Dundee
PRECIOUS METALS INC.

2017 THIRD QUARTER REPORT
DUNDEE PRECIOUS METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Consolidated Financial Condition and Results of Operations

for the Three and Nine Months Ended September 30, 2017

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

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Dundee Precious Metals Inc. ("DPM" and, together with its consolidated subsidiaries, collectively referred to as the "Company") for the three and nine months ended September 30, 2017. This MD&A should be read in conjunction with DPM's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A for the year ended December 31, 2016. Additional Company information, including the Company's most recent annual information form ("AIF") and other continuous disclosure documents, can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and the Company's website at www.dundeeprecious.com. To the extent applicable, updated information contained in this MD&A supersedes older information contained in previously filed continuous disclosure documents. Capitalized terms used in this MD&A that have not been defined have the same meanings attributed to them in DPM's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017. 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 ("CIM") Definition Standards for Mineral Resources and Mineral Reserves, and has been reviewed and approved by Richard Gosse, M.Sc. (Mineral Exploration), Senior 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 November 7, 2017.

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.

Continuing operations:

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 ("Krumovgrad"), which is currently constructing a gold mine located in south eastern Bulgaria, near the town of Krumovgrad, that is expected to commence production in the fourth quarter of 2018; and
- 100% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia.

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

- 10.4% of Sabina Gold and Silver Corp. ("Sabina"), which is focused on the Back River project in southwestern Nunavut, Canada;
- 100% of Avala Resources Ltd. ("Avala"), which is focused on the exploration and development of the Lenovac project, the Timok gold project, the Tulare copper and gold project and other early stage projects in Serbia; and
- through an option agreement, the right to earn up to a 71% interest in Khalkos Exploration Inc.'s Malartic gold property located in the Archean Abitibi greenstone belt in the Malartic mining camp in Quebec, Canada.

Discontinued operations:

On April 28, 2016, DPM sold 100% of Dundee Precious Metals Kapan CJSC ("Kapan"), which owns and operates a gold, copper, zinc and silver mine in the town of Kapan, located south east of the capital city of Yerevan in southern Armenia (the "Kapan Disposition"). Cash proceeds from the Kapan Disposition of $24.8 million were received in the first nine months of 2016 and additional proceeds relating to a post-closing adjustment of $4.4 million were received in the first nine months of 2017. A gain of $3.4 million was recognized in the twelve months ended December 31, 2016 and included in results from discontinued operations.

Acquisition of MineRP:

On October 25, 2017, the Company completed a business combination pursuant to which it acquired a 78% equity interest in MineRP Holdings Proprietary Limited, an independent software vendor for the mining industry with operations in South Africa, Canada, Australia and Chile, through a new subsidiary called MineRP Holdings Inc. ("MineRP"). Up to 10% of the fully-diluted common shares of MineRP will be reserved for incentive compensation arrangements, with up to half being allocated to certain officers of DPM who will serve as directors/officers 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. MineRP's day-to-day operations will be conducted by the current management of MineRP.

The Company paid cash consideration of $20.0 million and non-cash consideration of $0.7 million through the transfer of certain assets to MineRP. Going forward, DPM has also agreed to provide MineRP with up to $5.0 million of additional financing to support its working capital and growth initiatives.

KEY OPERATIONAL AND FINANCIAL HIGHLIGHTS

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

$ thousands, unless otherwise indicated	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Financial Results				
Revenue[1]	**92,322**	54,790	**253,843**	197,428
Cost of sales[1]	**72,253**	67,068	**198,641**	189,050
Depreciation and amortization[1]	**15,725**	20,240	**47,225**	58,645
Impairment charges[1]	**-**	(11,200)	**-**	(11,134)
Other (expense) income[1]	**(7,904)**	1,398	**(22,930)**	(8,729)
Earnings (loss) before income taxes[1]	**3,278**	(30,183)	**4,576**	(40,699)
Income tax expense[1]	**(305)**	(104)	**(3,213)**	(2,280)
Net earnings (loss) from continuing operations attributable to common shareholders	**3,042**	(29,783)	**1,563**	(42,475)
Net earnings (loss) attributable to common shareholders	**3,042**	(29,860)	**1,563**	(41,582)
Basic earnings (loss) per share from continuing operations	**0.02**	(0.19)	**0.01**	(0.29)
Basic earnings (loss) per share attributable to common shareholders	**0.02**	(0.19)	**0.01**	(0.28)
Adjusted EBITDA[1],[2]	**25,610**	3,472	**70,301**	42,764
Adjusted earnings (loss) before income taxes[1],[2]	**8,235**	(19,734)	**17,508**	(25,618)
Adjusted net earnings (loss)[1],[2]	**7,589**	(19,360)	**13,272**	(28,033)
Adjusted basic earnings (loss) per share[1],[2]	**0.04**	(0.12)	**0.07**	(0.19)
Cash provided from operating activities[1]	**29,113**	56,187	**80,777**	68,381
Cash provided from operating activities, before changes in non-cash working capital[1],[2]	**26,952**	50,861	**69,608**	97,236
Free cash flow[1],[2]	**17,965**	41,049	**31,571**	63,832
Capital expenditures incurred[1]:				
Growth[2]	**17,828**	3,947	**50,976**	20,008
Sustaining[2]	**6,777**	8,318	**16,378**	16,750
Total capital expenditures	**24,605**	12,265	**67,354**	36,758
Operational Highlights				
Payable metals in concentrate sold[1]:				
Gold *(ounces)*[3]	**41,926**	32,447	**123,063**	102,065
Copper *('000s pounds)*	**9,363**	9,704	**24,440**	27,288
Silver *(ounces)*	**44,183**	47,096	**122,936**	122,597
Cash cost per tonne of ore processed[2],[4]	**35.26**	31.51	**33.38**	33.08
Cash cost per ounce of gold sold, net of by-product credits[2],[5],[6],[7]	**541**	839	**567**	630
All-in sustaining cost per ounce of gold[2],[5],[7],[8]	**685**	1,083	**700**	795
Complex concentrate smelted at Tsumeb *(tonnes)*	**57,991**	37,035	**160,269**	139,002
Cash cost per tonne of complex concentrate smelted at Tsumeb, net of by-products credits[2],[9]	**484**	642	**476**	471

As at,	September 30, 2017	December 31, 2016
Financial Position		
Cash	**21,987**	11,757
Investments at fair value	**46,437**	19,216
Total assets	**786,843**	733,952
Debt(10)	**-**	41,110
Equity	**618,858**	552,027
Common shares outstanding *('000s)*	**178,461**	160,588
Share price (Cdn$ per share)	**2.70**	2.25

1) Information relates to continuing operations and excludes results from Kapan, which was sold in April 2016.

2) Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"); adjusted earnings (loss) before income taxes; adjusted net earnings (loss); adjusted basic earnings (loss) per share; cash provided from operating activities, before changes in non-cash working capital; free cash flow; growth and sustaining capital expenditures; cash cost per tonne of ore processed; 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, are not defined measures under GAAP. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS measures.

3) Includes payable gold in pyrite concentrate sold in the third quarter and first nine months of 2017 of 7,302 ounces and 24,931 ounces, respectively, compared to 8,130 ounces and 23,240 ounces for the corresponding periods in 2016.

4) Cash cost per tonne of ore processed represents Chelopech related production expenses, including mining, processing, services, royalties and general and administrative, divided by tonnes of ore processed.

5) Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $5.5 million and $18.2 million in the third quarter and first nine months of 2017, respectively, compared to $7.2 million and $19.1 million in the corresponding periods in 2016. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, in the third quarter and first nine months of 2017 was $495 and $525, respectively, compared to $825 and $574 for the corresponding periods in 2016. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, in the third quarter and first nine months of 2017 was $670 and $692, respectively, compared to $1,150 and $788 for the corresponding periods in 2016.

6) Cash cost per ounce of gold sold, net of by-product credits, represents cost of sales at Chelopech less depreciation, amortization and other non-cash expenses plus treatment charges, penalties, transportation and other selling costs less by-product copper and silver revenues, including realized losses and gains on copper swap contracts, divided by the payable gold in copper and pyrite concentrate sold.

7) Includes realized losses on copper swap contracts, entered to hedge a portion of projected payable production, of $3.9 million and $7.2 million during the third quarter and first nine months of 2017, respectively, compared to realized gains of $0.9 million and $3.1 million for the corresponding periods in 2016.

8) All-in sustaining cost per ounce of gold represents cost of sales at Chelopech less depreciation, amortization and other non-cash items plus treatment charges, penalties, transportation and other selling costs, sustaining capital 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, including realized losses and gains on copper swap contracts, divided by the payable gold in copper and pyrite concentrate sold.

9) Cash cost per tonne of complex concentrate smelted, net of by-product credits at Tsumeb represents cost of sales less depreciation, amortization and realized gains on the forward point component of forward foreign exchange contracts, which are recorded in other expense (income), net of revenue related to the sale of acid and arsenic divided by the volumes of complex concentrate smelted.

10) Long-term debt, including current portion.

REVIEW OF CONSOLIDATED RESULTS

Market Trends

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 nine months ended September 30, 2017 and 2016 and highlights the overall year over year (weakness) strength in commodity prices.

Metal Market Prices (Average)	Three Months			Nine Months		
Ended September 30,	2017	2016	Change	2017	2016	Change
LBMA gold *($/ounce)*	**1,278**	1,335	**(4%)**	**1,252**	1,258	**0%**
LME settlement copper *($/pound)*	**2.88**	2.17	**33%**	**2.70**	2.14	**26%**
LBMA spot silver *($/ounce)*	**16.83**	19.62	**(14%)**	**17.17**	17.08	**1%**

The following table sets out the average foreign exchange rates for the principal currencies impacting the Company and highlights the overall year over year weakness of the U.S. dollar relative to these currencies.

Average Foreign Exchange Rates Ended September 30,	**Three Months**			**Nine Months**		
	2017	2016	**Change**	**2017**	2016	**Change**
US$/Cdn$	**1.2526**	1.3047	**(4%)**	**1.3068**	1.3224	**(1%)**
Euro/US$	**1.1752**	1.1157	**(5%)**	**1.1134**	1.1160	**0%**
US$/ZAR	**13.1612**	14.0713	**(6%)**	**13.1850**	14.9558	**(12%)**

The following table sets out the applicable closing foreign exchange rates as at September 30, 2017 and 2016 and the extent to which the U.S. dollar has weakened relative to each of the currencies.

Closing Foreign Exchange Rates Ended September 30,	**2017**	2016	**Change**
US$/Cdn$	**1.2480**	1.3117	**(5%)**
Euro/US$	**1.1813**	1.1211	**(5%)**
US$/ZAR	**13.5473**	13.8528	**(2%)**

Operational Highlights

Deliveries from continuing operations

In the third quarter of 2017, payable gold in concentrate sold of 41,926 ounces was 29% higher than the corresponding period in 2016, payable copper decreased by 4% to 9.3 million pounds and payable silver decreased by 6% to 44,183 ounces, in each case, relative to the corresponding period in 2016. The increase in payable gold was due primarily to higher gold production as a result of higher gold recoveries and grades.

In the first nine months of 2017, payable gold in concentrate sold increased by 21% to 123,063 ounces and payable copper decreased by 10% to 24.4 million pounds, in each case, relative to the corresponding period in 2016. Payable silver in the first nine months of 2017 of 122,936 ounces was comparable to the corresponding period in 2016. The increase in payable gold was due primarily to higher gold production as a result of higher gold recoveries and grades. The decrease in payable copper was due primarily to the decrease in copper concentrate production as a result of planned lower copper grades.

Complex concentrate smelted

Complex concentrate smelted during the third quarter of 2017 of 57,991 tonnes was 57% or 20,956 tonnes higher than the corresponding period in 2016 due primarily to improved performance and increased availability of the Ausmelt furnace in the period. Performance of the smelter in the third quarter of 2016 was significantly impacted by 21 days of unplanned maintenance, 15 days of planned downtime and post commissioning issues.

Complex concentrate smelted during the first nine months of 2017 of 160,269 tonnes was 15% or 21,267 tonnes higher than the corresponding period in 2016 due primarily to increased availability of the Ausmelt furnace as well as stable performance of the primary plants. In 2017, the Ausmelt furnace has shown improved stability and performance following the implementation of several operational initiatives and commissioning of the matte holding vessel, which more than offset reduced oxygen availability in September resulting from the unplanned outage of the high pressure oxygen plant. The issues with the high pressure oxygen plant were resolved by mid-October and annual complex concentrate smelted is expected to achieve the mid-point of 2017 guidance.

Financial Highlights

Revenue from continuing operations

Revenue during the third quarter of 2017 of $92.3 million was $37.5 million higher than the corresponding period in 2016 due primarily to higher volumes of complex concentrate smelted, higher volumes of payable gold in concentrate sold and higher market copper prices, partially offset by increased deductions for slag mill concentrate returns and estimated metals exposure, and lower market gold prices. Revenue in the third quarter of 2017 excluded realized losses of $3.9 million (2016 – realized gains of $0.6 million) on copper and gold swap contracts related to payable copper and gold sold in the period, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

Revenue during the first nine months of 2017 of $253.8 million was $56.4 million higher than the corresponding period in 2016 due primarily to higher volumes of payable gold in concentrate sold, higher volumes of complex concentrate smelted, higher market copper prices, higher toll rates at Tsumeb and reduced deductions for estimated metals exposure, partially offset by lower volumes of payable copper in concentrate sold and increased deductions for slag mill concentrate returns. Revenue in the first nine months of 2017 excluded realized losses of $7.2 million (2016 – realized gains of $3.0 million) on copper and gold swap contracts related to payable copper and gold sold in the period, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

Included in revenue were unfavourable mark-to-market price adjustments on provisionally priced sales of $0.4 million (2016 – $0.6 million) and favourable adjustments of $2.7 million (2016 – $5.3 million) during the third quarter and first nine months of 2017, respectively. These adjustments were offset by gains or losses on QP Hedges, as defined in the Financial Instruments section of this MD&A under commodity swap and option contracts, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

The average realized gold price for the third quarter and first nine months of 2017 was $1,290 per ounce and $1,260 per ounce, respectively, compared to $1,325 per ounce and $1,262 per ounce in the corresponding periods in 2016. The average realized copper price, including realized hedging losses, for the third quarter and first nine months of 2017 was $2.51 per pound and $2.44 per pound, respectively, up 9% and 6% compared to the corresponding periods in 2016. Average realized gold and copper prices are not defined measures under GAAP. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS.

Cost of sales from continuing operations

Cost of sales in the third quarter of 2017 of $72.2 million was $5.2 million higher than the corresponding period in 2016 due primarily to higher operating expenses at Tsumeb related to higher throughput and higher electricity, contractor and labour costs, and a stronger ZAR relative to the U.S. dollar, partially offset by lower depreciation at Tsumeb following changes in the estimated useful lives for certain assets and the impairment charge taken in the fourth quarter of 2016. Cost of sales in the third quarter of 2017 excluded realized gains of $1.8 million (2016 – $1.0 million) on the forward point component of forward foreign exchange contracts entered to hedge a portion of the Company's foreign exchange exposure, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

Cost of sales in the first nine months of 2017 of $198.6 million was $9.6 million higher than the corresponding period in 2016 due primarily to higher operating expenses at Tsumeb related to higher throughput and higher electricity, contractor and labour costs, and a stronger ZAR relative to the U.S. dollar, partially offset by lower depreciation. Cost of sales in the first nine months of 2017 excluded realized gains of $4.7 million (2016 – $2.5 million) on the forward point component of forward foreign exchange contracts entered to hedge a portion of the Company's foreign exchange exposure, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

All-in sustaining cost per ounce of gold

All-in sustaining cost per ounce of gold in the third quarter of 2017 of $685 was $398 lower than the corresponding period in 2016. This decrease was due primarily to higher volumes of payable gold in concentrate sold, lower treatment charges, lower sustaining capital expenditures and higher by-product credits as a result of higher realized copper prices. The decrease in treatment charges was due primarily to 2016 treatment charges being negatively impacted by unplanned and planned outages at Tsumeb.

All-in sustaining cost per ounce of gold in the first nine months of 2017 of $700 was $95 lower than the corresponding period in 2016. This decrease was due primarily to higher volumes of payable gold in concentrate sold, partially offset by lower by-product credits, which were impacted by lower volumes of payable copper in concentrate sold and higher realized copper prices.

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

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the third quarter of 2017 of $484 was 25% or $158 lower than the corresponding period in 2016 due primarily to higher throughput, partially offset by higher rates related to electricity, contractor and labour.

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the first nine months of 2017 of $476 was comparable to the corresponding period in 2016. The increase in operating expenses related to higher electricity, contractor and labour rates was largely offset by higher volumes of complex concentrate smelted.

Other (expense) income from continuing operations

Other (expense) income is comprised of any realized gains or losses from the sales of certain publicly traded securities, foreign exchange translation gains or losses, unrealized gains or losses on Sabina special warrants, gains or losses on commodity swap and option contracts, gains or losses on the forward point component of the forward foreign exchange contracts and impairment charges on financial assets. The commodity swap and option contracts and the forward point component of the forward foreign exchange contracts, which are effective hedges from an economic perspective, are deemed not to be effective from an accounting perspective, and therefore do not receive hedge accounting treatment. As a result, unrealized gains or losses on these contracts are included in other (expense) income.

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

$ thousands	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Net gains on Sabina special warrants	**631**	567	**2,646**	1,371
Net (losses) gains on commodity swap and option contracts	**(7,905)**	857	**(21,974)**	(9,285)
Net (losses) gains on forward foreign exchange contracts	**(26)**	1,527	**571**	3,561
Impairment charges on publicly traded securities	**-**	-	**-**	(24)
Net foreign exchange losses	**(1,606)**	(759)	**(5,912)**	(2,819)
Interest income	**71**	58	**212**	169
Other income (expense), net	**931**	(852)	**1,527**	(1,702)
Total other (expense) income	**(7,904)**	1,398	**(22,930)**	(8,729)

During the third quarter and first nine months of 2017, the Company reported unrealized losses on commodity swap and option contracts of $3.8 million (2016 – unrealized gains of $2.6 million) and $12.3 million (2016 – $7.5 million), respectively. The Company also reported realized losses on the settlement of certain commodity swap and option contracts of $4.1 million (2016 – $1.8 million) and $9.7 million (2016 – $1.8 million) during the third quarter and first nine months of 2017, respectively.

Income tax expense

The effective tax rate of the Company can vary significantly from one period to the next based on a number of factors. For the three and nine months ended September 30, 2017 and 2016, the Company's effective tax rate was impacted primarily by unrecognized tax benefits relating to corporate operating, exploration and development costs and the Company's mix of foreign earnings and losses, which are subject to lower tax rates in certain jurisdictions.

$ thousands	Three Months		Nine Months	
Ended September 30, 2017	**2017**	2016	**2017**	2016
Earnings (loss) before income taxes from continuing operations	**3,278**	(30,183)	**4,576**	(40,699)
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%	**26.5%**	26.5%
Expected income tax expense (recovery)	**869**	(7,998)	**1,213**	(10,785)
Lower rates on foreign (earnings) losses	**(1,309)**	6,269	**(2,770)**	6,444
Unrecognized tax benefits relating to losses	**1,920**	1,781	**6,184**	6,777
Non-taxable portion of capital gains	**(408)**	(56)	**(1,430)**	(254)
Non-deductible share based compensation expense	**71**	83	**250**	331
Other, net	**(838)**	25	**(234)**	(233)
Income tax expense	**305**	104	**3,213**	2,280
Effective income tax rates	**9.3%**	(0.3%)	**70.2%**	(5.6%)

Net earnings (loss) attributable to common shareholders from continuing operations

In the third quarter of 2017, the Company reported net earnings attributable to common shareholders from continuing operations of $3.1 million compared to a net loss of $29.8 million in the corresponding period in 2016. The improved earnings were due primarily to higher volumes of complex concentrate smelted as a result of improved performance and increased availability of the Ausmelt furnace, higher volumes of payable gold in concentrate sold as a result of higher gold recoveries and grades, lower depreciation and higher realized copper prices, partially offset by higher operating expenses at Tsumeb, higher deductions for slag mill concentrate returns and estimated metals exposure, and lower realized gold prices. The increase in earnings was also attributable to an $11.2 million write-down taken in the third quarter of 2016 related to the closure of the arsenic plant at Tsumeb.

