019, the Company finalized a supply agreement under its ongoing tolling contract with IXM, such that the smelter's existing capacity is now fully contracted for the next three years.

Acid production in the fourth quarter and twelve months of 2019 of 52,539 tonnes and 223,009 tonnes, respectively, was 17% and 7% lower than the corresponding periods in 2018 consistent with lower volumes of complex concentrate smelted.

Acid deliveries in the fourth quarter and twelve months of 2019 of 23,363 tonnes and 199,205 tonnes, respectively, were 66% and 18% lower than the corresponding periods in 2018 reflecting lower acid production compounded by a temporary reduction in acid requirements by the Company's long-term customers, which resulted in higher acid inventory. Normal deliveries have resumed in the first quarter of 2020.

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

Cash cost per tonne of complex concentrate smelted during the fourth quarter of 2019 of $465 was $52 higher than the corresponding period in 2018 due primarily to lower volumes of complex concentrate smelted stemming from the timing of the Ausmelt furnace maintenance shutdown, partially offset by the favourable impact of a weaker ZAR relative to the U.S. dollar.

Cash cost per tonne of complex concentrate smelted during 2019 of $421 was $24 lower than 2018 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.

Impairment charge on property, plant & equipment and intangible assets

As at December 31, 2019, the carrying value of Tsumeb exceeded its estimated recoverable amount resulting in an impairment charge of $107.0 million. This charge is primarily attributable to the increased opportunity to process additional volumes of third party complex concentrate at Tsumeb by capitalizing on, from time to time, market demand to process Chelopech concentrate, which has more available outlets than other complex third party concentrate processed by Tsumeb. 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. The ability to optimize mix, as well as the actual timing and volume of expected additional third party complex concentrate coming to market, could also result in Tsumeb's expansion being further delayed and possibly deferred indefinitely if a long term contract cannot be secured to support the planned expansion to 370,000 tonnes. At present, the outlook for additional third party complex concentrate coming to market remains favourable as is the prospect for entering into a long-term arrangement. In 2019, the Company contracted additional supply under its tolling agreement with IXM, on terms in line with existing arrangements, such that the smelter's existing capacity is now fully contracted for the next three years. In addition, the Government of Namibia recently issued an Environmental Clearance Certificate to the Company, which provides the approval required to move forward with the expansion.

Net loss attributable to common shareholders

Net loss attributable to common shareholders in the fourth quarter and twelve months of 2019 was $116.6 million and $114.1 million, respectively compared to $1.6 million and $5.2 million in the corresponding periods in 2018 due primarily to the $107.0 million impairment charge.

Adjusted net loss

Adjusted net loss in the fourth quarter of 2019 was $9.6 million compared to $1.6 million in the corresponding period in 2018 due primarily to lower volumes of complex concentrate smelted, reduced estimated metal recoveries and lower acid deliveries due primarily to the timing of the Ausmelt furnace maintenance shutdown, partially offset by lower local currency operating expenses, higher toll rates from Chelopech and the favourable impact of a weaker ZAR relative to the U.S. dollar.

Adjusted net loss in 2019 was $7.1 million compared to $5.2 million in 2018. The increased loss was due primarily to lower volumes of complex concentrate smelted and lower third party toll rates due primarily to the pressurization event in the Ausmelt furnace offgas system, partially offset by the favourable impact of a weaker ZAR relative to the U.S. dollar and lower stockpile interest.

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

$ millions **Ended December 31,**	**Three Months**	**Twelve Months**
Adjusted net loss – 2018	**(1.6)**	**(5.2)**
Lower volumes	(12.8)	(14.2)
Higher (lower) toll rates	3.7	(4.7)
Lower estimated metal recoveries	(4.3)	(0.4)
Lower (higher) operating expenses[(1)]	4.5	(0.1)
Lower (higher) stockpile interest	(2.6)	2.3
Other	0.5	2.8
Weaker ZAR[(2)]	3.0	12.4
Adjusted net loss – 2019	**(9.6)**	**(7.1)**

1) *Excludes impact of depreciation and foreign exchange.*
2) *Includes realized gains on foreign exchange forward contracts of $nil and $0.7 million in the fourth quarter and twelve months of 2019, respectively, compared to realized losses on foreign exchange forward contracts of $2.2 million and $2.6 million in the corresponding periods in 2018.*

Capital expenditures

Capital expenditures during the fourth quarter of 2019 of $10.5 million were $5.3 million higher than the corresponding period in 2018 due primarily to the timing of the Ausmelt furnace maintenance shutdown. Capital expenditures during 2019 of $16.2 million were $1.7 million lower than 2018, in line with 2019 guidance.

Other

On May 30, 2019, the Company sold Greyhorse Mining Subsidiary (Proprietary) Limited ("GHM") an indirect 8% interest in Tsumeb for consideration of $17.6 million in the form of preferred shares in GHM ("GHM Preferred Shares"). The GHM Preferred Shares are redeemable at the option of the Company and carry a cumulative dividend of 8% per annum. All dividends paid to GHM, with the exception of a $0.5 million preferred payment in each of the first five years, is required to be used to satisfy the dividend obligation of the GHM Preferred Shares and thereafter for their redemption. Under IFRS 10, *Consolidated Financial Statements*, GHM is deemed to not have an 8% interest in Tsumeb until such time as the GHM Preferred Shares have been repaid, and the cumulative dividend obligations satisfied. As a result, the Company has not recognized GHM's non-controlling interest nor the GHM Preferred Shares in the consolidated statements of financial position as at December 31, 2019 and the consolidated statements of earnings (loss) for the year ended December 31, 2019.

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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Financial Highlights				
Revenue(1)	**4,204**	1,940	**14,670**	11,113
Cost of sales(1)	**2,929**	2,303	**11,827**	10,985
General and administrative expenses(2)	**11,077**	9,841	**34,548**	30,036
Exploration and evaluation expenses(3)	**3,548**	2,878	**10,734**	8,661
Loss before income taxes	**(15,955)**	(19,546)	**(47,678)**	(51,208)
Adjusted loss before interest, taxes, depreciation and amortization	**(15,104)**	(14,283)	**(45,162)**	(39,154)
Net loss attributable to common shareholders(4)	**(18,923)**	(18,180)	**(50,527)**	(48,876)
Adjusted net loss(5)	**(17,284)**	(14,416)	**(52,308)**	(42,654)

1) *Revenue and cost of sales are related to MineRP.*
2) *Includes MineRP general and administrative expenses of $1.5 million (2018 - $1.4 million) and $6.3 million (2018 - $6.1 million) in the fourth quarter and twelve months of 2019, respectively.*
3) *Includes evaluation expenses related to Timok of $1.7 million (2018 - $0.4 million) and $3.2 million (2018 - $0.6 million) in the fourth quarter and twelve months of 2019, respectively.*
4) *Excludes earnings attributable to non-controlling interests of $0.2 million (2018 – loss of $0.2 million) and loss attributable to non-controlling interests of $0.3 million (2018 - $0.9 million) in the fourth quarter and twelve months of 2019, respectively, primarily related to MineRP.*
5) *Excludes net gains and losses on Sabina special warrants and tax adjustment not related to current period earnings.*

MineRP

Revenue in the fourth quarter and twelve months of 2019 of $4.2 million and $14.7 million, respectively, was $2.3 million and $3.6 million higher than the corresponding periods in 2018 due primarily to the finalization of contracts with new customers and software related sales. In addition, implementation services related to the new projects also added to revenue during the year, all of which contributed to a strong fourth quarter when compared to the corresponding period in 2018.

Cost of sales in the fourth quarter and twelve months of 2019 was $2.9 million and $11.8 million, respectively, compared to $2.3 million and $11.0 million in the corresponding periods in 2018. These increases were due primarily to growth in overall headcount to support the growth in revenue. General and administrative expenses in the fourth quarter and twelve months of 2019 were $1.5 million and $6.3 million, respectively, compared to $1.4 million and $6.1 million in the corresponding periods in 2018.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had cash of $23.4 million, investments valued at $59.4 million primarily related to its 10.4% interest in Sabina and 19.5% equity interest in INV, and $165.0 million of undrawn capacity under its RCF. With the start-up of Ada Tepe in 2019 and the corresponding expected increase in operating cash flow, the Company amended the terms and size of its RCF, resulting in, among other things, the cancellation of tranches A and C in April 2019 and the increase of tranche B from $150.0 million to $175.0 million in June 2019.

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 December 31, 2019, 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.

Capital allocation and 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's Board of Directors approved the introduction of a quarterly dividend, with the declaration of a dividend equal to $0.02 per common share, payable on April 15, 2020 to shareholders of record as at 5:00 p.m. Toronto local time on March 31, 2020. The level of this dividend was set with the intention of establishing a sustainable dividend based on 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. With strong free cash flow expected from the business in the coming years based on the current market environment, the Company will consider increasing its regular dividend and/or, from time to time, declaring a supplemental dividend.

The declaration, amount and timing of any future dividend is 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**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Cash provided from operating activities, before changes in non-cash working capital	**33,276**	5,748	**110,623**	86,789
Changes in non-cash working capital	**19,650**	26,941	**(11,193)**	11,368
Cash provided from operating activities	**52,926**	32,689	**99,430**	98,157
Cash used in investing activities	**(28,120)**	(27,003)	**(69,642)**	(107,649)
Cash used in financing activities	**(16,768)**	(12,034)	**(23,391)**	(2,232)
Increase (decrease) in cash	**8,038**	(6,348)	**6,397**	(11,724)
Cash at beginning of period	**15,402**	23,391	**17,043**	28,767
Cash at end of period	**23,440**	17,043	**23,440**	17,043

Cash as at December 31, 2019 of $23.4 million was $6.4 million higher than the corresponding period in 2018. The primary factors impacting these cash flow movements are summarized below.

Operating Activities

Cash provided from operating activities in the fourth quarter and twelve months of 2019 was $52.9 million and $99.4 million, respectively, compared to $32.7 million and $98.1 million in the corresponding periods in 2018 reflecting the same factors affecting net earnings (loss), except for depreciation, impairment charges and changes in working capital. In addition, during the fourth quarter and twelve months of 2019, Ada Tepe delivered 12,123 ounces of gold pursuant to the prepaid forward gold sales arrangement resulting in $16.5 million of deferred revenue being recognized in revenue with no corresponding impact on cash as these deliveries were in partial satisfaction of the $50.0 million of upfront proceeds received in 2016 in respect of the prepaid forward gold sales arrangement.

The favourable change in non-cash working capital in the fourth quarter of 2019 of $19.7 million was due primarily to an increase in accounts payable and accrued liabilities as a result of the timing of payments to suppliers and a decrease in concentrate inventory at Chelopech and Ada Tepe as a result of the timing of deliveries.

The unfavourable change in non-cash working capital in 2019 of $11.2 million was due primarily to a decrease in accounts payable and accrued liabilities as a result of the timing of payments to suppliers and an increase in accounts receivable as a result of the timing of receipts from customers.

Cash provided from operating activities, before changes in non-cash working capital, during the fourth quarter and twelve months of 2019 was $33.2 million and $110.6 million, respectively, compared to $5.8 million and $86.8 million in the corresponding periods in 2018. With the exception of changes in working capital, these variances were due to the same factors affecting cash flow from operating activities.

Investing Activities

Cash used in investing activities in the fourth quarter and twelve months of 2019 was $28.1 million and $69.6 million, respectively, compared to $27.0 million and $107.6 million in the corresponding periods in 2018.

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

$ thousands	**Three Months**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Chelopech	**5,309**	4,611	**16,181**	11,267
Tsumeb	**12,217**	4,141	**18,224**	17,456
Ada Tepe[(1)]	**1,878**	15,443	**32,466**	70,447
Other	**600**	80	**2,108**	502
Total cash capital expenditures	**20,004**	24,275	**68,979**	99,672

1) Includes payments for the settlement of foreign exchange forward contracts of $nil (2018 – payments of $0.1 million) and $0.5 million (2018 – proceeds of $3.2 million) in the fourth quarter and twelve months of 2019, respectively.

Cash outlays for capital expenditures in the fourth quarter and twelve months of 2019 of $20.0 million and $69.0 million, respectively, were $4.3 million and $30.7 million lower than the corresponding periods in 2018. The quarter over quarter decrease was due primarily to lower growth capital expenditures due to the completion of construction at Ada Tepe in June 2019, which more than offset higher sustaining capital expenditures related to the timing of the Ausmelt furnace maintenance shutdown and other sustaining capital expenditures at Tsumeb. The year over year decrease was due to lower growth capital expenditures due to the completion of construction at Ada Tepe, partially offset by higher sustaining capital at Chelopech as a result of elevating the height of the tailings management facility to extend its life.

During 2019, DPM acquired an approximate 19.5% equity interest in INV for a total cost of $8.4 million.

Proceeds of $8.2 million related to the sale of a 2% net smelter royalty on the Kapan mine, and unused fixed assets at Chelopech were received in 2019.

During 2019, as a result of equity issuances undertaken by Sabina the Company purchased an additional 417,833 common shares (2018 – 6.6 million common shares) of Sabina at an average price of $1.24 (Cdn$1.63) (2018 - $1.28 (Cdn$1.64)) per share in order to maintain its ownership in excess of 10% in Sabina.

Financing Activities

Cash used in financing activities in the fourth quarter and twelve months of 2019 was $16.8 million and $23.4 million, respectively, compared to $12.0 million and $2.2 million in the corresponding periods in 2018. The primary factors impacting the movement in financing activities are summarized below.

Net repayments under the RCF in the fourth quarter of 2019 were $17.0 million compared to $10.0 million in the corresponding period in 2018. Net repayments during 2019 were $19.0 million compared to net drawdowns of $6.0 million in 2018.

Repayments of lease obligations in the fourth quarter and twelve months of 2019 were $0.9 million and $3.7 million, respectively, compared to $0.7 million and $2.3 million in the corresponding periods in 2018. These increases were due primarily to the increase in lease obligations following the implementation of IFRS 16 on January 1, 2019.

Interest and other borrowing related costs paid in the fourth quarter and twelve months of 2019 were $1.0 million and $4.6 million, respectively, compared to $1.5 million and $5.6 million in the corresponding periods in 2018. The decrease in 2019 was due primarily to lower commitment fees as a result of cancelling Tranches A and C of the RCF.

Financial Position

$ thousands **As at,**	**December 31, 2019**	December 31, 2018	**Increase/ (Decrease)**
Cash	**23,440**	17,043	**6,397**
Accounts receivable, inventories and other current assets	**81,586**	67,190	**14,396**
Investments at fair value	**59,362**	29,997	**29,365**
Non-current assets, excluding investments at fair value	**620,322**	745,355	**(125,033)**
Total assets	**784,710**	859,585	**(74,875)**
Current liabilities	**109,583**	93,446	**16,137**
Non-current liabilities	**82,233**	127,958	**(45,725)**
Equity attributable to common shareholders	**586,616**	632,000	**(45,384)**
Non-controlling interests	**6,278**	6,181	**97**

Cash increased by $6.4 million to $23.4 million during 2019 due primarily to the timing of drawdowns and repayments under the RCF and the shift in the fourth quarter from having a net debt position to having a net cash position. Accounts receivable, inventories and other current assets increased by $14.4 million to $81.6 million due primarily to an increase in accounts receivables as a result of the timing of receipts from customers and an increase in inventories as a result of the commencement of mining and milling activities at Ada Tepe. Non-current assets, excluding investments at fair value, decreased by $125.0 million to $620.3 million due primarily to an impairment charge taken in respect of Tsumeb as well as depreciation and depletion partially offset by capital expenditures, leased assets being recognized as right-of-use assets in property, plant and equipment following the implementation of IFRS 16.

Current liabilities increased by $16.1 million to $109.6 million during 2019 due primarily to the reclassification of deferred revenue related to the prepaid forward gold sales arrangement to be settled in the next twelve months to current liabilities from non-current liabilities, partially offset by a decrease in accounts payable and accrued liabilities as a result of the timing of payments to suppliers. Non-current liabilities decreased by $45.7 million to $82.2 million due primarily to the reclassification of deferred revenue related to the prepaid forward gold sales arrangement to be settled over the next twelve months from non-current liabilities to current liabilities. Equity attributable to common shareholders decreased by $45.4 million to $586.6 million due primarily to the current year net loss.

Contractual Obligations, Commitments and Contingencies

The Company had the following minimum contractual obligations and commitments as at December 31, 2019:

$ thousands	**up to 1 year**	**1 – 5 years**	**over 5 years**	**Total**
Debt	-	10,000	-	10,000
Lease obligations	5,371	15,240	2,111	22,722
Capital commitments	15,948	-	-	15,948
Purchase commitments	7,729	8	-	7,737
Other obligations	3,241	548	62	3,851
Total contractual obligations and commitments	**32,289**	**25,796**	**2,173**	**60,258**

As at December 31, 2019, Tsumeb had approximately $62.9 million (December 31, 2018 – $62.1 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 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, a waiver by IXM of the requirement for the Company to purchase secondary materials above the targeted levels established in the existing agreement, the establishment of the December 31, 2019 excess secondary balances as the new targeted levels, 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.

Debt

As at December 31, 2019, the Company's total outstanding debt was $10.0 million (December 31, 2018 – $29.0 million) and the Company was in compliance with all of its debt covenants.

As at December 31, 2019, the Company's total debt, as a percentage of total capital, was 2% (December 31, 2018 – 4%) and the Company's total debt, net of cash, as a percentage of total capital, was negative 2% (December 31, 2018 – 2%).

DPM RCF

DPM has a committed RCF with a consortium of banks. In April 2019, the Company cancelled tranches A and C of the RCF. In June 2019, the Company further amended the RCF increasing tranche B of the facility from $150.0 million to $175.0 million, extending its maturity date from February 2021 to February 2022 and lowering the borrowing spread above LIBOR, which now varies 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 December 31, 2019, $10.0 million (December 31, 2018 – $29.0 million) was drawn under the RCF.

Tsumeb Overdraft Facility

In May 2019, Tsumeb renewed its Namibian $50.0 million ($3.6 million) demand overdraft facility that is guaranteed by DPM. This facility bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.5%. As at December 31, 2019, $nil (December 31, 2018 – $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 December 31, 2019, $5.7 million (December 31, 2018 – $4.8 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 the estimated mine closure and rehabilitation costs. This credit facility matures on November 30, 2021 and is guaranteed by DPM. As at December 31, 2019, $23.6 million (December 31, 2018 – $24.0 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

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 December 31, 2019, $0.1 million (December 31, 2018 – $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 February 13, 2020, 180,580,452 common shares were issued and outstanding.

DPM also has 3,102,166 stock options outstanding as at February 13, 2020 with exercise prices ranging from Cdn$2.05 to Cdn$4.46 per share (weighted average exercise price – Cdn$3.13 per share).

Normal Course Issuer Bid ("NCIB")

The Company intends to initiate an NCIB to purchase up to 9,000,000 common shares of the Company ("Shares") on the TSX. The NCIB has been approved by the Company's Board of Directors, however, it is subject to acceptance by the TSX and, if accepted, will be made in accordance with the applicable rules and policies of the TSX and applicable Canadian securities laws.

Pursuant to the NCIB, it is expected that the Company will be able to purchase up to 9,000,000 Shares, representing 5% of the total outstanding Shares as of February 13, 2020, over a period of twelve months commencing after TSX approval. In accordance with TSX rules, any daily purchases, other than pursuant to a block purchase exception, on the TSX under the NCIB will be limited to a maximum 25% of the average daily trading volume on the TSX 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 NCIB will be cancelled. The actual timing and number of Shares that may be purchased pursuant to the NCIB 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.

The Company commenced an NCIB on May 16, 2018 (the "Previous Bid"), which expired on May 15, 2019. Under the Previous Bid, the Company sought and obtained approval to purchase up to 8,900,000 Shares but did not purchase any Shares under the Previous Bid as it continued to fund the development of its Ada Tepe mine in Bulgaria.

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 December 31, 2019, the Company's investments at fair value were $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.

During the year ended December 31, 2019, DPM purchased an additional 417,833 (2018 – 6,580,220) common shares of Sabina at an average price of $1.24 (Cdn$1.63) (2018 - $1.28 (Cdn$1.64)) per share. As at December 31, 2019, DPM held: (i) 30,537,746 common shares of Sabina or 10.4% 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 December 31, 2019 and 2018. For the three and twelve months ended December 31, 2019, the Company recognized unrealized gains on the Sabina special warrants of $0.4 million (2018 – unrealized losses of $0.2 million) and $3.9 million (2018 – unrealized losses of $2.6 million), respectively, in other (income) expense in the consolidated statements of earnings (loss).

During the year ended December 31, 2019, DPM acquired an approximate 19.5% equity interest in INV for a total cost of $8.4 million.

For the three and twelve months ended December 31, 2019, the Company recognized unrealized gains on these publicly traded securities of $16.6 million (2018 – unrealized losses of $23.0 million), respectively, in other comprehensive income (loss) that will not be reclassified to profit or loss.

Commodity swap and option contracts

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

As at December 31, 2019, 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	25,385 ounces	1,477.62/ounce
Payable copper	4,464,356 pounds	2.72/pound

The Company also enters into cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures ("Production Hedges"). Commodity swap contracts are entered to swap future contracted monthly average prices for fixed prices. Commodity option contracts are entered to

provide price protection below a specified “floor” price and price participation up to a specified “ceiling” price. These option contracts are comprised of a series of call options and put options (which when combined create a price “collar”) that are generally structured so as to provide for a zero upfront cash cost. As at December 31, 2019, the Company had no outstanding Production Hedges.

The Company designates the spot component of commodity swap contracts and the intrinsic value of the commodity option contracts in respect of Production Hedges as cash flow hedges and the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges.

The fair value gain or loss on commodity swap contracts is calculated based on the corresponding LME forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. The fair value gain or loss on commodity option contracts is calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at December 31, 2019, the net fair value loss on all outstanding commodity swap contracts was $1.4 million (December 31, 2018 – a net fair value gain of $0.1 million), of which $nil (December 31, 2018 – $0.2 million) was included in other current assets and $1.4 million (December 31, 2018 – $0.1 million) in accounts payable and accrued liabilities.

All commodity swap and option contracts are subject to master netting agreements. As at December 31, 2019 and 2018, there was no set-off of assets and liabilities in connection with these contracts in the consolidated statements of financial position.

The Company recognized net losses of $1.9 million (2018 – net gains of $2.7 million) and $2.7 million (2018 – net gains of $9.4 million) for the three and twelve months ended December 31, 2019, 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 December 31, 2019, 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
2020	1,468,719,996	16.14	14.61

Approximately 85% of projected Namibian dollar operating expenses for 2020 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 December 31, 2019, the net fair value gain on all outstanding foreign exchange forward and option contracts was $3.9 million (December 31, 2018 – a net fair value loss of $0.6 million), of which $3.9 million (December 31, 2018 – $0.3 million) was included in other current assets and $nil (December 31, 2018 – $0.9 million) in accounts payable and accrued liabilities. All foreign exchange

forward and option contracts are subject to master netting agreements. As at December 31, 2019 and 2018, there was no set-off of assets and liabilities in the consolidated statements of financial position.

For the three and twelve months ended December 31, 2019, the Company recognized unrealized gains of $1.4 million (2018 – $3.1 million) and $1.1 million (2018 – unrealized losses of $5.5 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 gains of $nil (2018 – realized losses of $3.0 million) and $0.7 million (2018 – realized losses of $4.8 million) for the three and twelve months ended December 31, 2019, respectively, in cost of sales on the spot component of settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized gains of $nil (2018 – $nil) and realized losses of $0.1 million (2018 – realized gains $4.1 million) for the three and twelve months ended December 31, 2019, respectively, as additions (reductions) to mine properties on the spot component of settled contracts in respect of foreign denominated capital expenditures.

For the three and twelve months ended December 31, 2019, the Company recognized unrealized gains of $4.4 million (2018 – unrealized losses of $2.1 million) and $3.5 million (2018 – unrealized losses of $1.4 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 also recognized realized gains of $nil (2018 – $0.9 million) and $nil (2018 – $2.2 million) for the three and twelve months ended December 31, 2019, respectively, in cost of sales on the forward point component of settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of $nil (2018 – $0.4 million) and $0.2 million (2018 – $1.5 million) for the three and twelve months ended December 31, 2019, respectively, as additions to mine properties on the forward point component of settled contracts in respect of foreign denominated capital expenditures.

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

EXPLORATION

Chelopech Mine

In 2019, a total of 62,574 metres of resource development diamond drilling was completed, which comprised of:

- 16,503 metres of grade control drilling aimed to better define the shape and volume of existing ore bodies;
- 37,246 metres of extensional drilling, designed to explore for new mineralization along modeled trends; and
- 8,825 metres of exploration drilling to test targets within the SEBPZ and eastern targets of the deposit around Block 10.

Resource development extensional drilling was concentrated on the upper levels of Target 700 and Blocks 151, 17, 18, 5, 25 and 10, with the aim to expand the current orebody extents and allow conversion of Mineral Resources into Mineral Reserves. Further to this, the areas down plunge of Blocks 144 and 147 were also drilled during 2019. A detailed review of the drilling program results is discussed below.

Central Area

Blocks 5, 25 and 17

During the year, Blocks 5, 25 and 17, which are located in the Central part of the Chelopech deposit, were explored. A total of twelve drill holes (2,106 metres) was designed to check the continuity of mineralization along strike on the upper levels of the blocks. Drilling was successful and extended the current contours of silica alteration envelope and ore bodies.

Intercepts, indicative of the mineralizing encountered from this program are presented in the table below from drill holes EXT17_400_04, EXT25_400_02, EXT25_400_03, EXT5_400_01, EXT5_400_02, EXT5_400_03, EXT5_400_05 and EXT5_400_06. This area requires additional drilling to improve the data coverage and geological model. The other drill holes from this program returned narrower and lower grade mineralization, below the reporting criteria.

During the fourth quarter of 2019, six drill holes from cuddy G421-405-DDC were completed, testing the upper levels of Block 17. A single mineralized intercept from drill hole EXT17_405_03 is shown in the table below. The remaining holes returned narrow and low grade mineralization.

Block 8

The upper levels of Block 8 were explored from two separate locations. The purpose of the drill program was to define the orebody contours and to test a high potential area surrounding Block 8. Based on reviews of previous drilling, the area south of Block 8 exhibits potential for extensions to the current orebody.

Drilling to test this concept was successful and, as a result, the boundaries of Block 8 were extended between 530 mRL and 470 mRL. An indicative mineralized intercept is presented in the table below within hole EXT8_505_05. A series of additional, narrow mineralized intervals were returned from EXT8_505_06, EXT8_505_09 and EXT8_505_11 from this program that broadly align with the Block 8 trend and fall within the wider alteration halo. Other holes from this program failed to intersect significant mineralization.

Block 10

During 2019, a series of drill programs testing Block 10 were conducted from three separate positions at different elevations. Drill holes were designed to explore the eastern flank of the deposit and the upper levels of Block 10, which is a pipe-like body of pyrite and sulphosalt mineralization that is between 10 to 50 metres in diameter and defined along a down dip extent of 350 metres. The goal of the drilling was to increase the Block 10 extents and to upgrade the Mineral Resources into higher confidence categories. A significant intercept from extensional drill hole EXT10_505_05 is shown in the table below.

Block 18

During 2019, fourteen drill holes totaling 4,019 metres in length were completed as part of the Block 18 resource development drilling campaign. Results from the program are included in the table below from drill holes EXT18_405_02, EXT18_405_03 and EXT18_405_08, which extended the current Mineral Resource contours toward the north-east. The remaining holes from this program returned weak and discontinuous mineralization.

Target 700

Target 700 is located in the central mining area of the Chelopech Mine, approximately 150 metres above Block 17 and coincides with a NW – SE structural trend which is viewed as being a high potential target for hosting new mineralized bodies. The observed mineralization is presented as quartz-barite-sulphide vein coincident with a wide silica alteration zone. Mineralization is primarily enriched with Au-Ag but virtually devoid of Cu.

During 2019, Target 700 was drilled from surface and from underground via drill cuddy BP10. The initial purpose of the surface drilling was to determine the shape and size of the mineralized zone. Significant intercepts from drill holes EXT765_07 and EXT765_08 are reported in the table below.

A follow-up underground drilling program commenced toward Target 700 from position ND-730-440 which aimed to test for extensions and search for new mineralization adjacent to the main trend. A total of 1,486 metres was completed in 2019. Underground drill holes EXT700_680_01 and EXT700_680_03 returned high-grade Au-Ag mineralization and, as a result, the current modeled extents of mineralization were significantly increased. The remaining drill holes from both the surface and underground program tested the periphery of the mineralized zone and returned lower grades over narrow widths.

Further drilling is planned to access the continuity of mineralization and to permit this exploration target to be included in future Mineral Resource calculations. Metallurgical test work is expected to be undertaken to determine the amenability of this mineralization style to the Chelopech flowsheet.

Target North

This target is located in the most northerly section of the Chelopech deposit. It is bounded to the north by the E-W trending Petrovden fault, which juxtaposes the Chelopech deposit against the deeper part of the Chelopech intrusive complex to the north. In the south, Target North is constrained by Blocks 19 and 144, while toward east and west, it is still poorly explored. At present, the observed mineralization can be characterized as semi-massive to massive copper-gold mineralization, potentially forming tabular bodies within the contacts of steeply dipping structures.

In 2019, a program of exploration drill holes was completed toward the target area from cuddy 19E-170-SD. The program was designed to test for new mineralization and to extend the mineralization discovered during earlier drilling programs. The drill holes clarified the geological model in one of the most northern extremities of the Chelopech Mine area but failed to return significant mineralization. This section of the mine has been poorly explored, particularly on higher elevations and testing of the Target North area will continue from other positions in the future.

<u>Western Area</u>

Block 144

Block 144 is situated in the north of the Chelopech deposit and located at the confluence of a set of mineralized trends. It is characterized as a series of discreet pods of mineralization in a wider alteration envelope.

In 2019, approximately 3,768 metres were completed as part of the Block 144 program from cuddy 144-195-P111. In total, 21 drill holes were completed and positive results were returned from most of them. The drilling program was designed to improve the continuity of mineralization in this area in order to define more coherent mineralized volumes for Mineral Resource estimation. The continuity of mineralization is poorly understood and, as such, a tight drill spacing was employed.

As a result of this drilling, the contour of the orebody was expanded between 250 mRL and 100 mRL (see drill holes in the table below EXT144_195_03, EXT144_195_06, XT144_195_09, EXT144_195_10, EXT144_195_11, EXT144_195_12, EXT144_195_14, EXT144_195_17, EXT144_195_19, EXT144_195_21 and EXT144_195_22). The remaining holes from this program returned narrow mineralization below the reporting criteria used in the table below.

Block 147

A total of 2,970 metres was drilled to define the shape and volume of Block 147 and to verify Target 184 area, which is located about 60 metres northeast from Block 147. The mineralization in this area is characterized by a gold-bearing pyrite stockwork hosted in an advanced-argillic alteration halo. The long axis of the mineralized zone is oriented in a northwest-southeast direction, which is approximately parallel to the Block 147 orientation.

Drilling for Target 184 in 2019 returned narrow sub-economic mineralization, weakly enriched in Au. As a result of drilling from the same location, the Block 147 ore contours were extended along strike between 230 mRL and 140 mRL elevations. A selection of representative intervals from this program is shown in the table below from drill holes EXT147_200_01, EXT147_200_03, EXT147_200_06, EXT147_200_07. The remaining holes from this program were designed to test for extensions to the east of Block 147 but failed to intercept mineralization.

Block 148

A series of holes totaling 3,594 metres was completed from position WVD-400-405-EXP. As a result of this program, the shape of the silica envelope of Block 148 was better defined and enlarged between 310 mRL and 230 mRL elevations.

Due to the inconsistent nature of the mineralization, a tight drill spacing of 15 by 15 metres was applied in order to establish short range continuity, improve mineralization models and allow conversion of Mineral Resources into higher confidence Mineral Resource categories. The drilling returned a series of discrete zones of high-grade mineralization. Significant results from EXT148_400_03 and EXT148_400_07 are shown in the table below. Other holes from this program returned sporadic mineralization, below the reporting criteria and with limited continuity. Metallurgical test work has shown Block 148 mineralization to be highly amenable to the current processing flow sheet.

Block 151

During 2019, extensional drilling towards Block 151 was undertaken from position WVD-400-405-EXP. The holes aimed to explore for extensions to a prominent trend of mineralization below a historic mining area termed Block 390. In this area, there is a prominent gap in the mineralization models due to a lack of data.

As a result of this program, there has been a significant extension to the existing Block 151 orebody in both a northerly and northwesterly direction between 510 mRL and 330 mRL. Indicative results are shown in the table below from drill holes EXT151_395_01, EXT151_395_07, EXT151_395_15 and EXT151_395_17. Other drill holes from this program returned narrower intervals with weaker grades, but generally confirmed the presence of a large advanced-argillic alteration halo that correlates with the Block 151 trend. Due to the ongoing success in this area, further drilling is planned in 2020 to explore and define the full extents of Block 151.

Block 151 upper levels surface drilling program

The upper levels of Block 151 are a key area for the resource development strategy in western parts of concession. The purpose of the drilling program was to discover new mineralized zones above and in the vicinity of historically mined areas. This area is an attractive target for exploration due to the presence of poorly tested mineralization hosted within a wide advanced-argillic alteration zone between 610 mRL and 440 mRL.

Three drill holes, totaling 1,651 metres, were drilled from surface towards southern margin of orebody 151. The first drill hole intercepted a silicified volcanic breccia with elevated Au-Ag grades (EXT151_750_01 in table below), however subsequent drill holes failed to return mineralization. Additional drilling will be planned to improve the data coverage and the geological models in this area.

Block 153

Extensional drilling during 2019 at Block 153 was focused on defining the lower extents of the orebody. Drilling on the lower levels of the eastern flank of Block 153 returned narrow, sub-economic mineralization, which effectively closed off this area. A further drill hole EXT153_405_05, shown in the table below, was completed below the main zone of Block 153, which successfully extended the orebody contour down dip.

SEBPZ

Underground exploration diamond drilling along the SEBPZ during 2019 included the completion of 24 diamond drill holes totaling 8,825 metres and drill testing of five zones of interest defined by wide-spaced drilling in 2018: Block 8 South, Block 153 Southeast, Block 10 Northeast and Northwest, 555 Level and the Gold-Barite target.

At Blocks 8 South and 153 Southeast, follow-up drilling of copper-gold exploration targets identified infrequent, narrow advanced argillic zones with weak to moderate sulphide mineralization.

Drilling at the Gold-Barite target, which is located south of the central blocks, shows atypical alteration and mineralization zones, different from typical Chelopech-type mineralization with variable style and intensities of gold and copper mineralization. Mineralization is found on higher levels within silica-barite-sphalerite-pyrite alteration envelopes, followed by advanced argillic and phyllic alteration zones hosting pyrite-chalcopyrite-mineralization to the north and on deeper levels. The overall geometry of the gold-barite zone is not yet understood due to the low density of drilling.

At the Block 10 Northeast extension target area, a few narrow intervals of fragmented mineralization were intersected but with no clear continuity between different sections drilled. From the northeast segment of the SEBPZ, diamond drill hole EX_SEBP_555_11 intersected a zone of semi-massive to disseminated pyrite and sulphosalts returning six metres at 1.8g/t Au and 1.35% Cu (4.37 g/t AuEq) from 385.5 metres downhole.

Drill testing of the area to the north from Block 10 shows some encouraging results within advanced argillic altered (silica and dickite) breccias and diorites. Drill hole EX_SEBP_555_15 intercepted a narrow zone of geologic interest, grading 7.5 metres at 1.8g/t Au and 1.35% Cu (4.6 g/t AuEq) from 159 metres. Mineralization was hosted within phreatomagmatic breccias in a wide advanced argillic alteration zone and recorded from 155 to 320 metres downhole. Current observations and interpretations for this target area suggest the presence of relatively large breccia and alteration system which was probably previously explored on too high elevations relative to the main economic gold-copper level and therefore is a promising target for follow-up drilling on deeper levels and infill.

The 2-year 18,250 metre drill program to explore the full length of the 1,200 metre SEBPZ concluded in January 2020. The program, using drill hole spacing designed to find the footprints of ore blocks of >5 Mt, encountered new zones of mineralization and encouraging alteration in prospective geology but these zones are not considered to belong to footprints of large ore blocks. The remaining potential includes six target areas within the SEBPZ, five with the potential to host 1 Mt blocks and one with the potential to host a block up to 3 Mt, that will be prioritized with other near mine targets for follow up drilling.

Outlook

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

- Based on the results from 2019, resource development drilling in upper levels of Block 151 will continue between levels 460 mRL and 360 mRL. The aim is to test the current ore contours and look for extensions;
- Furthermore, extensional and infill drilling toward Blocks 5, 25 and 17 will continue. The drilling will be used to determine the shape and size of the mineralized zones; and
- A short program will be undertaken aiming to test the gap between Blocks 149 and 25 and Target 4.

Mineralized intercepts above a gold equivalent (“AuEq”) cut-off grade of 3 g/t received during the fourth quarter of 2019:

HOLE ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EXT10_505_05	6394	29860	509	84.0	-36.3	199.5	213.0	10.5	5.23	3.58	1.68	0.80
EXT144_195_03	5629	29811	197	68.4	19.0	82.5	107.2	23.5	8.07	6.61	22.63	0.71
EXT144_195_06	5629	29811	197	118	4	87	97.5	10	3.8	2.29	11.57	0.73
EXT144_195_09	5629	29811	197	116	3	42	57	13	3.63	3.19	4.54	0.22
EXT144_195_10	5629	29809	196	94.6	-18.0	33.0	55.5	22.0	5.96	3.18	6.08	1.35
EXT144_195_11	5629	29809	196	94	-40	48	60	10.3	5.26	3.36	4.06	0.93
EXT144_195_12	5629	29809	196	96	3	33	52.5	19	6.41	2.61	6.28	1.85
EXT144_195_14	5628	29811	196	71.5	-9.7	97.5	120.0	22.5	4.40	2.54	15.41	0.90
EXT144_195_17	5626	29807	196	150.9	-7.4	88.3	105.0	16.5	14.33	12.69	10.20	0.79

EXT144_195_17	5626	29807	196	150.9	-7.4	127.5	138	10	3.17	1.62	10.2	0.75
EXT144_195_19	5629	29809	197	85	13	22.5	51	9.6	5.00	2.57	8.67	1.18
EXT144_195_21	5629	29809	197	104	-26.3	79.5	91.5	9.5	4.42	2.29	4.46	1.04
EXT144_195_22	5629	29809	196	104	0	61.5	72	10.5	3.67	2.79	5.73	0.43
EXT147_200_01	5540	29912	203	308.1	11.4	78.0	88.5	10.5	3.85	3.36	7.67	0.24
EXT147_200_03	5540	29912	202	308.6	-17.0	97.5	112.4	14.5	15.08	12.65	9.48	1.18
EXT147_200_06	5540	29912	201	312.4	-22.6	91.5	127.5	32.0	20.05	15.55	14.12	2.18
EXT147_200_07	5540	29912	202	307.0	-0.5	88.5	103.8	15.3	6.87	6.12	5.06	0.36
EXT148_400_03	5256	29395	396	44.9	-25.9	262.5	301.5	35.5	3.76	2.37	12.42	0.68
EXT148_400_07	5257	29394	396	49.9	-27.1	396.0	406.5	9.5	7.19	4.87	11.66	1.12
EXT151_395_01	5252	29389	397	238.4	4.0	96.0	108.0	12.0	7.05	2.12	8.53	2.40
EXT151_395_07	5250	29392	397	284.5	2.2	33.8	96.0	62.0	16.67	6.69	165.74	4.85
EXT151_395_15	5258	29392	398	108.6	28.6	186.0	205.5	15.5	6.53	6.04	48.60	0.24
EXT151_395_17	5258	29392	396	98.5	-31.1	85.5	115.5	13.5	3.22	1.80	3.52	0.69
EXT151_750_01	5545	28902	754	323.5	-28.6	375.0	385.5	9.5	3.73	3.53	154.17	0.10
EXT153_405_05	5774	29491	413	190.4	4.2	108.0	135.0	27.0	4.90	2.86	2.84	0.99
EXT17_400_04	5836	29745	409	190.3	-11.6	118.3	139.5	20.5	6.62	3.82	6.05	1.36
EXT17_405_03	5778	29497	412	62.4	-7.7	193.5	206.4	12.9	17.06	6.21	20.77	5.27
EXT18_405_02	6351	29758	409	286.8	-5.9	148.5	160.5	12.0	3.08	1.61	8.39	0.72
EXT18_405_03	6351	29758	410	275.0	15.3	189.0	205.8	16.5	4.44	1.64	6.46	1.36
EXT18_405_08	6351	29758	409	277.0	-7.0	201.0	216.0	14.5	8.41	6.07	33.12	1.14
EXT25_400_02	5834	29748	409	244.3	-9.5	123.0	139.5	16.5	4.13	2.14	10.85	0.97
EXT25_400_03	5834	29748	409	243.2	-23.8	150.0	166.4	15.0	4.71	2.65	4.95	1.00
EXT5_400_01	5835	29747	410	227.3	15.4	79.5	102.0	20.5	4.60	3.37	10.52	0.60
EXT5_400_02	5835	29747	409	226.9	-4.8	89.7	113.0	23.0	4.14	2.64	10.38	0.73
EXT5_400_03	5835	29746	409	210.2	-15.9	112.5	136.5	23.5	9.90	7.68	25.14	1.08
EXT5_400_05	5835	29747	409	237.1	-1.4	91.5	123.0	31.5	4.79	3.19	11.22	0.78
EXT5_400_06	5835	29747	409	237.1	10	102	112.5	10	5.95	4.34	11.21	0.78
EXT700_680_01	6259	29744	689	249.3	-4.4	129.0	162.0	32.5	3.40	3.11	173.45	0.14
EXT700_680_01	6259	29744	689	249.3	-4.4	211.7	229.5	17.5	3.48	3.47	26.28	0.01
EXT700_680_03	6259	29744	687	255.5	-17.6	205.5	216.0	10.0	3.73	3.69	58.10	0.02
EXT765_07	6151	29419	765	332.4	-23.3	288.0	312.0	22.5	4.12	4.10	25.90	0.01
EXT765_08	6151	29419	765	339.9	-17.9	276.0	288.0	11.5	6.78	6.76	39.10	0.01
EXT8_505_05	6390	29857	510	188.5	7.6	111.0	123.0	12.0	4.14	3.98	1.30	0.08

1) *Mineralized 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 & Reserve Update, Chelopech Project, Chelopech, Bulgaria" (the "Chelopech Technical Report") filed on SEDAR at www.sedar.com on March 28, 2018.*

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 Persons have 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 2019, the brownfield exploration program at Chelopech included drill testing of copper gold targets at the Krasta prospect and the Wedge target area, both within the Sveta Petka exploration license, and at the Vozdol prospect and several geophysical targets within the Brevene exploration license. During the year, a total of 10,528 metres in 21 diamond drill holes, electromagnetic geophysical surveys, soil geochemistry and geological mapping were completed within the Sveta Petka and Brevene exploration licenses.

Diamond drilling at the Krasta prospect, located approximately two kilometres northeast of the Chelopech orebodies, continued in 2019. Ten diamond drill holes (Holes EX_KR_13 to 22) totaling 3,961 metres targeted extensions of higher grade intervals intersected during the 2018 program.

Within the wider mineralized zones in holes EX_KR_15 and 16, there is a core of higher grade mineralization that is 6 to 8 metres in true width and averaging >3 g/t AuEq (significant intercepts shown in the table below with estimated true widths). In January 2020, hole EX_KR_23 extended this higher grade core with an intersection of 26.3 meters of 2.64 g/t AuEq from 346.7 meters downhole, including 8 meters at 5.32 g/t AuEq.

The Krasta prospect has now been drilled over a strike length of approximately 400 metres along a northeast trend and between 100 to 400 metres from surface. An infill diamond drill program of 3,500 metres to further evaluate this prospect is planned for 2020.

Significant drill intercepts from the Krasta target, received in 2019 and January 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 (%)
EX_KR_11	7222	30780	782	320	-45	295	305	10	10	1.41	1.20	0.63	0.10
EX_KR_11	7222	30780	782	320	-45	319	331	12	11	1.25	0.54	1.57	0.34
EX_KR_11	7222	30780	782	320	-45	350	355	5	5	1.91	0.78	2.20	0.55
EX_KR_13	7223	30780	782	335	-45	294	306	12	11	1.71	1.42	0.62	0.14
including:						294	299	5	5	3.00	2.72	0.65	0.14
EX_KR_14	7263	31014	791	285	-40	192	211	19	18	1.00	0.78	1.74	0.11
EX_KR_15	7222	30779	782	305	-45	313	325	12	11	2.13	1.37	1.85	0.37
EX_KR_15	7222	30779	782	305	-45	349	370	21	20	2.31	0.95	2.25	0.66
including:						353	362	9	8	3.28	1.40	2.58	0.91

EX_KR_16	7223	30779	782	290	-45	357	372	15	14	2.62	2.02	2.45	0.29
including:						358	364	6	5.6	3.99	3.02	2.71	0.47
EX_KR_16	7223	30779	782	290	-45	397	415	18	17	2.43	0.88	1.48	0.75
EX_KR_17	7222	30780	782	305	-33	328	372.5	44.5	44	1.60	0.93	1.39	0.33
EX_KR_18	7222	30779	782	305	-55	345	355	10	9	1.43	0.59	0.41	0.41
EX_KR_23	7134	30720	782	310	-40	346.7	373	26.3	25	2.64	1.90	2.21	0.73
including:						349	357	8	8	5.32	2.96	2.97	1.15

1) Coordinates are in Chelopech mine-grid
2) AuEq calculation is based on the following formula: Au g/t + 2.06 x Cu %.
3) Cut-off grade of 0.5 g/t AuEq, 5m min length, 5 metre max internal dilution.
4) True widths are estimated based on the current geological model.

Exploration drilling was also carried out north and northwest of the Chelopech mine at the Brevene West and Wedge target areas and at the Vozdol prospect, a polymetallic vein system last explored by State exploration groups between 1969 and 1984. The single drill hole completed at Vozdol (EX_VD_01) aimed to better understand the style and continuity of historically reported mineralization. Several intervals with higher gold grades were intersected, including 10 metres with 7.55 g/t Au from 434 metres downhole with an estimated true width of 9 metres.

Three holes (EX_WZ_01 to 03), approximately 500 metres apart, were drilled along the Wedge target area located north of the Chelopech mine. In hole EX_WZ_01, mineralization hosted by a phreatomagmatic breccia returned grades of up to of 6.05 g/t Au over a metre.

Along the southwestern part of the Wedge target area, a deep directional drill program to test the northwest extensions of Blocks 147 and 149 within the Sveta Petka exploration license is in progress at the Wedge South target. The first hole, EX_WZ_04, intercepted two intervals of mineralization, an upper interval from 757 metres downhole of 4.0 metres at 8.02 g/t AuEq (6.67 g/t Au and 0.66% Cu) and a second interval from 904.5 metres downhole of 5.1 metres at 8.24 g/t AuEq (7.17 g/t Au and 0.52% Cu). A daughter hole (WZ_05) completed in January targeted a weak conductor defined by a borehole electromagnetic survey at a depth of 900 metres (coincident with the deeper mineralized intercept). Hole WZ_05 extended the target approximately 100 metres to the northwest with an intercept of 12.2 metres at 3.86 g/t AuEq (3.23 g/t Au and 0.30% Cu).

Exploration at Chelopech in the first quarter of 2020 is focused on continuing the surface drilling at the Krasta and Wedge South targets within the Sveta Petka exploration license.

Ada Tepe Grade Control Drilling

In the beginning of 2019, reverse circulation drilling in the pushback two area was conducted to ensure that grade control drilling remains at least one year ahead of mining. During this period, 19,068 metres were completed in the pushback two area at a 5 by 5 metre spacing to a target elevation of 430 metres.

Subsequently, reverse circulation infill drilling continued in the pushback three and four areas to improve the data coverage and support the geology model. A total of 7,813 metres was drilled.

For the first quarter of 2020, 6,000 metres of grade control drilling are planned in the pushback three area.

Ada Tepe Brownfield Exploration

On the Khan Krum concession, permitting to support drilling activities at the Surnak, Kuklitsa and Synap prospects is in progress. At Surnak, preliminary flotation metallurgical test work shows variable recoveries depending on the oxidation level. The sulphide mineralization would likely be amenable to be recovered by

a rougher and cleaner flow sheet, very similar to the one at Ada Tepe, resulting in an overall recovery of 82% to 85%. Based on the cleaner floatation test work, the final concentrate would be of saleable quality.

As expected, the floatation performance of the oxide and transitional material was variable, with rougher-scavenger recoveries ranging from 35% to 75%. Cyanidation tests of the oxide material showed high gold extraction rates (90%), while the transitional sample extraction rates varied from 44% to 85%.

Additional tests to understand the variability, especially of transitional or weakly oxidized material, are planned for 2020. A re-logging program to improve the geological and geo-metallurgical models and to better target sulfide mineralization in the next phase of drilling is also planned. Approximately 5,200 metres of drilling at Surnak and other satellite deposit is planned for 2020, with the goal of establishing a resource to extend Ada Tepe mine life.

On the Chiirite exploration license, 28 holes totaling 4,129 metres were drilled at the Chatal Kaya prospect, an intermediate sulphidation vein system consisting of several sub-parallel veins. A 50 by 50 metre spaced gradient array induced polarization survey that started in November 2019 defined extensions to known veins and new exploration targets along the western flank of the prospect. Drilling at Chatal Kaya ended in early February 2020 while scout drilling at the Chernichino target, also on the Chiirite license, started in January 2020.

Exploration activities, including some scout drilling, trenching and mapping, were carried out on several other exploration licenses near Ada Tepe. Additional drilling on the Elhovo exploration licenses is planned in early 2020 pending the evaluation of a recently completed induced polarization geophysical survey.

Timok Gold Project, Serbia

Exploration Activities

During 2019, diamond drilling totaled 4,068 metres in 24 holes including 2,348 metres in 13 holes drilled in the fourth quarter on oxide and transitional targets. Assays are pending for 7 holes. Partial results from the first holes drilled at a shallow oxide prospect southeast of Bigar Hill include 0.55 g/t Au over 22 metres from surface, including 7 metres at 1.21 g/t Au, in soil and carbonate replaced rock that is rich in iron hydroxides (hole BIDD102).

Hole DWDD012, drilled on the Bigar Istok exploration license, was extended after intersecting porphyry mineralization that continued to the end of the hole (783 metres). The interval between 20 and 623 metres returned 603 metres grading 0.20% Cu and 0.18 g/t Au including 114 metres at 0.31 % Cu and 0.21 g/t Au (starting from 289 metres) and 69 metres at 0.24% Cu and 0.29 g/t Au (starting from 505 metres downhole).

In 2020, exploration drilling of 3,000 metres will continue to target shallow oxide gold mineralization to build on existing Mineral Resource inventories. Target areas include a shallow drilling program on the Korkan North prospect. Drilling is planned to start in the second quarter of 2020.

Tulare Copper-Gold Project, Serbia

At the Kiseljak and Yellow Creek copper gold porphyry deposits, two diamond drill holes to test inferred extensions of higher grade mineralization at depth commenced in the fourth quarter of 2019. The extensions are based on a revised geological model that was completed in the preceding quarter. At the end of 2019, 1,193 metres were drilled and both holes were still in progress.

An approximate 6,000 metres infill drilling program to upgrade the current, conceptual pit-constrained Mineral Resource at Kiseljak is planned to start in the first quarter of 2020. The infill program will be conducted in parallel with technical studies and field activities, including 4,000 metres of geotechnical, hydrological and condemnation drilling, related to the Serbian Elaborate study.

On the Degremen exploration license, an induced polarization geophysical survey to define gold-rich porphyry and associated epithermal gold targets is planned.

Malartic Project, Quebec

In 2019, the Company met the second year exploration expenditure commitment and completed the second anniversary payment of Cdn$80,000 and issuance of 20,000 common shares to Pershimex Resources (formerly Khalkos Exploration Inc.) under the terms of the Malartic option agreement signed on July 4, 2017. DPM has an option to earn up to a 71% interest in the property that is located in the Archean Abitibi greenstone belt in the Malartic Mining Camp in Quebec.

A diamond drill program consisting of 5,833 metres in 9 holes was completed in the first half of 2019. The drilling occurred along the gold-bearing Parfouru deformation zone at approximately 300 to 400 metres from the surface in the vicinity of the last year's intersections of 5.5 g/t Au over 2 metres in hole MLDD003 and 7.2 g/t Au over 3.3 metres in hole MLDD007. Indicative intercepts from the 2019 drilling include (core lengths):

- 1.1 g/t Au over 16.5 metres, including 2.9 g/t Au over 5.4 metres in hole MLDD010 and 1.7 g/t Au over 12.4 metres, including 3.7 g/t Au over 1.2 metres and 3.9 g/t Au over 3.7 metres in hole MLDD014 at the Revillard target area, and
- 4.2 g/t Au over 6.8 metres including 12.7 g/t Au over 2.0 metres in hole MLDD015 and 27.9 g/t Au over 0.6 metres in hole MLDD016 at the Malrobic/ASPI.

Other exploration activities completed in 2019 include prospecting, mapping and rock sampling (154 samples) in the vicinity of the Revillard and ASPI/Malrobic prospects as well as in areas of anomalous till and soil geochemistry identified in 2018. Exploration plans for 2020 include a possible 3,250 metres drill program to follow up holes MLDD014 and MLDD015 and other targets defined in 2019.