In the first nine months of 2017, the Company reported net earnings attributable to common shareholders from continuing operations of $1.6 million compared to a net loss of $42.5 million in the corresponding period in 2016. The improved earnings were due primarily to higher volumes of payable gold in concentrate sold as a result of higher gold recoveries and grades, higher volumes of complex concentrate smelted as a result of improved performance and increased availability of the Ausmelt furnace, lower depreciation, higher toll rates at Tsumeb, lower finance costs as a result of lower debt levels and higher realized copper prices, partially offset by lower volumes of payable copper in concentrate sold and higher cost per tonne copper concentrate sold, in each case, as a result of lower copper grades, and higher operating expenses at Tsumeb. The increase in earnings was also attributable to an $11.2 million write-down taken in the third quarter of 2016 related to the closure of the arsenic plant at Tsumeb.

Net earnings (loss) attributable to common shareholders from continuing operations for the third quarter and first nine months of 2017 and 2016 were also impacted by net after-tax losses of $4.5 million (2016 – $10.4 million) and $11.7 million (2016 – $14.4 million), respectively, related to several items not reflective of the Company's underlying operating performance, including unrealized losses on commodity swap and option contracts entered to hedge a portion of future production, unrealized losses and gains on the forward point component of forward foreign exchange contracts entered to hedge a portion of foreign denominated operating costs and capital expenditures, impairment charges taken in 2016, and net gains on Sabina special warrants, each of which are excluded from adjusted net earnings (loss).

Net earnings attributable to common shareholders from discontinued operations

Net loss from discontinued operations was $0.1 million in the third quarter of 2016 and net earnings were $0.9 million in the first nine months of 2016.

Adjusted net earnings (loss)

Adjusted net earnings in the third quarter and first nine months of 2017 were $7.6 million and $13.3 million, respectively, compared to an adjusted net loss of $19.4 million and $28.1 million in the corresponding periods in 2016. Adjusted net earnings (loss) were impacted by the same factors affecting net earnings (loss) attributable to common shareholders from continuing operations, except for net gains on Sabina special warrants, unrealized losses and gains on the forward point component of the forward foreign exchange contracts entered to hedge a portion of foreign denominated operating costs and capital expenditures, unrealized losses on commodity swap and option contracts entered to hedge a portion of future production, and impairment charges, each of which are excluded from adjusted net earnings (loss) as these items are not reflective of the Company's underlying operating performance.

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

($ millions) **Ended September 30,**	**Three Months**	**Nine Months**
Adjusted net loss - 2016	**(19.4)**	**(28.1)**
Higher volumes of metals sold	13.6	25.6
Higher smelter volumes	19.3	19.3
Lower depreciation	4.5	11.4
(Lower) higher toll rates at Tsumeb	(3.4)	5.1
Lower finance costs	1.3	4.1
(Lower) higher metal prices [1]	(0.4)	3.0
(Higher) lower estimated metals exposure	(1.1)	3.0
Lower treatment charges for Chelopech [2]	5.8	1.5
Higher exploration and general and administrative expenses	(2.2)	(2.7)
Other	(0.3)	(4.6)
Higher cost per tonne of concentrate sold [3]	(0.6)	(5.4)
Higher deductions for slag mill concentrate returns	(2.2)	(6.8)
Higher smelter operating expenses [3]	(7.3)	(12.1)
Adjusted net earnings - 2017	**7.6**	**13.3**

1) Includes gains and losses on commodity swap contracts, except unrealized losses on commodity swap and option contracts related to projected payable production, and metal price adjustments related to provisionally priced sales.

2) The decrease in treatment charges in the third quarter of 2017 relative to the corresponding period in 2016 was due primarily to 2016 treatment charges being negatively impacted by unplanned and planned outages at Tsumeb.

3) Excludes impact of depreciation and foreign exchange.

Adjusted EBITDA

Adjusted EBITDA in the third quarter and first nine months of 2017 was $25.6 million and $70.3 million, respectively, compared to $3.5 million and $42.8 million in the corresponding periods in 2016. These increases were due to the same factors affecting adjusted net earnings (loss), except for depreciation, interest and income taxes, which are excluded from adjusted EBITDA.

The following table shows the adjusted EBITDA by segment:

$ thousands	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Chelopech	**29,238**	12,039	**81,928**	58,742
Tsumeb	**3,234**	(3,281)	**8,703**	3,075
Corporate & Other	**(6,862)**	(5,286)	**(20,330)**	(19,053)
Total adjusted EBITDA	**25,610**	3,472	**70,301**	42,764

The Corporate and Other Segment includes corporate general and administrative costs, corporate social responsibility expenses, exploration and development projects, and other income and cost items that do not pertain directly to an operating segment. Refer to the "Review of Operating Results by Segment from Continuing Operations" section of this MD&A for a more detailed discussion of Chelopech, Tsumeb and Corporate & Other results.

Cash provided from operating activities of continuing operations

Cash provided from operating activities in the third quarter of 2017 was $29.1 million compared to $56.2 million in the corresponding period in 2016. This decrease was due primarily to the receipt of $50.0 million from the prepaid forward sales of gold in 2016, partially offset by better results from Chelopech and Tsumeb. Cash provided from operating activities in the first nine months of 2017 was $80.8 million compared to $68.4 million in the corresponding period in 2016. This increase was due primarily to a favourable change in non-cash working capital and better results from Chelopech and Tsumeb, partially offset by the receipt of $50.0 million from the prepaid forward sales of gold in 2016.

The favourable change in non-cash working capital in the third quarter of 2017 of $2.2 million was due primarily to an increase in accounts payable and accrued liabilities and a decrease in inventories, partially offset by an increase in accounts receivable as a result of the timing of receipts. The favourable change in non-cash working capital in the third quarter of 2016 of $5.3 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories.

The favourable change in non-cash working capital in the first nine months of 2017 of $11.2 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and an increase in accounts payable and accrued liabilities as a result of the timing associated with supplier payments, partially offset by an increase in inventories. The unfavourable change in non-cash working capital in the first nine months of 2016 of $28.9 million was due primarily to an increase in accounts receivable as a result of the timing of receipts from customers, a decrease in accounts payable and accrued liabilities as a result of the timing associated with supplier payments and an increase in inventories as a result of the timing of concentrate deliveries.

Cash provided from operating activities, before changes in non-cash working capital, during the third quarter and first nine months of 2017 was $26.9 million and $69.6 million, respectively, compared to $50.9 million and $97.3 million in the corresponding periods in 2016.

Free cash flow

Free cash flow in the third quarter of 2017 was $18.0 million compared to $41.0 million in the corresponding period in 2016. This decrease was due primarily to the receipt of $50.0 million from the prepaid forward sales of gold in 2016, partially offset by improved results from Chelopech and Tsumeb.

Free cash flow in the first nine months of 2017 was $31.6 million compared to $63.8 million in the corresponding period in 2016. This decrease was due primarily to the receipt of $50.0 million from the prepaid forward sales of gold in 2016 and higher term debt repayments following DPM's decision to prepay the final $8.2 million instalment of its Term Loans, which was originally due in December 2017, partially offset by improved results from Chelopech and Tsumeb.

Capital expenditures from continuing operations

Capital expenditures during the third quarter and first nine months of 2017 were $24.6 million and $67.3 million, respectively, compared to $12.3 million and $36.8 million in the corresponding periods in 2016.

Growth capital expenditures during the third quarter and first nine months of 2017 were $17.9 million and $51.0 million, respectively, compared to $3.9 million and $20.0 million in the corresponding periods in 2016. These increases were due primarily to the construction of the Krumovgrad gold project, which started in the fourth quarter of 2016, partially offset by the completion of the new copper converters at Tsumeb in the first quarter of 2016. Sustaining capital expenditures during the third quarter and first nine months of 2017 were $6.7 million and $16.3 million, respectively, compared to $8.4 million and $16.8 million in the corresponding periods in 2016.

2017 GUIDANCE

The information contained in this section of the 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.

Guidance on 2017 production and sales for Chelopech has been further increased, while cost guidance has been reduced, to reflect the continued strong performance at Chelopech in the third quarter of 2017. Relative to the updated guidance issued in July 2017, gold production and sales volumes guidance for Chelopech has been increased by approximately 3% to 7% to reflect higher than anticipated gold production in the third quarter of 2017 and cost guidance has been reduced by approximately 6% to 8% to reflect this change.

Growth capital expenditure guidance has been reduced by approximately $33 million relative to the updated guidance issued in July 2017 to reflect the timing of certain expenditures and a decrease in the estimated capital cost related to the Krumovgrad gold project. Sustaining capital expenditure guidance has also been reduced by approximately 6% to 8% to reflect lower spending at Tsumeb.

The Company's updated guidance for 2017 is set out in the following table:

$ millions, unless otherwise indicated	**Chelopech**	**Tsumeb**	**Updated Consolidated Guidance**	**Original Consolidated Guidance [7]**
Ore mined/milled *('000s tonnes)*	2,040 – 2,200	-	2,040 – 2,200	2,040 – 2,200
Complex concentrate smelted *('000s tonnes)*	-	210 – 240	210 – 240	210 – 240
Metals contained in concentrate produced[(1),(2)]				
Gold *('000s ounces)*	185 - 195	-	185 – 195	157 – 174
Copper *(million pounds)*	35 – 39	-	35 – 39	33.7 – 37.0
Payable metals in concentrate sold[(1)]				
Gold *('000s ounces)*	154 – 168	-	154 – 168	135 – 150
Copper *(million pounds)*	33 – 36	-	33 – 36	32 – 35
Cash cost per tonne of ore processed[(3),(4)]	32 – 36	-	32 – 36	32 – 36
Cash cost per ounce of gold sold, net of by-product credits[(3),(4),(5)]	580 – 640	-	580 – 640	670 – 810
All-in sustaining cost per ounce of gold[(3),(4),(5)]	-	-	715 – 785	840 – 965
Cash cost per tonne of complex concentrate smelted, net of by-product credits[(3),(4)]	-	400 – 485	400 – 485	400 – 485
General & administrative expenses[(3),(6)]	-	-	18 – 22	18 – 22
Exploration expenses[(3)]	-	-	7 – 9	7 – 9
Sustaining capital expenditures[(3),(4)]	13 – 15	10 – 15	23 – 30	25 – 32

1) *Gold produced includes gold in pyrite concentrate produced of 55,000 to 60,000 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 foreign exchange rates and, where applicable, metal prices that approximate current rates and prices. The assumed copper price reflects the impact of 92% of 2017 payable copper production being hedged at $2.40 per pound. The assumed Euro and ZAR exchange rates reflect the impact of the forward foreign exchange contracts.*
4) *Cash cost per tonne of ore processed, 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, and sustaining capital expenditures have no standardized meaning under GAAP. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS measures.*
5) *Includes the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, and payable gold in pyrite concentrate sold. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, is expected to be between $550 and $600 in 2017. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, is expected to be between $715 and $785 in 2017.*
6) *Excludes mark-to-market adjustments on share-based compensation.*
7) *Issued in February 2017.*

The 2017 guidance provided above 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.

The smelter continues to demonstrate improved performance and stability with third quarter concentrate smelted in line with the previous quarter, despite reduced oxygen availability from the high pressure oxygen plant. With the high pressure oxygen plant back online in mid-October, the smelter is expected to achieve higher targeted smelting rates in the fourth quarter. The Ausmelt furnace, converters and matte holding vessel are delivering in line with their design capacity and annual complex concentrate smelted is expected to achieve the mid-point of 2017 guidance.

For 2017, the majority of the Company’s growth capital expenditures are primarily focused on the construction of the Krumovgrad gold project and are expected to be between $73 million and $81 million. The decrease relative to the updated guidance of $103 million to $116 million issued in July 2017 is due primarily to the timing of certain expenditures related to the Krumovgrad gold project and a reduction in the estimated capital cost.

At Krumovgrad, earthworks in the process plant area were completed in the third quarter of 2017, and installation of major foundations commenced. Earthworks relating to the construction of the integrated mine waste facility and installation of major equipment foundations will continue through the fourth quarter of 2017. The total estimated capital cost for the construction of the Krumovgrad gold project is now expected to be between $162 million and $168 million, down from the initial estimate of $178 million due primarily to reforecasting of contingency and locking in a more favourable foreign exchange rate than was budgeted on Euro denominated expenditures. The project remains on track for first concentrate production in the fourth quarter of 2018.

REVIEW OF OPERATING RESULTS BY SEGMENT FROM CONTINUING OPERATIONS

Chelopech – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Operational Highlights				
Ore mined *(mt)*	**559,629**	551,591	**1,691,727**	1,667,564
Ore processed *(mt)*	**565,696**	560,038	**1,691,084**	1,665,323
Head grade / Recoveries in copper concentrate *(ore milled)*				
Gold *(g/mt) / %*	**3.59 / 52.3**	3.22 / 41.3	**3.70 / 52.1**	3.43 / 47.3
Copper *(%) / %*	**0.93 / 81.8**	0.98 / 78.1	**0.88 / 80.6**	1.01 / 79.8
Silver *(g/mt) / %*	**7.55 / 41.4**	10.05 / 31.7	**7.40 / 38.0**	9.48 / 34.8
Copper concentrate produced *(mt)*	**26,514**	25,748	**73,751**	82,074
Metals contained in copper concentrate produced:				
Gold *(ounces)*	**34,161**	23,891	**104,783**	86,851
Copper *(pounds)*	**9,478,655**	9,423,314	**26,321,575**	29,642,267
Silver *(ounces)*	**56,934**	57,386	**152,847**	176,638
Cash cost per tonne of ore processed(1),(3),(4)	**35.26**	31.51	**33.38**	33.08
Cash cost per ounce of gold in copper concentrate produced(1),(3),(5)	**342**	420	**332**	376
Cash cost per pound of copper in copper concentrate produced(1),(3),(5)	**0.77**	0.69	**0.72**	0.66
Copper concentrate delivered *(mt)*	**27,757**	28,220	**73,360**	80,520
Payable metals in copper concentrate sold:				
Gold *(ounces)*(6)	**34,624**	24,317	**98,132**	78,825
Copper *(pounds)*(6)	**9,362,707**	9,704,537	**24,439,837**	27,288,373
Silver *(ounces)*(6)	**44,183**	47,096	**122,936**	122,597
Cash cost per ounce of gold sold, net of by-product credits(2),(3),(7),(8)	**541**	839	**567**	630
Cost per tonne of copper concentrate sold(9)	**1,045**	1,015	**1,120**	995
Pyrite concentrate produced *(mt)*	**64,160**	61,867	**189,403**	161,138
Gold contained in pyrite concentrate produced *(ounces)*	**14,288**	12,900	**43,511**	34,850
Pyrite concentrate delivered *(mt)*	**51,498**	60,379	**171,066**	165,276
Payable gold in pyrite concentrate sold *(ounces)*	**7,302**	8,130	**24,931**	23,240
Financial Highlights				
Net revenue(10),(11)	**53,911**	30,446	**148,929**	116,089
Cost of sales	**29,010**	28,643	**82,152**	80,125
Earnings before income taxes	**16,164**	2,408	**42,812**	24,270
Adjusted EBITDA(3)	**29,238**	12,039	**81,928**	58,742
Adjusted earnings before income taxes(3)	**20,094**	2,665	**54,427**	30,660
Depreciation	**9,021**	9,233	**27,148**	27,613
Capital expenditures incurred:				
Growth(3)	**1,083**	576	**2,803**	1,983
Sustaining(3)	**3,959**	5,270	**9,207**	8,514
Total capital expenditures	**5,042**	5,846	**12,010**	10,497

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) Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $5.5 million and $18.2 million in the third quarter and first nine months of 2017, respectively, compared to $7.2 million and $19.1 million in the corresponding periods in 2016. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, in the third quarter and first nine months of 2017 was $495 and $525, respectively, compared to $825 and $574 in the corresponding periods in 2016.

3) Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.

4) Cash cost per tonne of ore processed, excluding royalties, was $32.14 and $30.31 in the third quarter and first nine months of 2017, respectively, compared to $28.81 and $30.25 in the corresponding periods in 2016.

5) Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver sales revenue.

6) Represents payable metals in copper concentrate sold based on provisional invoices.

7) 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, including realized losses and gains on copper swap contracts, divided by the payable gold in copper and pyrite concentrate sold.

8) *Includes realized losses on copper swap contracts, entered to hedge a portion of projected payable production, of $3.9 million and $7.2 million during the third quarter and first nine months of 2017, respectively, compared to realized gains of $0.9 million and $3.1 million in the corresponding periods in 2016.*
9) *Represents cost of sales divided by volumes of copper concentrate delivered.*
10) *Net 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 $1.4 million and favourable mark-to-market adjustments and final settlements of $1.5 million were recognized during the third quarter and first nine months of 2017, respectively, compared to net unfavourable mark-to-market adjustments and final settlements of $4.0 million and favourable mark-to-market adjustments and final settlements of $2.2 million in the corresponding periods in 2016. Deductions during the third quarter and first nine months of 2017 were $26.8 million and $76.6 million, respectively, compared to $31.3 million and $77.1 million in the corresponding periods in 2016.*
11) *Net revenue excludes realized and unrealized gains and losses on commodity swap and option contracts entered to hedge the mark-to-market impacts associated with provisionally priced sales and future production. Under IFRS, these gains and losses are reported in other expense (income).*

Operational Highlights – Chelopech

Ore mined

Ore mined in the third quarter and first nine months of 2017 of 559,629 tonnes and 1,691,727 tonnes, respectively, was comparable to the corresponding periods in 2016.

Ore processed

Ore processed during the third quarter and first nine months of 2017 of 565,696 tonnes and 1,691,084 tonnes, respectively, was also comparable to the corresponding periods in 2016.

Concentrate and metal production

Copper concentrate produced during the third quarter of 2017 of 26,514 tonnes was 3% higher than the corresponding period in 2016 due primarily to higher copper recoveries. Copper concentrate produced during the first nine months of 2017 of 73,751 tonnes was 10% lower than the corresponding period in 2016 due primarily to lower copper grades, consistent with the 2017 mine plan.

Pyrite concentrate produced during the third quarter and first nine months of 2017 of 64,160 tonnes and 189,403 tonnes, respectively, was 4% and 18% higher than the corresponding periods in 2016 due primarily to higher pyrite mineral content in the ore treated and market demand.

In the third quarter of 2017, gold contained in copper concentrate produced increased by 43% to 34,161 ounces. Copper production of 9.5 million pounds and silver production of 56,934 ounces were comparable to the corresponding period in 2016. The increase in gold production was due primarily to higher gold recoveries and grades. The increase in gold recoveries was due primarily to different ore mineralogy and the benefits of various initiatives with a focus on improving recoveries.

In the first nine months of 2017, gold contained in copper concentrate produced increased by 21% to 104,783 ounces, copper production decreased by 11% to 26.3 million pounds and silver production decreased by 13% to 152,847 ounces, in each case, relative to the corresponding period in 2016. The increase in gold production was due primarily to higher gold recoveries and grades. The decreases in copper and silver production were due primarily to lower grades, consistent with the 2017 mine plan.

Gold contained in pyrite concentrate produced during the third quarter and first nine months of 2017 of 14,288 ounces and 43,511 ounces, respectively, was 11% and 25% higher than the corresponding periods in 2016 consistent with the increase in pyrite concentrate production.

Grades can and do vary period over period depending on the areas being mined. Guidance on 2017 production has been further increased to reflect the continued strong performance in the third quarter of 2017. Relative to the updated guidance issued in July 2017, gold production guidance has been increased by approximately 4% to 7% to reflect higher than anticipated production in the third quarter of 2017 and is expected to be between 185,000 and 195,000 ounces.