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 mm (75% passing 2 mm 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 Persons have 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

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, which 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. The upfront cost of this project is currently estimated to be approximately $39 million, down from the previous estimate of $52 million, reflecting operational improvements that supported a change in project scope.

An Environmental and Social Impact Assessment ("ESIA") was conducted in compliance with the Namibian requirements as well as the Performance Requirements set by the Environmental and Social Policy of the European Bank for Reconstruction and Development, which, as a general matter, are the requirements the Company considers for all of its projects. Public access to the draft ESIA was provided during the second quarter of 2017. The Company updated some of the technical studies as a result of the feedback received from the public consultation process resulting in an updated ESIA being issued and another round of public comments received. Those comments were reflected in the documents and the final set submitted for review and approval by the Government on July 31, 2019. 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.

DPM continues to take the necessary steps to support moving forward with this project, including securing adequate supply of complex concentrate on acceptable terms and having adequate funding in place.

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.

During the second half of 2019, a total of 14,043 metres was drilled, including 7,682 metres in 71 infill and metallurgical holes, 2,204 metres in 14 geotechnical/hydrogeological holes and 4,157 metres in 23 condemnation holes.

On July 15, 2019, DPM announced the results of the 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, which supports the PEA on Timok and is available on DPM's website and filed on SEDAR at www.sedar.com.

Based on the results of the PEA, DPM conducted optimization work in the fourth quarter of 2019 to incorporate sulphide material in the existing resource within the mine plan. Prior to deciding on the initiation of a prefeasibility study, DPM is conducting a geotechnical and hydrogeological study. Development of a permitting and approvals plan incorporating the ESIA process and approvals, as well as all additional licensing (major permits and authorizations) requirements, was initiated in the fourth quarter of 2018 and will continue during the prefeasibility study phase, if commenced.

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	**2019**				2018			
except per share amounts	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**139.7**	94.9	99.2	85.3	83.0	104.3	102.9	86.9
Net earnings (loss)	**(93.3)**	7.5	15.6	(1.8)	(1.5)	20.0	16.0	2.7
Net earnings (loss) attributable to:								
• Non-controlling interests	**(0.6)**	0.2	(0.4)	(0.3)	(0.2)	(0.3)	(0.4)	(0.0)
• Common shareholders	**(92.7)**	7.3	16.0	(1.5)	(1.3)	20.3	16.4	2.7
Net earnings (loss) per share	**(0.52)**	0.04	0.09	(0.01)	(0.01)	0.11	0.09	0.02
Net earnings (loss) diluted per share	**(0.52)**	0.04	0.09	(0.01)	(0.01)	0.11	0.09	0.02
Adjusted net earnings (loss)	**15.9**	4.2	15.8	(1.6)	(3.1)	17.8	13.7	0.6
Adjusted basic earnings (loss) per share	**0.09**	0.02	0.09	(0.01)	(0.02)	0.10	0.08	0.00

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, 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.

	2019				2018			
Average	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
LBMA gold *($/oz)*	**1,481**	1,474	1,310	1,304	1,228	1,213	1,307	1,330
LME settlement copper *($/lb)*	**2.67**	2.63	2.77	2.82	2.80	2.77	3.12	3.16
LBMA spot silver *($/oz)*	**17.31**	17.02	14.89	15.57	14.55	14.99	16.53	16.77

The following is a summary of selected annual information for the Company's last three fiscal years:

$ thousands, except per share amounts **At December 31,**	**2019**	2018	2017
Revenue	**419,062**	377,111	348,755
Net earnings (loss) attributable to common shareholders	**(70,902)**	38,113	217
Net earnings (loss)	**(72,042)**	37,172	(361)
Adjusted net earnings	**34,317**	29,026	16,701
Basic earnings (loss) per share	**(0.40)**	0.21	0.00
Diluted earnings (loss) per share	**(0.40)**	0.21	0.00
Adjusted net earnings per share	**0.19**	0.16	0.09
Total assets	**784,710**	859,585	845,283
Non-current liabilities	**82,233**	127,958	131,478

Key items impacting the Company's financial results over the period 2017 to 2019 include:

(i) Commencement of production, gold concentrate deliveries and depreciation at Ada Tepe following the achievement of commercial production in June 2019 and full design capacity in the third quarter of 2019;

(ii) Declining gold grades at Chelopech in 2019 relative to 2018 and 2017, in line with its mine plan;

(iii) Impact of strong gold prices in 2019 relative to 2018 and 2017;

(iv) Lower volumes of complex concentrate smelted at Tsumeb in 2019 relative to 2018 as a result of unplanned downtime and higher volumes of complex concentrate smelted in 2018 relative to 2017 as a result of increased availability of all facilities;

(v) Impact of a stronger U.S. dollar in 2019, 2018 and 2017 relative to the local currencies in which the Company's operating costs are denominated;

(vi) Following the implementation of IFRS 9 effective January 1, 2018, unrealized gains and losses related to the forward point component of forward foreign exchange contracts and commodity swap contracts are now recognized in other comprehensive income (loss), whereas, they were recognized in other expense in 2017;

(vii) Growth capital expenditures for the construction of the Ada Tepe incurred in 2019, 2018 and 2017;

(viii) in October 2017, acquired a 78% equity interest in MineRP, for cash paid of $20.0 million, including $8.1 million that was used to repay all outstanding debt and certain other liabilities; and

(ix) non-brokered private placement with the EBRD in 2017, pursuant to which the Company issued 17.8 million common shares of the Company for gross proceeds of $33.2 million; and

(x) Recognized an impairment charge of $107.0 million at Tsumeb in 2019.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The significant areas of estimation and/or judgment considered by management in preparing the consolidated financial statements include, but are not limited to:

(i) Mineral exploration and evaluation expenditures

Exploration and evaluation activities involve the search for Mineral Resources and Mineral Reserves, the assessment of technical and operational feasibility and the determination of an identified Mineral Resource or Mineral Reserve's commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures are expensed as incurred until economic production is probable. Exploration expenditures in areas where there is a reasonable expectation to convert existing estimated Mineral Resources to estimated Mineral Reserves or to add additional Mineral Resources with additional drilling and evaluations in areas near existing Mineral Resources or Mineral Reserves and existing or planned production facilities, are capitalized.

Exploration properties that contain Proven and Probable Mineral Reserves, but for which a development decision has not yet been made, are subject to periodic review for impairment when events or changes in circumstances indicate the project's carrying value may not be recoverable.

Exploration and evaluation assets are reclassified to "Mine Properties – Mines under construction" when the technical feasibility and commercial viability of extracting the Mineral Resources or Mineral Reserves are demonstrable and construction has commenced or a decision to construct has been made. Exploration and evaluation assets are assessed for impairment before reclassification to "Mines under construction", and the impairment charge, if any, is recognized through net earnings (loss).

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits will be generated from the exploitation of an exploration and evaluation asset when activities have not yet reached a stage where a reasonable assessment of the existence of Mineral Reserves can be determined. The estimation of Mineral Resources is a complex process and requires significant assumptions and estimates regarding economic and geological data and these assumptions and estimates impact the decision to either expense or capitalize exploration and evaluation expenditures. Management is required to make certain estimates and assumptions about future events and circumstances in order to determine if an economically viable extraction operation can be established. Any revision to any of these assumptions and estimates could result in the impairment of the capitalized exploration and evaluation costs. If new information becomes available after expenditures have been capitalized that the recovery of these expenditures is no longer probable, the expenditures capitalized are written down to the recoverable amount and charged to net earnings (loss) in the period the new information becomes available.

(ii) Mine properties

Mine Properties – Mines under construction

All expenditures undertaken in the development, construction, installation and/or completion of mine production facilities are capitalized and initially classified as "Mines under construction". All expenditures related to the construction of mine declines and orebody access, including mine shafts and ventilation raises, are considered to be capital development and are capitalized. Expenses incurred after reaching the orebody are regarded as operating development costs and are included in the cost of ore hoisted.

Upon the commencement of commercial production, all related assets included in "Mines under construction" are reclassified to "Mine Properties - Producing mines" or "Property, plant and equipment". Determination of commencement of commercial production is a complex process and requires significant assumptions and estimates. The commencement of commercial production is defined as the date when the mine is capable of operating in the manner intended by management. The Company considers primarily the following factors, among others, when determining the commencement of commercial production:

- All major capital expenditures to achieve a consistent level of production and desired capacity have been incurred;
- A reasonable period of testing of the mine plant and equipment has been completed;
- A predetermined percentage of design capacity of the mine and mill has been reached; and
- Required production levels, grades and recoveries have been achieved.

Mine Properties – Producing mines

All assets reclassified from “Mines under construction” to “Producing mines” are stated at cost less accumulated depletion and accumulated impairment charges. Costs incurred for the acquisition of land are stated at cost.

The initial cost of a producing mine comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into production, the capitalization of certain mine construction costs ceases, and from that point on, costs are either regarded as inventory costs or expensed as cost of sales, except for costs related to mine additions or improvements, mine development or mineable reserve development, which qualify for capitalization.

Depletion

The depletion of a producing mine asset is based on the unit-of-production method over the estimated economic life of the related deposit.

Mineral Resource and Mineral Reserve estimates

The estimation of Mineral Resources and Mineral Reserves, as defined under NI 43-101 is a complex process and requires significant assumptions and estimates. The Company prepares its Mineral Resource and Mineral Reserve estimates based on information related to the geological data on the size, depth and shape of the orebody which is compiled by appropriately qualified persons. Mineral Resource and Mineral Reserve estimates are based upon factors such as metal prices, capital requirements, production costs, foreign exchange rates, geotechnical and geological assumptions and judgments made in estimating the size and grade of the orebody. Mineral Resource and Mineral Reserve estimates, together with forecast production, determine the life of mine estimates and therefore changes in the Mineral Resource or Mineral Reserve estimates may impact the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, depletion and depreciation charges, rehabilitation provisions and deferred income tax assets.

(iii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment charges.

The initial cost of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment is comprised of

significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The capitalized value of a lease is also included in property, plant and equipment.

Depreciation

The depreciation of property, plant and equipment related to a mine is based on the unit-of-production method over the estimated economic life of the related deposit, except in the case of an asset whose estimated useful life is less than the life of the deposit, in which case the asset is depreciated over its estimated useful life based on the straight-line method. For all other property, plant and equipment, depreciation is based on the estimated useful life of the asset on a straight-line basis. Depreciation of property, plant and equipment used in a capitalized exploration or development project is capitalized to the project.

Depreciation of property, plant and equipment, which are depreciated on a straight-line basis over their estimated useful lives, is as follows:

Asset Category	Estimated useful life (Years)
Buildings	10 - 25
Machinery and Equipment	3 - 25
Vehicles	5
Computer Hardware	2 - 5
Office Equipment	3 - 7

Construction work-in-progress includes property, plant and equipment in the course of construction and is carried at cost less any recognized impairment charge. These assets are reclassified to the appropriate category of property, plant and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

An item of property, plant and equipment, including any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of all assets are reviewed at each financial year end and are adjusted prospectively, if appropriate. Significant judgment is involved in the determination of estimated residual values and useful lives. The actual residual values and useful lives may differ from current estimates.

Depreciation of mine specific assets is based on the unit-of-production method. The life of these assets is assessed annually with regard to both their anticipated useful life and the present assessments of the economically recoverable reserves of the mine property where these assets are located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Any changes to these calculations based on new information are accounted for prospectively.

Rates of depreciation and, in turn, the annual depreciation expense could therefore be materially affected by changes in underlying estimates. Changes in estimates can be the result of differences in actual production or changes in forecast future production, changes in Mineral Resources or Mineral Reserves through exploration activities, differences between estimated and actual costs of mining and differences in metal prices used in the estimation of Mineral Reserves.

Exploration and evaluation assets, mine properties, property, plant and equipment and intangible assets balances could be materially impacted if other assumptions and estimates had been used. In addition, future operating results could be impacted if different assumptions and estimates are applied in future periods.

(iv) Impairment of non-financial assets

The carrying values of mine properties, intangible assets and property, plant and equipment are assessed for impairment whenever indicators of potential impairment exist. If any indication of potential impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the FVLCD and its value in use based on discounted cash flows. This is determined on an asset-by-asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If this is the case, individual assets are grouped together into a Cash Generating Unit ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets. Management has assessed the Company's CGUs as being an individual operating site.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount with the corresponding impairment being charged to earnings (loss) in the period of impairment. Impairment charges are recognized in the consolidated statements of earnings (loss) in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any change in events or circumstances relating to a previously recognized impairment. If a change has occurred, the Company makes an estimate of the recoverable amount for the previously impaired asset or CGU. A previously recognized impairment charge, other than a charge in respect of goodwill, is reversed only if there has been a change in the estimates used to determine the asset or CGU's recoverable amount since the last impairment charge was recognized. If this is the case, the carrying amount of the asset or CGU is increased to its newly determined recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment charge been recognized for the asset or CGU in prior years.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to the CGU that is expected to benefit from the business combination in which the goodwill arose. Any impairment in goodwill is recognized immediately and cannot be subsequently reversed.

The assessment of impairment is based, in part, on certain factors that may be partially or totally outside of the Company's control, and requires the use of estimates and assumptions related to future value drivers, such as commodity prices, toll rates, discount rates, foreign exchange rates, operating and capital costs, and future expansion plans.

These significant estimates and assumptions, some of which may be subjective, require that management make decisions based on the best available information at each reporting period. It is possible that the actual recoverable amount could be significantly different than those estimates. A significant decline in the asset's market value, reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves, resources and exploration potential, and/or adverse market conditions can result in a write-down of the carrying amounts of the Company's assets. Judgment is also required when considering whether significant changes in any of these items indicate a previous impairment may have reversed.

(v) Rehabilitation provisions

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes a liability for its rehabilitation obligations in the period when a legal and/or constructive obligation is identified. The liability is measured at the present value of the estimated costs required to rehabilitate operating locations based on the risk free nominal discount rates that are specific to the countries in which the operations are located. A corresponding increase to the carrying amount of the related asset is recorded and depreciated in the same manner as the related asset.

The nature of these restoration and rehabilitation activities includes: i) dismantling and removing structures; ii) rehabilitating mines and tailing dams; iii) dismantling operating facilities; iv) closure of plant and waste sites; and v) restoration, reclamation and re-vegetation of affected areas. Other environmental costs

incurred at the operating sites, such as environmental monitoring, water management and waste management costs, are charged to profit or loss when incurred.

The liability is accreted over time to its expected future settlement value. The accretion expense is recognized in finance cost in the consolidated statements of earnings (loss).

The Company assesses its rehabilitation provisions at each reporting date. The rehabilitation liability and related assets are adjusted at each reporting date for changes in the discount rates and in the estimated amount, timing and cost of the work to be carried out. Any reduction in the rehabilitation liability and therefore any deduction in the related rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately credited to profit or loss.

Significant estimates and assumptions are made by management in determining the nature and costs associated with the rehabilitation liability. The estimates and assumptions required include estimates of the timing, extent and costs of rehabilitation activities, technology changes, regulatory changes, and changes in the discount and inflation rates. These uncertainties may result in future expenditures being different from the amounts currently provided.

Changes in the underlying assumptions used to estimate the rehabilitation liability as well as changes to environmental laws and regulations could cause material changes in the expected cost and expected future settlement value.

At as December 31, 2019, the undiscounted future cost for estimated mine closure and rehabilitation costs before inflation was estimated to be $52.1 million. The carrying value of the estimated mine closure and rehabilitation cost was $40.9 million at December 31, 2019 and $38.4 million at December 31, 2018.

(vi) Revenue recognition

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

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

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

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

Revenue from processing concentrate is also adjusted for any over or under recoveries of metals delivered relative to contracted rates under the tolling agreement between Tsumeb and IXM. These adjustments represent metal exposure and are calculated by comparing (i) the copper, gold and silver content in the concentrate received and processed by Tsumeb multiplied by the percentage payable in the IXM contract to (ii) the copper, gold and silver in the blister delivered to IXM and in the in-circuit material still being processed by Tsumeb. Many parts of the metals exposure, are subject to estimation, including the amount

of metals contained in concentrate received, material in-process and blister delivered. These significant estimates are based on the Company's process knowledge, joint surveys with IXM and multiple assay results, the final results of which could differ from initial estimates.

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

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

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

(vii) Deferred revenue

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

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

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

(viii) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable loss or income for the period. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be generated in future periods to utilize these deductible temporary differences.

The following temporary differences do not result in deferred income tax assets or liabilities:

- The initial recognition of assets or liabilities, not arising from a business combination, that does not affect accounting or taxable profit;
- Initial recognition of goodwill, if any; and
- Investments in subsidiaries, associates and jointly controlled entities where the timing of the reversal of temporary differences can be controlled and reversal in the foreseeable future is not probable.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be generated to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be generated to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred income taxes related to items recognized directly in equity are recognized in equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Judgment is required in determining whether deferred income tax assets are recognized on the consolidated statements of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in order to utilize the deferred income tax assets. Estimates of future taxable income are based on forecasted cash flows from operations or other activities and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded on the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could impact tax deductions in future periods and the value of its deferred income tax assets and liabilities.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2019, the Company adopted IFRS 16, *Leases*, replacing IAS 17, *Leases,* which resulted in changes in accounting policies as described in note 2.2 to DPM's consolidated financial statements for the year ended December 31, 2019. In accordance with the transitional provisions in the standard, IFRS 16 was adopted retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2019. The Company also utilized certain practical expedient elections whereby (i) there is no need to reassess whether an existing contract is a lease, or contains an embedded lease if previously determined under IAS 17, (ii) short term and low value leases are treated as operating leases, and (iii) there is no need to reassess the previous assessments in respect of onerous contracts that confirmed there were no existing onerous lease contracts.

Under IFRS 16, most leases are now recognized on the balance sheet, essentially eliminating the distinction between a finance lease and an operating lease under IAS 17 for lessees, where operating leases were reflected in the consolidated statements of earnings (loss).

As a result, as at January 1, 2019, the Company recognized lease obligations and leased assets under existing operating leases of $3.6 million, with no impact on total shareholders' equity. Each lease obligation was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, the weighted average rate of which was 4.2%. Leased assets were recognized as right-of-use assets in property, plant and equipment and were measured at the amount equal to the lease obligations. Leases previously classified as finance leases and recognized in the carrying amounts of the Company's lease obligations and leased assets are now recognized in the carrying amounts of the lease obligations and the right-of-use assets as at January 1, 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 December 31, 2019**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	**547,834**	**217,489**	**-**		
Metals contained in gold-copper concentrate produced[1]:					
Gold *(ounces)*	**29,101**	**26,528**	**-**		
Copper *(pounds)*	**10,031,111**	**-**	**-**		
Complex concentrate smelted *(mt)*	**-**	**-**	**48,614**		
Cost of sales	**34,152**	**28,993**	**32,078**	**2,929**	**98,152**
Add/(deduct):					
Depreciation, amortization & other	**(7,592)**	**(16,311)**	**(6,675)**		
Change in concentrate inventory	**(4,710)**	**(2,017)**	**-**		
Total cash cost before by-product credits	**21,850**	**10,665**	**25,403**		
By-product credits	**(827)**	**(175)**	**(2,779)**		
Total cash cost after by-product credits	**21,023**	**10,490**	**22,624**		
Cash cost per tonne ore processed	**39.88**	**49.04**	**-**		
Cash cost per pound copper produced[2]	**0.79**	**-**	**-**		
Cash cost per ounce gold produced[2]	**449**	**395**	**-**		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**-**	**465**		

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 December 31, 2018**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	524,693	-	-		
Metals contained in gold-copper concentrate produced[1]:					
Gold *(ounces)*	33,930	-	-		
Copper *(pounds)*	8,558,247	-	-		
Complex concentrate smelted *(mt)*	-	-	63,061		
Cost of sales	23,809	-	39,507	2,303	65,619
Add/(deduct):					
Depreciation, amortization & other	(7,557)	-	(6,654)		
Change in concentrate inventory	4,386	-	-		
Total cash cost before by-product credits	20,638	-	32,853		
By-product credits	(511)	-	(6,783)		
Total cash cost after by-product credits	20,127	-	26,070		
Cash cost per tonne ore processed	39.33	-	-		
Cash cost per pound copper produced[2]	0.85	-	-		
Cash cost per ounce gold produced[2]	379	-	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	-	413		

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 twelve months ended December 31, 2019**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	**2,203,242**	**470,545**	**-**		
Metals contained in gold-copper concentrate produced(1):					
Gold *(ounces)*	**119,928**	**57,193**	**-**		
Copper *(pounds)*	**37,250,240**	**-**	**-**		
Complex concentrate smelted *(mt)*	**-**	**-**	**215,289**		
Cost of sales	**112,367**	**41,515**	**140,651**	**11,827**	**306,360**
Add/(deduct):					
Depreciation, amortization & other	**(30,628)**	**(21,909)**	**(27,286)**		
Change in concentrate inventory	**(1,763)**	**3,588**	**-**		
Total cash cost before by-product credits	**79,976**	**23,194**	**113,365**		
By-product credits	**(2,591)**	**(384)**	**(22,705)**		
Total cash cost after by-product credits	**77,385**	**22,810**	**90,660**		
Cash cost per tonne ore processed	**36.30**	**49.29**	**-**		
Cash cost per pound copper produced(2)	**0.78**	**-**	**-**		
Cash cost per ounce gold produced(2)	**402**	**399**	**-**		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**-**	**421**		

1) Excludes metals 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 twelve months ended December 31, 2018**	**Chelopech**	**Ada Tepe**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	2,216,753	-	-		
Metals contained in gold-copper concentrate produced(1):					
Gold *(ounces)*	141,840	-	-		
Copper *(pounds)*	36,672,666	-	-		
Complex concentrate smelted *(mt)*	-	-	232,043		
Cost of sales	110,169	-	151,709	10,985	272,863
Add/(deduct):					
Depreciation, amortization & other	(31,788)	-	(25,278)		
Change in concentrate inventory	2,198	-	-		
Total cash cost before by-product credits	80,579	-	126,431		
By-product credits	(2,891)	-	(23,142)		
Total cash cost after by-product credits	77,688	-	103,289		
Cash cost per tonne ore processed	36.35	-	-		
Cash cost per pound copper produced(2)	0.80	-	-		
Cash cost per ounce gold produced(2)	342	-	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	-	445		

1) Excludes metals 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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Cost of sales	**34,152**	23,809	**112,367**	110,169
Add/(deduct):				
Depreciation, amortization & other	**(7,592)**	(7,557)	**(30,628)**	(31,788)
Other charges, including freight[1]	**28,334**	24,019	**100,744**	105,276
By-product credits[2]	**(30,712)**	(19,159)	**(95,163)**	(95,501)
Cash cost of sales, net of by-product credits	**24,182**	21,112	**87,320**	88,156
Payable gold in concentrate sold *(ounces)*[3]	**40,168**	33,455	**149,205**	163,595
Cash cost per ounce of gold sold, net of by-product credits	**602**	631	**585**	539

1) Includes treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $6.4 million (2018 – $6.3 million) and $25.5 million (2018 – $24.5 million) in the fourth quarter and twelve months of 2019, respectively.
2) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $0.8 million and $6.3 million in the fourth quarter and twelve months of 2018, respectively.
3) Includes payable gold in pyrite concentrate sold in the fourth quarter and twelve months of 2019 of 9,325 ounces (2018 – 8,956 ounces) and 36,545 ounces (2018 – 36,737 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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Cost of sales	**28,993**	-	**41,515**	-
Add/(deduct):				
Depreciation, amortization & other	**(16,311)**	-	**(21,909)**	-
Other charges, including freight	**1,147**	-	**1,555**	-
By-product credits	**(246)**	-	**(316)**	-
Cash cost of sales, net of by-product credits	**13,583**	-	**20,845**	-
Payable gold in concentrate sold *(ounces)*[1]	**38,941**	-	**49,035**	-
Cash cost per ounce of gold sold, net of by-product credits	**349**	-	**425**	-

1) Excludes 424 ounces of payable gold sold prior to achieving commercial production in June 2019.

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		Twelve Months	
Ended December 31,	**2019**	2018	**2019**	2018
Cash cost of sales, net of by-product credits[1]	**37,765**	21,112	**108,165**	88,156
Accretion expenses[1]	**93**	92	**367**	400
General and administrative expenses[2]	**8,719**	3,981	**19,390**	11,995
Cash outlays for sustaining capital[1]	**6,788**	3,706	**14,863**	7,335
Cash outlays for leases[1]	**354**	4	**932**	40
All-in sustaining costs	**53,719**	28,895	**143,717**	107,926
Payable gold in concentrate sold *(ounces)*	**79,109**	33,455	**198,240**	163,595
Cash cost per ounce of gold sold, net of by-product credits	**477**	631	**546**	539
All-in sustaining cost per ounce of gold	**679**	864	**725**	660

1) Represents the cash cost of sales, net of by-product credits, 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 (loss) and adjusted basic earnings (loss) per share

Adjusted net earnings (loss) and adjusted basic earnings (loss) 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 (loss) are defined as net earnings (loss) 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 2017 gains or losses on commodity swap and option contracts that settled in 2018;
- 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 (loss) to net earnings (loss) attributable to common shareholders:

$ thousands, except per share amounts	**Three Months**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Net earnings (loss) attributable to common shareholders	**(92,684)**	(1,291)	**(70,902)**	38,113
Add/(deduct) after-tax adjustments:				
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018, net of income tax recovery of $374 and $1,460[1]	**-**	(3,360)	**-**	(13,134)
Net (gains) losses related to Sabina special warrants, net of income taxes of $nil for all periods	**(451)**	166	**(3,871)**	2,624
Tax adjustment not related to current period earnings	**2,090**	1,252	**2,090**	1,252
Impairment charge (reversal), net of income taxes of $nil (2018 – $241)	**107,000**	171	**107,000**	171
Adjusted net earnings (loss)	**15,955**	(3,062)	**34,317**	29,026
Basic earnings (loss) per share	**(0.52)**	(0.01)	**(0.40)**	0.21
Adjusted basic earnings (loss) per share	**0.09**	(0.02)	**0.19**	0.16

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

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 2017 gains or losses on commodity swap and option contracts that settled in 2018;
- 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**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Earnings (loss) before income taxes	**(85,334)**	(1,636)	**(56,993)**	44,414
Add/(deduct):				
Depreciation and amortization	**31,189**	14,812	**82,127**	58,944
Finance cost	**2,693**	1,769	**10,255**	7,224
Interest income	**(48)**	(101)	**(271)**	(327)
Net (gains) losses related to Sabina special warrants	**(451)**	166	**(3,871)**	2,624
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018[1]	**-**	(3,734)	**-**	(14,594)
Tax adjustment not related to current period earnings	**-**	1,252	**-**	1,252
Impairment charge (reversal)	**107,000**	(70)	**107,000**	(70)
Adjusted EBITDA	**55,049**	12,458	**138,247**	99,467

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

Free cash flow

Free cash flow is defined as cash provided from operating activities, before changes in non-cash working capital, less cash outlays for sustaining capital, mandatory principal repayments and interest payments related to debt and 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**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Cash provided from operating activities	**52,926**	32,689	**99,430**	98,157
Add changes in non-cash working capital	**(19,650)**	(26,941)	**11,193**	(11,368)
Cash provided from operating activities, excluding changes in non-cash working capital	**33,276**	5,748	**110,623**	86,789
Cash outlays for sustaining capital	**(19,575)**	(7,906)	**(35,029)**	(24,935)
Principal repayments related to leases	**(940)**	(626)	**(3,739)**	(2,269)
Interest payments	**(1,017)**	(1,504)	**(4,644)**	(5,640)
Free cash flow	**11,744**	(4,288)	**67,211**	53,945

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 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**		**Twelve Months**	
Ended December 31,	**2019**	2018	**2019**	2018
Total revenue	**139,641**	83,007	**419,062**	377,111
Add/(deduct):				
Tsumeb revenue	**(23,623)**	(39,835)	**(140,693)**	(152,348)
MineRP revenue	**(4,204)**	(1,940)	**(14,670)**	(11,113)
Treatment charges and other deductions	**29,481**	24,019	**102,299**	105,276
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018	**-**	(3,478)	**-**	(15,729)
Unfavourable (favourable) final settlements on provisional concentrate sales	**6,486**	(1,183)	**8,470**	207
Silver revenue	**(1,123)**	(424)	**(2,560)**	(2,612)
Revenue from gold and copper	**146,658**	60,166	**371,908**	300,792
Revenue from gold	**116,822**	41,430	**278,988**	207,902
Payable gold in concentrate sold *(ounces)*	**79,109**	33,455	**198,240**	163,595
Average realized gold price per ounce	**1,477**	1,238	**1,407**	1,271
Revenue from copper	**29,836**	18,736	**92,920**	92,890
Payable copper in concentrate sold *('000s pounds)*	**11,060**	7,070	**34,131**	33,651
Average realized copper price per pound	**2.70**	2.65	**2.72**	2.76

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 description of the more significant business risks and uncertainties affecting the Company are set out below. These risks, along

with other potential risks not specifically discussed in this MD&A, should be considered when evaluating the Company and its guidance. Additional risks not identified below may affect the Company.

Metal Prices

The Company sells and hedges the metals contained in concentrates produced at prices that are effectively determined by reference to the traded prices on major commodity exchanges, including the LME and the LBMA. The fluctuation of the price of a metal sold by the Company can significantly impact revenues and can significantly impact all-in sustaining cost per ounce of gold and other cost measures that are reported net of by-product credits. Therefore, the prices of gold, copper and silver are major factors influencing the Company's business, results of operations and financial condition, and, in turn, the price for its common shares.

Gold, copper and silver prices can fluctuate widely and are affected by numerous factors beyond the Company's control, including overall global market conditions; the sale or purchase of gold and silver by various central banks, financial institutions and Exchange Traded Funds; interest rates; foreign exchange rates; inflation or deflation; global and regional supply and demand; and the political and economic conditions of major gold, silver and copper producing and consuming countries throughout the world. If gold, silver and copper prices were to decline significantly from current levels, there can be no assurance that cash flow from operations, together with cash on hand and available lines of credit under the Company's RCF, will be sufficient to meet the Company's operating and capital requirements, including its contractual commitments and mandatory debt repayments, and the Company could be forced to discontinue production, reassess the feasibility of a particular project, and/or could lose its interest in, or be forced to sell, some of its properties. In addition, a significant commodity price decline could result in significant reductions in Mineral Reserve and Mineral Resource estimates, which could have a material adverse impact on the value of one or more of the Company's cash generating units and result in an impairment of the carrying value of certain assets, including exploration and evaluation assets, mine properties, and property, plant and equipment.

In accordance with established risk management policies, from time to time, the Company enters into cash settled commodity swap contracts to swap future contracted monthly average metal prices for fixed metal prices in order to reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales as well as its by-product metals price exposure on future sales. The Company also selectively enters into commodity option contracts from time to time to reduce its price exposure. These contracts are entered primarily to provide price protection below a specified "floor" price and, to reduce the upfront cost of these contracts, are typically accompanied by option contracts that provide price participation up to a specified "ceiling" price. Currently, no hedges are in place for the Company's 2020 expected payable copper production.

Financing and Liquidity

The Company relies on the cash flows generated from its mining and smelting operations, including provisional payments received from its customers, cash on hand, available lines of credits under its RCF, and its ability to raise debt and equity from the capital markets to fund its operating, investment and liquidity needs. The cyclical nature of the Company's businesses, general economic conditions and the volatility of capital markets are such that conditions could change dramatically, affecting the Company's cash flow generating capability, its ability to maintain, or draw upon, its RCF or the existing terms under its concentrate sales or toll agreements, as well as its liquidity, cost of capital and its ability to access additional capital, which could have a material adverse impact on the Company's earnings and cash flows and, in turn, could affect total shareholder returns. To reduce these risks, the Company: (i) prepares regular cash flow forecasts to monitor its capital requirements, available liquidity and compliance with its debt covenants; (ii) strives to maintain a prudent capital structure that is comprised primarily of equity financing and a long-term committed RCF; and (iii) targets a minimum level of liquidity comprised of surplus cash balances and/or available committed lines of credit to avoid having to raise additional capital at times when the costs or terms would be regarded as unfavourable.

There can be no assurance that the Company's operations will be profitable or that the Company will be able to raise capital on terms that it considers reasonable. Adverse commodity market, general economic conditions and adverse capital market conditions could result in a delay or the indefinite postponement of

development or construction projects and could have a material adverse impact on the Company's business, financial condition, results of operations and share price.

Smelter Toll Rates, Metal Recoveries and Feed

The availability of sufficient volumes of high value complex concentrate, at suitable toll rates, is critical to the profitability of the Tsumeb smelter, given the fixed cost nature of the operation. To facilitate the procurement of complex concentrates, the Company entered a long-term agreement with IXM that currently matures on December 31, 2023. Under this agreement, the Company typically secures complex concentrate volumes at specified toll rates covering the next 12-24 months. Currently, the Company has contracted sufficient quantities of suitable high value complex concentrate through to December 2022. There can be no assurance that such concentrate will be available to the smelter in future or that the parties will agree on contracted toll rates that will be sufficient to generate an adequate return. From time to time the Company may increase the amount of third party concentrate and reduce the amount of Chelopech concentrate processed at Tsumeb. To the extent the volume of complex concentrate from Chelopech is reduced at Tsumeb, it will affect the profitability of the Tsumeb smelter. Failure to find sufficient quantities of suitable high value complex concentrate to be processed at acceptable toll rates could have a material adverse impact on the Company's business, financial condition and results of operations.

Under the agreement with IXM, DPMT must return specified quantities of copper, gold and silver. Metal over and under recoveries at the smelter are subject to smelter processing capabilities, contracted terms, and various estimates, including the quantities of metal contained in concentrate received, material in-process and blister delivered. These estimates are based on the Company's process knowledge and multiple assay results. Actual metal deliveries could differ materially from initial estimates and could have a material adverse impact on the Company's business, financial condition and results of operations as any over or under recovery of metals is recorded in revenue.

Foreign Exchange

By virtue of its international operations, the Company incurs costs and expenses in a number of foreign currencies. The revenue from its mining and smelting operations received by the Company is denominated in U.S. dollars since the prices of the metals that it produces are referenced in U.S. dollars, while the majority of operating and capital expenditures of its mining and smelter operations are denominated in Bulgarian leva, which is pegged to the Euro, the Namibian dollar, which is tied to the South African rand, and the Canadian dollar. Fluctuations in these foreign exchange rates give rise to foreign exchange exposures, either favourable or unfavourable, which could have a material impact on the Company's business, financial condition and results of operations.

From time to time, the Company enters into forward and option foreign exchange contracts in order to reduce the foreign exchange exposures associated with projected operating expenses and capital expenditures denominated in foreign currencies. Approximately 85% of projected Namibian dollar operating expenses for 2020 have been hedged with a series of call and put options with a weighted average floor and ceiling rates of 14.61 and 16.14, respectively. Currently, no hedges are in place for the Company's 2020 projected Canadian dollar and Euro denominated operating expenses and capital expenditures.

Counterparty Risk

The Company is exposed to counterparty risk, including market pricing and credit-related risk, in the event any counterparty, whether a customer, debtor or financial intermediary, is unable or unwilling to fulfill their contractual obligations to the Company or where such agreements are otherwise terminated and not replaced with agreements on substantially the same terms.

Under the terms of the Company's existing concentrate sale contracts, the risk to counterparties is mitigated, in part, through required provisional payments that range between 70% and 95% of the provisional value of each lot at the time title of the concentrate transfers. A final adjusting payment, reflecting the actual metal prices for the specified quotation period, is made when final weights and assays are established. During 2019, the Company had contracts with 16 customers in connection with its mining and smelting operations, one of whom accounted for approximately 60% (2018 - 74%) of the Company's

revenue. All contractual commitments are subject to force majeure clauses which, if implemented, could have a material adverse impact on the Company's business, financial condition and results of operations.

While there can be no assurance that the Company will not experience a material loss for non-performance by any counterparty with whom it has a commercial relationship, the Company has established policies to manage its credit exposure that include assessing financial strength, limiting aggregate exposure to new and existing counterparties, and using contractual arrangements, including provisional payments and letters of credit. Should any such losses arise, they could have a material adverse impact on the Company's business, financial condition and results of operations.

Operations

Mining operations and related processing and infrastructure facilities are subject to a number of risks, including risks related specifically to the mining and metals industry. Such risks include, without limitation, environmental hazards, industrial accidents, disruptions in the supply of critical materials and supplies, disruptions due to pandemic conditions, labour disputes, changes in laws, technical difficulties or failures, equipment failure, failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material. Such risks could result in damage to, or destruction of, mines and other processing facilities, damage to life or property, environmental damage, delays in mining and processing, losses and possible legal liability. Any prolonged downtime or shutdowns at the Company's mining and processing facilities could have a material adverse impact on the Company's business, financial condition and results of operations.

Success of the Company's operations also depends on adequate public infrastructure. Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs. Natural events, such as seismic events and severe climatic conditions, as well as sabotage, government or other interference in the maintenance or provision of such infrastructure could have a material adverse impact on the Company's business, financial condition and results of operations.

Dependence on a Restricted Portfolio of Assets

The Company's operations at the Chelopech mine and Ada Tepe mine accounted for all of the Company's gold and copper production in 2019. Any adverse condition affecting the Chelopech or Ada Tepe mine could have an adverse impact on the Company's business, financial condition and results of operations. Until such time as the Company acquires or develops other significant producing assets, the Company will continue to be dependent on its operations at the Chelopech mine and Ada Tepe mine for all of its cash flow provided by mining activities.

Production, Operating and Shipping Costs

Many unforeseen factors can impact the Company's future production and total cash costs of production, such as cost of inputs used in mining and processing operations; cost of fuel, energy, supplies, labour and equipment; availability of suitable high value complex concentrates to be processed at the smelter; regulatory factors; royalties and taxes; foreign exchange rates; adverse climatic conditions and natural phenomena; and industrial accidents can impact the accuracy of these projections. As such, there can be no assurance that production and production cost estimates will be achieved. Failure to achieve production or total cash cost estimates could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company contracts for the shipment of its concentrates to its customers on varying terms and conditions, all subject to the prevailing rates, availability and general circumstances surrounding this market. Any material changes to the shipping markets and/or the terms and conditions of shipping contracts could have a material adverse impact on the Company's business, financial condition and results of operations.

Mineral Resources and Mineral Reserves

The Mineral Resources and Mineral Reserves disclosed by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold, copper or silver recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuations in gold, copper and silver prices, results of drilling, change in cut-off grades, metallurgical testing, production and the evaluation of mine plans subsequent to the date of any estimates may require revision of such estimates. The volume and grade of Mineral Reserves mined and processed, and the recovery rates achieved may not be the same as currently anticipated. Any material reduction in the estimated Mineral Resources and Mineral Reserves could have a material adverse impact on the Company's business, financial condition and results of operations. A significant decrease in the Mineral Resource and Mineral Reserve estimates could have a material adverse impact on the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, depletion and depreciation charges, and estimated mine closure and rehabilitation costs , and could result in an impairment of the carrying value.

Inferred Mineral Resources

Inferred Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty which may be attached to Inferred Mineral Resources, there can be no assurance that Inferred Mineral Resources will be upgraded to Proven and Probable Mineral Reserves as a result of continued exploration.

Need for Mineral Reserves

As mines have limited lives based on Proven and Probable Mineral Reserves, the Company must continually develop, replace and expand its Mineral Reserves as its mines produce gold, copper and silver concentrates. The Company's ability to maintain or increase its annual production of gold, copper and silver and its aggregate Mineral Reserves will be significantly dependent on its ability to expand Mineral Reserves both at its existing mines and new mines it intends to bring into production in the future.

Exploration

Exploration is speculative and involves many risks that even a combination of careful evaluation, experience and knowledge utilized by the Company may not eliminate. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible. Substantial expenditures are normally required to locate and establish Mineral Reserves and to permit and construct mining and processing facilities. While the discovery of mineralization may result in substantial rewards if an orebody is proven, few properties that are explored are ultimately developed into producing mines.

Foreign Country and Political

The majority of the Company's operations and business are outside of Canada, primarily in Eastern Europe and southern Africa, and as such, the Company's operations are exposed to various political and other risks and uncertainties.

These risks and uncertainties vary from country to country and include, but are not limited to, terrorism; corruption; crime; hostage taking or detainment of personnel; military repression; extreme fluctuations in foreign currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits

and contracts; absence of reliable rule of law, regulatory and judiciary processes; illegal mining; environmental policies; extreme weather conditions; changes in taxation or royalty policies; restrictions on foreign exchange and movements of capital; changing political conditions; inappropriate laws and regulations; and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Any changes in mining or investment policies or shifts in political attitude in the countries in which the Company conducts its business and operations may have a material adverse impact on the Company's business, financial condition and results of operations. It is difficult to predict the future political, social and economic direction of the countries in which the Company operates, and the impact government decisions could have on its business. Any political or economic instability in the countries in which the Company currently operates could have a material adverse impact on the Company's business, financial condition and results of operations. Furthermore, the consequences of climate change may result in further political or economic instability in the countries in which the Company currently operates as scarce resources may be redistributed.

In addition, authorities and court systems in the countries in which the Company conducts its business and operations may be unpredictable. Challenges to foreign asset ownership, operations and regulatory compliance may be brought by government authorities for reasons that cannot be predicted and that may not be motivated by substantive law. It is also not unusual, in the context of a dispute resolution, for a party in these foreign jurisdictions to use the uncertainty of the legal environment as leverage in its business negotiations.

Failure to comply with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements.

Anti-Bribery and Anti-Corruption Laws

The Company's operations are governed by, and involve interactions with, public officials and many levels of government in numerous countries. The Company's operations take place in jurisdictions ranked unfavourably under Transparency International's Corruption Perception Index. These jurisdictions may be vulnerable to the possibility of bribery, corruption, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions. The Company is required to comply with anti-bribery and anti-corruption ("ABC") laws, including the *Canadian Corruption of Foreign Public Officials Act* ("CFPOA"), as well as similar laws in the countries in which the Company conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by third parties, such as, but not limited to, contractors, suppliers, consultants, agents and customers. Although the Company has adopted a number of steps to mitigate bribery and corruption risks, which include, among other things, developing policies and procedures, establishing a robust third party due diligence process, implementing training programs and performing regular internal monitoring activities and audits, such measures may not always be effective in ensuring the strict compliance with ABC laws by the Company, its employees or third parties. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse impact on the Company's reputation, business, financial condition and results of operations.

Climate Change

Global climate change continues to attract considerable public, scientific and regulatory attention. Governments and regulatory bodies at the international, national, regional and local levels have introduced or may introduce legislative changes to respond to the potential impacts of climate change. Additional government action to regulate climate change, including regulations on carbon emissions and energy use, could increase direct and indirect costs to the Company's operations and may have a material adverse impact on the Company. The Company's primary operations are located in Bulgaria and Namibia, both of which are signatories to the Paris Agreement Under the United Nations Framework Convention on Climate Change (the "Paris Agreement"). Additional requirements from the Paris Agreement or other climate change

regulations could lead to increased costs for the Company. For example, the newly announced European Green Deal, which is an ambitious set of policy initiatives brought forward by the European Commission with the overarching aim of making Europe climate neutral in 2050, will likely have significant effects which are not yet quantifiable.

In addition, the Company's operations are subject to the physical risks of climate change, which may include increased extreme weather events, rising sea levels and significantly restricted water availability. In the long term, the Company may be required to respond to the physical effects of climate change which could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Based on risk assessments conducted by the Company, climate change is not an immediate material risk faced by the Company. However, as time goes on, it will likely have an impact on how the Company conducts its business. As a result, management has planned a focused climate change assessment to be carried out during 2020. The assessment will look specifically on the physical and transitional risks resulting from climate change in both the short and long-term with the aim of quantifying potential financial impacts. Based on the results of the assessment, existing management and governance practices will be supplemented to ensure climate change effects are, among other things, minimized, adequately included in the ongoing assessment of the risk and opportunities for the Company, and disclosed based on the requirements of the Financial Stability Board's Task Force on Climate-related Financial Disclosures Recommendations.

Environmental, Health and Safety

Mining and smelting operations, including exploration, development and production of mineral deposits and disposal of tailings and hazardous materials, generally involve a high degree of risk and are subject to conditions and events beyond the Company's control. The Company's operations are subject to all of the hazards and risks normally encountered in the mining and smelting sectors including: adverse environmental conditions; industrial and environmental accidents; metallurgical and other processing problems; unusual or unexpected rock formations; ground or slope failures; structural cave-ins or slides; flooding or fires; seismic activity; rock bursts; equipment failures; failures to contain hazardous materials (including arsenic) within the designated areas, and periodic interruptions due to weather conditions, as well as intentional acts by individuals or groups who intend to harm or disrupt the Company's operations. These risks could result in the destruction of mines or processing facilities, the failure of tailings management facilities and damage to infrastructure, causing partial or complete shutdowns, personal injury or death, environmental or other damage to the Company's properties or the properties of others, monetary losses and potential legal liability. Although the Company conducts extensive maintenance and monitoring and incur significant costs to maintain the Company's operations, equipment and infrastructure, including tailings management facilities, unanticipated failures or damage may occur that could cause injuries, production loss or environmental pollution resulting in significant legal and/or economic liability.

The Company's mining and smelting operations are subject to extensive environmental, health and safety regulations in the various jurisdictions in which it operates. These regulations address, among other things, emissions; air and water quality standards; land use; rehabilitation and reclamation; and safety and work environment standards, including human rights. They also set forth limitations on the generation, transportation, storage and disposal of various wastes, including hazardous wastes. Environmental, health and safety legislation continues to evolve and, while the Company takes active steps to monitor this legislation, it could result in stricter standards and enforcement, increased capital and operating costs and burdens to achieve compliance, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Amendments to current laws and regulations governing the Company's mining, processing, development and exploration activities, or more stringent implementation thereof, could have a material adverse impact on the Company's business, financial condition and results of operations, and cause increases in exploration expenses, capital expenditures, production costs or future rehabilitation costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties and/or expansion of existing properties.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration, mining, processing and tailings management operations may be required to compensate those suffering loss or damage by reason of these activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Environmental hazards may exist on the properties in which the Company holds interests, which are unknown to the Company at present, and which have been caused by previous or existing owners or operators of the properties. The Company may also acquire properties with known or undiscovered environmental risk. Any indemnifications by the previous owners or others may not be adequate to pay all the fines, penalties and costs incurred related to such properties. Some of the Company's properties have also been used for mining and related operations for many years before the Company acquired them and were acquired "as is" or with assumed environmental liabilities from previous owners or operators. The Company has been required to address contamination at its properties in the past and may need to do so in the future, either for existing environmental conditions or for leaks, discharges or contamination that may arise from its ongoing operations or other contingencies. The cost of addressing environmental conditions or risks, and liabilities associated with environmental damage may be significant, and could have a material adverse impact on the Company's business, financial condition and results of operations. Production at the Company's mines and processing facilities involves the use of various chemicals, including certain chemicals that are designated as hazardous substances. Contamination from hazardous substances, either at the Company's own properties or other locations for which it may be responsible, may subject the Company to liability for the investigation or remediation of contamination, as well as for claims seeking to recover costs for related property damage, personal injury or damage to natural resources. The occurrence of any of these events could have a material adverse impact on the Company's business, financial condition and results of operations.

In 2016, the Company completed a major multi-year capital program at its smelter in Namibia directed at modernizing the environmental equipment being utilized and debottlenecking its processing capacity. This included the completion of a sulphuric acid plant, which has reduced the plant's SO2 emissions. The Company is committed to making further improvements to the health, safety and environmental performance of the smelter and is continuously assessing the scope of any capital expenditures required to support these further improvements. The Company's environmental and occupational health and safety performance will be subject to continued monitoring by the Namibian authorities and deviation from expected environmental and occupational health and safety outcomes could have a material adverse impact on the Company's future production, business, financial condition and results of operations.

Reclamation and Mine Closure Costs

Although variable depending on location and the governing authority, land reclamation and mine closure requirements are generally imposed on mining companies in order to minimize long-term effects of land disturbance. The Company is required by governments in the jurisdictions where it operates to provide financial assurances to cover any reclamation and mine closure obligations that it may have at its mine sites. The amount and nature of the Company's financial assurance obligations depend on a number of factors, including the Company's financial condition and reclamation and mine closure cost estimates. Reclamation and mine closure cost estimates can escalate because of new regulatory requirements, changes in site conditions, conditions in the receiving environment, or changes in analytical methods or scientific understanding of the impacts of various constituents in the environment. Changes to the form or amount of the Company's financial assurance obligations in respect of reclamation and mine closure obligations could significantly increase the Company's costs, making the maintenance and development of existing or new mines less economically feasible. Increases in financial assurance requirements could severely impact the Company's credit capacity and its ability to raise capital for other projects or acquisitions. The Company may be unable to obtain letters of credit or surety bonds to satisfy these requirements, in which case it may be required to deposit cash as financial assurance. If the Company is unable to satisfy these requirements, it may face loss of permits, fines and other material and negative consequences, which could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company recognizes a liability for its rehabilitation expenses when a legal and/or constructive obligation is identified. The liability is measured at the present value of estimated costs required to rehabilitate the operating locations based on the risk-free nominal discount rates applicable to the countries in which the operations are located. The carrying value of the rehabilitation provision was $40.8 million and $38.4 million at December 31, 2019 and 2018, respectively. Changes in the underlying assumptions used to estimate the mine closure and rehabilitation costs as well as changes to environmental laws and regulations could cause material changes in the expected cost and the fair value of the estimated mine closure and rehabilitation costs and these changes could have a material adverse impact on the Company's business, financial condition and results of operations.

MineRP

In October 2017, the Company completed a business combination pursuant to which it acquired a 78% equity interest in MineRP, an independent software vendor for the mining industry with operations in South Africa, Canada, Australia and Chile. Up to 10% of the fully diluted common shares of MineRP are reserved for incentive compensation arrangements, with up to half being allocated to certain officers of DPM who serve as directors of MineRP and half being reserved for issuance to MineRP employees. As a result, assuming the issuance of all common shares reserved under the foregoing incentive arrangements, DPM will hold a 70% fully diluted interest in the common shares of MineRP. Total cash paid by the Company to acquire MineRP was $20.0 million, including $8.1 million that was used to repay all outstanding debt and certain other liabilities. Non-cash consideration through transfer of Terrative Digital Solutions Division assets was $0.7 million. Since October 2017, DPM has provided MineRP with $12.75 million of financing to support its working capital and growth initiatives.

There can be no assurance that the Company will be able to realize the projected financial results from MineRP. Failure to realize the projected financial results from MineRP could have an adverse impact on the Company's business, financial condition and results of operations.

MineRP's business as a software vendor is reliant upon the ownership, protection and ongoing development of key intellectual properties. There is no assurance that such ownership rights will not be challenged and that MineRP will successfully maintain its rights in such intellectual properties. Further, there is no assurance that MineRP will be able to develop and market commercially successful intellectual property assets.

Inadequate Controls over Financial Reporting

The Company assessed and tested its internal control procedures in order to satisfy the requirements of National Instrument NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), which require an annual assessment by management of the operating effectiveness of the Company's internal control over financial reporting. The Company's failure to satisfy the requirements of NI 52-109 on an ongoing and timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could have a material adverse impact on the Company's business and share price. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could have a material adverse impact on the Company's business, financial condition, results of operations and share price.

No evaluation can provide absolute assurance that the Company's internal control over financial reporting will detect or uncover all material information required to be reported. Furthermore, there can be no certainty that the Company's internal control over financial reporting will prevent or detect all errors and fraud. In addition, with ever increasing regulations and changes in the Company's business it is expected that the Company's internal control over financial reporting will continue to evolve and improve over time.

Stakeholder Relations and License to Operate

The Company's relationships with stakeholders are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining and smelter activities on the environment and on communities impacted by such activities. NGOs and civil society groups, some of which oppose

globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances and the handling, transportation and storage of various waste, including hazardous waste. Adverse publicity generated by such NGOs and civil society groups or others related to the extractive industries generally, or the Company's operations specifically, could have a material adverse impact on, including but not limited to, the laws under which the Company operates, its ability to secure new permits and its reputation. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, obtain permits and licenses and/or continue its operations, which could have a material adverse impact on the Company's business, results of operations and financial condition.

Development Projects

As part of the Company's growth strategy, it expects to invest in the development, design, construction, operation and optimization of existing and new facilities to enhance operations and increase future production. In developing these new projects, the Company may be required to incur significant preliminary engineering, environmental, permitting and legal-related expenditures prior to determining whether a project is technically feasible and economically viable. The commercial viability of development projects is based on many factors, including: in the case of a mine, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal recoveries, metal prices and, in the case of the smelter, toll rates, each of which are highly cyclical; availability of complex concentrate; government regulations; capital and operating costs of such projects; and foreign currency exchange rates. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits, subsequent appeals of such permits, including favourable EIA decisions, the acquisition of satisfactory surface or other land rights and having adequate funding arrangements in place.

All projects are approved for development on a project-by-project basis after considering its strategic fit, inherent risks, and expected financial returns. This approach, which incorporates a gated project governance model, and combined with an experienced management team, staff and contract personnel, mitigates some of the risk associated with development projects. However, there can be no assurance that there will not be delays in obtaining the necessary permits or that the development or construction of any one or more projects will be completed on time, on budget or at all, or that the ultimate operating cost of the operation will not be higher than originally envisaged. In addition, to secure long lead times required for ordering equipment, the Company may place orders for equipment and make deposits thereon or advance projects before obtaining all requisite permits and licenses. Such actions are taken only when the Company reasonably believes such licenses or permits will be forthcoming prior to the requirement to expend the full amount of the purchase price. In the event a project, which was deemed economically viable, is not completed or does not operate at anticipated performance levels, the Company may be unable to fully recover its investment and be required to record a write-down. This, in turn, may have a material adverse impact on the Company's business, financial condition and results of operations.