Deliveries

Deliveries of copper concentrate during the third quarter and first nine months of 2017 of 27,757 tonnes and 73,360 tonnes, respectively, were 2% and 9% lower than the corresponding periods in 2016 due primarily to lower copper concentrate production as a result of planned lower copper grades and the timing of deliveries. Deliveries of pyrite concentrate in the third quarter of 2017 of 51,498 tonnes were 15% lower than the corresponding period in 2016 due primarily to the timing of deliveries. Deliveries of pyrite concentrate in the first nine months of 2017 of 171,066 tonnes were 4% higher than the corresponding period in 2016 consistent with the increase in pyrite concentrate production and the timing of deliveries.

In the third quarter of 2017, payable gold in copper concentrate sold increased by 42% to 34,624 ounces, payable copper decreased by 4% to 9.3 million pounds and payable silver decreased by 6% to 44,183 ounces, in each case, relative to the corresponding period in 2016. The increase in payable gold was due primarily to higher gold production as a result of higher gold recoveries and grades. The decrease in payable copper was due primarily to the decrease in copper concentrate production as a result of planned lower copper grades and the timing of deliveries. Payable gold in pyrite concentrate sold in the third quarter of 2017 was 7,302 ounces compared to 8,130 ounces in the corresponding period in 2016 consistent with the decrease in pyrite concentrate deliveries.

In the first nine months of 2017, payable gold in copper concentrate sold increased by 24% to 98,132 ounces and payable copper decreased by 10% to 24.4 million pounds, in each case, relative to the corresponding period in 2016. Payable silver in copper concentrate sold of 122,936 ounces was comparable to the corresponding period in 2016. The increase in payable gold was due primarily to higher gold production as a result of higher gold recoveries and grades. The decrease in payable copper was due primarily to the decrease in copper concentrate production as a result of planned lower copper grades. Payable gold in pyrite concentrate sold in the first nine months of 2017 was 24,931 ounces compared to 23,240 ounces in the corresponding period in 2016 consistent with the increase in pyrite concentrate deliveries.

Inventory

Copper concentrate inventory totaled 8,176 tonnes at September 30, 2017, up from 7,785 tonnes at December 31, 2016, reflecting the timing of deliveries.

Financial Highlights – Chelopech

Net revenue

Net revenue in the third quarter of 2017 of $53.9 million was $23.4 million higher than the corresponding period in 2016 due primarily to higher volumes of payable gold in concentrate sold, lower treatment charges and higher market copper prices, partially offset by lower gold market prices. Net revenue in the third quarter of 2017 excluded realized losses on copper and gold swap contracts related to payable metals sold in the period of $3.9 million (2016 – realized gains of $0.6 million), which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss). The decrease in treatment charges was due primarily to 2016 treatment charges being negatively impacted by unplanned and planned outages at Tsumeb.

Net revenue in the first nine months of 2017 of $148.9 million was $32.8 million higher than the corresponding period in 2016 due primarily to higher volumes of payable gold in concentrate sold and higher market copper prices, partially offset by lower volumes of payable copper in concentrate sold. Net revenue in the first nine months of 2017 excluded realized losses on copper and gold swap contracts related to payable metals sold in the period of $7.2 million (2016 – realized gains of $3.0 million), which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

Included in revenue were unfavourable mark-to-market price adjustments on provisionally priced sales of $0.4 million (2016 – $0.6 million) and favourable adjustments of $2.7 million (2016 – $5.3 million) during the third quarter and first nine months of 2017, respectively. These adjustments were offset by gains or losses on QP Hedges, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

Cost of sales

Cost of sales in the third quarter of 2017 of $29.0 million was comparable to the corresponding period in 2016. Cost of sales in the first nine months of 2017 of $82.1 million was $2.0 million higher than the corresponding period in 2016 due primarily to the timing of maintenance activities related to the mill reline and higher royalties as a result of increased production and higher market copper prices.

Cash cost measures

Cash cost per tonne of ore processed in the third quarter of 2017 of $35.26 was 12% higher than the corresponding period in 2016 due primarily to the timing of maintenance activities related to the mill reline and higher royalties as a result of increased production and higher copper market prices.

Cash cost per tonne of ore processed in the first nine months of 2017 of $33.38 was comparable to the corresponding period in 2016.

Cash cost per ounce of gold sold, net of by-product credits, during the third quarter of 2017 of $541 was $298 lower than the corresponding period in 2016. This decrease was due primarily to higher volumes of payable gold in concentrate sold, lower treatment charges and higher by-product credits as a result of higher realized copper prices. The decrease in treatment charges was due primarily to 2016 treatment charges being negatively impacted by unplanned and planned outages at Tsumeb.

Cash cost per ounce of gold sold, net of by-product credits, during the first nine months of 2017 of $567 was $63 lower than the corresponding period in 2016. This decrease was due primarily to higher volumes of payable gold in concentrate sold, partially offset by lower by-product credits, which were impacted by lower volumes of payable copper in concentrate sold and higher realized copper prices.

Earnings before income taxes

Earnings before income taxes in the third quarter of 2017 of $16.2 million were $13.7 million higher than the corresponding period in 2016 due primarily to higher volumes of payable gold in concentrate sold as a result of higher gold recoveries and grades, lower treatment charges and higher realized copper prices, partially offset by an increase in unrealized losses on copper and gold swap contracts related to projected payable production and lower realized gold prices. The decrease in treatment charges was due primarily to 2016 treatment charges being negatively impacted by unplanned and planned outages at Tsumeb.

Earnings before income taxes in the first nine months of 2017 of $42.8 million were $18.5 million higher than the corresponding period in 2016 due primarily to higher volumes of payable gold in concentrate sold and higher realized copper prices, partially offset by lower volumes of payable copper in concentrate sold, higher cost per tonne of concentrate sold and an increase in unrealized losses on copper and gold swap contracts related to projected payable production.

Unrealized losses on these copper and gold swap contracts related to projected payable production amounted to $4.0 million (2016 – $0.3 million) and $11.7 million (2016 – $6.3 million) in the third quarter and first nine months of 2017, respectively.

Adjusted EBITDA

Adjusted EBITDA in the third quarter and first nine months of 2017 was $29.2 million and $81.9 million, respectively, compared to $12.0 million and $58.7 million in the corresponding periods in 2016. Adjusted EBITDA was impacted by the same factors affecting earnings before income taxes, except for depreciation, and unrealized losses on copper and gold swap contracts related to projected payable production that are not reflective of Chelopech's underlying operating performance, each of which were excluded from adjusted EBITDA.

Adjusted earnings before income taxes

Adjusted earnings before income taxes in the third quarter and first nine months of 2017 were $20.1 million and $54.4 million, respectively, compared to $2.7 million and $30.7 million in the corresponding periods in 2016.

Unrealized losses of $4.0 million (2016 – $0.3 million) and $11.7 million (2016 – $6.3 million) in the third quarter and first nine months of 2017, respectively, on copper and gold swap contracts related to projected payable production, which were included in earnings before income taxes, were excluded from adjusted earnings before income taxes.

The following table summarizes the key drivers affecting the change in adjusted earnings before income taxes:

($ millions) Ended September 30,	Three Months	Nine Months
Adjusted earnings before income taxes - 2016	**2.7**	**30.7**
Higher volumes of metals sold	13.6	25.6
(Lower) higher metal prices(1)	(0.4)	3.0
Lower treatment charges	5.8	1.5
Other	(0.9)	0.4
Higher freight charges	(0.1)	(1.4)
Higher cost per tonne of concentrate sold(2)	(0.6)	(5.4)
Adjusted earnings before income taxes - 2017	**20.1**	**54.4**

1) Includes gains and losses on commodity swap contracts, except unrealized gains and losses on commodity swap and option contracts related to projected payable production, and metal price adjustments on provisionally priced sales.
2) Excludes impact of depreciation and foreign exchange.

Capital expenditures

Capital expenditures during the third quarter of 2017 of $5.0 million were $0.9 million lower than the corresponding period in 2016 due primarily to the timing of spending. Capital expenditures during the first nine months of 2017 of $12.0 million were $1.5 million higher than the corresponding period in 2016 and are in line with 2017 guidance.

Tsumeb – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Nine Months	
Ended September 30,	**2017**	2016	**2017**	2016
Operational Highlights				
Complex concentrate smelted *(mt)*:				
Chelopech	**23,537**	10,944	**61,242**	49,763
Third party	**34,454**	26,091	**99,027**	89,239
Total complex concentrate smelted	**57,991**	37,035	**160,269**	139,002
Cash cost per tonne of complex concentrate smelted, net of by-product credits(1),(2)	**484**	642	**476**	471
Acid production (*mt*)	**63,145**	37,721	**162,902**	130,035
Acid deliveries (*mt*)	**68,823**	34,329	**161,202**	117,522
Financial Highlights				
Toll revenue	**31,663**	21,576	**89,595**	71,380
Acid revenue	**6,607**	2,423	**14,832**	8,925
Arsenic trioxide revenue	**141**	345	**487**	1,034
Total revenue	**38,411**	24,344	**104,914**	81,339
Cost of sales	**43,243**	38,425	**116,489**	108,925
Loss before income taxes	**(5,210)**	(25,611)	**(15,775)**	(39,711)
Adjusted earnings (loss) before interest, taxes, depreciation and amortization(2)	**3,234**	(3,281)	**8,703**	3,075
Adjusted loss before income taxes(2)	**(3,850)**	(14,852)	**(12,560)**	(29,673)
Depreciation	**6,359**	10,761	**19,125**	30,354
Capital expenditures incurred:				
Growth(2)	**122**	1,444	**1,460**	8,791
Sustaining(2)	**2,811**	2,845	**6,780**	8,081
Total capital expenditures	**2,933**	4,289	**8,240**	16,872

1) Cash cost per tonne of complex concentrate smelted, net of by-product credit, represents cost of sales less depreciation, amortization and realized gains on the forward point component of forward foreign exchange contracts, which are recorded in other expense (income), net of revenue related to the sale of acid and arsenic divided by the volume of complex concentrate smelted.
2) Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.

Operational Highlights – Tsumeb

Production & Acid Deliveries

Complex concentrate smelted during the third quarter of 2017 of 57,991 tonnes was 57% or 20,956 tonnes higher than the corresponding period in 2016 due primarily to improved performance and increased availability of the Ausmelt furnace in the period. Performance of the smelter in the third quarter of 2016 was significantly impacted by 21 days of unplanned maintenance, 15 days of planned downtime and post commissioning issues. Complex concentrate smelted during the first nine months of 2017 of 160,269 tonnes was 15% or 21,267 tonnes higher than the corresponding period in 2016 due primarily to increased availability of the Ausmelt furnace as well as stable performance of the primary plants. In 2017, the Ausmelt furnace has shown improved stability and performance following the implementation of several operational initiatives and commissioning of the matte holding vessel, which more than offset reduced oxygen availability in September resulting from the unplanned outage of the high pressure oxygen plant.

The smelter continues to demonstrate improved performance and stability with third quarter concentrate smelted in line with the previous quarter, despite reduced oxygen availability from the high pressure oxygen plant. With the high pressure oxygen plant back online in mid-October, the smelter is expected to achieve higher targeted smelting rates in the fourth quarter.

For 2017, Tsumeb is on track to achieve the mid-point of its production guidance of 210,000 to 240,000 tonnes with the next Ausmelt furnace relining expected in 2018. Production in excess of this level will be limited due to the accumulation of secondary materials above normal operating levels that occurred during the construction and commissioning of the acid plant and copper converters, which, until reduced, will be a constraint on throughput as it is currently consuming approximately 10% to 20% of Tsumeb's existing smelting capacity. To expedite the reduction of these excess secondary materials, decrease future stockpile interest costs and free up furnace capacity, Tsumeb continued returning metals in the form of slag mill concentrate in addition to blister.

Acid production in the third quarter and first nine months of 2017 of 63,145 tonnes and 162,902 tonnes, respectively, was 67% and 25% higher than the corresponding periods in 2016 consistent with the increase in complex concentrate smelted. Acid deliveries in the third quarter and first nine months of 2017 were 68,823 tonnes and 161,202 tonnes, respectively, compared to 34,329 tonnes and 117,522 tonnes in the corresponding periods in 2016 reflecting the increase in acid production and the timing of deliveries.

Financial Highlights - Tsumeb

Net revenue

Net revenue in the third quarter of 2017 of $38.4 million was $14.1 million higher than the corresponding period in 2016 due primarily to higher volumes of complex concentrate smelted as a result of improved performance and availability of the Ausmelt furnace and higher deliveries of acid, partially offset by lower toll rates and increased deductions for slag mill concentrate returns and estimated metals exposure.

Net revenue in the first nine months of 2017 of $104.9 million was $23.6 million higher than the corresponding period in 2016 due primarily to higher volumes of complex concentrate smelted, higher toll rates, higher deliveries of acid and reduced deductions for estimated metals exposure, partially offset by increased deductions related to slag mill concentrate returns.

Cost of sales

Cost of sales in the third quarter and first nine months of 2017 of $43.3 million and $116.5 million, respectively, was $4.9 million and $7.6 million higher than the corresponding periods in 2016 due primarily to higher operating expenses related to higher throughput and higher electricity, contractor and labour costs, and a stronger ZAR relative to the U.S. dollar, partially offset by lower depreciation following changes in the estimated useful lives for certain assets and the impairment charge taken in the fourth quarter of 2016.

Cost of sales in the third quarter and first nine months of 2017 excluded realized gains of $1.8 million (2016 – $1.1 million) and $4.9 million (2016 - $2.6 million), respectively, on the forward point component of forward foreign exchange contracts entered to hedge a portion of Tsumeb's foreign exchange exposure, which were recorded in other expense (income) in the condensed interim consolidated statements of earnings (loss).

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

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the third quarter of 2017 of $484 was 25% or $158 lower than the corresponding period in 2016 due primarily to higher throughput, partially offset by higher rates related to electricity, contractor and labour.

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the first nine months of 2017 of $476 was comparable to the corresponding period in 2016. The increase in operating expenses related to higher electricity, contractor and labour rates was largely offset by higher volumes of complex concentrate smelted.

Loss before income taxes

Loss before income taxes in the third quarter of 2017 was $5.2 million compared to $25.6 million in the corresponding period in 2016. This reduced loss was due primarily to higher volumes of complex concentrate smelted and lower depreciation, partially offset by higher operating expenses, lower toll rates and higher deductions for estimated metals exposure and slag mill concentrate returns. The reduced loss before income taxes was also attributable to an $11.2 million write-down taken in the third quarter of 2016 related to the closure of the arsenic plant.

Loss before income taxes in the first nine months of 2017 was $15.8 million compared to $39.7 million in the corresponding period in 2016. The reduced loss was due primarily to higher volumes of complex concentrate smelted, lower depreciation, higher toll rates and reduced deductions for estimated metals exposure, partially offset by higher deductions related to slag mill concentrate returns and higher operating expenses. The reduced loss before income taxes was also attributable to an $11.2 million write-down taken in the third quarter of 2016 related to the closure of the arsenic plant.

Loss before income taxes during the third quarter and first nine months of 2017 was also impacted by unrealized losses of $1.3 million (2016 – unrealized gains of $0.5 million) and $3.2 million (2016 – unrealized gains of $1.2 million), respectively, on the forward point component of forward foreign exchange contracts that were entered to hedge a portion of Tsumeb's operating expenses.

Adjusted earnings (loss) before interest, taxes, depreciation and amortization

Adjusted EBITDA in the third quarter and first nine months of 2017 was $3.2 million and $8.7 million, respectively, compared to an adjusted loss before interest, taxes, depreciation and amortization of $3.3 million and adjusted EBITDA of $3.1 million in the corresponding periods in 2016. These increases were due primarily to the same factors affecting loss before income taxes, except for depreciation, impairment charges and unrealized losses and gains on the forward point component of the forward foreign exchange contracts that are not reflective of Tsumeb's underlying operating performance, each of which were excluded from adjusted earnings (loss) before interest, taxes, depreciation and amortization.

Adjusted loss before income taxes

Adjusted loss before income taxes during the third quarter and first nine months of 2017 was $3.8 million and $12.5 million, respectively, compared to $14.9 million and $29.7 million in the corresponding periods in 2016.

Unrealized losses of $1.3 million (2016 – unrealized gains of $0.5 million) and $3.2 million (2016 – unrealized gains of $1.2 million) on the forward point component of the forward foreign exchange contracts, which were included in loss before income taxes in the third quarter and first nine months of 2017, respectively, were excluded from adjusted loss before income taxes as they are not reflective of Tsumeb's underlying operating performance. Impairment charges of $11.2 million related to the closure of the arsenic plant recorded in the third quarter and first nine months of 2016 were also excluded from adjusted loss before income taxes.

The following table summarizes the key drivers affecting the change in adjusted loss before income taxes:

($ millions) **Ended September 30,**	**Three Months**	**Nine Months**
Adjusted loss before income taxes - 2016	**(14.9)**	**(29.7)**
Higher volumes	19.3	19.3
Lower depreciation	4.4	11.2
(Lower) higher toll rates	(3.4)	5.1
(Higher) lower estimated metals exposure	(1.1)	3.0
Other	1.4	(2.5)
Higher deductions for slag mill concentrate returns	(2.2)	(6.8)
Higher operating expenses [1]	(7.3)	(12.1)
Adjusted loss before income taxes - 2017	**(3.8)**	**(12.5)**

1) Excludes impact of depreciation and foreign exchange.

Capital expenditures

Capital expenditures during the third quarter and first nine months of 2017 of $2.9 million and $8.2 million, respectively, were $1.4 million and $8.7 million lower than the corresponding periods in 2016 due primarily to lower spending on growth projects and the timing of sustaining capital expenditures. Relative to the original 2017 guidance, sustaining capital expenditure guidance for 2017 has been reduced by approximately 12% to 17% to reflect lower spending in the first nine months of 2017 and is now expected to be between $10 million and $15 million.

REVIEW OF CORPORATE AND OTHER SEGMENT RESULTS

The corporate and other segment results include corporate administrative costs, corporate social responsibility expenses, exploration and development projects, and other income and cost items that do not pertain directly to an operating segment.

The following table summarizes the Company's corporate and other segment results:

$ thousands	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Financial Highlights				
General and administrative expenses, excluding depreciation	**(4,526)**	(4,092)	**(13,929)**	(13,585)
Corporate social responsibility expenses	**(494)**	(201)	**(1,294)**	(866)
Exploration expenses	**(1,716)**	(500)	**(5,567)**	(3,768)
Other (expense) income[1]	**(126)**	(493)	**460**	(834)
Adjusted loss before interest, taxes, depreciation and amortization	**(6,862)**	(5,286)	**(20,330)**	(19,053)

1) Excludes impairment charges, net gains on Sabina special warrants, unrealized losses on commodity swap and option contracts entered to hedge a portion of future production and unrealized losses and gains on forward foreign exchange contracts.

General and administrative expenses

General and administrative expenses, excluding depreciation, in the third quarter and first nine months of 2017 of $4.5 million and $13.9 million, respectively, were comparable to the corresponding periods in 2016.

Exploration expenses

Exploration expenses during the third quarter and first nine months of 2017 were $1.7 million and $5.6 million, respectively, compared to $0.5 million and $3.8 million in the corresponding periods in 2016 due primarily to increased activities in Serbia. Refer to the "Exploration" section of this MD&A for a more detailed discussion of the Company's exploration activities.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2017, the Company had cash of $22.0 million, investments at fair value of $46.4 million, and an undrawn $275 million committed revolving credit facility ("RCF").

The Company's liquidity is impacted by several factors which include, but are not limited to, gold, copper and silver market prices, production levels, capital expenditures, operating cash costs, interest rates and foreign exchange rates. These factors are monitored by the Company on a regular basis. As at September 30, 2017, 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, as well as all contractual commitments. 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.

On January 24, 2017, the Company completed a non-brokered private placement with the European Bank for Reconstruction and Development ("EBRD"), pursuant to which the Company issued 17,843,120 common shares of the Company at a price of Cdn$2.45 per share for gross proceeds of $33.2 million (Cdn$43.7 million). Proceeds are being used for the construction of the Krumovgrad gold project and have served to strengthen the Company's financial position and flexibility during the construction phase of this project.

On October 25, 2017, the Company completed a business combination pursuant to which it acquired a 78% equity interest in MineRP Holdings Proprietary Limited, through MineRP, a new subsidiary. The Company paid cash consideration of $20.0 million and non-cash consideration of $0.7 million through the transfer of certain assets to MineRP.

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

$ thousands	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Cash provided from operating activities of continuing operations, before changes in non-cash working capital	**26,952**	50,861	**69,608**	97,236
Changes in non-cash working capital	**2,161**	5,326	**11,169**	(28,855)
Cash provided from operating activities of continuing operations	**29,113**	56,187	**80,777**	68,381
Cash used in investing activities of continuing operations	**(24,951)**	(11,800)	**(56,054)**	(10,085)
Cash used in financing activities of continuing operations	**(2,041)**	(6,313)	**(14,493)**	(19,772)
Increase in cash of continuing operations	**2,121**	38,074	**10,230**	38,524
Cash of continuing operations, beginning of period	**19,866**	23,845	**11,757**	23,395
Cash of continuing operations, end of period	**21,987**	61,919	**21,987**	61,919

Cash at September 30, 2017 of $22.0 million (December 31, 2016 - $11.8 million) was $10.2 million higher year-to-date. The primary factors impacting these cash flow movements are summarized below.

Operating Activities of Continuing Operations

Cash provided from operating activities in the third quarter of 2017 was $29.1 million compared to $56.2 million in the corresponding period in 2016. This decrease was due primarily to the receipt of $50.0 million from the prepaid forward sales of gold in 2016, partially offset by better results from Chelopech and Tsumeb. Cash provided from operating activities in the first nine months of 2017 was $80.8 million compared to $68.4 million in the corresponding period in 2016. This increase was due primarily to a favourable change in non-cash working capital and better results from Chelopech and Tsumeb, partially offset by the receipt of $50.0 million from the prepaid forward sales of gold in 2016.

The favourable change in non-cash working capital in the third quarter of 2017 of $2.2 million was due primarily to an increase in accounts payable and accrued liabilities and a decrease in inventories, partially offset by an increase in accounts receivable as a result of the timing of receipts. The favourable change in non-cash working capital in the third quarter of 2016 of $5.3 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories.

The favourable change in non-cash working capital in the first nine months of 2017 of $11.2 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and an increase in accounts payable and accrued liabilities as a result of the timing associated with supplier payments, partially offset by an increase in inventories. The unfavourable change in non-cash working capital in the first nine months of 2016 of $28.9 million was due primarily to an increase in accounts receivable as a result of the timing of receipts from customers, a decrease in accounts payable and accrued liabilities as a result of the timing associated with supplier payments and an increase in inventories as a result of the timing of concentrate deliveries.

Investing Activities of Continuing Operations

Net cash used in investing activities in the third quarter and first nine months of 2017 was $25.0 million and $56.1 million, respectively, compared to $11.8 million and $10.1 million in the corresponding periods in 2016.

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

$ thousands	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Chelopech	**4,111**	5,629	**9,927**	10,632
Tsumeb	**3,804**	4,517	**10,247**	15,685
Krumovgrad[1]	**16,152**	1,217	**39,020**	8,162
Other	**268**	463	**712**	518
Total cash capital expenditures	**24,335**	11,826	**59,906**	34,997

1) Includes proceeds from the settlement of derivative contracts of $1.7 million in the third quarter and first nine months of 2017.

Cash outlays for capital expenditures in the third quarter and first nine months of 2017 of $24.3 million and $59.9 million, respectively, were $12.5 million and $24.9 million higher than the corresponding periods in 2016 due primarily to the construction of the Krumovgrad gold project, which started in the fourth quarter of 2016, partially offset by the completion of the new copper converters at Tsumeb in the first quarter of 2016.

In the first nine months of 2016, proceeds of $24.8 million were received in respect of the Kapan Disposition. Additional proceeds relating to a post-closing adjustment of $4.4 million were received in the first nine months of 2017.

Financing Activities of Continuing Operations

Net cash used in financing activities in the third quarter and first nine months of 2017 was $2.1 million and $14.5 million, respectively, compared to $6.3 million and $19.8 million in the corresponding periods in 2016.

On January 24, 2017, the Company completed a non-brokered private placement with the EBRD, pursuant to which the Company issued 17,843,120 common shares of the Company at a price of Cdn$2.45 per share for gross proceeds of $33.2 million (Cdn$43.7 million). In the third quarter and first nine months of 2016, the Company received gross proceeds of $43.8 million from a bought deal financing with a syndicate of underwriters and a non-brokered private placement.

Repayments under the RCF in the third quarter and first nine months of 2017 were $nil and $25.0 million, respectively, compared to $45.0 million in each of the corresponding periods in 2016.

Repayments of term-loan debt of $16.3 million in the first nine months of 2017 were $8.2 million higher than the corresponding period in 2016 due to DPM's decision to prepay the final installment of its Term Loans, which was scheduled to be repaid in December 2017.

Interest paid of $1.6 million and $4.4 million during the third quarter and first nine months of 2017, respectively, compared to $1.8 million and $5.7 million in the corresponding periods in 2016 as a result of lower debt levels in 2017.

Financial Position

$ thousands **As at,**	**September 30, 2017**	December 31, 2016	**Increase/ (Decrease)**
Cash	**21,987**	11,757	**10,230**
Accounts receivable, inventories and other current assets	**70,082**	79,849	**(9,767)**
Investments at fair value	**46,437**	19,216	**27,221**
Non-current assets, excluding investments at fair value	**648,337**	623,130	**25,207**
Total assets	**786,843**	733,952	**52,891**
Current liabilities	**62,089**	58,804	**3,285**
Non-current liabilities	**105,896**	123,121	**(17,225)**
Equity attributable to common shareholders	**618,676**	551,804	**66,872**
Non-controlling interests	**182**	223	**(41)**

Cash increased by $10.2 million to $22.0 million in the first nine months of 2017 reflecting increased cash provided from operating activities, which was used to fund increased growth capital expenditures and repay all outstanding debt. Accounts receivable, inventories and other current assets decreased by $9.7 million to $70.1 million in the first nine months of 2017 due primarily to a decrease in accounts receivable reflecting the timing of payments from customers. Investments at fair value increased by $27.2 million to $46.4 million in the first nine months of 2017 due primarily to the increase in Sabina’s share price. Non-current assets, excluding investments at fair value, increased by $25.2 million to $648.3 million in the first nine months of 2017 due primarily to capital expenditures at Krumovgrad, Tsumeb and Chelopech, partially offset by depreciation expense.

Current liabilities increased by $3.3 million to $62.1 million in the first nine months of 2017 due primarily to an increase in accounts payable and accrued liabilities as a result of increased capital expenditures at Krumovgrad following the start of construction in the fourth quarter of 2016 and timing of payments to suppliers, partially offset by repayments of debt. Non-current liabilities decreased by $17.2 million to $105.9 million in the first nine months of 2017 due primarily to the repayment of $25.0 million under the RCF, partially offset by an increase in rehabilitation provisions. Equity attributable to common shareholders increased by $66.9 million to $618.7 million in the first nine months of 2017 due primarily to proceeds from the private placement with the EBRD and an increase in other comprehensive income due primarily to unrealized gains on forward foreign exchange contracts designated as cash flow hedges and unrealized gains on publicly traded securities.

Contractual Obligations and Commitments

The Company has the following minimum contractual obligations and commitments as at September 30, 2017:

$ thousands	**up to 1 year**	**1 – 5 years**	**over 5 years**	**Total**
Finance lease obligations	3,160	11,282	6,828	**21,270**
Capital commitments	67,722	-	-	**67,722**
Purchase commitments	9,682	-	-	**9,682**
Operating lease payments	5,082	16,722	978	**22,782**
Other obligations	489	291	356	**1,136**
Total contractual obligations and commitments	**86,135**	**28,295**	**8,162**	**122,592**

As at September 30, 2017, Tsumeb had approximately $111.0 million (December 31, 2016 – $130.0 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to Louis Dreyfus Company Metals Suisse (“LD”) pursuant to a tolling agreement.

In July 2017, the Company and LD agreed to amend the existing tolling agreement to provide for, among other things, lower stockpile interest deductions on excess secondary materials, specified quarterly targeted reductions designed to eliminate excess secondary materials representing approximately $90.0 million over a period that extends to December 31, 2020, the purchase of secondary materials in excess of established quarterly targeted levels, and the extension of the tolling agreement by one year.

Debt

As at September 30, 2017, the Company's total outstanding debt was $nil. As at September 30, 2017, the Company's total debt, as a percentage of total capital, was nil (December 31, 2016 – 7%) and the Company's total debt, net of cash, as a percentage of total capital, was negative 4% (December 31, 2016 – 5%). As at September 30, 2017, the Company was in compliance with all of its debt covenants.

Term Loans

The original aggregate principal amount of DPM's Term Loans was $81.25 million. In June 2017, the Company repaid the remaining balance owing under the Term Loans. The Term Loans were repayable in 10 equal semi-annual installments, which commenced in June 2013, and bore interest at a rate equal to the three month U.S. Dollar LIBOR plus 2.80%. The Term Loans were secured by pledges of the Company's investments in Krumovgrad, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

Credit Agreements and Guarantees

Chelopech and Krumovgrad

Chelopech and Krumovgrad have a $16.3 million multi-purpose credit facility that matures on November 29, 2017. The Company is currently in the process of extending the credit facility for another year. This credit facility is guaranteed by DPM. Advances under the multi-purpose revolving credit facility bear interest at a rate equal to the one month U.S. Dollar LIBOR plus 3.25%. As at September 30, 2017, $4.2 million (December 31, 2016 – $4.2 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Krumovgrad also have a Euro 21.0 million ($24.8 million) credit facility to support their mine closure and rehabilitation plans. This credit facility matures on December 31, 2017 and is guaranteed by DPM. The Company is currently in the process of extending the credit facility for another year. As at September 30, 2017, $17.2 million (December 31, 2016 - $15.3 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

DPM

DPM has a committed RCF with a consortium of banks. In March 2017, the RCF was amended to extend the terms of tranche A and tranche B by an additional year. As at September 30, 2017, the RCF is comprised of a $45.0 million tranche A maturing in February 2022, a $150.0 million tranche B maturing in February 2020, and an $80.0 million tranche C maturing in September 2021 that has quarterly availability reductions of $4.0 million beginning in the third quarter of 2018.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and the Company's funded net debt to adjusted EBITDA ("Debt Leverage Ratio"), as defined in the RCF agreement.

The RCF contains financial covenants that require DPM to maintain: (i) Debt Leverage Ratio below 4.0:1 during the construction of the Krumovgrad gold project (below 3.5:1 thereafter), (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 September 30, 2017, DPM was in compliance with all financial covenants and no amounts were drawn under the RCF.

Outstanding Share Data

DPM's common shares are traded on the TSX under the symbol DPM. As at November 7, 2017, 178,460,565 common shares were issued and outstanding.

DPM also has 5,612,194 stock options outstanding as at November 7, 2017 with exercise prices ranging from Cdn$2.05 to Cdn$8.54 per share (weighted average exercise price – Cdn$3.66 per share).

Normal Course Issuer Bid

On May 11, 2017, DPM announced that the TSX accepted its notice of intention to initiate a normal course issuer bid (the "Bid") to repurchase certain of its common shares through the facilities of the TSX. The number of common shares that can be purchased during the period of the Bid, which commenced on May 16, 2017 and terminates on May 15, 2018, will not exceed 8.9 million common shares, being approximately 5% of the 178.4 million outstanding common shares as of May 3, 2017 and is also subject to other requirements of the TSX. The actual timing and number of common shares that may be purchased pursuant to the Bid will be subject to DPM's ongoing capital requirements and management's view that, from time to time, DPM's common shares trade at prices well below the underlying value of the Company and during these periods the repurchase of common shares represents an excellent opportunity to enhance shareholder value.

As at November 7, 2017, the Company had not purchased any common shares under the Bid.

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 September 30, 2017, the Company's investments at fair value were $46.4 million, the vast majority of which related to the value of its investment in Sabina common shares and special warrants. Sabina is an emerging precious metals company with district scale, undeveloped assets in Nunavut, Canada. Its 100% owned Back River project is advancing through the environmental assessment process with final hearings with the Nunavut Impact Review Board ("NIRB") completed between May 31 and June 3, 2017. On July 18, 2017 Sabina received a positive recommendation from the NIRB to proceed to the licensing phase.

The fair value of the Sabina Series B special warrants, including significant assumptions, is detailed in note 3(a) to DPM's condensed interim consolidated financial statements for the three and nine months ended September 30, 2017.

As at September 30, 2017, DPM held: (i) 23,539,713 common shares of Sabina or 10.4% of the outstanding common shares (fair value of Cdn $52.0 million) and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the Back River project or upon the occurrence of certain other events. Each of the special warrants is exercisable into one common share until 2044.

For the nine months ended September 30, 2017, the estimated fair value of the special warrants increased by $2.6 million to $4.6 million (December 31, 2016 - $2.0 million). As a result, the Company recognized unrealized gains of $0.6 million (2016 – $0.6 million) and $2.6 million (2016 – $1.4 million) during the third quarter and first nine months of 2017, respectively, in other expense (income) in the condensed interim consolidated statements of earnings (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 September 30, 2017, the Company had outstanding commodity swap contracts in respect of this exposure as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	16,880 ounces	$1,290.62/ounce
Payable copper	3,659,669 pounds	$2.98/pound
Payable silver	13,180 ounces	$17.13/ounce

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"). The commodity swap contracts were entered to swap future contracted monthly average copper prices for fixed prices. The commodity option contracts were 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 were structured so as to provide for a zero upfront cash cost.

As at September 30, 2017, the Company had outstanding commodity swap contracts as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Average fixed price ($/pound)
Balance of 2017	8,135,597	2.40
2018	19,166,966	2.62
Total	**27,302,563**	**2.56**

As at September 30, 2017, the Company had outstanding commodity option contracts in respect of its projected gold production over the balance of 2017 and its projected copper production in 2018 as summarized in the table below:

Commodity hedged	Volume hedged	Call options sold Average ceiling price	Put options purchased Average floor price
Payable gold	11,250 ounces	$1,497/ounce	$1,200/ounce
Payable copper	12,698,611 pounds	$3.32/pound	$2.80/pound

The fair value gain or loss on commodity swap contracts was 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 was calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at September 30, 2017, the net fair value loss on all outstanding commodity swap and option contracts was $10.0 million (December 31, 2016 – a net fair value gain of $2.3 million), of which $0.2 million (December 31, 2016 – $4.8 million) was included in other current assets, $8.5 million (December 31, 2016 – $4.7 million) in accounts payable and accrued liabilities, $nil (December 31, 2016 – $2.2 million) in other long-term assets and $1.7 million (December 31, 2016 - $nil) in other long-term liabilities.

For the three and nine months ended September 30, 2017, the Company reported unrealized losses on commodity swap and option contracts related to continuing operations of $3.8 million (2016 – unrealized gains of $2.6 million) and $12.3 million (2016 – $7.5 million), respectively, in other expense (income). The Company also reported realized losses on the settlement of certain commodity swap and option contracts related to continuing operations of $4.1 million (2016 – $1.8 million) and $9.7 million (2016 – $1.8 million), respectively, in other expense (income) for the three and nine months ended September 30, 2017.

Approximately 79% and 93% of the Company's expected payable copper production for the balance of 2017 and full year 2018, respectively, has been hedged. Approximately 27% of the expected payable gold production for the balance of 2017 has been hedged. The Company's reported earnings (loss) are exposed to unrealized mark-to-market gains and losses from future price movements during the term of the forward sales contracts.

__Forward foreign exchange contracts__

The Company enters into forward foreign exchange contracts from time to time to reduce the foreign exchange exposure associated with projected operating expenses and capital expenditures denominated in foreign currencies.

As at September 30, 2017, the Company had outstanding forward foreign exchange contracts in respect of projected foreign denominated operating expenses and capital expenditures as summarized in the table below:

Year of projected operating expenses	Foreign currency hedged	Amount hedged in foreign currency	Average exchange rate Foreign currency/US$
Balance of 2017	Euro	2,700,000	1.1365
	ZAR	180,000,000	14.2157
2018	ZAR	475,681,917	13.5909
Total	**Euro**	**2,700,000**	**1.1365**
	ZAR	**655,681,917**	**13.7569**

Year of projected capital expenditures	Foreign currency hedged	Amount hedged in foreign currency	Average exchange rate Foreign currency/US$
Balance of 2017	Euro	24,967,000	1.1175
2018	Euro	56,045,000	1.1429
Total	**Euro**	**81,012,000**	**1.1351**

Euro operating expense hedges represent approximately 19% of projected Euro operating expenses for the balance of 2017. ZAR operating expense hedges represent approximately 43% and 29% of projected Namibian dollar operating expenses for the balance of 2017 and full year 2018, respectively. The Euro capital expenditure hedges relate to projected Euro capital expenditures in respect of the construction of the Krumovgrad gold project, which have been substantially hedged.

The fair value gain or loss on these outstanding contracts was calculated based on the forward foreign exchange rates quoted in the market. As at September 30, 2017, the net fair value gain on all outstanding forward foreign exchange contracts was $3.7 million (December 31, 2016 – a net fair value loss of $2.0 million), of which $4.5 million (December 31, 2016 - $nil) was included in other current assets, $0.8 million (December 31, 2016 - $2.0 million) in accounts payable and accrued liabilities, $0.4 million (December 31, 2016 - $nil) in other long-term assets and $0.4 million (December 31, 2016 - $nil) in other long-term liabilities.

For the three and nine months ended September 30, 2017, the Company reported losses of $0.7 million (2016 – gains of $7.1 million) and gains of $8.9 million (2016 – $17.7 million), respectively, in other comprehensive income (loss) in respect of the outstanding forward foreign exchange contracts. The Company reported realized losses of $0.8 million (2016 – $2.0 million) and $3.1 million (2016 – $8.3 million) for the three and nine months ended September 30, 2017, respectively, in cost of sales on the spot component of the settled contracts in respect of foreign denominated operating expenses. The Company also reported realized gains of $2.3 million (2016 - $nil) and $2.9 million (2016 - $nil) for the three and nine months ended September 30, 2017, respectively, as reductions to mine properties on the spot component of the settled contracts of foreign denominated capital expenditures.

For the three and nine months ended September 30, 2017, the Company reported unrealized losses of $1.4 million (2016 – unrealized gains of $0.5 million) and $3.7 million (2016 – unrealized gains of $1.1 million), respectively, in other expense (income) on the forward point component of the outstanding forward foreign exchange contracts. The Company also reported realized gains of $1.4 million (2016 – $1.0 million) and $4.3 million (2016 – $2.5 million) for the three and nine months ended September 30, 2017, respectively, in other expense (income) on the settled contracts.

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 forward foreign exchange 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 Overview

In the third quarter of 2017, an intensive underground resource development diamond drilling program of 9,567 metres was completed, comprising 558 metres of grade control drilling aimed to better define the shape and volume of existing ore bodies and 9,009 metres of extensional drilling to delineate new Mineral Resources.

The key area explored was Zone 153, a high grade zone discovered in the fourth quarter of 2016 as part of the ongoing ‘Upper Levels’ drilling program. The objective of the recent drilling was to define the shape and volume of the mineralized zone, improve confidence in the geological model and to increase Mineral Resources in this area.

Elsewhere, resource development drilling concentrated on the northwest part of the Chelopech deposit, in particular Target 148, to allow conversion of Inferred Mineral Resources to higher confidence Mineral Resource categories. Furthermore, approximately 3,064 metres were drilled down plunge of Blocks 17, 18, 103 and 150. A detailed review of the period drilling program is discussed below.

Central Area

At the end of the second quarter of 2017, an extensional drilling program commenced from a new position, G31-505-DDC1, on level 505, designed to test the eastern boundary and upper extents of Block 18. This part of the central area of the Chelopech deposit hosts an intersection of NE-SW and NW-SE structural trends. As part of ongoing reviews by DPM technical staff, this convergence of trends has been identified as a target area for this drilling and may potentially host new mineralized zones.