It is not unusual in the mining industry, especially in jurisdictions like Bulgaria and Namibia, for operations to experience construction challenges or delays and unexpected problems during the start-up phase, resulting in delays and requiring more capital than anticipated. Given the inherent risks and uncertainties associated with any major capital project, there can be no assurance that construction will proceed in accordance with current expectations or at all, or that construction costs will be consistent with the budget, or that the operation will operate as planned.

Competition

The Company faces competition from other mining companies in connection with the acquisition of properties producing, or capable of producing and processing, precious and base metals, as well as the ultimate sale of its production. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, there can be no assurance that the Company will be able to acquire or maintain cost competitive operations or sell its production or toll complex concentrate on economically acceptable terms, which could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company also faces competition from other smelting companies as well as trading companies, notably those with blending operations, to secure complex feed for its Tsumeb smelter operation. Such competitive forces and supply-demand dynamics could cause terms for complex copper concentrate to fall below levels at which it is economic for the Company to smelt this material and therefore have a material adverse impact on the Company's business, financial condition and results of operations.

MineRP faces competition from other software vendors in the development and sale of its intellectual properties. There can be no assurance that MineRP will be able to successfully develop and market its products.

Impairment

The Company recorded an impairment charge of $107.0 million with respect to its Tsumeb smelter for the year ended December 31, 2019. The assessment for impairment is subjective and requires management to make a number of estimates and assumptions, including estimated production levels, operating costs and capital expenditures, as well as economic factors beyond management's control such as toll rates, discount rates and foreign exchange rates. There can be no assurance that management's estimate of the future will reflect actual events, further impairment charges may materialize and the timing and amount of such impairment charges are difficult to predict and may have a material adverse impact on the Company's business, financial condition and results of operations.

Enforcement of Legal Rights

The Company's material subsidiaries are organized under the laws of foreign jurisdictions. Given that the Company's material assets are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company, any judgments obtained by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or otherwise. Similarly, in the event a dispute arises from the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in Canada.

Insurance and Uninsured Risks

The Company's business is subject to numerous risks and hazards, including severe climatic conditions, industrial accidents, equipment failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and other natural events such as earthquakes. Such occurrences could result in damage to mineral properties or processing facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining and processing, monetary losses and possible legal liability.

In order to eliminate or reduce certain risks, the Company purchases and maintains insurance coverage, subject to limits and deductibles that are considered reasonable and prudent. This insurance coverage does not cover all potential risks because of customary exclusions and/or limited availability, and in some instances, the Company's view that the cost of certain insurance coverage is excessive in relation to the risk or risks being covered. Further, there can be no assurance that insurance coverage will continue to be available on commercially reasonable terms, that such coverage will ultimately be sufficient, or that insurers will be able to fulfill their obligations should a claim be made.

Due to recent dam failures, there has been increased scrutiny by insurance underwriters on tailings management facilities and insurance underwriters' tolerance for writing risk in the pollution liability market has been reduced due to the elevated level of risk. As a result, the Company opted not to acquire pollution liability insurance in 2020 relating to liquefaction results from tailings management facilities failures due to its view that the cost is excessive in relation to the limited risk or risks being covered. Losses arising from any events that are not fully insured may cause the Company to incur significant costs that could have a material adverse impact on its business, financial condition and results of operations.

Value of Investment Portfolio

The value of the Company's investment portfolio of securities will vary based on the underlying value of the securities acquired by the Company. The business activities of issuers in the resource industry ("Resource Issuers") are speculative and may be adversely affected by factors outside the control of those issuers. Resource Issuers may not hold or discover commercial quantities of precious metals or minerals, have limited access to capital, and profitability may be affected by adverse fluctuations in commodity prices, demand for commodities, general economic conditions and cycles, unanticipated depletion of reserves or resources, native land claims, liability for environmental damage, competition, imposition of tariffs, duties or other taxes and government regulations, as applicable. Since the Company has and may continue to invest primarily in securities issued by Resource Issuers engaged in the mining industry or related resource businesses (including junior issuers), the value of the Company's investment portfolio of securities may be more volatile than portfolios with a more diversified investment focus. In some cases, the value of securities owned by the Company may also be affected by such factors as investor demand, specified rights or restrictions associated with the security, general market trends or regulatory restrictions. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of the Company, and there can be no assurance that an adequate liquid market will exist for securities or that quoted market prices at any given time will properly reflect the value at which the Company could monetize these securities.

Laws, Regulations and Permitting

The activities of the Company are subject to various laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, archaeological discovery and other matters. Although the Company currently carries out its operations and business in accordance with all applicable laws, rules and regulations, no assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be changed or be applied in a manner which could limit or curtail production or development. Furthermore, amendments to current laws and regulations governing operations and activities of mining, milling and processing or more stringent implementation thereof could cause costs and delays that could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company's current and future operations and development activities are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company currently has the required permits for its current operations, there can be no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for planned new operations or changes to existing operations that could have a material adverse impact on the Company's business, financial condition and results of operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining and processing operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining and processing activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Labour Relations

While the Company has good relations with both its unionized and non-unionized employees, there can be no assurance that it will be able to maintain positive relationships with its employees or that new collective agreements will be entered into without work interruptions. In addition, relations between the Company and its employees may be impacted by regulatory or governmental changes introduced by the relevant authorities in whose jurisdictions that the Company operates. Adverse changes in such legislations or in the relationship between the Company and its employees could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company has entered into a two-year collective agreement with its employees in Bulgaria, for Chelopech and Ada Tepe, that is in effect until July 2021. Tsumeb's unionized employees continue to operate under the terms of the collective agreement agreed for 2019, with negotiations for a new agreement expected to take place in 2020.

Income and Other Taxes

The Company operates in Canada and several foreign jurisdictions, through a number of subsidiary intermediary entities. As a result, it is subject to potential changes in tax laws, judicial interpretations in respect thereof, and the administrative and/or assessing practices of tax authorities in each jurisdiction. While these tax risks are proactively managed and monitored by senior management and outside tax experts, there can be no assurance that there will not be tax changes or rulings, including changes applicable to Tsumeb's status under the *Export Processing Zone Act* in Namibia or to any other preferential tax status applicable to the Company or any of its subsidiaries, that could have a material adverse impact on the Company's business, financial condition and results of operations.

The Company believes that it is not currently a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes and it does not anticipate becoming a PFIC in the foreseeable future. However, the PFIC rules are complex, and, as a Canadian company publicly listed on the TSX, the Company does not operate its business in a manner specifically intended to avoid being classified as a PFIC. Accordingly, there can be no assurance that the Company will not be considered a PFIC. The Company also has not and does not expect to provide any shareholder with information that will enable a U.S. shareholder to make a qualified electing fund election in respect of the Company. To the extent that the Company is a PFIC in respect of any taxable year, its status as such would have adverse tax consequences for taxable U.S. investors. U.S. investors should consult their own tax advisors regarding the PFIC rules and the potential adverse U.S. Federal income tax consequences to which they may be subject to in respect of an investment in the Company's common shares.

Future Plans

As part of its overall business strategy, the Company examines, from time to time, opportunities to acquire and/or develop new mineral projects and businesses. A number of risks and uncertainties are associated with these potential transactions and DPM may not realize all of the anticipated benefits. The acquisition and the development of new projects and businesses are subject to numerous risks, including the particular attributes of the deposit, political, regulatory, design, construction, labour, operating, technical, and technological risks, as well as uncertainties relating to the availability and cost of capital, future metal prices, foreign currency rates and toll rates, in the case of the smelter. Failure to successfully realize the anticipated benefits associated with one or more of these initiatives successfully could have a material adverse impact on the Company's business, financial condition and results of operations.

Land Title

Although the title to the properties owned by the Company were reviewed by, or on behalf of, the Company, there can be no assurances that there are no title defects affecting such properties or the shares of subsidiaries that hold such properties. Title insurance generally is not available, and the Company's ability to ensure that it has obtained a secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt.

Accordingly, the Company's interest in mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Market Price of Common Shares

The Company's common shares are listed on the TSX. The price of these and other shares making up the mining sector have historically experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, including those impacting the price of commodities, interest rates, market perceptions concerning equity securities generally and the precious and base metal sectors in particular, and factors that may be specific to the Company, including daily traded volumes of its common shares.

As a result of any of these factors, the market price of DPM's common shares at any given point in time may not accurately reflect the Company's long-term value, which in turn could impact the ability of the Company to raise equity or raise equity on terms considered to be acceptable. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources and have a material adverse impact on the Company's business, financial condition and results of operations.

Dilution to Common Shares

During the life of the Company's outstanding stock options granted under its share based compensation plans, the holders are given an opportunity to profit from an increase in the market price of the Company's common shares with a resulting dilution in the interest of shareholders. The holders of stock options may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights. The increase in the number of common shares in the market, if all or part of these outstanding rights were exercised, and the possibility of sales of these additional shares may have a negative effect on the price of the Company's common shares.

The Company may need to raise additional financing in the future through the issuance of additional equity securities. If the Company raises additional funding by issuing additional equity securities, such financings may substantially dilute the interests of shareholders of the Company and reduce the value of their investment in the Company's securities.

Dividends

The declaration amount and payment of future dividends will be subject to the sole discretion of the Board of Directors after taking into account, among other things, the Company's financial position, current and forecast operating results, overall market conditions, its outlook for sustainable free cash flow and capital and any restrictions contained in any debt instrument and/or credit agreement to which the Company may be party to from time to time. Despite the implementation of a regular dividend policy, there is no guarantee of the amount, timing and sustainability of the dividend.

Information Technology Systems and Information Technology Security Threats

DPM has entered into agreements with third parties for hardware, software, telecommunications and other technology services/systems in connection with its operations (including information technology, operational technology and digital). The Company's operations depend, in part, on technology services/systems and how well the Company and its suppliers protect networks, equipment, technology systems and software against damage from a number of threats, including, but not limited to, cable cuts; damage to physical plants; natural disasters; terrorism; fire; power loss; hacking; computer viruses; vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, technology systems and software as well as specific cybersecurity systems and governance to mitigate the risk of failures. Any of these and other events could result in data leakage, information loss, system failures, business interruptions and/or increases in capital expenses, which could have a material adverse impact the Company's reputation, business, financial condition and results of operations.

Although to date the Company and its operations have not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that DPM will not incur such losses in the future. The Company’s risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, company and personal data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Interest Rate

The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s cash and cash equivalents, revolver line of credit and finance lease obligations, the majority of which have associated cash flows based on fixed interest rates.

Reputational Risk

As a result of the increased usage and the speed and the global reach of social media and other web-based applications used to generate, publish and discuss user-generated content and to connect with others, the Company is at a much greater risk of losing control over how it is perceived by the public. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events (for example, with respect to the handling of environmental matters, community relations or litigation), and could include any negative publicity, whether credible, factual, true or not. While the Company places a great emphasis on protecting and nurturing its reputation, it does not ultimately have direct control over how it is perceived by others, including how it is viewed on social media and other web-based applications. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company’s overall ability to advance its projects, thereby having a material adverse impact on the Company’s business, financial condition and results of operations.

Foreign Subsidiaries

The Company conducts its operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between or among DPM and such entities, could restrict or impact the Company’s ability to fund or receive cash from its operations. Any such limitations, or the perception that such limitations may exist now or in the future, could have a material adverse impact on the Company’s business, financial condition and results of operations. In addition, the corporate law and other laws governing the Company’s foreign subsidiaries differ materially from Canadian corporate and other laws. Challenges to the Company’s ownership or title to the shares of such subsidiaries or the subsidiaries’ title or ownership of their assets may occur based on alleged formalistic defects or other grounds that are based on form rather than in substance. Any such challenges may cost time and resources for the Company or cause other adverse effects.

Key Executives and Senior Personnel

The Company is dependent on the services of key executives, including its President and CEO and a number of highly skilled and experienced executives and senior personnel. The loss of these persons or the Company’s inability to attract and retain additional highly skilled employees could have a material adverse impact on the Company’s future operations and business.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development or investment in or provide services to natural resource companies, including Dundee Corporation, a company that has a large investment in the Company, and other companies in which the Company has investments, and consequently there exists

the possibility for such directors and officers to be in a position of conflict. The Company's Board of Directors is aware of these potential conflicts and these individuals recuse themselves from Board of Directors deliberations and voting when necessary. The Company expects that any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the Canadian Business Corporations Act and other applicable laws.

Significant Shareholder

Dundee Corporation owns approximately 19.87% of the Common Shares. As a result, Dundee Corporation may have the ability to influence the outcome of corporate actions requiring shareholder approval, including the election of directors of DPM and the approval of certain corporate transactions.

Public Company Obligations

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could have a material adverse impact on the Company's share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, the TSX, and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. The Company's efforts to comply with rules and obligations could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities.

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).

The CEO and CFO evaluated or caused to be evaluated under their supervision the design and operating effectiveness of the DC&P and ICFR as defined by NI 52-109 as of December 31, 2019. Based on this evaluation, the CEO and CFO concluded that the Company's DC&P and ICFR were designed and operating effectively as of December 31, 2019.

NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to ICFR in the year ended December 31, 2019. Only reasonable, rather than absolute assurance, that misstatements are prevented or detected on a timely basis by ICFR can be provided due to the inherent limitations of the ICFR system. Such limitations also apply to the effectiveness of ICFR as it is also possible that controls may become inadequate because of changes in conditions or deterioration in compliance with policies and procedures.

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: certain statements with respect to 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; the commencement of a PFS for Timok; timing of further optimization work at Tsumeb and potential benefits of the planned rotary furnace installation; the processing of Chelopech concentrate; the impact of any impairment charges; the timing and number of Shares that may be purchased pursuant to the NCIB; price of gold, copper, silver and acid; toll rates; smelter metal recoveries and stockpile interest deductions; the estimation of Mineral Reserves and Mineral Resources and the realization of such mineral estimates; the timing and amount of estimated future production and output, life of mine, costs of production, cash costs and other cost measures, capital expenditures, rates of return at certain of the Company’s deposits and timing of the development of new deposits; results of economic studies; success of exploration activities; success of permitting activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining and smelting operations; environmental risks; reclamation expenses; potential or anticipated outcome of title disputes or claims; benefits of digital initiatives; the payment of dividends; 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 Persons (in the case of technical and scientific information), as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the Forward Looking Statements. In addition to factors already discussed in this document, such factors include, among others: no assurance that the Company will purchase any Shares under the NCIB or that the NCIB will be approved by the TSX; the uncertainties with respect to actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations and economic studies; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; uncertainties and risks inherent to developing and commissioning new mines into production, which may be subject to unforeseen delays; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company’s activities; social and non-governmental organizations opposition to mining projects and smelting operations; fluctuations in metal and acid prices, toll rates and foreign exchange rates; unanticipated title disputes; claims or litigation; limitation on insurance coverage; cyber-attacks; risks related to the implementation, cost and realization of benefits from digital initiatives; failure to realize projected financial results from MineRP; risks related to operating a technology business reliant on the ownership, protection and ongoing development of key intellectual properties; as well as those risk factors discussed or referred to in any other documents (including without limitation the Company’s most recent AIF) filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at www.sedar.com.

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

All-in sustaining costs: assumes that metals contained in concentrate produced and cash cost per tonne of ore processed at Chelopech and Ada Tepe are each in line with the guidance provided; copper and silver prices remain at or around current levels; timing of concentrate deliveries are consistent with DPM's current expectations; payable metals in concentrate sold are consistent with the guidance provided, and general and administrative expenses, 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 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.

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.**

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The accompanying consolidated financial statements of Dundee Precious Metals Inc. (the "Company") and all information in this financial report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments. Management has reviewed the financial information presented throughout this report and has ensured it is consistent with the consolidated financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Board of Directors appoints the Audit Committee, and all of its members are independent directors. The Audit Committee meets periodically with management and the auditors to review internal controls, audit results, accounting principles and related matters. The Board of Directors approves the consolidated financial statements on recommendation from the Audit Committee.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, was appointed by the shareholders at the last annual meeting to examine the consolidated financial statements and provide an independent professional opinion. PricewaterhouseCoopers LLP has full and free access to the Audit Committee.

(signed) "Richard Howes"
Richard Howes
President and Chief Executive Officer

(signed) "Hume Kyle"
Hume Kyle
Executive Vice President and
Chief Financial Officer

February 13, 2020

Independent auditor's report

To the Shareholders of Dundee Precious Metals Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dundee Precious Metals Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of earnings (loss) for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always

detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 13, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and 2018
(in thousands of U.S. dollars)

	Notes	December 31, 2019	December 31, 2018
ASSETS			
Current Assets			
Cash		**23,440**	17,043
Accounts receivable	5	**38,309**	31,170
Inventories	6	**38,033**	34,101
Other current assets	7(c),7(d)	**5,244**	1,919
		105,026	84,233
Non-Current Assets			
Investments at fair value	7(a),7(b)	**59,362**	29,997
Mine properties	8	**180,732**	337,022
Property, plant & equipment	9	**387,181**	347,822
Intangible assets	10	**40,034**	45,715
Deferred income tax assets	21	**9,048**	10,992
Other long-term assets		**3,327**	3,804
		679,684	775,352
TOTAL ASSETS		**784,710**	859,585
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	11	**59,736**	67,285
Income tax liabilities	21	**2,579**	1,216
Current portion of deferred revenue	13	**42,176**	21,762
Current portion of long-term liabilities	15	**5,092**	3,183
		109,583	93,446
Non-Current Liabilities			
Long-term debt	12	**10,000**	29,000
Deferred revenue	13	**3,207**	36,399
Rehabilitation provisions	14	**40,799**	38,388
Share based compensation plans	17	**11,700**	7,962
Deferred income tax liabilities	21	**1,137**	6
Other long-term liabilities	15	**15,390**	16,203
		82,233	127,958
TOTAL LIABILITIES		**191,816**	221,404
EQUITY			
Share capital		**522,351**	515,658
Contributed surplus		**9,150**	12,085
Retained earnings		**45,007**	115,909
Accumulated other comprehensive income (loss)	25	**10,108**	(11,652)
Equity attributable to common shareholders of the Company		**586,616**	632,000
Non-controlling interests		**6,278**	6,181
TOTAL EQUITY		**592,894**	638,181
TOTAL LIABILITIES AND EQUITY		**784,710**	859,585

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

Signed on behalf of the Board of Directors

(Signed) "Richard Howes"
Richard Howes, Director

(Signed) "Donald Young"
Donald Young, Director

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the years ended December 31, 2019 and 2018
(in thousands of U.S. dollars, except per share amounts)

	Notes	**2019**	2018
Revenue	*28*	**419,062**	377,111
Costs and expenses			
Cost of sales	*18*	**306,360**	272,863
General and administrative expenses	*18*	**34,548**	30,036
Corporate social responsibility expenses		**2,815**	1,472
Exploration and evaluation expenses	*18*	**14,356**	12,577
Impairment charges (reversal)	*3*	**107,000**	(111)
Finance cost	*19*	**10,255**	7,224
Other expense	*20*	**721**	8,636
Earnings (loss) before income taxes		**(56,993)**	44,414
Current income tax expense	*21*	**12,069**	9,404
Deferred income tax expense (recovery)	*21*	**2,980**	(2,162)
Net earnings (loss)		**(72,042)**	37,172
Net earnings (loss) attributable to:			
Common shareholders of the Company		**(70,902)**	38,113
Non-controlling interests		**(1,140)**	(941)
Net earnings (loss)		**(72,042)**	37,172
Earnings (loss) per share attributable to common shareholders of the Company			
- Basic	*22*	**(0.40)**	0.21
- Diluted	*22*	**(0.40)**	0.21

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2019 and 2018

(in thousands of U.S. dollars)

	2019	2018
Net earnings (loss)	**(72,042)**	37,172
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 $25 (2018 - $33)	**1,656**	(6,243)
Deferred cost of hedging, net of income tax expense (recovery) of ($8) (2018 - $101)	**3,291**	(611)
Realized (gains) losses transferred to cost of sales, net of income tax expense of $nil (2018 - $nil)	**(704)**	4,812
Cost of hedging transferred to cost of sales, net of income tax expense of $nil (2018 - $nil)	**-**	(2,151)
Commodity swap and option contracts designated as cash flow hedges		
Unrealized gains, net of income tax expense of $nil (2018 - $681)	**-**	6,126
Deferred cost of hedging, net of income tax expense of $nil (2018 - $147)	**-**	1,325
Realized gains transferred to revenue, net of income tax expense of $nil (2018 - $650)	**-**	(5,851)
Cost of hedging transferred to revenue, net of income tax expense of $nil (2018 - $178)	**-**	(1,601)
Currency translation adjustments	**796**	(4,186)
Other comprehensive income (loss) items that will not be reclassed subsequently to profit or loss:		
Unrealized gains (losses) on publicly traded securities, net of income tax recovery of $nil (2018 - $1,198)	**16,571**	(23,005)
	21,610	(31,385)
Comprehensive income (loss)	**(50,432)**	5,787
Comprehensive income (loss) attributable to:		
Common shareholders of the Company	**(49,476)**	7,656
Non-controlling interests	**(956)**	(1,869)
Comprehensive income (loss)	**(50,432)**	5,787

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(in thousands of U.S. dollars)

	Notes	**2019**	2018
OPERATING ACTIVITIES			
Earnings (loss) before income taxes		**(56,993)**	44,414
Revenue transfererd from deferred revenue	*13*	**(16,521)**	-
Depreciation and amortization		**82,127**	58,944
Impairment charges (reversal)	*3*	**107,000**	(111)
Changes in non-cash working capital	*24(a)*	**(11,193)**	11,368
Other Items not affecting cash	*24(b)*	**6,288**	3,694
Payments for settlement of derivative contracts		**(896)**	(8,730)
Income taxes paid		**(10,382)**	(11,422)
Cash provided from operating activities		**99,430**	98,157
INVESTING ACTIVITIES			
Purchase of publicly traded securities	*7(b)*	**(8,927)**	(8,409)
Proceeds from disposal of mine properties, property, plant and equipment and intangible assets		**8,264**	432
Expenditures on mine properties		**(32,356)**	(73,574)
Expenditures on property, plant and equipment		**(34,969)**	(25,821)
Expenditures on intangible assets		**(1,654)**	(277)
Cash used in investing activities		**(69,642)**	(107,649)
FINANCING ACTIVITIES			
Proceeds from share issuance		**4,480**	252
Drawdowns (repayments), net under credit facilities	*12(a)*	**(19,000)**	6,000
Financing fees on debt		**(488)**	(575)
Lease obligations		**(3,739)**	(2,269)
Interest paid		**(4,644)**	(5,640)
Cash used in financing activities		**(23,391)**	(2,232)
Increase (decrease) in cash		**6,397**	(11,724)
Cash at beginning of year		**17,043**	28,767
Cash at end of year		**23,440**	17,043

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2019 and 2018

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

	December 31, 2019		December 31, 2018	
	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 year	**178,547,639**	**515,658**	178,492,566	515,507
Shares issued as part of an exploration option agreement	**20,000**	**74**	15,000	37
Shares issued on exercise of stock options *(note 17)*	**1,969,414**	**4,391**	40,073	76
Transferred from contributed surplus on exercise of stock options		**2,228**		38
Balance at end of year	**180,537,053**	**522,351**	178,547,639	515,658
Contributed surplus				
Balance at beginning of year		**12,085**		11,720
Share based compensation expense		**1,063**		1,127
Transferred to share capital on exercise of stock options		**(2,228)**		(38)
Other changes in contributed surplus		**(1,770)**		(724)
Balance at end of year		**9,150**		12,085
Retained earnings				
Balance at beginning of year		**115,909**		57,115
Impact of adoption of IFRS 9		**-**		20,681
Adjusted balance at beginning of year		**115,909**		77,796
Net earnings (loss) attributable to common shareholders of the Company		**(70,902)**		38,113
Balance at end of year		**45,007**		115,909
Accumulated other comprehensive income (loss) ***(note 25)***				
Balance at beginning of year		**(11,652)**		41,820
Impact of adoption of IFRS 9		**-**		(20,681)
Adjusted balance at beginning of year		**(11,652)**		21,139
Other comprehensive income (loss)		**21,426**		(30,457)
Realized (gains) losses on foreign exchange forward contracts and cost of hedging transferred to mine properties, net of income tax expense (recovery) of ($33) (2018 - $257)		**334**		(2,334)
Balance at end of year		**10,108**		(11,652)
Total equity attributable to common shareholders of the Company		**586,616**		632,000
Non-controlling interests				
Balance at beginning of year		**6,181**		7,326
Net loss attributable to non-controlling interests		**(1,140)**		(941)
Other comprehensive income (loss) attributable to non-controlling interests		**184**		(928)
Other changes in non-controlling interests		**1,053**		724
Balance at end of year		**6,278**		6,181
Total equity at end of year		**592,894**		638,181

The accompanying notes are an integral part of the 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 December 31, 2019, DPM's 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 (hereinafter referred to as "Ada Tepe"), which owns and operates a gold mine located in south eastern Bulgaria, near the town of Krumovgrad *(note 4(a))*; and
- 92% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia *(note 4(b)).*

DPM holds interests 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;
- 10.4% of Sabina Gold and Silver Corp. ("Sabina"), which is focused on the development of the Back River project in southwestern Nunavut, Canada;
- 19.5% of INV Metals Inc. ("INV"), which is focused on the exploration and development of the Loma Larga gold property located in Ecuador; and
- through an option agreement, the right to earn up to a 71% interest in Pershimex Resources Corporation's gold property located in the Archean Abitibi greenstone belt near Val-d'Or, Canada.

DPM also owns:

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

2.1 BASIS OF PREPARATION

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements were approved by the Board of Directors on February 13, 2020.

2.2 CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2019, the Company adopted IFRS 16, *Leases*, replacing IAS 17, *Leases,* which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in the standard, IFRS 16 was adopted retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2019. The Company also utilized certain practical expedient elections whereby (i) there is no need to reassess whether an existing contract is a lease, or contains an embedded lease if previously determined under IAS 17, (ii) short term and low value leases are treated as operating leases, and (iii) there is no need to reassess the previous assessments in respect of onerous contracts that confirmed there were no existing onerous lease contracts.

Under IFRS 16, most leases are now recognized on the balance sheet, essentially eliminating the distinction between a finance lease and an operating lease under IAS 17 for lessees, where operating leases were reflected in the consolidated statements of earnings (loss).

As a result, as at January 1, 2019, the Company recognized lease obligations and leased assets under existing operating leases of $3.6 million, with no impact on total shareholders' equity. Each lease obligation was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate, the weighted average rate of which was 4.2%. Leased assets were recognized as right-of-use assets in property, plant and equipment and were measured at the amount equal to the lease obligations. Leases previously classified as finance leases and recognized in the carrying amounts of the Company's lease obligations and leased assets are now recognized in the carrying amounts of the lease obligations and the right-of-use assets as at January 1, 2019.