As a result of the drilling to date, high grade mineralization hosted within an advanced argillic alteration envelope was intersected. It is located to the east of Block 18, between 480 mRL and 510 mRL. The newly identified zone of mineralization is typical of the high-sulphidation stockwork assemblages at Chelopech and comprised of pyrite, enargite and tennantite. Significant results are shown in the table below (see drill hole “EXT18_505_01”). Additional drill hole assays are pending. The boundary of this mineralized zone remains open and requires further drilling, which will be scheduled during the fourth quarter of 2017.

Positive results received in the second quarter of 2017 from the Block 17 grade control drilling program highlighted the need for additional drilling to define the boundary of economic mineralization to the east and down plunge. Three holes were drilled in the third quarter from the drill position 18-380-P2. The assay results are pending for these holes.

Western Area

Approximately 930 metres of extensional drilling was accomplished for the Block 103 program from drill cuddy R20-450-405-DDC1 on 440 level. Drilling on the upper levels continued to test high grade zones situated close to the western boundary of Block 103 between 460 mRL and 440 mRL. The outcome of the drilling was positive, resulting in the expansion of the mineralized contours in a northerly direction. Significant intercepts are shown in the table below from holes “EXT103_440_02” and “EXT103_440_05”.

At the end of the third quarter of 2017, an extensional drilling program was commenced from a new drill cuddy G421-405-DDC on level 405, targeting the upper levels of Blocks 150, 25 and 5. The objective of this drilling is to expand the known ore body extents and facilitate the conversion of Mineral Resources into Mineral Reserves. Initial assay results are pending and testing of this area will continue in the fourth quarter of 2017.

Target 148

A total of 1,950 metres was drilled from level 225 as part of the Target 148 program. As a consequence of these holes, the silica alteration envelope and mineralization contours for Target 148 were redefined. Significant intercepts are reported in the table below from drill holes “EXT148_225_21”, “EXT148_225_22” and “EXT148_225_23”.

Extensional and infill drilling will continue on level 405 during the fourth quarter of 2017 to determine the continuity of Target 148 mineralization and to allow the conversion of Mineral Resources into Mineral Reserves.

Zone 153

Approximately 3,950 metres of extensional drilling was undertaken as part of the Zone 153 program from separate locations on levels 440 and 505. As a result of this drilling, the silica alteration envelope was extended between 510 mRL and 480 mRL and the mineralization contours further defined. Notably for this zone, a structural control on mineralization has been identified. In light of this feature, additional drilling will be scheduled to improve the geological model and mineralization contours.

Significant intercepts are shown in the table below from holes “EXT153_505_04”, “EXT153_505_05” and “EXT153_505_10”. Of note is drill hole “EXT153_505_10”, which significantly extended the mineralized contours of Zone 153. Drilling will continue in the fourth quarter of 2017 to determine the continuity of mineralization and to permit higher Mineral Resource categories within future Mineral Resource estimates.

Outlook

The medium term resource development strategy is to focus on the southeast and northwest sections of the Chelopech deposit with the intention of finding new Mineral Resources. Target areas to facilitate this goal are the upper parts of Blocks 150, 25, 18, 19 and 5.

A high priority remains for the drill holes planned as part of the Zone 153 program and drilling operations will continue in the fourth quarter of 2017 on level 505 with the purpose of testing higher elevations of Zone 153.

Additionally, there are plans to test the following targets:

- Grade control drilling from level 405 targeting the upper levels of Blocks 150, 25 and 5. This phase of drilling intends to expand the known ore body extents and aid the conversion of Mineral Resources into Mineral Reserves; and
- Extensional drilling in the areas close to Blocks 10 and 8, targeting the discovery of new and expansion of known ore bodies. Historic drilling results in combination with structural and geology models indicate untested mineralization may be present in this area.

Significant intercepts (gold equivalent ("AuEq") cut-off grade of 3 g/t) received during the third quarter of 2017:

HOLE ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EXT103_440_02	5759	29208	442	256.5	3.7	75.0	88.5	13.0	3.85	2.03	1.61	0.89
EXT103_440_02	5759	29208	442	256.5	3.7	162.5	166.5	3.4	3.56	2.30	6.20	0.61
EXT103_440_05	5759	29209	442	274.7	1.6	127.5	135.0	7.4	3.30	2.16	11.56	0.56
EXT148_225_21	5644	29473	228	289.6	-9.5	159.0	166.5	7.3	3.14	2.01	3.90	0.55
EXT148_225_21	5644	29473	228	289.6	-9.5	193.5	196.5	3.0	3.67	2.99	6.75	0.33
EXT148_225_21	5644	29473	228	289.6	-9.5	238.5	243.0	4.5	4.57	3.18	6.37	0.67
EXT148_225_22	5644	29473	228	323.4	-14.5	190.5	195.0	4.5	3.47	3.11	7.33	0.18
EXT148_225_23	5644	29472	228	302.2	-5.0	220.5	225.0	4.5	5.17	2.92	7.73	1.09
EXT148_225_23	5644	29472	228	302.2	-5.0	232.5	235.5	3.0	3.70	2.87	9.80	0.40
EXT153_505_04	6074	29368	507	289.0	-9.1	52.5	60.0	7.5	4.25	1.86	1.64	1.16
EXT153_505_05	6073	29368	507	281.4	-7.7	48.0	54.0	5.8	4.16	2.74	1.93	0.69
EXT153_505_10	6074	29368	507	285.2	0.6	355.5	375.0	19.5	8.12	3.92	11.27	2.04
EXT18_505_01	6379	29863	510	242.5	-8.3	48.0	55.5	7.2	8.48	4.55	49.58	1.91
EXT18_505_01	6379	29863	510	242.5	-8.3	70.5	88.5	17.5	6.90	2.64	18.50	2.07
EXT18_505_02	6380	29862	509	212.7	-15.5	151.8	156.0	4.0	3.39	1.13	6.26	1.10

1) *Significant intercepts are located within the Chelopech Mine Concession and proximal to the mine workings.*
2) *AuEq calculation is based on the following formula: Au g/t + 2.06 x Cu%.*
3) *Minimum downhole width reported is 1.5 metres with a maximum internal dilution of 4.5 metres.*
4) *Drill holes with prefix G indicate grade control drilling which is performed using BQ diamond drill core. All other 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 Reserve Update, Chelopech Project, Chelopech, Bulgaria" filed on SEDAR at www.sedar.com on March 28, 2016.*

Sampling and Analysis

All drill cores are sampled in intervals up to a maximum of three metres, with 1.5 metre sample intervals being the common length within mineralized zones. The dimensions of the mineralized zones far exceed the standard sample length. Two sizes of core are drilled; NQ for extensional and BQ for grade control drilling. 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. BQ core samples are submitted for analysis as a whole core. All drill cores are photographed prior to cutting and/or sampling.

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

Chelopech Brownfield Exploration

During the third quarter of 2017, brownfield exploration focused on the continuation of surface exploration on the surrounding Sveta Petka and Brevene exploration licences. Exploration activities included magnetotelluric, gravity and soil surveys. Data processing, modelling and interpretation of the results are underway to identify and prioritize additional gold and copper targets for drill testing in 2018.

Underground exploration drilling along the South East Breccia Pipe Zone and surface drilling at the Krasta target, a new shallow gold-copper target northeast of the Sharlo Dere, are planned for the fourth quarter of 2017.

Krumovgrad, Bulgaria

Permitting for drilling at Krumovgrad is ongoing and drilling commenced early in the fourth quarter of 2017. Exploration on several recently granted exploration licences included geological mapping and stream sediment and soil sampling. At the Elhovo exploration licence, a ground magnetic survey was conducted over a gold soil geochemistry anomaly, which is approximately 800 metres by 100 metres wide and remains open-ended.

Krumovgrad Gold Project Grade Control Drilling

In the third quarter of 2017, an intensive RC grade control drilling program of 13,826 metres was completed at the Krumovgrad gold project mine site. Of this total, 12,545 metres were drilled from the initial close-spaced grid (5 x 5 metres) and another 1,281 metres were drilled on a 10 x 10 metre grid.

The close spaced drilling grid is now complete and currently the optimization study is underway. This study will allow the determination of the optimal drill hole spacing for the entire upper zone and wall zone at the Krumovgrad gold project. Grade control drilling will continue in the fourth quarter of 2017 to complete the grade control drilling within the pushback one area, as defined within the life of mine schedule.

Approximately 700 metres of inclined diamond drilling was accomplished from surface. The focus of this drilling is to define and improve the geology confidence and re-modelling of upper zone and wall zone in the flanks of the pushback one area. The assays are still pending.

Timok Gold Project, Serbia

During the third quarter of 2017, exploration activities at the Timok Gold Project included soil sampling, geological mapping, ground magnetic and Induced Polarization surveys, and 3,600 metres of trenching.

The last 550 metres of the Spring 2017 drill program was completed at Korkan West in early July, and results of this drilling were included in the second quarter MD&A. A technical review of the results was completed during the summer of 2017 and the second phase of drilling at Korkan West commenced in late September. The aim of Phase II drilling is to extend the strike length of the northwest trending Korkan West zone.

During the third quarter of 2017, trenching extended the Korkan West zone approximately 40 metres to the southeast where channel sampling of a 91 metre trench averaged 2.98 g/t gold, including 36 metres averaging 4.06 g/t gold. Mineralization is open at both ends of the trench and only four of the one metre channel samples have less than 1.0 g/t gold. This new trench result provides evidence for the continuity of high grade material at very shallow depths at Korkan West. As the trench is diagonal to the current interpreted northwest trend of the Korkan West zone, the true width of the mineralization will be considerably less. The trench was excavated in a strongly oxidized saprock that is thought to be part of the sandstone (S1) unit, which, based on nearby drill intersections, is up to 20 metres thick.

As part of the carbonate-rock hosted gold exploration program, several trenches and channels also intersected intervals with gold mineralization. Trench BITR120 located 500 metres west of the Bigar Hill deposit, intersected 93 metres averaging 0.50 g/t gold, including 5 metres averaging 3.17 g/t gold in limestone.

Continuation of Phase II drilling at Korkan West, trenching, soil sampling, geological mapping and ground magnetics are planned for the fourth quarter of 2017.

Other

DPM carries out early stage gold exploration in Bulgaria, Serbia, Quebec and Armenia. These programs involve geological mapping, systematic soil, rock-chip and channel sampling, geophysical surveys, trenching and scout drilling. In addition, DPM continues to conduct reviews of projects and prospective belts in other parts of the world.

Sampling and Analysis of Exploration Core and Channel Samples

Most of the exploration diamond drill holes are collared with PQ size, continued with HQ, and are sometimes finished with NQ. 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.

Trench and channel sampling is carried out by cutting a channel in the exposed outcrop at the base of the trench wall. Soil and transported material are not sampled. A continuous channel parallel to the bottom of the trench is sampled every one or two metres. The sample is collected from the beginning to the end of each sample interval. Consistent sampling volumes are maintained along the full length of the sample interval. Weights of one metre channel samples typically range from 2.5 to 4 kilograms.

For both core and channel samples, a numbered tag is placed into each sample bag, and the samples are grouped into batches for laboratory submissions. Exploration samples are shipped to the Company's own exploration laboratory in Bor, Serbia, which is managed by SGS Minerals.

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 that comprise certified reference materials, blanks, and pulp duplicates. All quality assurance and quality control ("QAQC") monitoring data are reviewed and signed off by an independent QAQC geologist. Chain of custody records are maintained from the time of sample shipment to the laboratory until analyses are completed and remaining sample materials are returned to the Company.

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. 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. Gold analyses are done using a conventional 50 gram fire assay and AAS finish. Multi-element analyses for 49 elements, which include Cu, Mo, As, Bi, Pb, Sb, and Zn, are done using a four-acid digestion, and an ICP finish. Samples returning over 10,000 ppm for base metals are re-analyzed using high grade methods.

DEVELOPMENT AND OTHER MAJOR PROJECTS

Krumovgrad

The mine site is located at Ada Tepe, approximately three kilometres south of the town of Krumovgrad in southeastern Bulgaria. The project plan contemplates the construction of an open pit mining operation comprised of a process plant, which will employ conventional crushing, grinding and flotation processing for gold extraction, and the disposal of thickened tailings, together with mine rock waste, in an integrated mine waste facility ("IMWF"). The plant is designed to treat up to 840,000 tonnes of ore per year over an eight year mine life, including processing stockpiled low grade ore at the end of the project, which is consistent with existing permitting applications and environmental submissions. A feasibility study for the project was completed in 2011. The technical report for the Krumovgrad project entitled "Revised NI 43-

101 Technical Report, Ada Tepe Deposit, Krumovgrad Project, Bulgaria" dated effective March 21, 2014 with a re-issue date of November 7, 2017 is available at www.sedar.com (the "Krumovgrad Technical Report"). The November 7, 2017 revision clarifies that Measured and Indicated Mineral Resources are inclusive of Proven and Probable Mineral Reserves and contains additional annual cash flow information under the Economic Analysis section of the report.

The table below is a summary of the initial estimated capital costs required to construct and commission the project, together with the additional sustaining capital expenditures and closure costs expected to be incurred over the life of the project.

2015 CAPITAL COST ESTIMATE SUMMARY(1)	
$ millions	**Total**
Direct costs	117.1
Indirect costs	48.7
Contingency $_{P50}$ (7.5% of direct + indirect costs)	12.4
Total Initial Construction Capital	**178.2**
Sustaining capital	6.2
Closure and rehabilitation costs	6.0

1) Costs expressed as Q4 2015 US$ based on a US$ / Euro exchange rate of 1.14 and exclude escalation, financing and sunk costs.

As at September 30, 2017, the estimated capital cost of the project at completion is now expected to be between $162 million and $168 million, of which $54.3 million has been incurred to date. This decrease relative to the 2015 estimate of $178.2 million is due primarily to:

- A reforecast of contingency based on the remaining estimated cost ($4.7 million);
- Locking in a more favourable foreign exchange rate than was budgeted ($3.6 million);
- Procurement of some equipment spares on a consignment basis, as opposed to initial purchase ($2.0 million);
- Lower than planned earthmoving quantities ($2.0 million); and
- Procurement of some service vehicles on a leased basis, as opposed to purchase ($0.7 million).

Operating costs are based on processing an average of 775,000 tonnes per year, producing an annual average of 85,700 ounces of gold and 38,700 ounces of silver for an estimated eight years.

SUMMARY OF ESTIMATED OPERATING COSTS(1)	
	$/t ore processed(2)
Mining costs	15.03
Processing costs	19.39
Tailings treatment & IMWF costs	1.88
General & administration	5.33
Royalty	3.78
Total Annual Operating Costs	**45.41**

1) Estimated and expressed in Q4 2015 US$.
2) Average cash cost over eight years.

Based on the Mineral Reserves and Mineral Resources contained in the Krumovgrad Technical Report, as well as the 2015 estimated capital and operating costs, the project economics and other key metrics are shown in the table below:

Key Project Operating and Financial Metrics	**Life of Mine Average**
Annual tonnes processed	775,000 tpy
Gold grade	4.04 g/t
Silver grade	2.22 g/t
Strip ratio	2.6:1 waste:ore (t:t)
Gold recovery	85%
Silver recovery	70%
Annual gold production	85,700 oz
Annual silver production	38,700 oz
Total cash cost per oz AuEq(1)	$404
Annual EBITDA	$66 million
Total gold production	685,549 oz
Total silver production	309,915 oz
NPV at a discount rate of 5.0%, after-tax(2)(3)	$187.6 million
Internal rate of return, after-tax (“IRR”)(2)(3)	24.8%
Payback period, after-tax (from start of production)	2.4 years
Mine life	8 years

1) Based on long term metals prices of $1,250/oz Au and $15.00/oz Ag.
2) US$ / Euro exchange rate = 1.14.
3) Includes an allowance for smelter terms and community investment.

The project underwent a national environmental impact assessment (“EIA”) in 2010 and an environmental permit was issued and entered into force in March 2013. Following an independent review of the EIA reports, the EBRD required a number of supplementary environmental and social studies and documents to meet the EBRD Performance Requirements (“PRs”) and international good practices. In addition to the EBRD PRs, certain lenders participating in the consortium refer to the Equator Principles and therefore the project also references the International Finance Corporation (“IFC”) Performance Standards (2012).

Approval of the main construction permit was received in August 2016, and earthworks on the project site commenced in the fourth quarter of 2016.

During the third quarter of 2017, the Terms of Reference (“ToR”) for the waste water discharge pipeline detailed development plan (“DDP”) was approved by the Krumovgrad Municipal Council (“KMC”) and the draft DDP was published in the State Gazette. In October 2017, the KMC’s resolution approving the final DDP for the new access road was also published in the State Gazette, following which the DDP will enter into force in early November. These approvals are important steps in the process to obtain construction permits for both items. Although later than anticipated, neither item is currently on the project critical path and are not expected to impact the fourth quarter of 2018 start-up date. Once the new access road DDP enters into force, EVN (the electricity supply utility) will initiate the permitting and subsequent construction process for the installation of the power line to the site.

The main activity during the third quarter of 2017 was the completion of the process plant area earthworks, allowing the concrete contractor to begin pouring major equipment foundations in this area. Execution of the IMWF earthworks will continue through the fourth quarter of 2017, and is expected to be completed in the first quarter of 2018. The main mechanical contractor has been selected, and will mobilize to site in the fourth quarter of 2017.

At the end of the third quarter of 2017, construction of the project was approximately 37% complete, based on installed quantities and the project completion remains on track for first concentrate production in the fourth quarter of 2018.

Progress against the project baseline schedule is set out below:

Key Milestones	Expected/Actual Completion
Commence main civil/mechanical/electrical construction	Q3 2017 (complete)
Complete bulk earthworks in the process plant area	Q3 2017 (complete)
Complete IMWF earthworks	Q1 2018
Start cold commissioning	Q2 2018
Start hot commissioning	Q3 2018
First concentrate production	Q4 2018

The Company continues to engage in an active dialogue with the municipality, government and other stakeholders, and will do so throughout the remainder of the construction phase, which includes receipt of the remaining final permanent access road and discharge pipeline approvals, and the subsequent operating approvals to support the Krumovgrad gold project advancing to operation in the fourth quarter of 2018, as planned.

Tsumeb – Capital Project

Rotary Holding Furnace

The Company continues to assess opportunities to further optimize the smelter operation, including the installation of a rotary holding furnace, which is expected to provide surge capacity between the Ausmelt furnace and the converters, and increase smelter recoveries. This is a potentially high return project that is expected to debottleneck and increase the annual throughput of complex concentrate by over 50% to up to 370,000 tonnes and, in turn, generate significant incremental margins, given the fixed cost nature of the facility.

A pre-feasibility study was completed in 2015, which evaluated a number of options to increase throughput and identified a preferred option. A subsequent feasibility study, based upon the preferred option, was completed in the fourth quarter of 2016 and confirmed the robust project economics, with an estimated implementation capital cost of approximately $52 million. The scope of the project includes the rotary holding furnace, additional cooling and other upgrades to the Ausmelt furnace, as well as upgrades to the slag mill area.

Incremental fixed operating costs associated with the operation of the holding furnace are estimated to be approximately $6 million per year, excluding the variable costs associated with the processing of any additional tonnage. Work to secure the necessary permits to support this planned increase in production is ongoing. An Environmental and Social Impact Assessment ("ESIA") is underway for the project. Public access to the draft ESIA was provided during the second quarter of 2017. The Company is currently reviewing the comments received and is working to address them.

DPM anticipates moving forward with this project, subject to receipt of all major permits and adequate commercial arrangements and funding being in place.

OFF BALANCE SHEET ARRANGEMENTS

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

SELECTED QUARTERLY INFORMATION

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

$ millions	**2017**			2016[1]				2015[1]
except per share amounts	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue[2]	**92.3**	86.9	74.6	82.1	54.8	72.5	70.1	53.7
Net earnings (loss)	**3.0**	11.0	(12.6)	(110.1)	(30.4)	(5.3)	(6.4)	(48.6)
Net (loss) earnings attributable to:								
• Non-controlling interest	**(0.1)**	(0.0)	(0.1)	(0.1)	(0.5)	0.3	(0.3)	(0.1)
• Discontinued operations	**-**	-	-	(2.5)	(0.1)	3.3	(2.3)	(47.6)
• Continuing operations	**3.1**	11.0	(12.5)	(107.5)	(29.8)	(8.9)	(3.8)	(0.9)
Net earnings (loss) per share:								
• Discontinued operations	**-**	-	-	(0.02)	(0.00)	0.02	(0.01)	(0.34)
• Continuing operations	**0.02**	0.06	(0.07)	(0.67)	(0.19)	(0.06)	(0.03)	(0.01)
Net earnings (loss) diluted per share:								
• Discontinued operations	**-**	-	-	(0.02)	(0.00)	0.02	(0.01)	(0.34)
• Continuing operations	**0.02**	0.06	(0.07)	(0.67)	(0.19)	(0.06)	(0.03)	(0.01)
Adjusted net earnings (loss)[2]	**7.6**	11.9	(6.2)	5.7	(19.4)	(7.4)	(1.3)	(0.8)
Adjusted basic earnings (loss) per share[2]	**0.04**	0.07	(0.04)	0.04	(0.12)	(0.05)	(0.01)	(0.01)

1) 2015 and 2016 results reflect Kapan as a discontinued operation as a result of the Kapan Disposition, which closed on April 28, 2016.
2) Information relates to continuing operations.

The variations in the Company's quarterly results were driven largely by fluctuations in gold, copper and silver prices, and smelter toll rates, as well as foreign exchange rates, fluctuations in ore mined, grades, recoveries, volumes of complex concentrate smelted, smelter metals exposure, slag mill concentrate returns and stockpile interest deductions, net gains and losses related to Sabina special warrants, unrealized and realized gains and losses on commodity swap and option contracts related to hedging the Company's metal price exposures, unrealized gains or losses on forward foreign exchange contracts, impairment charges and common share issuances.

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.

	2017			2016				2015
Average	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
London Bullion gold ($/oz)	**1,278**	1,257	1,219	1,219	1,335	1,259	1,180	1,105
LME settlement copper ($/lb)	**2.88**	2.57	2.65	2.40	2.17	2.15	2.12	2.22
LBMA spot silver ($/oz)	**16.83**	17.26	17.42	17.18	19.62	16.78	14.83	14.76

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the Company's condensed interim 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 condensed interim 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 uncertainty considered by management in preparing the condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 are the same as those described in the Company's MD&A for the year ended December 31, 2016.

The following new standards are not yet effective for the year ending December 31, 2017, and have not been applied when preparing the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2017.

The Company is planning to adopt IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers,* effective January 1, 2018. The Company continues to evaluate the accounting of IFRS 9 and IFRS 15 on its consolidated financial statements and disclosures, internal controls and accounting policies. The Company has a project team that has reviewed industry specific technical interpretations, documented hedging risk components, and reviewed contracts for each significant revenue stream to determine and document expected changes in revenue recognition. The Company expects to complete its preparatory work along with its review of the revenue contracts in respect of the recent acquisition of MineRP in the fourth quarter of 2017 with implementation commencing on January 1, 2018.

The Company's current assessment of the impact of these new standards is set out below.

IFRS 9, *Financial Instruments*

IFRS 9, published in July 2014, replaces International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new model for the impairment of financial assets and requires an economic relationship between the hedged item and hedging instrument.

While the Company has not finalized its detailed assessment of the classification and measurement of financial assets, equity investments currently classified as available-for-sale financial assets are expected to satisfy the conditions for classification as an asset that is fair valued through other comprehensive income or loss. Gains and losses in respect of these investments are recognized in other comprehensive income or loss, are not transferred to profit or loss upon disposition and are not subject to impairment assessments. Financial instruments currently measured at fair value with any resulting gains or losses recognized through profit or loss would likely continue to be measured on the same basis under IFRS 9.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Company's risk management practices. As a general rule, more hedge relationships are expected to be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Company's preliminary assessment indicates that its existing commodity swap and option contracts, which currently do not qualify for hedge accounting under IAS 39, and its current forward foreign exchange contracts, which partially qualify for hedge accounting, are both expected to qualify for hedge accounting under IFRS 9.

Upon adoption of IFRS 9, the effective portion of changes in fair value of commodity contracts relating to production hedges, which are currently recognized in other income or expense, would be recognized in other comprehensive income or loss and would be reclassified to profit or loss in the same periods as the underlying projected sales occur. In the case of forward foreign exchange contracts, the Company would continue to be able to designate the change in fair value of the spot component of the forward foreign exchange contract as the hedging instrument in the cash flow hedging relationship such that any unrealized fair value change would be initially recognized in other comprehensive income or loss and subsequently reclassified to profit or loss when realized in the same periods as the underlying projected operating expenditures. For hedges of capital expenditures, realized gains or losses would be included in the carrying value of assets when the capital expenditures occur.

Upon adoption of IFRS 9, the Company may also elect that the forward points in the forward foreign exchange contract be separately accounted for as a cost of hedging. This would result in any initial unrealized change in the fair value of the forward point component of the forward foreign exchange contracts being recognized in other comprehensive income or loss and accumulated as a cost of hedging within shareholders' equity. Accumulated gains and losses would be recognized in profit or loss for hedges of operating expenses and included in the carrying amount of assets for hedges of capital expenditures, when the contracts settle. The Company has not made a decision on this election.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39 and applies to financial assets measured at amortized cost. While the Company has not finalized its assessment of the impairment methodologies that it will apply under IFRS 9, the Company does not expect the new impairment model to have a significant impact. The new standard also introduces expanded disclosure requirements and changes in presentation with respect to financial instruments, which are expected to change the nature and extent of the Company's disclosures in the year the new standard is adopted.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 provides the choice for either full retrospective application or modified retrospective application whereby the restatement of comparative information in prior periods would not be required but instead would be reflected in retained earnings as at January 1, 2018. The Company is planning to adopt this standard effective January 1, 2018 with modified retrospective application.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, issued in May 2014, establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, *Construction contracts*, IAS 18, *Revenue*, International Financial Reporting Interpretations Committee ("IFRIC 13"), *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standard Interpretations Committee interpretation 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 will also result in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is based on the general principle that revenue is recognized when control of a good or service transfers to a customer rather than when the significant risks and rewards of ownership are transferred as is the case under IAS 18.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 provides the choice for either full retrospective application or modified retrospective application whereby the cumulative effect of retrospectively applying IFRS 15 would apply only to those contracts that are not settled as at the date of adoption and would be reflected in retained earnings as at January 1, 2018. The Company is planning to adopt this standard effective January 1, 2018 with modified retrospective application.

While the Company does not expect the implementation of IFRS 15 will have a material impact on the Company's revenue recognition policies, the Company will be required to recognize a financing expense in respect of its prepaid forward gold sales arrangement upon adoption of IFRS 15.

IFRS 16, *Leases*

IFRS 16, issued in January 2016, replaces IAS 17, *Leases*. IFRS 16 results in most leases being reported on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. The standard is expected to impact the accounting for the Company's operating leases, which are currently reflected in the condensed interim consolidated statements of earnings (loss) and in the Company's disclosure in respect of future commitments. Under IFRS 16, all operating leases, except for short term and low value leases, are expected to be accounted for as finance leases. As a result, the leased assets and the associated obligations are recognized in the consolidated statements of financial position. The leased assets will be depreciated over the shorter of the estimated useful life of the asset and the lease term. The lease payments are apportioned between finance charges and a reduction of the lease liability. The current operating lease expense will be replaced with a depreciation charge on the leased assets and a finance charge on the lease liability, which are in aggregate expected to result in a higher total periodic expense in the earlier periods of the lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for companies that also adopt IFRS 15. The Company does not intend to adopt IFRS 16 before its mandatory date. As a lessee, the Company can either apply the standard using a retrospective approach or a modified retrospective approach. The Company is currently reviewing all of its leases to determine and document the expected changes associated with the adoption of IFRS 16.

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 concentrate produced, cash cost per ounce of gold in 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 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 September 30, 2017**	**Chelopech**	**Tsumeb**	**Total**
Ore processed *(mt)*	**565,696**	**-**	
Metals contained in copper concentrate produced:			
Gold *(ounces)*	**34,161**	**-**	
Copper *(pounds)*	**9,478,655**	**-**	
Complex concentrate smelted *(mt)*	**-**	**57,991**	
Cost of sales	**29,010**	**43,243**	**72,253**
Add/(deduct):			
Depreciation, amortization & other	**(9,027)**	**(6,359)**	
Realized losses (gains) on forward foreign exchange contracts	**90**	**(1,858)**	
Change in concentrate inventory	**(128)**	**-**	
Total cash cost before by-product credits	**19,945**	**35,026**	
By-product credits	**(958)**	**(6,952)**	
Total cash cost after by-product credits	**18,987**	**28,074**	
Cash cost per tonne ore processed	**35.26**	**-**	
Cash cost per pound copper produced(1)	**0.77**	**-**	
Cash cost per ounce gold produced(1)	**342**	**-**	
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**484**	

1) 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 September 30, 2016**	**Chelopech**	**Tsumeb**	**Total**
Ore processed *(mt)*	560,038	-	
Metals contained in copper concentrate produced:			
Gold *(ounces)*	23,891	-	
Copper *(pounds)*	9,423,314	-	
Complex concentrate smelted *(mt)*	-	37,035	
Cost of sales	28,643	38,425	67,068
Add/(deduct):			
Depreciation, amortization & other	(9,441)	(10,761)	
Realized losses (gains) on forward foreign exchange contracts	44	(1,074)	
Change in concentrate inventory	(1,596)	-	
Total cash cost before by-product credits	17,650	26,590	
By-product credits	(1,127)	(2,795)	
Total cash cost after by-product credits	16,523	23,795	
Cash cost per tonne ore processed	31.51	-	
Cash cost per pound copper produced(1)	0.69	-	
Cash cost per ounce gold produced(1)	420	-	
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	642	

1) 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 nine months ended September 30, 2017**	**Chelopech**	**Tsumeb**	**Total**
Ore processed *(mt)*	**1,691,084**	**-**	
Metals contained in copper concentrate produced:			
Gold *(ounces)*	**104,783**	**-**	
Copper *(pounds)*	**26,321,575**	**-**	
Complex concentrate smelted *(mt)*	**-**	**160,269**	
Cost of sales	**82,152**	**116,489**	**198,641**
Add/(deduct):			
Depreciation, amortization & other	**(27,457)**	**(19,125)**	
Realized losses (gains) on forward foreign exchange contracts	**231**	**(4,935)**	
Change in concentrate inventory	**1,531**	**-**	
Total cash cost before by-product credits	**56,457**	**92,429**	
By-product credits	**(2,620)**	**(16,070)**	
Total cash cost after by-product credits	**53,837**	**76,359**	
Cash cost per tonne ore processed	**33.38**	**-**	
Cash cost per pound copper produced(1)	**0.72**	**-**	
Cash cost per ounce gold produced(1)	**332**	**-**	
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**476**	

1) 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 nine months ended September 30, 2016**	**Chelopech**	**Tsumeb**	**Total**
Ore processed *(mt)*	1,665,323	-	
Metals contained in copper concentrate produced:			
Gold *(ounces)*	86,851	-	
Copper *(pounds)*	29,642,267	-	
Complex concentrate smelted *(mt)*	-	139,002	
Cost of sales	80,125	108,925	189,050
Add/(deduct):			
Depreciation, amortization & other	(27,890)	(30,354)	
Realized losses (gains) on forward foreign exchange contracts	104	(2,588)	
Change in concentrate inventory	2,752	-	
Total cash cost before by-product credits	55,091	75,983	
By-product credits	(3,001)	(10,455)	
Total cash cost after by-product credits	52,090	65,528	
Cash cost per tonne ore processed	33.08	-	
Cash cost per pound copper produced(1)	0.66	-	
Cash cost per ounce gold produced(1)	376	-	
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	471	

1) 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, including payable gold in pyrite concentrate sold and related costs, to its cost of sales:

$ thousands, unless otherwise indicated	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Cost of sales(1)	**29,100**	28,687	**82,383**	80,229
Add/(deduct):				
Depreciation, amortization & other	**(9,027)**	(9,441)	**(27,457)**	(27,890)
Other charges, including freight(2)	**26,808**	31,308	**76,624**	77,074
By-product credits(3)	**(24,205)**	(23,322)	**(61,822)**	(65,096)
Cash cost of sales, net of by-product credits	**22,676**	27,232	**69,728**	64,317
Payable gold in copper and pyrite concentrate sold *(ounces)*(4)	**41,926**	32,447	**123,063**	102,065
Cash cost per ounce of gold sold, net of by-product credits	**541**	839	**567**	630

1) Includes realized losses on the forward point component of the forward foreign exchange contracts in the three and nine months ended September 30, 2017 and 2016.
2) Includes treatment charges, transportation and other selling costs related to the sale of pyrite concentrate in the third quarter and first nine months of 2017 of $5.5 million and $18.2 million, respectively, compared to $7.2 million and $19.1 million in the corresponding periods in 2016.
3) Includes realized losses on copper swap contracts, entered to hedge a portion of projected payable production of $3.9 million and $7.2 million during the third quarter and first nine months of 2017, respectively, compared to realized gains of $0.9 million and $3.1 million in the corresponding periods in 2016.
4) Includes payable gold in pyrite concentrate sold in the third quarter and first nine months of 2017 of 7,302 ounces and 24,931 ounces, respectively, compared to 8,130 ounces and 23,240 ounces in the corresponding periods in 2016.

The following table provides, for the periods indicated, a reconciliation of Chelopech cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, to its cost of sales:

$ thousands, unless otherwise indicated	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Cost of sales(1)	**29,100**	28,687	**82,383**	80,229
Add/(deduct):				
Depreciation, amortization & other	**(9,027)**	(9,441)	**(27,457)**	(27,890)
Other charges, including freight	**21,283**	24,126	**58,385**	58,013
By-product credits(2)	**(24,205)**	(23,322)	**(61,822)**	(65,096)
Cash cost of sales, net of by-product credits	**17,151**	20,050	**51,489**	45,256
Payable gold in copper concentrate sold *(ounces)*	**34,624**	24,317	**98,132**	78,825
Cash cost per ounce of gold sold, net of by-product credits	**495**	825	**525**	574

1) Includes realized losses on the forward point component of the forward foreign exchange contracts in the three and nine months ended September 30, 2017 and 2016.
2) Includes realized losses on copper swap contracts, entered to hedge a portion of projected payable production of $3.9 million and $7.2 million during the third quarter and first nine months of 2017, respectively, compared to realized gains of $0.9 million and $3.1 million in the corresponding periods in 2016.

DPM's all-in sustaining cost per ounce of gold calculation, including payable gold in pyrite concentrate sold and related costs, is set out in the following table:

$ thousands, unless otherwise indicated	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Cash cost of sales, net of by-product credits(1)	**22,676**	27,232	**69,728**	64,317
Accretion expenses(1)	**74**	91	**215**	278
General and administrative expenses(2)	**2,674**	2,805	**8,698**	8,457
Cash outlays for sustaining capital(1)	**3,290**	5,026	**7,459**	8,137
All-in sustaining costs	**28,714**	35,154	**86,100**	81,189
Payable gold in copper and pyrite concentrate sold *(ounces)(3)*	**41,926**	32,447	**123,063**	102,065
All-in sustaining cost per ounce of gold	**685**	1,083	**700**	795

1) Represents the cash cost of sales, net of by-product credits, accretion expenses and cash sustaining capital expenditures that are specific to Chelopech.
2) Represents an allocated portion of DPM's general and administrative expenses, including share-based remuneration, and excluding depreciation and expenses related to Avala and Krumovgrad, based on Chelopech proportion of total revenue.
3) Includes payable gold in pyrite concentrate sold in the third quarter and first nine months of 2017 of 7,302 ounces and 24,931 ounces, respectively, compared to 8,130 ounces and 23,240 ounces in the corresponding periods in 2016.

DPM's all-in sustaining cost per ounce of gold calculation, excluding payable gold in pyrite concentrate sold and related costs, is set out in the following table:

$ thousands, unless otherwise indicated	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Cash cost of sales, net of by-product credits(1)	**17,151**	20,050	**51,489**	45,256
Accretion expenses(1)	**74**	91	**215**	278
General and administrative expenses(2)	**2,674**	2,805	**8,698**	8,457
Cash outlays for sustaining capital(1)	**3,290**	5,026	**7,459**	8,137
All-in sustaining costs	**23,189**	27,972	**67,861**	62,128
Payable gold in copper concentrate sold *(ounces)*	**34,624**	24,317	**98,132**	78,825
All-in sustaining cost per ounce of gold	**670**	1,150	**692**	788

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

Adjusted earnings (loss) before income taxes, adjusted net earnings (loss) and adjusted basic earnings (loss) per share

Adjusted earnings (loss) before income taxes, 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) from continuing operations 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 gains or losses on commodity swap and option contracts related to projected payable production;
- unrealized gains or losses on the forward point component of the forward foreign exchange contracts;
- unrealized and realized gains or losses related to investments carried at fair value;
- significant tax adjustments not related to current period earnings (loss); 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) from continuing operations attributable to common shareholders:

$ thousands, except per share amounts	Three Months		Nine Months	
Ended September 30,	**2017**	2016	**2017**	2016
Net earnings (loss) from continuing operations attributable to common shareholders	**3,042**	(29,783)	**1,563**	(42,475)
Add/(deduct) after-tax adjustments:				
Unrealized losses on commodity swap and option contracts, net of income tax recovery of $400 (2016 – $31) and $1,172 (2016 – $630)	**3,600**	281	**10,549**	5,674
Unrealized losses (gains) on the forward point component of forward foreign exchange contracts, net of income tax recovery of $10 (2016 – income tax expense of $5) and $51 (2016 – $9)	**1,578**	(491)	**3,806**	(1,085)
Impairment charge in respect of Tsumeb's arsenic plant, net of income tax recovery of $nil for all periods	**-**	11,200	**-**	11,200
Net gains related to Sabina special warrants, net of income tax expense of $nil for all periods	**(631)**	(567)	**(2,646)**	(1,371)
Impairment charges on publicly traded securities, net of income tax recovery of $nil for all periods	**-**	-	-	24
Adjusted net earnings (loss)	**7,589**	(19,360)	**13,272**	(28,033)
Basic earnings (loss) per share from continuing operations	**0.02**	(0.19)	**0.01**	(0.29)
Adjusted basic earnings (loss) per share	**0.04**	(0.12)	**0.07**	(0.19)

Adjusted earnings (loss) before income taxes is defined as earnings (loss) before income taxes from continuing operations 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 gains or losses on commodity swap and option contracts related to projected payable production;
- unrealized gains or losses on the forward point component of the forward foreign exchange contracts;
- 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 earnings (loss) before income taxes to earnings (loss) before income taxes from continuing operations:

$ thousands	**Three Months**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Earnings (loss) before income taxes from continuing operations	**3,278**	(30,183)	**4,576**	(40,699)
Add/(deduct) adjustments:				
Unrealized losses on commodity swap and option contracts	**4,000**	312	**11,721**	6,304
Unrealized losses (gains) on the forward point component of forward foreign exchange contracts	**1,588**	(496)	**3,857**	(1,076)
Net gains related to Sabina special warrants	**(631)**	(567)	**(2,646)**	(1,371)
Impairment charge in respect of Tsumeb's arsenic plant	**-**	11,200	**-**	11,200
Impairment charges on publicly traded securities	**-**	-	**-**	24
Adjusted earnings (loss) before income taxes	**8,235**	(19,734)	**17,508**	(25,618)

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 (loss) before income taxes from continuing operations:

- depreciation and amortization;
- interest income;
- finance cost;
- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production;
- unrealized gains or losses on the forward point component of the forward foreign exchange contracts;
- 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 (loss) before income taxes from continuing operations:

$ thousands	Three Months		Nine Months	
Ended September 30,	**2017**	2016	**2017**	2016
Earnings (loss) before income taxes from continuing operations	**3,278**	(30,183)	**4,576**	(40,699)
Add/(deduct):				
Depreciation and amortization	**15,725**	20,240	**47,225**	58,645
Finance cost	**1,721**	3,024	**5,780**	9,906
Interest income	**(71)**	(58)	**(212)**	(169)
Net gains related to Sabina special warrants	**(631)**	(567)	**(2,646)**	(1,371)
Unrealized losses on commodity swap and option contracts	**4,000**	312	**11,721**	6,304
Unrealized losses (gains) on the forward point component of forward foreign exchange contracts	**1,588**	(496)	**3,857**	(1,076)
Impairment charge in respect of Tsumeb's arsenic plant	**-**	11,200	**-**	11,200
Impairment charges on publicly traded securities	**-**	-	**-**	24
Adjusted EBITDA	**25,610**	3,472	**70,301**	42,764

Free cash flow

Free cash flow is defined as cash provided from operating activities of continuing operations, before changes in non-cash working capital, less cash outlays for sustaining capital of continuing operations, mandatory principal repayments and interest payments related to debt and finance 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		Nine Months	
Ended September 30,	**2017**	2016	**2017**	2016
Cash provided from operating activities of continuing operations	**29,113**	56,187	**80,777**	68,381
Add (deduct) changes in non-cash working capital	**(2,161)**	(5,326)	**(11,169)**	28,855
Cash provided from operating activities of continuing operations, excluding changes in non-cash working capital	**26,952**	50,861	**69,608**	97,236
Cash outlays for sustaining capital	**(6,936)**	(7,532)	**(16,221)**	(18,358)
Prepayments and mandatory principal repayments related to debt	**-**	-	**(16,250)**	(8,125)
Principal repayments related to finance leases	**(370)**	(409)	**(1,122)**	(1,180)
Interest payments	**(1,681)**	(1,871)	**(4,444)**	(5,741)
Free cash flow	**17,965**	41,049	**31,571**	63,832

Cash provided from operating activities of continuing operations, before changes in non-cash working capital

Cash provided from operating activities of continuing operations, before changes in non-cash working capital, is defined as cash provided from operating activities of continuing operations excluding changes in non-cash working capital as set out in the Company's condensed interim consolidated statements of cash flows. This measure is used by the Company and investors to measure the cash flow generated by the Company's operating segments prior to any changes in non-cash working capital, which at times can distort performance.