The effects of adopting IFRS 16 as at January 1, 2019 are summarized in the table below:

Operating lease commitments disclosed as at December 31, 2018	**4,367**
Add/(deduct):	
Effect of discounting operating lease commitments	**(433)**
Short-term leases	**(349)**
Low value leases	**(19)**
Finance lease obligations recognized as at December 31, 2018	**17,571**
Lease obligations recognized as at January 1, 2019	**21,137**
Lease obligations recognized in:	
Current portion of long-term liabilities	**3,574**
Other long-term liabilities	**17,563**
	21,137
Right-of-use assets recognized in property, plant and equipment:	
Buildings	**3,272**
Machinery and Equipment	**16,029**
	19,301

The Company adopted IFRS 16 retrospectively without restating comparatives and therefore the comparative information in respect of leases for the year ended December 31, 2018 was accounted for in accordance with the Company's previous accounting policy under IAS 17. See *note 2.3(p))* which outlines the current and previous accounting policies pertaining to leases.

2.3 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a historical cost basis except for publicly traded securities and derivative assets and liabilities *(note 7)* that are measured at fair value.

The Company's significant accounting policies are set out below. The Company has consistently applied these accounting policies to all periods presented in these consolidated financial statements, except those changes in accounting policies contained in *note 2.2*.

(a) Basis of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The Company uses the acquisition method of accounting for business combinations. The fair value of the acquisition of a subsidiary is based on the fair value of the assets acquired, the liabilities assumed, and the fair value of the consideration. The fair value of the assets acquired and liabilities assumed includes any contingent consideration arrangement. Acquisition related costs are expensed as incurred. At the date of acquisition, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values. The Company also recognizes any non-controlling interest in the acquiree at fair value.

The excess, if any, of the consideration paid and the amount of any non-controlling interest recognized over the fair value of the identifiable net assets acquired is recorded as goodwill. In the case of a bargain purchase, where the total consideration paid and the non-controlling interest recognized, are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of earnings (loss).

Subsidiaries are fully consolidated from the date on which control is acquired by the Company and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All inter-company balances, revenues and expenses and earnings and losses resulting from inter-company transactions are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original business combination plus the non-controlling interests' share of changes in equity since the date of acquisition.

(b) Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements in conformity 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The significant areas of estimation and/or judgment considered by management in preparing the consolidated financial statements include, but are not limited to:

- commencement of commercial production *(note 2.3(k))*;
- Mineral Resource and Mineral Reserve estimates *(note 2.3(k))*;
- impairment of non-financial assets *(note 2.3(n))*;
- rehabilitation provisions and contingencies *(note 2.3(o))*;
- revenue recognition related to toll smelting arrangements *(note 2.3(q))*;
- deferred revenue *(note 2.3(r))*; and
- deferred income tax assets and liabilities *(note 2.3(u))*.

(c) Presentation and functional currency

The Company's presentation currency is the U.S. dollar and the functional currency of DPM and its wholly-owned operations is the U.S. dollar as it was assessed by management as being the primary currency of the economic environment in which the Company operates.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the exchange rates on the dates that their fair values are determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at the exchange rates on the dates of the transactions. Income and expense items are translated at the exchange rate on the dates of the transactions. Exchange gains or losses resulting from the translation of these amounts are included in net earnings or loss, except those arising on the translation of available-for-sale equity instruments that are recorded in other comprehensive income or loss.

Foreign operations

Foreign operations are comprised of subsidiaries of the Company that have a functional currency other than the U.S. dollar. The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into U.S. dollars at exchange rates on the reporting date. The income and expenses of foreign operations are translated into U.S. dollars at exchange rates on the dates of the transactions. Foreign currency differences are recognized as currency translation adjustments in other comprehensive income or loss. As at December 31, 2019 and 2018, MineRP is the only foreign operation of the Company with a functional currency being South African Rand and its subsidiaries with functional currencies denominated in the currencies of the primary economic environments in which each of the subsidiaries operates.

(e) Inventories

Inventories of ore and concentrates are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrates in the ordinary course of business based on the prevailing metal prices on the reporting date, less estimated costs to complete production and to bring the concentrates to sale. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour, other direct costs (including external services and depreciation, depletion and amortization), production related overheads and royalties.

Inventories of sulphuric acid, spare parts, supplies and other materials are valued at the lower of average cost and net realizable value. Obsolete, redundant and slow moving inventories are identified at each reporting date and written down to their net realizable values.

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

Financial assets

Initial recognition and measurement

Non-derivative financial assets are classified and measured as “financial assets at fair value”, as either through profit or loss (“FVPL”) or through other comprehensive income (“FVOCI”), and “financial assets at amortized cost”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

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

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

Subsequent measurement – Financial assets at FVPL

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

Subsequent measurement – Financial assets at FVOCI

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

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss).

Subsequent measurement – Financial assets at amortized cost

Financial assets measured at amortized cost are non-derivative financial assets that are held for collection of contractual cash flows, where those cash flows represent repayments of principal and interest. The Company's other accounts receivable is classified as financial assets at amortized cost.

Dividends from all financial assets are recognized in other income in the consolidated statements of earnings (loss) when the right to receive the dividend is established.

Derecognition

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

On derecognition of a financial asset, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognized in other income or expense in the consolidated statements of earnings (loss) except for financial assets at FVOCI, for which the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, *Financial Instruments*, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial liabilities

Recognition and measurement

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

Derecognition

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

(g) Derivative financial instruments and hedging activities

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

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

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

Foreign exchange forward and option contracts designated as cash flow hedges

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

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

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

Commodity swap and option contracts designated as cash flow hedges

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

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

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

Commodity swap and option contracts designated as fair value hedges

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

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

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

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

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

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(h) Offsetting of financial instruments

Financial assets and financial liabilities are offset if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

(i) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. These valuation models require the use of assumptions, including future stock price volatility and probability of exercise.

Changes in the underlying assumptions could materially impact the Company's investments at fair value through profit or loss. Further details on measurement of the fair values of financial instruments are provided in *note 7*.

(j) Mineral exploration and evaluation expenditures

Exploration and evaluation activities involve the search for Mineral Resources and Mineral Reserves, the assessment of technical and operational feasibility and the determination of an identified Mineral Resource or Mineral Reserve's commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures are expensed as incurred until economic production is probable. Exploration expenditures in areas where there is a reasonable expectation to convert existing estimated Mineral Resources to estimated Mineral Reserves or to add additional Mineral Resources with additional drilling and evaluations in areas near existing Mineral Resources or Mineral Reserves and existing or planned production facilities, are capitalized.

Exploration properties that contain Proven and Probable Mineral Reserves, but for which a development decision has not yet been made, are subject to periodic review for impairment when events or changes in circumstances indicate the project's carrying value may not be recoverable.

Exploration and evaluation assets are reclassified to "Mine Properties – Mines under construction" when the technical feasibility and commercial viability of extracting the Mineral Resources or Mineral Reserves are demonstrable and construction has commenced or a decision to construct has been made. Exploration and evaluation assets are assessed for impairment before reclassification to "Mines under construction", and the impairment charge, if any, is recognized through net earnings or loss.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits will be generated from the exploitation of an exploration and evaluation asset when activities have not yet reached a stage where a reasonable assessment of the existence of Mineral Reserves can be determined. The estimation of Mineral Resources is a complex process and requires significant assumptions and estimates regarding economic and geological data and these assumptions and estimates impact the decision to either expense or capitalize exploration and evaluation expenditures. Management is required to make certain estimates and assumptions about future events and circumstances in order to determine if an economically viable extraction operation can be established. Any revision to any of these assumptions and estimates could result in the impairment of the capitalized exploration and evaluation costs. If new information becomes available after expenditures have been capitalized that the recovery of these expenditures is no longer probable, the expenditures capitalized are written down to the recoverable amount and charged to net earnings or loss in the period the new information becomes available.

(k) Mine properties

Mine Properties – Mines under construction

All expenditures undertaken in the development, construction, installation and/or completion of mine production facilities are capitalized and initially classified as "Mines under construction". All expenditures related to the construction of mine declines and orebody access, including mine shafts and ventilation raises, are considered to be capital development and are capitalized. Expenses incurred after reaching the orebody are regarded as operating development costs and are included in the cost of ore hoisted.

Upon the commencement of commercial production, all related assets included in "Mines under construction" are reclassified to "Mine Properties – Producing mines" or "Property, plant and equipment". Determination of commencement of commercial production is a complex process and requires significant assumptions and estimates. The commencement of commercial production is defined as the date when the mine is capable of operating in the manner intended by management. The Company considers primarily the following factors, among others, when determining the commencement of commercial production:

- All major capital expenditures to achieve a consistent level of production and desired capacity have been incurred;
- A reasonable period of testing of the mine plant and equipment has been completed;
- A predetermined percentage of design capacity of the mine and mill has been reached; and
- Required production levels, grades and recoveries have been achieved.

Mine Properties – Producing mines

All assets reclassified from "Mines under construction" to "Producing mines" are stated at cost less accumulated depletion and accumulated impairment charges. Costs incurred for the acquisition of land are stated at cost.

The initial cost of a producing mine comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into production, the capitalization of certain mine construction costs ceases, and from that point on, costs are either regarded as inventory costs or expensed as cost of sales, except for costs related to mine additions or improvements, mine development or mineable reserve development, which qualify for capitalization.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Depletion

The depletion of a producing mine asset is based on the unit-of-production method over the estimated economic life of the related deposit.

Mineral Resource and Mineral Reserve estimates

The estimation of Mineral Resources and Mineral Reserves, as defined under National Instrument 43-101, *Standards of Disclosure for Mine Projects* ("NI 43-101"), is a complex process and requires significant assumptions and estimates. The Company prepares its Mineral Resource and Mineral Reserve estimates based on information related to the geological data on the size, depth and shape of the orebody which is compiled by appropriately qualified persons. Mineral Resource and Mineral Reserve estimates are based upon factors such as metal prices, capital requirements, production costs, foreign exchange rates, geotechnical and geological assumptions and judgments made in estimating the size and grade of the orebody. Mineral Resource and Mineral Reserve estimates, together with forecast production, determine the life of mine estimates and therefore changes in the Mineral Resource or Mineral Reserve estimates may impact the carrying value of exploration and evaluation assets *(note 2.3(j))*, mine properties, property, plant and equipment *(note 2.3(l)),* depletion and depreciation charges *(note 2.3(l)),* rehabilitation provisions *(note 2.3(o)),* and deferred income tax assets *(note 2.3(u)).*

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment charges.

The initial cost of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The capitalized value of a lease is also included in property, plant and equipment.

Depreciation

The depreciation of property, plant and equipment related to a mine is based on the unit-of-production method over the estimated economic life of the related deposit, except in the case of an asset whose estimated useful life is less than the life of the deposit, in which case the asset is depreciated over its estimated useful life based on the straight-line method. For all other property, plant and equipment, depreciation is based on the estimated useful life of the asset on a straight-line basis. Depreciation of property, plant and equipment used in a capitalized exploration or development project is capitalized to the project.

Depreciation of property, plant and equipment, which are depreciated on a straight-line basis over their estimated useful lives, is as follows:

Asset Category	Estimated useful life (Years)
Buildings	10 - 25
Machinery and Equipment	3 - 25
Vehicles	5
Computer Hardware	2 - 5
Office Equipment	3 - 7

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Construction work-in-progress includes property, plant and equipment in the course of construction and is carried at cost less any recognized impairment charge. These assets are reclassified to the appropriate category of property, plant and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

An item of property, plant and equipment, including any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of all assets are reviewed at each financial year end and are adjusted prospectively, if appropriate. Significant judgment is involved in the determination of estimated residual values and useful lives. The actual residual values and useful lives may differ from current estimates.

Depreciation of mine specific assets is based on the unit-of-production method. The life of these assets is assessed annually with regard to both their anticipated useful life and the present assessments of the economically recoverable reserves of the mine property where these assets are located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Any changes to these calculations based on new information are accounted for prospectively.

Rates of depreciation and, in turn, the annual depreciation expense could therefore be materially affected by changes in underlying estimates. Changes in estimates can be the result of differences in actual production or changes in forecast future production, changes in Mineral Resources or Mineral Reserves through exploration activities, differences between estimated and actual costs of mining and differences in metal prices used in the estimation of Mineral Reserves.

Major maintenance and repairs

Expenditures on major maintenance include the cost of replacing part of an asset and overhaul costs. When part of an asset is being replaced and it is probable that future economic benefits associated with the replacement or overhauled item will flow to the Company through an extended life, the expenditure is capitalized as a separate asset and the carrying amount of the replaced part is written off.

(m) Intangible assets

Intangible assets include software, exploration and software licenses, intellectual properties, customer relationships, long-term customer contracts, goodwill and a net smelter royalty (*note 10)*.

Intangible assets acquired are measured upon initial recognition at cost, which comprises the purchase price plus any costs directly attributable to the preparation of the asset for its intended use. Identifiable intangible assets acquired through business combinations are initially recognized at fair value as at the date of acquisition. Goodwill is initially measured as described in *note 2.3(a)* through business combinations.

Research expenditures are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of an identifiable software product are capitalized and recognized as an intangible asset.

Goodwill is carried at cost less any accumulated impairment losses and is not subject to amortization. All other intangible assets are carried at cost less accumulated amortization and any accumulated impairment charges. The amortization of the net smelter royalty was based on the unit-of-production method over the estimated economic life of the Kapan mine owned by another mining company. Other intangible assets are amortized on a straight-line basis over their estimated useful lives.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The amortization periods applicable to intangible assets amortized on a straight -line basis over their estimated useful lives are as follows:

Asset Category	Estimated useful life (Years)
Computer Software	3 - 5
Exploration and Software Licenses	3 - 7
Intellectual Property	10
Customer Relationships	15
Customer Contracts	14

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets require the use of estimates and assumptions and are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense attributable to an intangible asset is recognized in the consolidated statements of earnings (loss) in the applicable expense category to which the intangible asset relates.

The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

(n) Impairment of non-financial assets

The carrying values of mine properties, intangible assets and property, plant and equipment are assessed for impairment whenever indicators of potential impairment exist. If any indication of potential impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal ("FVLCD") and its value in use based on discounted cash flows. This is determined on an asset-by-asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If this is the case, individual assets are grouped together into a Cash Generating Unit ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets. Management has assessed the Company's CGUs as being an individual operating site.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount with the corresponding impairment being charged to earnings in the period of impairment. Impairment charges are recognized in the consolidated statements of earnings (loss) in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any change in events or circumstances relating to a previously recognized impairment. If a change has occurred, the Company makes an estimate of the recoverable amount for the previously impaired asset or CGU. A previously recognized impairment charge, other than a charge in respect of goodwill, is reversed only if there has been a change in the estimates used to determine the asset or CGU's recoverable amount since the last impairment charge was recognized. If this is the case, the carrying amount of the asset or CGU is increased to its newly determined recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment charge been recognized for the asset or CGU in prior years.

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. For the purpose of impairment testing, goodwill is allocated to the CGU that is expected to benefit from the business combination in which the goodwill arose. Any impairment in goodwill is recognized immediately and cannot be subsequently reversed.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The assessment of impairment is based, in part, on certain factors that may be partially or totally outside of the Company's control, and requires the use of estimates and assumptions related to future value drivers, such as commodity prices, toll rates, discount rates, foreign exchange rates, operating and capital costs, and future expansion plans.

These significant estimates and assumptions, some of which may be subjective, require that management make decisions based on the best available information at each reporting period. It is possible that the actual recoverable amount could be significantly different than those estimates. A significant decline in the asset's market value, reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves, resources and exploration potential, and/or adverse market conditions can result in a write-down of the carrying amounts of the Company's assets. Judgment is also required when considering whether significant changes in any of these items indicate a previous impairment may have reversed.

(o) Provisions and contingencies

General

Provisions are recognized when: a) the Company has a present obligation (legal or constructive) as a result of a past event; and b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement shall be treated as a separate asset. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision as a result of the passage of time is recognized in finance cost in the consolidated statements of earnings (loss).

A contingent liability is not recognized in the case where no reliable estimate can be made; however, disclosure is required unless the possibility of an outflow of resources embodying economic benefits is remote. By its nature, a contingent liability will only be resolved when one or more future events occur or fail to occur. The assessment of a contingent liability inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Rehabilitation provisions

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes a liability for its rehabilitation obligations in the period when a legal and/or constructive obligation is identified. The liability is measured at the present value of the estimated costs required to rehabilitate operating locations based on the risk free nominal discount rates that are specific to the countries in which the operations are located. A corresponding increase to the carrying amount of the related asset is recorded and depreciated in the same manner as the related asset.

The nature of these restoration and rehabilitation activities includes: i) dismantling and removing structures; ii) rehabilitating mines and tailing dams; iii) dismantling operating facilities; iv) closure of plant and waste sites; and v) restoration, reclamation and re-vegetation of affected areas. Other environmental costs incurred at the operating sites, such as environmental monitoring, water management and waste management costs, are charged to profit or loss when incurred.

The liability is accreted over time to its expected future settlement value. The accretion expense is recognized in finance cost in the consolidated statements of earnings (loss).

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The Company assesses its rehabilitation provisions at each reporting date. The rehabilitation liability and related assets are adjusted at each reporting date for changes in the discount rates and in the estimated amount, timing and cost of the work to be carried out. Any reduction in the rehabilitation liability and therefore any deduction in the related rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately credited to profit or loss.

Significant estimates and assumptions are made by management in determining the nature and costs associated with the rehabilitation liability. The estimates and assumptions required include estimates of the timing, extent and costs of rehabilitation activities, technology changes, regulatory changes, and changes in the discount and inflation rates. These uncertainties may result in future expenditures being different from the amounts currently provided.

(p) Leases

(p.1) Accounting policy under IFRS 16 applicable from January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

As a lessee, the Company recognizes a lease obligation and a right-of-use asset in the consolidated statements of financial position on a present-value basis at the date when the leased asset is available for use. Each lease payment is apportioned between a finance charge and a reduction of the lease obligation. Finance charges are recognized in finance cost in the consolidated statements of earnings (loss). The right-of-use asset is included in property, plant and equipment and is depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

Lease obligations are initially measured at the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease, or if this rate cannot be determined, the Company's incremental borrowing rate.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of the lease obligation;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- rehabilitation costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of earnings (loss). Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise primarily small equipment.

(p.2) Accounting policy under IAS 17 applicable prior to January 1, 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Finance leases

Finance leases which transfer substantially all the risks and rewards incidental to ownership of the leased item to the Company as a lessee, are capitalized at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease obligation. Finance charges are recognized in finance cost in the consolidated statements of earnings (loss).

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the term of the lease.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership to the Company as a lessee are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of earnings (loss) on a straight-line basis over the lease term.

(q) Revenue recognition

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

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

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

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

Revenue from processing concentrate is also adjusted for any over or under recoveries of metals delivered relative to contracted rates under the tolling agreement between Tsumeb and IXM S.A. (“IXM”). These adjustments represent metals exposure and are calculated by comparing (i) the copper, gold and silver content in the concentrate received and processed by Tsumeb multiplied by the percentage payable in the IXM contract to (ii) the copper, gold and silver in the blister delivered to IXM and in the in-circuit material still being processed by Tsumeb. Many parts of the metals exposure are subject to estimation, including the amount of metals contained in concentrate received, material in-process and blister delivered. These significant estimates are based on the Company’s process knowledge, joint surveys with IXM and multiple assay results, the final results of which could differ from initial estimates.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

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

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

(r) Deferred revenue

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

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

In assessing the accounting for the Company's prepaid forward gold sales arrangement *(note 13)*, the Company used judgement to determine that the upfront cash prepayment received was not a financial liability as the sale is expected to be settled through the delivery of gold, which is a non-financial item rather than through cash or other financial assets. It is the Company's intention to settle this arrangement through its own production. If such settlement is not expected to occur, the prepaid forward gold sales arrangement would become a financial liability as a cash settlement may be required.

(s) Borrowing costs

Borrowing costs directly related to the acquisition and the construction of a qualifying capital asset are capitalized and added to the cost of the asset until such time as the asset is considered substantially ready for its intended use. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where funds used to finance a project form part of general borrowings, the amount capitalized is calculated using the weighted average cost applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Share based compensation transactions

Equity-settled transactions

Stock options are granted to directors and selected employees to buy common shares of the Company. Options vest equally over a three-year period and expire five years from the date of grant. Grants of stock options are based on the closing price of the common shares on the TSX the day before the effective grant date and reflect the Company's estimate of the number of awards that will ultimately vest. The stock options are measured on the date of grant by reference to the fair value determined using a Black-Scholes valuation model, further details of which are given in *note 17*. The value is recognized as a general and administrative expense in the consolidated statements of earnings (loss) and an increase to contributed surplus in the consolidated statements of changes in shareholders' equity over the period in which the performance and/or service conditions are fulfilled.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Cash-settled transactions

A Deferred Share Unit ("DSU") Plan was established for directors and certain employees in lieu of cash compensation. The DSUs are paid in cash based on the five-day volume weighted average price ("Market Price") of DPM's publicly traded common shares on the date the employee ceases to be employed by DPM or a subsidiary thereof or at any time before the end of the year following the year in which the director ceases to be a director of DPM or a subsidiary thereof. The cost of the DSUs is measured initially at fair value based on the closing price of DPM's common shares preceding the day the DSUs are granted. The cost of the DSUs is recognized as a liability under share based compensation plans in the consolidated statements of financial position and as a general and administrative expense in the consolidated statements of earnings (loss). The liability is remeasured to fair value based on the Market Price of DPM's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in general and administrative expenses in the consolidated statements of earnings (loss).

A Restricted Share Unit ("RSU") Plan was established for directors, certain employees and eligible contractors ("Participant") of DPM and its wholly-owned subsidiaries in consideration of past services to the Company. Under this plan, the Board of Directors may, at its sole discretion, (i) grant non-performance based RSUs and RSUs with a performance-based component, referred to as performance share units ("PSUs"), subject to performance conditions to be achieved by the Company; and (ii) determine the entitlement date or dates of such RSUs and PSUs. The non-performance based RSUs vest equally over a three-year period and are paid in cash based on the Market Price of DPM's publicly traded common shares on the entitlement date or dates. The PSUs vest after three years from the grant date and are paid in cash based on the Market Price of DPM's publicly traded common shares, subject to performance criteria established by the Board of Directors on the entitlement date or dates.

The cost of the RSUs and PSUs is measured initially at fair value on the authorization date based on the closing price of DPM's common shares preceding the day the RSUs and PSUs are granted. The cost of RSUs and PSUs is recognized as a liability under share based compensation plans, with the current portion recognized in accounts payable and accrued liabilities, in the consolidated statements of financial position and as an expense in the consolidated statements of earnings (loss) over the vesting period. The liability is remeasured to fair value based on the Market Price of DPM's common shares and, in the case of PSUs, subject to performance criteria, at each reporting date up to and including the settlement date, with changes in fair value recognized in the consolidated statements of earnings (loss).

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(u) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable loss or income for the period. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be generated in future periods to utilize these deductible temporary differences.

The following temporary differences do not result in deferred income tax assets or liabilities:

- The initial recognition of assets or liabilities, not arising from a business combination, that does not affect accounting or taxable profit;
- Initial recognition of goodwill, if any; and
- Investments in subsidiaries, associates and jointly controlled entities where the timing of the reversal of temporary differences can be controlled and reversal in the foreseeable future is not probable.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be generated to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be generated to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred income taxes related to items recognized directly in equity are recognized in equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.3 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Judgment is required in determining whether deferred income tax assets are recognized on the consolidated statements of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in order to utilize the deferred income tax assets. Estimates of future taxable income are based on forecasted cash flows from operations or other activities and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded on the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could impact tax deductions in future periods and the value of its deferred income tax assets and liabilities.

(v) Earnings per share

Basic earnings per share is computed by dividing the net earnings available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. The number of additional shares for inclusion in diluted earnings per share is determined using the treasury stock method, whereby stock options and warrants, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised at the beginning of the period with proceeds based on the average market price for the period. The incremental number of common shares issued under stock options and warrants is included in the calculation of diluted earnings per share.

3. IMPAIRMENT CHARGES

(a) Tsumeb impairment

As at December 31, 2019, the Company assessed the recoverable amount of Tsumeb triggered by the timing of the anticipated expansion project being delayed and the ability to optimize the mix of feed being processed by the smelter.

As at December 31, 2019, the carrying value of Tsumeb exceeded its estimated recoverable amount resulting in an impairment charge of $107.0 million being recognized in the consolidated statements of earnings (loss), of which $104.9 million related to property, plant and equipment and $2.1 million related to intangible assets. This charge is primarily attributable to the opportunity to process additional volumes of third party complex concentrate at Tsumeb by capitalizing on, from time to time, market demand to process Chelopech concentrate, which has more available outlets than other complex third party concentrate processed by Tsumeb. 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. The ability to optimize mix as well as the actual timing and volume of expected additional third party complex concentrate coming to market, could also result in Tsumeb's expansion being further delayed and possibly deferred indefinitely, if a long term contract cannot be secured to support the expansion to 370,000 tonnes. In 2019, the Company contracted additional supply under its tolling agreement with IXM, on terms in line with existing arrangements, such that the smelter's existing capacity is now fully contracted for the next three years. In addition, the Government of Namibia recently issued an Environmental Clearance Certificate to the Company, which provides the approval required to move forward with the expansion.

Tsumeb's recoverable amount of $125.0 million as at December 31, 2019 was determined using FVLCD, which was calculated based on projected future cash flows utilizing the latest information available and management's estimates including throughput ranging from 242,000 tonnes to 370,000 tonnes, toll rates, which were based on historical terms received and the Company's knowledge of the complex concentrate market, third party concentrate feed ranging from 70% to 100% of total feed, operating costs and capital expenditures in line with current levels, and foreign exchange rates ranging from 13.7 to 14.9. These projected cash flows were prepared in current dollars and discounted using a real discount rate of 10.2%, representing the estimated weighted average real cost of capital. This rate was estimated based on the Capital Asset Pricing Model where the costs of equity and debt were based on, among other things, estimated interest rates, market returns on equity, share volatility, leverage and risks specific to the mining sector and Tsumeb. Management's estimates of Tsumeb's FVLCD are classified as level 3 in the fair value hierarchy.

Sensitivities

The projected cash flows and estimated FVLCD can be affected by any one or more changes in the estimates used. Changes in operating costs, volumes of concentrate smelted, third party toll rates and foreign exchange rates have the greatest impact on value, with a 5% change in any one ranging between $25 million and $50 million. Should the expansion of Tsumeb not proceed and/or the concentrate mix at Tsumeb shifts to process significant additional volumes of third party complex concentrate instead of Chelopech concentrate, a further impairment charge could be required, notwithstanding any such decision being accretive to the Company overall.