Growth Capital Expenditures

Growth capital expenditures are generally defined as capital expenditures from continuing operations 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 from continuing operations 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**		**Nine Months**	
Ended September 30,	**2017**	2016	**2017**	2016
Total Revenue	**92,322**	54,790	**253,843**	197,428
(Deduct)/add:				
Tsumeb revenue	**(38,411)**	(24,344)	**(104,914)**	(81,339)
Treatment charges and other deductions	**26,808**	31,308	**76,624**	77,074
Realized hedging (losses) gains on Production Hedges	**(3,860)**	577	**(7,182)**	2,979
Unfavourable (favourable) mark-to-market adjustments and final settlements	**1,428**	3,968	**(1,459)**	(2,244)
Silver revenue	**(747)**	(1,039)	**(2,127)**	(2,440)
Revenue from gold and copper	**77,540**	65,260	**214,785**	191,458
Revenue from gold	**54,082**	42,978	**155,090**	128,802
Payable gold in concentrate sold *(ounces)*	**41,926**	32,447	**123,063**	102,065
Average realized gold price per ounce	**1,290**	1,325	**1,260**	1,262
Revenue from copper	**23,458**	22,282	**59,695**	62,656
Payable copper in concentrate sold *('000s pounds)*	**9,363**	9,704	**24,440**	27,288
Average realized copper price per pound	**2.51**	2.30	**2.44**	2.30

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, financing, exploration, development, construction and operation of its mine, mill and concentrate processing facilities. The operating results and financial condition are also subject to numerous external factors, which include economic, geo-political, regulatory, legal, tax and market risks impacting, among other things, supply and demand for supplies and product, commodity 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 effect 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 mitigate risk while maximizing total shareholder returns. It is the responsibility of senior management, and the functional head of each business, to identify and to effectively manage the risks of each business. 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. These risks should be considered when evaluating the Company and its guidance.

A more detailed discussion of the risks faced by the Company can be found in the Company's 2016 Annual MD&A and AIF.

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 National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") based on the Internal Control – Integrated Framework (2013) developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Company in its reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

The Company's management, under the supervision of the CEO and the CFO, has evaluated its DC&P and ICFR and concluded that, as of September 30, 2017, they have been designed effectively to provide reasonable assurance regarding required disclosures and the reliability of financial reporting and the preparation of financial statements for external purposes.

NI 52-109 also requires Canadian public companies to disclose any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to the internal controls in the first nine months of 2017.

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". Our forward looking statements include, but are not limited to, statements with respect to the estimated capital costs, operating costs and project economics with respect to Krumovgrad; timing of development, permitting, construction, commissioning activities and commencement of production in respect of Krumovgrad; timing of further optimization work at Tsumeb and potential benefits of the rotary furnace installation; price of gold, copper, silver and acid; toll rates; metals exposure and stockpile interest deductions; the estimation of Mineral Reserves and Mineral Resources and the realization of such mineral estimates; timing and amount of estimated future production and output, life of mine, costs of production, cash costs and other cost measures, capital expenditures and timing of the development of new deposits; results of economic studies; success of exploration activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining and smelting operations; success of permitting activities; environmental risks; reclamation expenses; potential or anticipated outcome of title disputes or claims; and timing and possible outcome of pending litigation. 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", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "outlook", "intends", "anticipates", or "does not anticipate", or "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.

Without limitation to the foregoing, the following section outlines certain specific forward looking statements contained in the "2017 Guidance" 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 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.

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

Cash cost per tonne of ore processed: assumes Chelopech ore mined/milled in line with the guidance provided; foreign exchange rates remain at or around current levels; and operating expenses at Chelopech 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.

Cash cost per ounce of gold sold, net of by-product credits: assumes metals contained in concentrate produced and cash cost per tonne of ore processed at Chelopech are each in line with the guidance provided; copper and silver prices remain at or around current levels; and timing of concentrate deliveries are consistent with DPM's current expectations. 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; and higher than anticipated cash cost per tonne of ore processed.

All-in sustaining costs: assumes that metals contained in concentrate produced, cash cost per ounce of gold sold, net of by-product credits, general and administrative expenses and sustaining capital expenditures 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 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.

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 at Chelopech and Tsumeb 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, complex concentrate throughput and acid production at Tsumeb, concentrate deliveries and metal prices; 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.

Forward looking statements are based on the opinions and estimates of management 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: 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; 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; fluctuations in metal and acid prices, toll rates and foreign exchange rates; unanticipated title disputes; claims or litigation; limitation on insurance coverage; cyber attacks; failure to successfully integrate MineRP's business; failure to realize projected synergies and financial results from MineRP business; 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. 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. Unless required by securities laws, the Company undertakes no obligation to update forward looking statements if circumstances or management's estimates or opinion should change. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

This MD&A uses the terms "Measured", "Indicated" and "Inferred" Mineral Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission ("SEC") does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2017 and December 31, 2016

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

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	**21,987**	11,757
Accounts receivable	**34,049**	45,131
Inventories	**29,661**	28,335
Other current assets *(note 3(c) & 3(d))*	**6,372**	6,383
	92,069	91,606
Non-Current Assets		
Investments at fair value *(note 3(a) & 3(b))*	**46,437**	19,216
Mine properties	**246,616**	203,547
Property, plant & equipment	**365,958**	384,920
Intangible assets	**22,698**	22,754
Deferred income tax assets	**8,328**	5,255
Other long-term assets	**4,737**	6,654
	694,774	642,346
TOTAL ASSETS	**786,843**	733,952
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**56,146**	40,545
Income tax liabilities	**3,692**	119
Current portion of long-term debt *(note 4)*	**-**	16,110
Current portion of long-term liabilities	**2,251**	2,030
	62,089	58,804
Non-Current Liabilities		
Long-term debt *(note 4)*	**-**	25,000
Deferred revenue	**50,000**	50,000
Rehabilitation provisions *(note 5)*	**35,482**	30,296
Share based compensation plans *(note 6)*	**4,871**	3,654
Other long-term liabilities	**15,543**	14,171
	105,896	123,121
TOTAL LIABILITIES	**167,985**	181,925
EQUITY		
Share capital	**515,407**	482,656
Contributed surplus	**11,655**	10,890
Retained earnings	**58,461**	56,898
Accumulated other comprehensive income	**33,153**	1,360
Equity attributable to common shareholders of the Company	**618,676**	551,804
Non-controlling interests	**182**	223
TOTAL EQUITY	**618,858**	552,027
TOTAL LIABILITIES AND EQUITY	**786,843**	733,952

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three and nine months ended September 30, 2017 and 2016

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Continuing Operations				
Revenue	**92,322**	54,790	**253,843**	197,428
Costs and expenses				
Cost of sales	**72,253**	67,068	**198,641**	189,050
General and administrative expenses	**4,711**	4,262	**14,423**	14,094
Corporate social responsibility expenses	**494**	201	**1,294**	866
Exploration expenses	**1,961**	616	**6,199**	4,348
Impairment charges	**-**	11,200	**-**	11,134
Finance cost	**1,721**	3,024	**5,780**	9,906
Other expense (income) *(note 7)*	**7,904**	(1,398)	**22,930**	8,729
Earnings (loss) before income taxes	**3,278**	(30,183)	**4,576**	(40,699)
Current income tax expense	**2,348**	160	**7,174**	3,734
Deferred income tax recovery	**(2,043)**	(56)	**(3,961)**	(1,454)
Net earnings (loss) from continuing operations	**2,973**	(30,287)	**1,363**	(42,979)
Discontinued Operations				
Net (loss) earnings from discontinued operations	**-**	(77)	**-**	893
Net earnings (loss)	**2,973**	(30,364)	**1,363**	(42,086)
Net earnings (loss) attributable to:				
Common shareholders of the Company				
From continuing operations	**3,042**	(29,783)	**1,563**	(42,475)
From discontinued operations	**-**	(77)	**-**	893
Non-controlling interests	**(69)**	(504)	**(200)**	(504)
Net earnings (loss)	**2,973**	(30,364)	**1,363**	(42,086)
Basic and diluted earnings (loss) per share attributable to common shareholders of the Company *(note 8)*				
From continuing operations	**0.02**	(0.19)	**0.01**	(0.29)
From discontinued operations	**-**	(0.00)	**-**	0.01
Basic and diluted earnings (loss) per share	**0.02**	(0.19)	**0.01**	(0.28)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three and nine months ended September 30, 2017 and 2016

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net earnings (loss)	**2,973**	(30,364)	**1,363**	(42,086)
Other comprehensive income (loss) items that may be reclassified subsequently to profit or loss:				
Unrealized (losses) gains on forward foreign exchange contracts designated as cash flow hedges, net of income tax expense of $21 (2016 - $20) and $92 (2016 - $78), respectively	**(1,895)**	5,104	**1,128**	9,387
Realized losses on forward foreign exchange contracts, transferred to net earnings (loss), net of income tax expense of $23 (2016 - $5) and $19 (2016 - $16), respectively	**867**	1,979	**3,122**	8,284
Unrealized gains on publicly traded securities, net of income tax expense of $1,037 (2016 - $nil) and $1,037 (2016 - $nil), respectively	**4,537**	4,911	**23,536**	12,692
Impairment charges on publicly traded securities, transferred to net earnings (loss), net of income tax recovery of $nil (2016 - $nil) and $nil (2016 - $nil), respectively	**-**	-	**-**	24
Currency translation adjustments	**-**	-	**-**	13
Other comprehensive income (loss) items that will not be reclassified subsequently to profit or loss:				
Gains on forward foreign exchange contracts designated as cash flow hedges, net of income tax expense of $334 (2016 - $nil) and $820 (2016 - $nil), respectively	**2,201**	-	**6,579**	-
Realized gains on forward foreign exchange contracts, transferred to mine properties, net of income tax expense of $229 (2016 - $nil) and $286 (2016 - $nil), respectively	**(2,061)**	-	**(2,572)**	-
	3,649	11,994	**31,793**	30,400
Comprehensive income (loss), net of income taxes	**6,622**	(18,370)	**33,156**	(11,686)
Comprehensive income (loss) attributable to:				
Common shareholders of the Company				
From continuing operations	**6,691**	(17,789)	**33,356**	(12,075)
From discontinued operations	**-**	(77)	**-**	893
Non-controlling interests	**(69)**	(504)	**(200)**	(504)
Comprehensive income (loss), net of income taxes	**6,622**	(18,370)	**33,156**	(11,686)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2017 and 2016

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
OPERATING ACTIVITIES				
Earnings (loss) before income taxes from continuing operations	**3,278**	(30,183)	**4,576**	(40,699)
Items not affecting cash and other adjustments *(note 10(a))*	**27,058**	34,170	**75,646**	93,125
Changes in non-cash working capital *(note 10(b))*	**2,161**	5,326	**11,169**	(28,855)
Prepayment of forward sale of gold	**-**	50,000	**-**	50,000
Payments for settlement of derivative contracts	**(2,020)**	(2,209)	**(6,690)**	(1,059)
Income taxes paid	**(1,364)**	(917)	**(3,924)**	(4,131)
Cash provided from operating activities of continuing operations	**29,113**	56,187	**80,777**	68,381
Cash used in operating activities of discontinued operations	**-**	-	**-**	(861)
INVESTING ACTIVITIES				
Proceeds from Kapan Disposition	**-**	-	**4,372**	24,778
Proceeds from disposal of mine properties and property, plant and equipment	**18**	26	**114**	134
Payments for settlement of derivative contracts on MineRP acquisition *(note 14)*	**(634)**	-	**(634)**	-
Expenditures on exploration and evaluation assets	**-**	(1,217)	**-**	(4,028)
Expenditures on mine properties	**(17,056)**	(1,143)	**(42,454)**	(7,720)
Expenditures on property, plant and equipment	**(6,609)**	(9,493)	**(14,817)**	(23,106)
Expenditures on intangible assets	**(670)**	27	**(2,635)**	(143)
Cash used in investing activities of continuing operations	**(24,951)**	(11,800)	**(56,054)**	(10,085)
Cash used in investing activities of discontinued operations	**-**	-	**-**	(2,314)
FINANCING ACTIVITIES				
Proceeds from shares issued *(note 11(a))*	**16**	43,842	**33,212**	43,842
Share issuance costs	**(6)**	(2,377)	**(499)**	(2,377)
Repayments under revolving credit facility *(note 4(b))*	**-**	(45,000)	**(25,000)**	(45,000)
Repayments of term loans *(note 4(a))*	**-**	-	**(16,250)**	(8,125)
Financing fees on debt	**-**	(498)	**(390)**	(1,191)
Finance lease obligation	**(370)**	(409)	**(1,122)**	(1,180)
Interest paid	**(1,681)**	(1,871)	**(4,444)**	(5,741)
Cash used in financing activities of continuing operations	**(2,041)**	(6,313)	**(14,493)**	(19,772)
Increase in cash of continuing operations	**2,121**	38,074	**10,230**	38,524
Decrease in cash of discontinued operations	**-**	-	**-**	(3,175)
Cash of continuing operations, beginning of period	**19,866**	23,845	**11,757**	23,395
Cash of discontinued operations, beginning of period	**-**	-	**-**	3,175
Cash of continuing operations, end of period	**21,987**	61,919	**21,987**	61,919
Cash of discontinued operations, end of period	**-**	-	**-**	-

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2017 and 2016

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

	September 30, 2017		September 30, 2016	
	Number	**Amount**	Number	Amount
Share Capital				
Authorized				
Unlimited common and preference shares with no par value				
Issued				
Fully paid common shares with one vote per share				
Balance at beginning of period	**160,588,112**	**482,656**	140,575,783	439,736
Shares issued on financing *(note 11(a))*	**17,843,120**	**33,176**	19,056,000	43,842
Share issuance costs *(note 11(a))*	**-**	**(499)**	-	(2,377)
Shares issued on option agreement	**10,000**	**17**	-	-
Shares issued upon Avala acquisition	**-**	**-**	956,329	1,608
Shares issued on exercise of stock options *(note 6)*	**19,333**	**37**	-	-
Transferred from contributed surplus on exercise of stock options	**-**	**20**	-	-
Balance at end of period	**178,460,565**	**515,407**	160,588,112	482,809
Contributed surplus				
Balance at beginning of period		**10,890**		9,695
Share based compensation expense		**944**		1,249
Transferred to share capital on exercise of stock options		**(20)**		-
Other changes in contributed surplus		**(159)**		(181)
Balance at end of period		**11,655**		10,763
Retained earnings				
Balance at beginning of period		**56,898**		208,450
Net earnings (loss) attributable to common shareholders of the Company		**1,563**		(41,582)
Balance at end of period		**58,461**		166,868
Accumulated other comprehensive income (loss) *(note 11 (b))*				
Balance at beginning of period		**1,360**		(20,424)
Other comprehensive income		**31,793**		28,918
Balance at end of period		**33,153**		8,494
Total equity attributable to common shareholders of the Company		**618,676**		668,934
Non-controlling interests				
Balance at beginning of period		**223**		656
Net loss attributable to non-controlling interests		**(200)**		(504)
Other changes in non-controlling interests		**159**		68
Balance at end of period		**182**		220
Total equity at end of period		**618,858**		669,154

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

1. CORPORATE INFORMATION

Dundee Precious Metals Inc. ("DPM") is a Canadian based, international gold mining company engaged in the acquisition, 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 September 30, 2017, DPM's condensed interim consolidated financial statements include DPM and its subsidiary companies (collectively, the "Company").

Continuing operations:

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 ("Krumovgrad"), which is currently constructing a gold mine located in south eastern Bulgaria, near the town of Krumovgrad; and
- 100% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia.

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

- 10.4% of Sabina Gold and Silver Corp. ("Sabina"), which is focused on the Back River project in southwestern Nunavut, Canada;
- 100% of Avala Resources Ltd. ("Avala"), which is focused on the exploration and development of the Lenovac project, the Timok gold project, the Tulare copper and gold project and other early stage projects in Serbia; and
- through an option agreement, the right to earn up to a 71% interest in Khalkos Exploration Inc.'s Malartic gold property located in the Archean Abitibi greenstone belt in the Malartic mining camp in Quebec, Canada.

Discontinued operations:

On April 28, 2016, DPM sold 100% of Dundee Precious Metals Kapan CJSC ("Kapan") which owns and operates a gold, copper, zinc and silver mine in the town of Kapan, located south east of the capital city of Yerevan in southern Armenia (the "Kapan Disposition").

2.1 BASIS OF PREPARATION

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants of Canada Handbook – Accounting applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2016.

These condensed interim consolidated financial statements were approved by the Board of Directors on November 7, 2017.

2.2 CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the Company's condensed interim 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 condensed interim 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 uncertainty considered by management in preparing the condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 are the same as those described in the Company's annual consolidated financial statements for the year ended December 31, 2016.

2.3 NEW STANDARDS NOT YET ADOPTED

The following new standards are not yet effective for the year ending December 31, 2017, and have not been applied when preparing the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 2017.

The Company is planning to adopt IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers,* effective January 1, 2018. The Company continues to evaluate the accounting of IFRS 9 and IFRS 15 on its consolidated financial statements and disclosures, internal controls and accounting policies. The Company has a project team that has reviewed industry specific technical interpretations, documented hedging risk components, and reviewed contracts for each significant revenue stream to determine and document expected changes in revenue recognition. The Company expects to complete its preparatory work along with its review of the revenue contracts in respect of the recent acquisition of MineRP Holdings Inc. ("MineRP") *(note 14)* in the fourth quarter of 2017 with implementation commencing on January 1, 2018.

The Company's current assessment of the impact of these new standards is set out below.

IFRS 9, *Financial Instruments*

IFRS 9, published in July 2014, replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new model for the impairment of financial assets and requires an economic relationship between the hedged item and hedging instrument.