(b) Other impairments on property, plant and equipment and intangible assets

In January 2019, the Company sold a net smelter royalty included in intangible assets for gross proceeds of $5.5 million. This asset was assessed as at December 31, 2018, resulting in an impairment charge of $2.3 million for the year ended December 31, 2018.

In April 2019, the Company sold certain equipment no longer required by Chelopech for gross proceeds of $2.6 million. This asset was assessed as at December 31, 2018, resulting in an impairment reversal of $2.4 million for the year ended December 31, 2018.

These impairment charges (reversal), as summarized in the table below, were recognized in the consolidated statements of earnings (loss) for the years ended December 31, 2019 and 2018.

	2019	2018
Impairment charges (reversal) on property, plant and equipment *(note 9)*	**104,857**	(2,457)
Impairment charges on intangible assets *(note 10)*	**2,143**	2,346
	107,000	(111)

4. SIGNIFICANT DEVELOPMENTS

(a) Ada Tepe

On June 8, 2019, the Company's Ada Tepe mine achieved commercial production and as a result, capitalized costs of $129.3 million and $170.0 million were transferred from mine properties - mine under construction to mine properties - producing mines and to property, plant and equipment, respectively *(note 8 & 9)*.

Ada Tepe is now reported as a separate operating segment and the comparative segment information has been restated *(note 28).*

(b) Tsumeb

On May 30, 2019, the Company sold Greyhorse Mining (Proprietary) Limited ("GHM") an indirect 8% interest in Tsumeb for consideration of $17.6 million in the form of preferred shares in GHM ("GHM Preferred Shares"). The GHM Preferred Shares are redeemable at the option of the Company and carry a cumulative dividend of 8% per annum. All dividends paid to GHM, with the exception of a $0.5 million preferred payment in each of the first five years, is required to be used to satisfy the dividend obligation of the GHM Preferred Shares and thereafter for their redemption. Under IFRS 10, *Consolidated Financial Statements*, GHM is deemed to not have an 8% interest in Tsumeb until such time as the GHM Preferred Shares have been repaid, and the cumulative dividend obligations satisfied. As a result, the Company has not recognized GHM's non-controlling interest nor the GHM Preferred Shares in the consolidated statements of financial position as at December 31, 2019 and the consolidated statements of earnings (loss) for the year ended December 31, 2019.

5. ACCOUNTS RECEIVABLE

	December 31, 2019	December 31, 2018
Accounts receivable (a)	**30,695**	19,813
Value added tax recoverable	**1,629**	2,991
Supplier advances and other prepaids	**5,985**	8,366
	38,309	31,170

(a) As at December 31, 2019, the Company's accounts receivable included a recoverable of $0.6 million (December 31, 2018 – a liability of $0.3 million) related to Tsumeb's metals exposure.

6. INVENTORIES

	December 31, 2019	December 31, 2018
Ore and concentrates	**13,067**	9,731
Spare parts, supplies and other	**24,966**	24,370
	38,033	34,101

For the year ended December 31, 2019, the cost of inventories recognized as an expense and included in cost of sales was $148.0 million (2018 – $112.6 million).

7. 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 consolidated statements of financial position:

	Financial instrument classification	Carrying Amount December 31, 2019	Carrying Amount December 31, 2018
Financial assets			
Cash	Amortized cost	**23,440**	17,043
Accounts receivable on provisionally priced sales	FVPL	**11,246**	7,921
Other accounts receivable and assets	Amortized cost	**27,063**	23,249
Restricted cash	Amortized cost	**2,177**	2,140
Sabina special warrants *(a)*	FVPL	**6,488**	2,617
Publicly traded securities *(b)*	FVOCI	**52,874**	27,380
Commodity swap contracts *(c)*	Derivatives for fair value hedges	**-**	197
Foreign exchange forward and option contracts *(d)*	Derivatives for cash flow hedges	**3,938**	351
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	**58,320**	66,303
Debt *(note 12(a))*	Amortized cost	**10,000**	29,000
Commodity swap contracts *(c)*	Derivatives for fair value hedges	**1,416**	60
Foreign exchange forward and option contracts *(d)*	Derivatives for cash flow hedges	**-**	922

The carrying values of all the financial assets and liabilities approximate their fair values as at December 31, 2019 and 2018.

(a) Sabina special warrants

During the year ended December 31, 2019, the Company purchased an additional 417,833 (2018 – 6,580,200) common shares of Sabina at an average price of $1.24 (Cdn$1.63) (2018 – $1.28 (Cdn$1.64)) per share. As at December 31, 2019, 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.

The fair value of the special warrants was based on the fair value of the Sabina common shares, which was determined based on the closing bid prices as at December 31, 2019 and 2018.

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

For the year ended December 31, 2019, the Company recognized unrealized gains on the Sabina special warrants of $3.9 million (2018 – unrealized losses of $2.6 million) in other expense *(note 20)* in the consolidated statements of earnings (loss).

(b) Publicly traded securities

Publicly traded securities include a portfolio of equity investments in publicly traded mining and exploration companies, comprised primarily of Sabina common shares.

During the year ended December 31, 2019, DPM acquired an approximate 19.5% equity interest in INV for a total cost of $8.4 million.

For the year ended December 31, 2019, the Company recognized unrealized gains on these publicly traded securities of $16.6 million (2018 – unrealized losses of $23.0 million) in other comprehensive income (loss) that will not be reclassified to profit or loss.

(c) Commodity swap and option contracts

The Company enters into QP Hedges, being cash settled commodity swap contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to eliminate or substantially reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales. As at December 31, 2019, 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	25,385 ounces	1,477.62/ounce
Payable copper	4,464,356 pounds	2.72 /pound

The Company also enters into Production Hedges, being cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures. Commodity swap contracts are entered to swap future contracted monthly average prices for fixed prices. Commodity option contracts are entered to provide price protection below a specified "floor" price and price participation up to a specified "ceiling" price. These option contracts are comprised of a series of call options and put options (which when combined create a price "collar") that are generally structured so as to provide for a zero upfront cash cost. As at December 31, 2019, the Company had no outstanding Production Hedges.

The Company designates the spot component of commodity swap contracts and the intrinsic value of the commodity option contracts in respect of Production Hedges as cash flow hedges and the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges.

The fair value gain or loss on commodity swap contracts is calculated based on the corresponding London Metal Exchange forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. The fair value gain or loss on commodity option contracts is calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at December 31, 2019, the net fair value loss on all outstanding commodity swap contracts was $1.4 million (December 31, 2018 – a net fair value gain of $0.1 million), of which $nil (December 31, 2018 – $0.2 million) was included in other current assets and $1.4 million (December 31, 2018 – $0.1 million) in accounts payable and accrued liabilities.

All commodity swap and option contracts are subject to master netting agreements. As at December 31, 2019 and 2018, there was no set-off of assets and liabilities in connection with these contracts in the consolidated statements of financial position.

The Company recognized net losses of $2.7 million (2018 – net gains of $9.4 million) for the year ended December 31, 2019 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 December 31, 2019, 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
2020	1,468,719,996	16.14	14.61

(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.

The fair value gain or loss on these outstanding contracts is calculated based on foreign exchange forward rates quoted in the market. As at December 31, 2019, the net fair value gain on all outstanding foreign exchange forward and option contracts was $3.9 million (December 31, 2018 – a net fair value loss of $0.6 million), of which $3.9 million (December 31, 2018 – $0.3 million) was included in other current assets and $nil (December 31, 2018 – $0.9 million) in accounts payable and accrued liabilities. All foreign exchange forward and option contracts are subject to master netting agreements. As at December 31, 2019 and 2018, there was no set-off of assets and liabilities in the consolidated statements of financial position.

For the year ended December 31, 2019, the Company recognized unrealized gains of $1.1 million (2018 – unrealized losses of $5.5 million) in other comprehensive income (loss) on the spot component of the outstanding foreign exchange forward and option contracts. The Company also recognized realized gains of $0.7 million (2018 – realized losses of $4.8 million) for the year ended December 31, 2019 in cost of sales on the spot component of settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of $0.1 million (2018 – realized gains of $4.1 million) for the year ended December 31, 2019 as additions (reductions) to mine properties on the spot component of settled contracts in respect of foreign denominated capital expenditures.

For the year ended December 31, 2019, the Company recognized unrealized gains of $3.5 million (2018 – unrealized losses of $1.4 million) on the time value component of the outstanding foreign exchange forward and option contracts, in other comprehensive income (loss) as a deferred cost of hedging. The Company also recognized realized gains of $nil (2018 – $2.2 million) for the year ended December 31, 2019 in cost of sales on the forward point component of settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of $0.2 million (2018 – $1.5 million) for the year ended December 31, 2019 as additions to mine properties on the forward point component of settled contracts in respect of foreign denominated capital expenditures.

Effects of hedge accounting

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged items (the Company's accounts receivable on provisionally priced sales, projected payable metal production, and projected operating expenses and capital expenditures denominated in foreign currencies) and the hedging instruments (commodity swap and option contracts and foreign exchange forward and option contracts). The hedges are effective when the critical terms of the hedging instrument match with the critical terms of the hedged item.

Hedge ineffectiveness can arise from:

- Differences in the timing and/or amount of the cash flows of the hedged item and the hedging instrument; and
- Fair value movements related to counterparty credit risk, which impact the hedging instrument and the hedged item differently.

The Company's hedging relationships are such that the ratio between the underlying hedged item and the hedging instrument is 1:1. To measure for potential hedge ineffectiveness, the Company compares change in the fair value of the hedging instrument to change in the fair value of the underlying hedged item.

Set out below is a summary of effects of hedge accounting on the Company's consolidated statements of financial position by risk category for its fair value and cash flow hedges:

	2019	2018
Commodity swap contracts designated as fair value hedges *(i)*		
Carrying amount		
Assets included in other current assets	**-**	197
Liability included in accounts payable and accrued liabilities	**(1,416)**	(60)
	(1,416)	137
Notional amount	**49,671**	23,665
Changes in fair value used for measuring ineffectiveness		
Hedging instruments	**(1,152)**	206
Hedged items	**1,228**	(399)
Foreign exchange forward and option contracts designated as cash flow hedges		
Carrying amount		
Assets included in other current assets	**3,938**	351
Liability included in accounts payable and accrued liabilities	**-**	(922)
	3,938	(571)
Notional amount		
Euro (in 000's)	**-**	15,650
ZAR (in 000's)	**1,468,720**	1,444,980
Changes in fair value used for measuring ineffectiveness		
Hedging instruments	**1,978**	903
Hedged items	**(1,978)**	(903)

(i) The carrying value of the hedged item, accounts receivable on provisionally priced sales, as at December 31, 2019 was $11.2 million (December 31, 2018 – $7.9 million).

See *note 25* for the effects of hedge accounting on the consolidated statements of earnings (loss) and the consolidated statements of comprehensive income (loss).

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 December 31, 2019 and 2018:

			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**

			As at December 31, 2018	
	Level 1	Level 2	Level 3	Total
Financial assets				
Accounts receivable on provisionally priced sales	-	7,921	-	7,921
Sabina special warrants	-	-	2,617	2,617
Publicly traded securities	27,380	-	-	27,380
Commodity swap contracts	-	197	-	197
Foreign exchange forward and option contracts	-	351	-	351
Financial liabilities				
Commodity swap contracts	-	60	-	60
Foreign exchange forward and option contracts	-	922	-	922

During the years ended December 31, 2019 and 2018, 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, 2018 to December 31, 2019:

	December 31, 2019	December 31, 2018
Balance at beginning of year	**2,617**	5,239
Purchase of other warrants	**-**	2
Unrealized gains (losses) included in net earnings (loss) *(note 20)*	**3,871**	(2,624)
Balance at end of year	**6,488**	2,617

8. MINE PROPERTIES

	Producing Mines	Mine under Construction *(a)*	Total
Cost:			
Balance as at January 1, 2018	160,116	196,625	356,741
Additions	4,432	67,279	71,711
Capitalized depreciation	489	580	1,069
Change in rehabilitation provisions	(195)	2,650	2,455
Disposals	(21)	-	(21)
Balance as at December 31, 2018	164,821	267,134	431,955
Additions	**5,640**	**30,560**	**36,200**
Capitalized depreciation	**545**	**202**	**747**
Change in rehabilitation provisions	**(723)**	**1,437**	**714**
Disposals	**(595)**	**-**	**(595)**
Transfers *(note 4(a))*	**129,307**	**(299,333)**	**(170,026)**
Balance as at December 31, 2019	**298,995**	**-**	**298,995**
Accumulated depletion and impairment:			
Balance as at January 1, 2018	82,608	-	82,608
Depletion	12,325	-	12,325
Balance as at December 31, 2018	94,933	-	94,933
Depletion	**23,912**	**-**	**23,912**
Depletion relation to disposals	**(582)**	**-**	**(582)**
Balance as at December 31, 2019	**118,263**	**-**	**118,263**
Net book value:			
As at December 31, 2018	69,888	267,134	337,022
As at December 31, 2019	**180,732**	**-**	**180,732**

(a) Mine under Construction represented the Ada Tepe gold project which achieved commercial production in June 2019 (*note 4(a)).*

Included in additions were capitalized borrowing costs amounting to $3.0 million (2018 – $5.6 million) for the year ended December 31, 2019, at a weighted average interest rate of 5.94% (2018 – 6.28%).

Of the total depletion expense, $21.7 million (2018 – $12.3 million) was charged to cost of sales for the year ended December 31, 2019.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Construction Work-in-Progress	Total
Cost:				
Balance as at January 1, 2018	52,235	520,257	11,608	584,100
Additions	155	14,267	19,928	34,350
Disposals	-	(3,508)	-	(3,508)
Impairment reversal *(note 3(b))*	-	2,410	-	2,410
Change in rehabilitation provisions	(985)	(3,379)	-	(4,364)
Transfers	177	8,646	(8,823)	-
Balance as at December 31, 2018	51,582	538,693	22,713	612,988
Impact of adoption of IFRS 16 *(note 2.2)*	**3,317**	**331**	**-**	**3,648**
Balance as at January 1, 2019	**54,899**	**539,024**	**22,713**	**616,636**
Additions	**726**	**9,389**	**22,332**	**32,447**
Capitalized depreciation	**-**	**-**	**42**	**42**
Disposals	**-**	**(23,208)**	**-**	**(23,208)**
Impairment charge *(note 3(a))*	**(12,107)**	**(139,604)**	**(1,913)**	**(153,624)**
Change in rehabilitation provisions	**214**	**133**	**-**	**347**
Transfers *(note 4(a))*	**30,262**	**161,327**	**(21,563)**	**170,026**
Balance as at December 31, 2019	**73,994**	**547,061**	**21,611**	**642,666**
Accumulated depreciation and impairment:				
Balance as at January 1, 2018	13,274	211,562	-	224,836
Depreciation expense	2,625	39,141	-	41,766
Capitalized depreciation	159	910	-	1,069
Currency translation adjustment	-	(29)	-	(29)
Depreciation relating to disposals	-	(2,429)	-	(2,429)
Impairment charge (*note 3(b)*)	-	(47)	-	(47)
Balance as at December 31, 2018	16,058	249,108	-	265,166
Depreciation expense	**6,305**	**52,544**	**-**	**58,849**
Capitalized depreciation	**93**	**696**	**-**	**789**
Currency translation adjustment	**-**	**(41)**	**-**	**(41)**
Depreciation relating to disposals	**-**	**(20,511)**	**-**	**(20,511)**
Impairment charge *(note 3(a))*	**(3,242)**	**(45,525)**	**-**	**(48,767)**
Balance as at December 31, 2019	**19,214**	**236,271**	**-**	**255,485**
Net book value:				
As at December 31, 2018	35,524	289,585	22,713	347,822
As at December 31, 2019	**54,780**	**310,790**	**21,611**	**387,181**

Of the total depreciation expense, $55.8 million (2018 – $40.8 million) was charged to cost of sales and $1.3 million (2018 – $0.9 million) was charged to general and administrative expenses for the year ended December 31, 2019.

As at December 31, 2018, the carrying value of equipment held under finance leases was $15.5 million and the leased assets were pledged as security for the related finance lease obligations. See *note 16* for the carrying value of right-of-use assets under leases recognized in property, plant and equipment as at December 31, 2019 and other related information for the year ended December 31, 2019.

10. INTANGIBLE ASSETS

	Goodwill *(a)*	Other Intangibles	Total
Cost:			
Balance as at January 1, 2018	25,813	39,745	65,558
Additions	-	1,389	1,389
Currency translation adjustment	(3,835)	(639)	(4,474)
Impairment charge *(note 3(b))*	-	(4,000)	(4,000)
Balance as at December 31, 2018	21,978	36,495	58,473
Additions	**-**	**5,171**	**5,171**
Currency translation adjustment	**535**	**132**	**667**
Disposals	**-**	**(5,562)**	**(5,562)**
Impairment charge *(note 3(a))*	**-**	**(3,569)**	**(3,569)**
Balance as at December 31, 2019	**22,513**	**32,667**	**55,180**
Accumulated amortization and impairment:			
Balance as at January 1, 2018	-	9,531	9,531
Amortization	-	4,855	4,855
Currency translation adjustment	-	26	26
Impairment charge *(note 3(b))*	-	(1,654)	(1,654)
Balance as at December 31, 2018	-	12,758	12,758
Amortization	**-**	**3,876**	**3,876**
Amortization relating to disposals	**-**	**(62)**	**(62)**
Impairment charge *(note 3(a))*	**-**	**(1,426)**	**(1,426)**
Balance as at December 31, 2019	**-**	**15,146**	**15,146**
Net book value:			
As at December 31, 2018	21,978	23,737	45,715
As at December 31, 2019	**22,513**	**17,521**	**40,034**

(a) The Company performs annual impairment testing of goodwill which was recognized upon the acquisition of MineRP in 2017. As at December 31, 2019, the recoverable amount of MineRP was higher than its carrying amount including the goodwill and therefore no impairment charge was required for the year ended December 31, 2019. MineRP's recoverable amount was determined based on its value in use, which was calculated based on discounted projected cash flows utilizing management's assessment of future trends in the company's operating sectors considering both external and internal sources including historical data. These projected cash flows were prepared in current dollars and discounted using a pre-tax real discount rate of 13.7%, representing the estimated weighted average real cost of capital for MineRP.

Of the total intangible asset amortization expense, $3.0 million (2018 – $3.0 million) was charged to cost of sales, $0.9 million (2018 – $1.1 million) was charged to general and administrative expenses and $nil (2018 – $0.8 million) was charged to other expense *(note 20)* for the year ended December 31, 2019.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	December 31, 2018
Accounts payable	**15,839**	13,783
Accrued liabilities	**41,950**	52,341
Commodity swap contracts *(note 7(c))*	**1,416**	60
Foreign exchange forward and option contracts *(note 7(d))*	**-**	922
Other payables	**531**	179
	59,736	67,285

12. DEBT

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

DPM has a committed RCF with a consortium of banks. In April 2019, the Company cancelled tranches A and C of the RCF. In June 2019, the Company further amended the RCF increasing tranche B of the facility from $150.0 million to $175.0 million, extending its maturity date from February 2021 to February 2022, and lowering the borrowing spread above LIBOR, which now varies 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 December 31, 2019, DPM was in compliance with all financial covenants and $10.0 million (December 31, 2018 – $29.0 million) was drawn under the RCF.

(b) Tsumeb overdraft facility

In May 2019, Tsumeb renewed its Namibian $50.0 million ($3.6 million) demand overdraft facility that is guaranteed by DPM. This facility bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.5%. As at December 31, 2019, $nil (December 31, 2018 – $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 December 31, 2019, $5.7 million (December 31, 2018 – $4.8 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 December 31, 2019, $23.6 million (December 31, 2018 – $24.0 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

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 December 31, 2019, $0.1 million (December 31, 2018 – $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.

13. DEFERRED REVENUE

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 the first six months of gold deliveries originally scheduled to commence in May 2019 are to be now delivered from November 2019 to April 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. Delivery of this gold will be in the form of unallocated gold credits sourced from any of the Company's own mines and will occur over a 15-month period from November 2019 to January 2021 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 will be recognized as revenue when deliveries are made under the prepaid forward gold sales arrangement.

Upon adoption of IFRS 15, *Revenue from Contracts with Customers,* in 2018, the Company recognized a deemed financing expense in respect of its prepaid forward gold sales arrangement. As a result, deferred revenue increased by $3.6 million (2018 – $8.2 million) during the year ended December 31, 2019.

During the year ended December 31, 2019, 12,123 ounces of gold were delivered pursuant to the prepaid forward gold sales arrangement and as a result, $16.5 million was transferred from deferred revenue to revenue.

As at December 31, 2019, $42.2 million (December 31, 2018 – $21.8 million) of deferred revenue was expected to be settled within the next 12 months.

14. REHABILITATION PROVISIONS

The rehabilitation provisions represent the present value of rehabilitation costs relating to the Chelopech, Tsumeb and Ada Tepe sites, which are expected to be incurred between 2020 and 2040.

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

	December 31, 2019	December 31, 2018
Discount period		
Chelopech	**2020 - 2037**	2019 - 2037
Tsumeb	**2021 - 2039**	2021 - 2039
Ada Tepe	**2020 - 2040**	2019 - 2041
Local discount rate		
Chelopech/Ada Tepe	**2.0%**	2.4%
Tsumeb	**10.5%**	10.3%
Local inflation rate		
Chelopech/Ada Tepe	**2.1%**	2.6%
Tsumeb	**5.5%**	5.6%

Changes to rehabilitation provisions were as follows:

	Chelopech	Tsumeb	Ada Tepe	Total
Balance as at January 1, 2018	17,393	17,728	2,920	38,041
Change in cost estimate	(1,664)	-	2,581	917
Remeasurement of provisions *(a)*	(706)	(2,190)	70	(2,826)
Accretion expense *(note 19)*	400	1,766	90	2,256
Balance as at December 31, 2018	15,423	17,304	5,661	38,388
Change in cost estimate	**1,580**	**-**	**844**	**2,424**
Remeasurement of provisions *(a)*	**(899)**	**(215)**	**(573)**	**(1,687)**
Accretion expense *(note 19)*	**312**	**1,838**	**120**	**2,270**
Balance as at December 31, 2019	**16,416**	**18,927**	**6,052**	**41,395**

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

15. OTHER LONG-TERM LIABILITIES

	December 31, 2019	December 31, 2018
Leases *(note 16)*	**18,349**	17,571
Environmental commitment	**602**	602
Other liabilities	**1,531**	1,213
	20,482	19,386
Less: Current portion	**(5,092)**	(3,183)
	15,390	16,203

16. LEASES

The Company leases various property, equipment and vehicles with lease terms ranging between one to ten years. Extension and termination options are included in a number of property and equipment leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts, the majority of which are exercisable jointly by both the Company and the respective lessor. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Some of the Company's leased assets are pledged as security for the related lease obligations.

Tsumeb has a long-term lease agreement for the supply of oxygen. The original term of the lease was 15 years extending to 2025, payable on a monthly basis. The lease payments were discounted at a rate of 12.5%.

Right-of-use assets recognized in property, plant and equipment *(note 9)* as at December 31, 2019 were as follows:

Buildings	**2,868**
Machinery and Equipment	**14,245**
	17,113

Additions to the right-of-use assets during the year ended December 31, 2019 were $1.3 million.

Lease obligations related to right-of-use assets recognized in other long-term liabilities *(note 15)* as at December 31, 2019 were as follows:

Current portion of long-term liabilities	**3,892**
Other long-term liabilities	**14,457**
	18,349

Expenses related to leases recognized in the consolidated statements of earnings (loss) for the year ended December 31, 2019 are as follows:

Depreciation charge of right-of-use assets	
Buildings	**1,045**
Machinery and Equipment	**2,514**
	3,559
Finance charges *(note 19)*	**1,495**
Expense relating to short-term leases	**1,174**
Expense relating to leases of low-value assets that are not short-term leases	**34**
Expense relating to variable lease payments not included in lease obligations	**167**

Total cash outflows for leases for the year ended December 31, 2019 were $5.3 million.

17. SHARE BASED COMPENSATION PLANS

RSU plan

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

(a) Non-performance based RSUs

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

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

	Number of RSUs	Amount
Balance as at January 1, 2018	2,995,437	4,141
RSUs granted	1,692,200	3,634
RSUs redeemed	(1,368,098)	(3,413)
RSUs forfeited	(109,433)	(104)
Mark-to-market adjustments		729
Balance as at December 31, 2018	3,210,106	4,987
RSUs granted	**1,292,573**	**5,147**
RSUs redeemed	**(1,577,586)**	**(5,267)**
RSUs forfeited	**(227,466)**	**(341)**
Mark-to-market adjustments		**2,647**
Balance as at December 31, 2019	**2,697,627**	**7,173**

As at December 31, 2019, there was $2.8 million (December 31, 2018 – $2.5 million) of RSU expenses remaining to be charged to net earnings in future periods relating to the RSU plan.

(b) PSUs

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

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

	Number of PSUs	Amount
Balance as at January 1, 2018	1,712,350	1,652
PSUs granted	589,500	1,373
PSUs redeemed	(331,400)	(691)
Mark-to-market adjustments		2,538
Balance as at December 31, 2018	1,970,450	4,872
PSUs granted	**455,073**	**2,218**
PSUs redeemed	**(751,700)**	**(4,200)**
PSUs forfeited	**(133,600)**	**(159)**
Mark-to-market adjustments		**2,619**
Balance as at December 31 2019	**1,540,223**	**5,350**

As at December 31, 2019, there was $1.6 million (December 31, 2018 – $1.5 million) of expenses remaining to be charged to net earnings in future periods relating to these PSUs.

DSU plans

DPM has a DSU Plan for directors and certain employees.

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

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

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

	Number of DSUs	Amount
Balance as at January 1, 2018	1,340,036	3,200
DSUs granted	270,948	659
DSUs redeemed	(72,990)	(176)
Mark-to-market adjustments		330
Balance as at December 31, 2018	1,537,994	4,013
DSUs granted	**178,622**	**650**
Mark-to-market adjustments		**2,830**
Balance as at December 31, 2019	**1,716,616**	**7,493**

DPM stock option plan

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

During the year ended December 31, 2019, the Company granted 701,683 (2018 – 811,903) stock options with a fair value of $1.2 million (2018 – $1.1 million). The estimated value of the options granted will be recognized as an expense in the consolidated statements of earnings (loss) and an addition to contributed surplus in the consolidated statements of changes in shareholders' equity over the vesting period. The Company recorded stock option expenses of $1.0 million (2018 – $1.1 million) for the year ended December 31, 2019 under this stock option plan.

As at December 31, 2019, there was $0.8 million (December 31, 2018 – $0.7 million) of share based compensation cost remaining to be charged to net earnings in future periods relating to stock option grants.

The fair value of options granted was estimated using the Black-Scholes option pricing model. The expected volatility is estimated based on the historic average share price volatility. The inputs used in the measurement of the fair values at the time the options were granted were as follows:

	2019	2018
Five year risk free interest rate	**1.4% - 1.8%**	1.9% - 2.0%
Expected life in years	**4.75**	4.75
Expected volatility	**61.3% - 62.1%**	65.9% - 68.2%
Dividends per share	**-**	-

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

	Number of options	Weighted average exercise price per share (Cdn$)
Balance as at January 1, 2018	5,465,403	3.60
Options granted	811,903	3.28
Options exercised	(40,073)	2.50
Options expired	(776,500)	7.26
Balance as at December 31, 2018	5,460,733	3.03
Options granted	**701,683**	**4.41**
Options exercised	**(2,860,214)**	**3.24**
Options forfeited	**(26,700)**	**3.71**
Options expired	**(129,937)**	**3.52**
Balance as at December 31, 2019	**3,145,565**	**3.13**

The following lists the options outstanding and exercisable as at December 31, 2019:

	Options outstanding			Options exercisable	
Range of exercise prices per share (Cdn$)	Number of options outstanding	Weighted average remaining years	Weighted average exercise price per share (Cdn$)	Number of options exercisable	Weighted average exercise price per share (Cdn$)
2.05 - 2.97	1,779,434	1.46	2.59	1,483,473	2.55
3.09 - 4.46	1,366,131	3.71	3.82	213,875	3.28
2.05 - 4.46	**3,145,565**	**2.44**	**3.13**	**1,697,348**	**2.64**

18. EXPENSES BY NATURE

The operating costs, including cost of sales, general and administrative expenses, and exploration and evaluation expenses, as reported in the consolidated statements of earnings (loss), have been regrouped by the nature of the expenses as follows:

	2019	2018
Raw materials, consumables and spare parts	**73,371**	73,659
Staff costs	**90,711**	86,496
Service costs	**60,709**	61,555
Share based compensation expense	**16,494**	11,717
Royalties	**8,036**	7,153
Drilling, assaying and other exploration and evaluation expenses	**8,092**	6,105
Insurance	**3,033**	2,608
Net (gains) losses on foreign exchange forward contracts *(note 7(d))*	**(704)**	2,662
Depletion of mine properties *(note 8)*	**23,912**	12,325
Depreciation of property, plant and equipment *(note 9)*	**58,849**	41,382
Amortization of intangible assets *(note 10)*	**3,876**	4,049
Other costs	**8,885**	5,765
Total operating costs	**355,264**	315,476

19. FINANCE COST

	2019	2018
Interest on borrowings *(a)*	**6,490**	3,439
Finance charges under leases *(note 16)*	**1,495**	1,529
Accretion expense related to rehabilitation provisions *(note 14)*	**2,270**	2,256
	10,255	7,224

(a) Interest on borrowings for the years ended December 31, 2019 and 2018 was net of interest capitalized to mine properties (*note 8*).

20. OTHER EXPENSE

	2019	2018
Net (gains) losses on Sabina special warrants *(note 7(a))*	**(3,871)**	2,624
Net foreign exchange losses	**5,116**	2,242
Interest income	**(271)**	(327)
Other (income) expense	**(253)**	4,097
	721	8,636

21. INCOME TAXES

The major components of income tax expense recognized in net earnings (loss) are as follows:

	2019	2018
Current income tax expense on earnings	**12,069**	9,404
Deferred income tax expense (recovery) related to origination and reversal of temporary differences	**2,980**	(2,162)
Income tax expense	**15,049**	7,242

The reconciliation of the combined Canadian federal and provincial government statutory income tax rates to the effective tax rate is as follows:

	2019	2018
Earnings (loss) before income taxes	**(56,993)**	44,414
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%
Expected income tax expense (recovery)	**(15,103)**	11,770
Lower rates on foreign (earnings) losses	**14,670**	(22,413)
Unrecognized tax benefit relating to losses	**15,272**	13,476
Non-deductible portion of capital losses	**89**	3,509
Non-deductible share based compensation expense	**280**	303
Other, net	**(159)**	597
Income tax expense	**15,049**	7,242

Income taxes recognized in other comprehensive income (loss) for the year ended December 31, 2019 was $0.03 million (2018 – $1.5 million) relating to the deferred income tax expense on gains on cash flow hedges and a recovery of $nil (2018 – $1.2 million) relating to deferred income tax on losses on publicly traded securities.

The significant components of the Company's deferred income taxes as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Deferred income tax assets		
Non-capital losses	**60,475**	52,086
Capital losses	**3,313**	3,313
Cumulative Canadian exploration expenses	**2,311**	1,700
Depreciable property, plant and equipment	**8,828**	8,651
Financing costs	**4,285**	1,664
Share based compensation expense	**3,100**	2,110
Rehabilitation provisions	**1,726**	1,575
Investments	**-**	2,306
Other	**1,868**	1,236
Gross deferred income tax assets	**85,906**	74,641
Unrecognized tax benefit relating to tax losses	**(76,101)**	(62,041)
Total deferred income tax assets	**9,805**	12,600
Deferred income tax liabilities		
Depreciable property, plant and equipment	**1,243**	97
Investments	**402**	5
Other	**249**	1,512
Total deferred income tax liabilities	**1,894**	1,614
Net deferred income tax assets	**7,911**	10,986

As at December 31, 2019, the Company had $9.0 million (December 31, 2018 – $11.0 million) of net deferred income tax assets and $1.1 million (December 31, 2018 – $nil) of net deferred income tax liabilities after offsetting deferred income tax assets and liabilities incurred by the same legal entities in the same jurisdictions in its consolidated statements of financial position.

Of the total deferred income tax assets recognized in 2019, $8.2 million (2018 – $11.8 million) is expected to be recovered after more than 12 months. Of the total deferred income tax liabilities recognized in 2019, $1.7 million (2018 – $1.4 million) is expected to be payable after more than 12 months.

As at December 31, 2019, the Company had Canadian non-capital losses of $205.3 million (December 31, 2018 – $176.3 million) expiring between 2029 and 2039, Serbian non-capital losses of $18.1 million (December 31, 2018 – $17.4 million) expiring between 2020 and 2024, and South African non-capital losses of $12.0 million (December 31, 2018 – $nil) that do not expire, for which no deferred income tax assets had been recognized.

The Company is subject to assessments by various taxation authorities which may interpret tax legislation and tax filing positions differently than the Company. Such differences are provided for when it is probable that the Company's filing position will not be upheld and the amount of the tax exposure can be reasonably estimated. As at December 31, 2019 and 2018, no provisions have been made in the consolidated financial statements for potential tax liabilities relating to such assessments and interpretations.

22. EARNINGS (LOSS) PER SHARE

	2019	2018
Net earnings (loss) attributable to common shareholders	**(70,902)**	38,113
Basic weighted average number of common shares	**179,132,413**	178,512,585
Effect of stock options	**995,162**	546,969
Diluted weighted average number of common shares	**180,127,575**	179,059,554
Basic earnings (loss) per share	**(0.40)**	0.21
Diluted earnings (loss) per share	**(0.40)**	0.21

23. RELATED PARTY TRANSACTIONS

(a) Key management remuneration

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

The remuneration of the key management of the Company recognized in the consolidated statements of earnings (loss) for the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Salaries, management bonuses and director fees	**5,008**	4,525
Other benefits	**319**	315
Share based compensation	**9,043**	4,971
Total remuneration	**14,370**	9,811

(b) Transaction with a director

In January 2018, the Company purchased 2,200,000 common shares of Sabina from a director of the Company at the market price of $1.81 (Cdn$2.26) per share for a total cost of $4.0 million (Cdn$5.0 million) to maintain its ownership interest in Sabina *(note 7(a))*.

24. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Changes in non-cash working capital

	2019	2018
(Increase) decrease in accounts receivable and other assets	**(5,950)**	2,402
(Increase) decrease in inventories	**578**	(6,008)
Increase (decrease) in accounts payable and accrued liabilities	**(9,814)**	12,507
Increase in other liabilities	**3,993**	2,467
	(11,193)	11,368

(b) Other items not affecting cash

	2019	2018
Net interest expense	**7,714**	4,641
Accretion expense related to rehabilitation provisions	**2,270**	2,256
Share based compensation expense	**1,063**	1,127
Net (gains) losses on Sabina special warrants	**(3,871)**	2,624
Net (gains) losses on commodity swap and option contracts	**2,011**	(9,415)
Net (gains) losses on foreign exchange forward and option contracts	**(704)**	2,662
Other, net	**(2,195)**	(201)
	6,288	3,694

25. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	2019	2018
Cash flow hedge reserves		
Foreign exchange forward and option contracts		
Balance at beginning of year	**887**	5,966
Unrealized gains (losses), net of income taxes	**1,656**	(6,243)
Realized (gains) losses transferred to cost of sales, net of income taxes	**(704)**	4,812
Realized (gains) losses transferred to Mine Properties, net of income taxes	**133**	(3,648)
Balance at end of year	**1,972**	887
Commodity swap and option contracts		
Balance at beginning of year	**275**	-
Unrealized gains, net of income taxes	**-**	6,126
Realized gains transferred to revenue, net of income taxes	**(275)**	(5,851)
Balance at end of year	**-**	275
Deferred cost of hedging reserves		
Foreign exchange forward and option contracts		
Balance at beginning of year	**(1,484)**	-
Impact of adoption of IFRS 9	**-**	(36)
Adjusted balance at beginning of year	**(1,484)**	(36)
Deferred cost of hedging, net of income taxes	**3,291**	(611)
Cost of hedging transferred to cost of sales, net of income taxes	**-**	(2,151)
Cost of hedging transferred to Mine Properties, net of income taxes	**200**	1,314
Balance at end of year	**2,007**	(1,484)
Commodity swap and option contracts		
Balance at beginning of year	**(276)**	-
Deferred cost of hedging, net of income taxes	**-**	1,325
Cost of hedging transferred to revenue, net of income taxes	**276**	(1,601)
Balance at end of year	**-**	(276)
Unrealized gains on publicly traded securities		
Balance at beginning of year	**(8,193)**	35,457
Impact of adoption of IFRS 9	**-**	(20,645)
Adjusted balance at beginning of year	**(8,193)**	14,812
Unrealized gains (losses), net of income taxes	**16,571**	(23,005)
Balance at end of year	**8,378**	(8,193)
Accumulated currency translation adjustments		
Balance at beginning of year	**(2,861)**	397
Currency translation adjustments	**612**	(3,258)
Balance at end of year	**(2,249)**	(2,861)
Accumulated other comprehensive income (loss)	**10,108**	(11,652)

26. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

The Company had the following minimum contractual commitments as at December 31, 2019:

	up to 1 year	1 - 5 years	Total
Capital commitments	15,948	-	**15,948**
Purchase commitments	7,729	8	**7,737**
Total commitments	**23,677**	**8**	**23,685**

As at December 31, 2019, Tsumeb had approximately $62.9 million (December 31, 2018 – $62.1 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, 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, a waiver by IXM of the requirement for the Company to purchase secondary materials above the targeted levels established in the existing agreement, the establishment of the December 31, 2019 excess secondary balances as the new targeted levels, 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.

(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.

27. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise accounts payable and accrued liabilities and long-term debt. The main purpose of these financial instruments is to assist with the management of the Company's short term and long term cash flow requirements. The Company has various financial assets, such as cash and accounts receivable, which arise directly from its operations.

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are market risk (which includes commodity price risk, interest rate risk and foreign currency risk), liquidity risk and credit risk. Management reviews each of these risks and establishes policies for managing them as summarized below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and the impact on net earnings (loss) and shareholders' equity, where applicable. Financial instruments affected by market risk include cash, accounts receivable, investments at fair value, commodity swap and option contracts, foreign exchange forward and option contracts, long-term debt, accounts payable and accrued liabilities. The sensitivity has been prepared using financial assets and liabilities held as at the reporting dates.

The Company has established financial risk management policies to identify and analyze the risks of the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees involved in financial risk management activities understand their roles and obligations.

Market risk

Market risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risks: commodity price risk, interest rate risk and foreign currency risk. The impact of each of these components is discussed below.

Commodity price risk

The Company is subject to price risk associated with fluctuations in the market prices for metals. The Company sells its products at prices that are effectively determined by reference to the traded prices on the London Metal Exchange and London Bullion Market. The prices of gold, copper and silver are major factors influencing the Company's business, results of operations and financial condition. The Company regularly enters into commodity swap contracts to reduce the price exposure associated with the time lag between the provisional and final determination of its concentrate sales. In addition, the Company periodically enters into commodity swap and options contracts to reduce the price exposure associated with projected payable copper production. The Company also selectively enters into commodity swap and option contracts to reduce its price exposure applicable to projected payable gold contained in Chelopech's pyrite concentrate production.

The Company's risk management policy, which was approved by the Board of Directors, requires provisional concentrate sales to be fully hedged and permits hedging up to 90%, 85% and 80% of its projected payable copper production in the subsequent 1, 2, and 3 year reporting periods, respectively.

As at December 31, 2019, the impact of a 5% increase or decrease in metal prices impacting the Company's accounts receivable and outstanding commodity swap and options contracts, with all other variables held constant, would decrease or increase earnings before income taxes by $1.7 million (2018 – $0.8 million). The impact on equity is the same as the impact on net earnings.

The following table demonstrates the effect on 2019 and 2018 earnings before income taxes of a 5% increase in commodity prices on its sales, excluding the impact of any hedges and with all other variables held constant. The impact on equity is the same as the impact on net earnings.

Effect of a 5% increase in metal prices on earnings before income taxes

	2019	2018
Gold	**13,945**	10,395
Copper	**4,646**	4,960
Silver	**128**	131
Total increase on earnings before income taxes	**18,719**	15,486

The effect of a 5% decrease in metal prices would decrease earnings before income taxes by an equivalent amount.

Interest rate risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash, floating rate denominated long-term debt and lease obligations, the majority of which have associated cash flows based on floating interest rates. For the year ended December 31, 2019, a 100 basis point increase or decrease in interest rates across the yield curve, with all other variables held constant, would increase or decrease earnings by $0.1 million (2018 – $0.2 million), excluding $nil (2018 – $0.3 million) increase or decrease related to capitalized interest. The impact on equity is the same as the impact on net earnings.

Foreign currency risk

The Company's foreign currency exposures arise primarily from a significant portion of its operating and capital costs being denominated in currencies other than the U.S. dollar, the Company's functional currency. The Company periodically undertakes to purchase, in advance, a portion of its foreign denominated cash flow requirements on a spot or forward basis to reduce this exposure. The Company also enters into foreign exchange forward and option contracts in order to reduce the foreign exchange exposure associated with projected operating expenses and capital expenditures denominated in foreign currencies.

The Company's risk management policy, which was approved by the Board of Directors, permits up to 85%, 80% and 75% of its projected operating expenses denominated in foreign currency to be hedged in the subsequent 1, 2, and 3 year reporting periods, respectively. The policy also permits projected capital expenditures denominated in foreign currency to be fully hedged.

The following table demonstrates the effect on 2019 and 2018 equity of a 5% appreciation of the U.S. dollar relative to the Company's key foreign currencies on the Company's outstanding foreign exchange forward and option contracts, with all other variables held constant.

	Effect of a 5% appreciation of the U.S. dollar on Equity	
	2019	2018
Euro	**-**	(900)
ZAR	**742**	754
Total increase (decrease)	**742**	(146)

The effect of a 5% depreciation of the U.S. dollar relative to these foreign currencies on the Company's outstanding foreign exchange forward and option contracts, with all other variables held constant, would be to (decrease) increase equity by equivalent amounts.

The following table demonstrates the effect on 2019 and 2018 earnings before income taxes and equity of a 5% appreciation of the U.S. dollar relative to the Company's key foreign currencies on the Company's outstanding financial assets and liabilities denominated in foreign currencies, excluding the impact of any outstanding foreign exchange forward and option contracts and with all other variables held constant.

	Effect of a 5% appreciation of the U.S. dollar on			
	Earnings before income taxes		**Equity**	
	2019	2018	**2019**	2018
Euro	**1,122**	1,166	**997**	266
Namibian Dollar	**1,156**	618	**1,156**	1,372
Canadian Dollar	**613**	608	**(1,905)**	(696)
Total increase	**2,891**	2,392	**248**	942

The effect of a 5% depreciation of the U.S. dollar relative to these foreign currencies on the Company's outstanding foreign denominated financial assets and liabilities, excluding the impact of any outstanding foreign exchange forward and option contracts and with all other variables held constant, would be to decrease earnings before income taxes and equity by equivalent amounts.

Credit risk

The exposure to credit risk arises through the potential failure of a customer or another third party to meet its contractual obligations to the Company. During 2019, the Company had contracts with 16 customers in connection with its mining and smelting operations, one of whom accounted for approximately 60% (2018 – 74%) of the Company's revenue. Under the terms of the Company's concentrate sales contracts, the purchasers make an initial advance payment equal to 70% to 95% of the provisional value of each lot at the time title transfers. This serves to mitigate a portion of the Company's credit risk.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash, equity investments and derivative financial assets, the Company's maximum exposure is equal to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing with highly rated counterparties, issuers that are subject to minimum credit ratings, and/or maximum prescribed exposures.

Liquidity risk

The Company relies on the cash flows generated from its operations, including provisional payments received from its customers, retained cash balances, available lines of credit under its RCF and its ability to raise debt and equity from the capital markets to fund its operating, investment and liquidity needs. The cyclical nature of the Company's businesses and the volatility of capital markets are such that conditions could change dramatically, affecting the Company's cash flow generating capability, its ability to maintain, or draw upon, its RCF or the existing terms under its concentrate sales and/or smelting agreements, as well as its liquidity, cost of capital and its ability to access new capital, which could adversely affect the Company's earnings and cash flows and, in turn, could affect total shareholder returns. To reduce these risks, the Company: (i) prepares regular cash flow forecasts to monitor its capital requirements, available liquidity and compliance to debt covenants; (ii) strives to maintain a prudent capital structure that is comprised primarily of equity financing and long-term debt, currently in the form of a committed RCF; and (iii) targets a minimum level of liquidity comprised of surplus cash balances and/or undrawn committed lines of credit to avoid having to raise additional capital at times when the costs or terms would be regarded as unfavourable.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

				As at December 31, 2019
	up to 1 year	**1 - 5 years**	**over 5 years**	**Total**
Accounts payable and accrued liabilities	**58,320**	**-**	**-**	**58,320**
Commodity swap contracts	**1,416**	**-**	**-**	**1,416**
Long term debt	**-**	**10,000**	**-**	**10,000**
Lease obligations	**5,371**	**15,240**	**2,111**	**22,722**
Other obligations	**3,241**	**548**	**62**	**3,851**
	68,348	**25,788**	**2,173**	**96,309**

				As at December 31, 2018
	up to 1 year	1 - 5 years	over 5 years	Total
Accounts payable and accrued liabilities	66,303	-	-	66,303
Commodity swap contracts	60	-	-	60
Foreign exchange forward and option contracts	922	-	-	922
Long term debt	-	29,000	-	29,000
Finance lease obligations	4,001	13,995	4,886	22,882
Other obligations	938	624	60	1,622
	72,224	43,619	4,946	120,789

Capital management

The Company's objective for capital management is to: (i) maintain sufficient levels of liquidity to fund and support its exploration and evaluation, development and operating activities; (ii) maintain a strong financial position to ensure it has ready access to debt and equity markets to supplement free cash flow being invested in its growth projects; and (iii) comply with all financial covenants set out in its credit agreements and guarantees. See *note 12* for discussion on the Company's compliance with these requirements. The Company monitors its financial position and the potential impact of adverse market conditions on an ongoing basis. The Company manages its capital structure and makes adjustments to it based on prevailing market conditions and according to its business plan. The Company's long term funding strategy is to maintain a capital structure comprised primarily of equity sourced from equity offerings and net earnings generated from its businesses and, as a result, the targeted level of debt making up the Company's capital base is relatively low. Given the long term nature of the assets being funded and the U.S. dollar denominated revenue stream generated therefrom, the Company's general strategy around any debt financing is to raise long-term U.S. dollar denominated debt to supplement these equity financings.

Overall financial leverage is monitored based upon a number of non-financial and financial factors, including a number of credit related ratios contained in DPM's loan agreements and net debt (defined as total debt less cash and cash equivalents) as a percentage of total capital (defined as total equity plus net debt). As of December 31, 2019, the Company was in compliance with all loan covenants and its net debt as a percentage of total capital was negative 2% (December 31, 2018 – 2%).

28. 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 *(note 4(a))* 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.

The accounting policies of the segments are the same as those described in *note 2.3, Significant Accounting Policies*. Segment performance is evaluated based on several operating and financial measures, including net earnings (loss), which is measured consistently with net earnings (loss) in the consolidated financial statements.

The following table summarizes the net earnings (loss) and other relevant information by segment for the years ended December 31, 2019 and 2018:

	Year ended December 31, 2019				
	Chelopech	**Ada Tepe**	**Tsumeb**	**Corporate & Other**	**Total**
Revenue *(a)*	**193,989**	**69,710**	**140,693**	**14,670**	**419,062**
Costs and expenses					
Cost of sales	**112,367**	**41,515**	**140,651**	**11,827**	**306,360**
General and administrative expenses	**-**	**-**	**-**	**34,548**	**34,548**
Corporate social responsibility	**-**	**-**	**-**	**2,815**	**2,815**
Exploration and evaluation expenses	**2,453**	**1,169**	**-**	**10,734**	**14,356**
Impairment charges *(note 3(a))*	**-**	**-**	**107,000**	**-**	**107,000**
Finance cost	**812**	**2,054**	**3,194**	**4,195**	**10,255**
Other (income) expense	**(1,105)**	**(362)**	**3,959**	**(1,771)**	**721**
Earnings (loss) before income taxes	**79,462**	**25,334**	**(114,111)**	**(47,678)**	**(56,993)**
Income tax expense	**7,893**	**3,167**	**-**	**3,989**	**15,049**
Net earnings (loss)	**71,569**	**22,167**	**(114,111)**	**(51,667)**	**(72,042)**
Other disclosures					
Depreciation and amortization	**30,657**	**21,909**	**27,286**	**2,275**	**82,127**
Capital expenditures *(b)*	**20,003**	**36,416**	**16,142**	**1,257**	**73,818**

	Year ended December 31, 2018 (Restated) [(i)]				
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
Revenue *(a)*	213,650	-	152,348	11,113	377,111
Costs and expenses					
Cost of sales	110,169	-	151,709	10,985	272,863
General and administrative expenses	-	-	-	30,036	30,036
Corporate social responsibility	-	-	-	1,472	1,472
Exploration and evaluation expenses	2,435	1,481	-	8,661	12,577
Impairment charges (reversal) *(note 3(b))*	(2,457)	-	-	2,346	(111)
Finance cost	626	219	3,198	3,181	7,224
Other (income) expense	546	(180)	2,630	5,640	8,636
Earnings (loss) before income taxes	102,331	(1,520)	(5,189)	(51,208)	44,414
Income tax expense (recovery)	10,014	(1,381)	-	(1,391)	7,242
Net earnings (loss)	92,317	(139)	(5,189)	(49,817)	37,172
Other disclosures					
Depreciation and amortization	30,887	-	25,278	2,779	58,944
Capital expenditures *(b)*	13,415	75,538	17,882	615	107,450

(i) In 2019 Ada Tepe commenced commercial operations and is now reported as a separate operating segment. For comparative purposes, 2018 was restated to conform with this presentation (note 4(a)).

(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. For the year ended December 31, 2019, $124.6 million or 47% (2018 – $140.9 million or 66%) of revenues from the sale of concentrate and $118.5 million or 84% (2018 – $129.3 million or 83%) of revenues from processing concentrate were derived from a single external customer. Revenues from the sale of concentrate of $46.2 million or 24% (2018 – $19.5 million or 9%) were also derived from another single external customer.

(b) Capital expenditures represent cash and non-cash additions to mine properties *(note 8)*, property, plant and equipment *(note 9)* and intangible assets *(note 10)*.

The following table summarizes the Company's revenue recognized for the years ended December 31, 2019 and 2018:

	2019	2018
Revenue recognized at a point in time from:		
Sale of concentrate *(a)*	**261,542**	215,025
Processing concentrate *(b)*	**118,467**	129,334
Acid sales	**22,226**	23,014
Sale of software licenses	**4,264**	1,562
Mark-to-market price adjustments on provisionally priced sales	**2,157**	(1,375)
Revenue recognized over time from:		
Software services	**10,406**	9,551
Total revenue	**419,062**	377,111

(a) For the year ended December 31, 2019, the Company's revenue from sale of concentrate included a $2.3 million (2018 – $1.3 million) adjustment in connection with the final determination of prior year provisional sales.
(b) For the year ended December 31, 2019, the Company's revenue from processing concentrate included a metal recovery of $0.9 million (2018 – $1.4 million).

The following table summarizes the total assets and total liabilities by segment as at December 31, 2019 and 2018:

				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**

				As at December 31, 2018 (Restated) [(i)]	
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
Total current assets	35,272	8,969	26,086	13,906	84,233
Total non-current assets	188,443	282,716	236,723	67,470	775,352
Total assets	223,715	291,685	262,809	81,376	859,585
Total liabilities	35,054	85,425	45,195	55,730	221,404

(i) In 2019 Ada Tepe commenced commercial operations and is now reported as a separate operating segment. For comparative purposes, 2018 was restated to conform with this presentation (note 4(a)).

DPM is domiciled in Canada. Revenues by geographic location are based on the location in which the revenues originate. Revenues by geographic location for the years ended December 31, 2019 and 2018 are summarized below:

				Year ended December 31, 2019
	Canada	**Europe**	**Africa**	**Total**
Revenue	**-**	**263,698**	**155,364**	**419,062**

				Year ended December 31, 2018
	Canada	Europe	Africa	Total
Revenue	-	213,650	163,461	377,111

Assets by geographic location as at December 31, 2019 and 2018 are summarized below:

				As at December 31, 2019
	Canada	**Europe**	**Africa**	**Total**
Total current assets	**7,839**	**65,613**	**31,574**	**105,026**
Financial assets	**59,362**	**-**	**5,513**	**64,875**
Deferred income tax assets	**-**	**9,048**	**-**	**9,048**
Other non-current assets	**2,477**	**461,321**	**141,963**	**605,761**
Total assets	**69,678**	**535,982**	**179,050**	**784,710**

				As at December 31, 2018
	Canada	Europe	Africa	Total
Total current assets	7,743	48,462	28,028	84,233
Financial assets	29,997	197	1,888	32,082
Deferred income tax assets	-	10,176	816	10,992
Other non-current assets	7,566	461,576	263,136	732,278
Total assets	45,306	520,411	293,868	859,585

29. SUBSEQUENT EVENT

As at February 13, 2020, the Company announced that its Board of Directors declared an inaugural quarterly dividend of $0.02 per common share payable on April 15, 2020 to shareholders of record on March 31, 2020. The Company will recognize this dividend payable as an obligation on the date of declaration in the consolidated statements of financial position and as a dividend distribution against its retained earnings in the consolidated statements of changes in shareholders' equity.

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