While the Company has not finalized its detailed assessment of the classification and measurement of financial assets, equity investments currently classified as available-for-sale financial assets are expected to satisfy the conditions for classification as an asset that is fair valued through other comprehensive income or loss. Gains and losses in respect of these investments are recognized in other comprehensive income or loss, are not transferred to profit or loss upon disposition and are not subject to impairment assessments. Financial instruments currently measured at fair value with any resulting gains or losses recognized through profit or loss would likely continue to be measured on the same basis under IFRS 9.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Company's risk management practices. As a general rule, more hedge relationships are expected to be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Company's preliminary assessment indicates that its existing commodity swap and option contracts, which currently do not qualify for hedge accounting under IAS 39, and its current forward foreign exchange contracts, which partially qualify for hedge accounting, are both expected to qualify for hedge accounting under IFRS 9.

Upon adoption of IFRS 9, the effective portion of changes in fair value of commodity contracts relating to production hedges, which are currently recognized in other income or expense, would be recognized in other comprehensive income or loss and would be reclassified to profit or loss in the same periods as the underlying projected sales occur. In the case of forward foreign exchange contracts, the Company would continue to be able to designate the change in fair value of the spot component of the forward foreign exchange contract as the hedging instrument in the cash flow hedging relationship such that any unrealized fair value change would be initially recognized in other comprehensive income or loss and subsequently reclassified to profit or loss when realized in the same periods as the underlying projected operating expenditures. For hedges of capital expenditures, realized gains or losses would be included in the carrying value of assets when the capital expenditures occur.

Upon adoption of IFRS 9, the Company may also elect that the forward points in the forward foreign exchange contract be separately accounted for as a cost of hedging. This would result in any initial unrealized change in the fair value of the forward point component of the forward foreign exchange contracts being recognized in other comprehensive income or loss and accumulated as a cost of hedging within shareholders' equity. Accumulated gains and losses would be recognized in profit or loss for hedges of operating expenses and included in the carrying amount of assets for hedges of capital expenditures, when the contracts settle. The Company has not made a decision on this election.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39 and applies to financial assets measured at amortized cost. While the Company has not finalized its assessment of the impairment methodologies that it will apply under IFRS 9, the Company does not expect the new impairment model to have a significant impact. The new standard also introduces expanded disclosure requirements and changes in presentation with respect to financial instruments, which are expected to change the nature and extent of the Company's disclosures in the year the new standard is adopted.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 provides the choice for either full retrospective application or modified retrospective application whereby the restatement of comparative information in prior periods would not be required but instead would be reflected in retained earnings as at January 1, 2018. The Company is planning to adopt this standard effective January 1, 2018 with modified retrospective application.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15, issued in May 2014, establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, *Construction contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standard Interpretations Committee interpretation 31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 will also result in enhanced revenue disclosures, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is based on the general principle that revenue is recognized when control of a good or service transfers to a customer rather than when the significant risks and rewards of ownership are transferred as is the case under IAS 18.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 provides the choice for either full retrospective application or modified retrospective application whereby the cumulative effect of retrospectively applying IFRS 15 would apply only to those contracts that are not settled as at the date of adoption and would be reflected in retained earnings as at January 1, 2018. The Company is planning to adopt this standard effective January 1, 2018 with modified retrospective application.

While the Company does not expect the implementation of IFRS 15 will have a material impact on the Company's revenue recognition policies, the Company will be required to recognize a financing expense in respect of its prepaid forward gold sales arrangement upon adoption of IFRS 15.

IFRS 16, *Leases*

IFRS 16, issued in January 2016, replaces IAS 17, *Leases*. IFRS 16 results in most leases being reported on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. The standard is expected to impact the accounting for the Company's operating leases, which are currently reflected in the condensed interim consolidated statements of earnings (loss) and in the Company's disclosure in respect of future commitments. Under IFRS 16, all operating leases, except for short term and low value leases, are expected to be accounted for as finance leases. As a result, the leased assets and the associated obligations are recognized in the consolidated statements of financial position. The leased assets will be depreciated over the shorter of the estimated useful life of the asset and the lease term. The lease payments are apportioned between finance charges and a reduction of the lease liability. The current operating lease expense will be replaced with a depreciation charge on the leased assets and a finance charge on the lease liability, which are in aggregate expected to result in a higher total periodic expense in the earlier periods of the lease.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for companies that also adopt IFRS 15. The Company does not intend to adopt IFRS 16 before its mandatory date. As a lessee, the Company can either apply the standard using a retrospective approach or a modified retrospective approach. The Company is currently reviewing all of its leases to determine and document the expected changes associated with the adoption of IFRS 16.

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

3. FINANCIAL INSTRUMENTS

Set out below is a comparison, by category, of the carrying amounts of the Company's financial instruments that are recognized in the condensed interim consolidated statements of financial position:

	Financial instrument classification	**Carrying Amount** **September 30, 2017**	December 31, 2016
Financial assets			
Cash	Loans and receivables	**21,987**	11,757
Accounts receivable	Loans and receivables	**34,049**	45,131
Restricted cash	Loans and receivables	**2,223**	2,216
Sabina special warrants *(a)*	Held for trading	**4,654**	2,008
Publicly traded securities *(b)*	Available for sale	**41,783**	17,208
Commodity swap and option contracts *(c)*	Derivatives held for trading	**155**	6,941
Forward foreign exchange contracts *(d)*	Derivatives for cash flow hedges	**4,851**	-
Financial liabilities			
Accounts payable and accrued liabilities	Other financial liabilities	**46,858**	33,905
Debt *(note 4)*	Other financial liabilities	**-**	41,110
Commodity swap and option contracts *(c)*	Derivatives held for trading	**10,162**	4,685
Forward foreign exchange contracts *(d)*	Derivatives for cash flow hedges	**1,166**	1,955

The carrying values of all the financial assets and liabilities approximate their fair values as at September 30, 2017 and December 31, 2016.

(a) Sabina special warrants

As at September 30, 2017, DPM held: (i) 23,539,713 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 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 September 30, 2017 and December 31, 2016.

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

For the three and nine months ended September 30, 2017, the Company reported unrealized gains on the Sabina special warrants of $0.6 million (2016 – $0.6 million) and $2.6 million (2016 – $1.4 million), respectively, in other expense (income) *(note 7)* in the condensed interim consolidated statements of earnings (loss).

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

(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. For the three and nine months ended September 30, 2017, the Company reported unrealized gains on these publicly traded securities of $5.6 million (2016 – $4.9 million) and $24.6 million (2016 – $12.7 million), respectively, in other comprehensive income (loss).

(c) 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 September 30, 2017, the Company had outstanding commodity swap contracts in respect of this exposure as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	16,880 ounces	$1,290.62/ounce
Payable copper	3,659,669 pounds	$2.98/pound
Payable silver	13,180 ounces	$17.13/ounce

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"). The commodity swap contracts were entered to swap future contracted monthly average copper prices for fixed prices. The commodity option contracts were 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 were structured so as to provide for a zero upfront cash cost. As at September 30, 2017, the Company had outstanding commodity swap contracts as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Average fixed price ($/pound)
Balance of 2017	8,135,597	2.40
2018	19,166,966	2.62
Total	**27,302,563**	**2.56**

As at September 30, 2017, the Company had outstanding commodity option contracts in respect of its projected gold production over the balance of 2017 and its projected copper production in 2018 as summarized in the table below:

Commodity hedged	Volume hedged	Call options sold Average ceiling price	Put options purchased Average floor price
Payable gold	11,250 ounces	$1,497/ounce	$1,200/ounce
Payable copper	12,698,611 pounds	$3.32/pound	$2.80/pound

The fair value gain or loss on commodity swap contracts was 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 was calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at September 30, 2017, the net fair value loss on all outstanding commodity swap and option contracts was $10.0 million (December 31, 2016 – a net fair value gain of $2.3 million), of which $0.2 million (December 31, 2016 – $4.8 million) was included in other current assets, $8.5 million (December 31, 2016 – $4.7 million) in accounts payable and accrued liabilities, $nil (December 31, 2016 – $2.2 million) in other long-term assets and $1.7 million (December 31, 2016 – $nil) in other long-term liabilities.

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

For the three and nine months ended September 30, 2017, the Company reported unrealized losses on the commodity swap and option contracts related to continuing operations of $3.8 million (2016 – unrealized gains of $2.6 million) and $12.3 million (2016 – $7.5 million), respectively, in other expense (income) *(note 7)*. The Company also reported realized losses on the settlement of certain commodity swap and option contracts related to continuing operations of $4.1 million (2016 – $1.8 million) and $9.7 million (2016 – $1.8 million), respectively, in other expense (income) *(note 7)* for the three and nine months ended September 30, 2017.

For the three and nine months ended September 30, 2016, the Company reported unrealized gains of $0.2 million and unrealized losses of $0.3 million, respectively, on commodity swap contracts related to discontinued operations in net loss from discontinued operations. The Company also reported realized losses on the settlement of certain commodity swap contracts related to discontinued operations of $0.4 million and $1.5 million, respectively, in net loss from discontinued operations for the three and nine months ended September 30, 2016.

(d) Forward foreign exchange contracts

The Company enters into forward foreign exchange contracts from time to time to reduce the foreign exchange exposure associated with projected operating expenses and capital expenditures denominated in foreign currencies. All forward foreign exchange contracts the Company has entered into are related to continuing operations.

As at September 30, 2017, the Company had outstanding forward foreign exchange contracts in respect of projected foreign denominated operating expenses and capital expenditures as summarized in the table below:

Year of projected operating expenses	Foreign currency hedged *(i)*	Amount hedged in foreign currency	Average exchange rate Foreign currency/US$
Balance of 2017	Euro	2,700,000	1.1365
	South African rand	180,000,000	14.2157
2018	South African rand	475,681,917	13.5909
Total	**Euro**	**2,700,000**	**1.1365**
	South African rand	**655,681,917**	**13.7569**

Year of projected capital expenditures	Foreign currency hedged *(i)*	Amount hedged in foreign currency	Average exchange rate Foreign currency/US$
Balance of 2017	Euro	24,967,000	1.1175
2018	Euro	56,045,000	1.1429
Total	**Euro**	**81,012,000**	**1.1351**

(i) The Bulgarian leva is pegged to the Euro and the Namibian dollar is pegged to the South African rand on a 1:1 basis.

The fair value gain or loss on these outstanding contracts was calculated based on the forward foreign exchange rates quoted in the market. As at September 30, 2017, the net fair value gain on all outstanding forward foreign exchange contracts was $3.7 million (December 31, 2016 – a net fair value loss of $2.0 million), of which $4.5 million (December 31, 2016 – $nil) was included in other current assets, $0.8 million (December 31, 2016 – $2.0 million) in accounts payable and accrued liabilities, $0.4 million (December 31, 2016 – $nil) in other long-term assets and $0.4 million (December 31, 2016 - $nil) in other long-term liabilities.

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

For the three and nine months ended September 30, 2017, the Company reported losses of $0.7 million (2016 – gains of $7.1 million) and gains of $8.9 million (2016 – $17.7 million), respectively, in other comprehensive income (loss) in respect of the outstanding forward foreign exchange contracts. The Company reported realized losses of $0.8 million (2016 – $2.0 million) and $3.1 million (2016 – $8.3 million) for the three and nine months ended September 30, 2017, respectively, in cost of sales on the spot component of the settled contracts in respect of foreign denominated operating expenses. The Company also reported realized gains of $2.3 million (2016 – $nil) and $2.9 million (2016 – $nil) for the three and nine months ended September 30, 2017, respectively, as reductions to mine properties on the spot component of the settled contracts in respect of foreign denominated capital expenditures.

For the three and nine months ended September 30, 2017, the Company reported unrealized losses of $1.4 million (2016 – unrealized gains of $0.5 million) and $3.7 million (2016 – unrealized gains of $1.1 million), respectively, in other expense (income) *(note 7)* on the forward point component of the outstanding forward foreign exchange contracts. The Company also reported realized gains of $1.4 million (2016 – $1.0 million) and $4.3 million (2016 – $2.5 million) for the three and nine months ended September 30, 2017, respectively, in other expense (income) *(note 7)* on the settled contracts.

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 September 30, 2017 and December 31, 2016:

			As at September 30, 2017	
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Sabina special warrants	**-**	**-**	**4,654**	**4,654**
Publicly traded securities	**41,783**	**-**	**-**	**41,783**
Commodity swap and option contracts	**-**	**155**	**-**	**155**
Forward foreign exchange contracts	**-**	**4,851**	**-**	**4,851**
Financial liabilities				
Commodity swap and option contracts	**-**	**10,162**	**-**	**10,162**
Forward foreign exchange contracts	**-**	**1,166**	**-**	**1,166**

			As at December 31, 2016	
	Level 1	Level 2	Level 3	Total
Financial assets				
Sabina special warrants	-	-	2,008	2,008
Publicly traded securities	17,208	-	-	17,208
Commodity swap and option contracts	-	6,941	-	6,941
Financial liabilities				
Commodity swap and option contracts	-	4,685	-	4,685
Forward foreign exchange contracts	-	1,955	-	1,955

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

During the nine months ended September 30, 2017 and the year ended December 31, 2016, 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, 2016 to September 30, 2017:

Balance as at January 1, 2016	1,451
Unrealized gains included in net loss	557
Balance as at December 31, 2016	2,008
Unrealized gains included in net earnings *(note 7)*	**2,646**
Balance as at September 30, 2017	**4,654**

4. DEBT

	September 30, 2017	December 31, 2016
Current portion of debt		
Term loans *(a)*	**-**	16,110
Long-term portion of debt		
Revolving credit facility *(b)*	**-**	25,000
Total debt	**-**	41,110

(a) Term Loans

The original aggregate principal amount of DPM's secured term loans ("Term Loans") was $81.25 million. In June 2017, the Company repaid the remaining balance owing under the Term Loans. The Term Loans were repayable in 10 equal semi-annual instalments, which commenced in June 2013, and bore interest at a rate equal to the three month U.S. Dollar LIBOR plus 2.80%. The Term Loans were secured by pledges of the Company's investments in Krumovgrad, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

(b) Credit agreements and guarantees

Chelopech and Krumovgrad

Chelopech and Krumovgrad have a $16.3 million multi-purpose credit facility that matures on November 29, 2017. This credit facility is guaranteed by DPM. Advances under the multi-purpose revolving credit facility bear interest at a rate equal to the one month U.S. Dollar LIBOR plus 3.25%. As at September 30, 2017, $4.2 million (December 31, 2016 – $4.2 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Krumovgrad also have a Euro 21.0 million ($24.8 million) credit facility to support their mine closure and rehabilitation plans. This credit facility matures on December 31, 2017 and is guaranteed by DPM. As at September 30, 2017, $17.2 million (December 31, 2016 – $15.3 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

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

DPM

DPM has a committed revolving credit facility ("RCF") with a consortium of banks. In March 2017, the RCF was amended to extend the terms of tranche A and tranche B by an additional year. As at September 30, 2017, the RCF is comprised of a $45.0 million tranche A maturing in February 2022, a $150.0 million tranche B maturing in February 2020, and an $80.0 million tranche C maturing in September 2021 that has quarterly availability reductions of $4.0 million beginning in the third quarter of 2018.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and 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 contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 4.0:1 during the construction of the Krumovgrad gold project (below 3.5:1 thereafter), (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 September 30, 2017, DPM was in compliance with all financial covenants and no amounts were drawn under the RCF.

5. REHABILITATION PROVISIONS

The rehabilitation provisions represent the present value of rehabilitation costs relating to the Chelopech, Tsumeb and Krumovgrad sites, which are expected to be incurred between 2017 and 2041.

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

	September 30, 2017	December 31, 2016
Discount period		
Chelopech	**2018 - 2029**	2017 - 2029
Tsumeb	**2017 - 2039**	2017 - 2039
Krumovgrad	**2019 - 2041**	2019 - 2041
Local discount rate		
Chelopech/Krumovgrad	**1.7%**	1.8%
Tsumeb	**10.0%**	10.0%
Local inflation rate		
Chelopech/Krumovgrad	**2.0%**	2.0%
Tsumeb	**5.0%**	5.0%

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

Changes to rehabilitation provisions were as follows:

	Chelopech	Tsumeb	Krumovgrad	Kapan	Total
Balance as at January 1, 2016	14,582	15,524	-	5,021	35,127
Change in cost estimate	-	(4,753)	306	-	(4,447)
Remeasurement of provisions *(a)*	341	2,167	-	813	3,321
Accretion expense	358	1,771	-	287	2,416
Kapan Disposition	-	-	-	(6,121)	(6,121)
Balance as at December 31, 2016	15,281	14,709	306	-	30,296
Change in cost estimate	**-**	**-**	**1,860**	**-**	**1,860**
Remeasurement of provisions *(a)*	**2,062**	**(69)**	**(10)**	**-**	**1,983**
Accretion expense	**215**	**1,118**	**10**	**-**	**1,343**
Balance as at September 30, 2017	**17,558**	**15,758**	**2,166**	**-**	**35,482**

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

6. SHARE BASED COMPENSATION PLANS

Restricted Share Unit

DPM has a Restricted Share Unit 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 restricted share units ("RSUs")

These RSUs vest equally over a three year period and are paid in cash based on the market value 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 continuity of the RSUs for the periods indicated:

	Number of RSUs	Amount
Balance as at January 1, 2016	1,939,129	965
RSUs granted	1,824,700	3,138
RSUs redeemed	(920,012)	(1,560)
RSUs forfeited	(83,837)	(55)
Mark-to-market adjustments		(2)
Balance as at December 31, 2016	2,759,980	2,486
RSUs granted	**1,659,800**	**2,421**
RSUs redeemed	**(1,190,339)**	**(2,453)**
RSUs forfeited	**(193,803)**	**(221)**
Mark-to-market adjustments		**659**
Balance as at September 30, 2017	**3,035,638**	**2,892**

As at September 30, 2017, there was $3.1 million (December 31, 2016 – $2.0 million) of expenses remaining to be charged to net earnings in future periods relating to these RSUs.

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

(b) Performance share units ("PSUs")

Under the Restricted Share Unit 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 value 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, 2016	369,800	79
PSUs granted	854,500	592
PSUs forfeited	(62,500)	(25)
Mark-to-market adjustments		(6)
Balance as at December 31, 2016	1,161,800	640
PSUs granted	**653,050**	**732**
PSUs forfeited	**(69,000)**	**(52)**
Mark-to-market adjustments		**212**
Balance as at September 30, 2017	**1,745,850**	**1,532**

As at September 30, 2017, there was $1.9 million (December 31, 2016 – $1.2 million) of expenses remaining to be charged to net earnings in future periods relating to these PSUs.

Deferred Share Unit ("DSU") Plan

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 value 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 value 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.

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

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

	Number of DSUs	Amount
Balance as at January 1, 2016	1,122,020	1,049
DSUs granted	254,750	500
DSUs redeemed	(121,383)	(225)
Mark-to-market adjustments		755
Balance as at December 31, 2016	1,255,387	2,079
DSUs granted	**190,752**	**391**
DSUs redeemed	**(178,875)**	**(363)**
Mark-to-market adjustments		**526**
Balance as at September 30, 2017	**1,267,264**	**2,633**

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 nine months ended September 30, 2017, the Company granted 958,522 (2016 – 1,231,364) stock options with a fair value of $1.1 million (2016 – $1.1 million). The estimated value of the options granted will be recognized as an expense in the condensed interim consolidated statements of earnings (loss) and an addition to contributed surplus in the condensed interim consolidated statements of changes in shareholders' equity over the vesting period. The Company recorded a stock option expense of $0.2 million (2016 – $0.3 million) and $0.9 million (2016 – $1.2 million), respectively, for the three and nine months ended September 30, 2017 under this stock option plan.

As at September 30, 2017, there was $1.1 million (December 31, 2016 – $0.9 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:

	September 30, 2017	September 30, 2016
Five year risk free interest rate	**1.0% - 1.4%**	0.5%
Expected life in years	**4.75**	4.75
Expected volatility	**68.4% - 69.4%**	64.8%
Dividends per share	**-**	-

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

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

	Number of options	Weighted average exercise price per share (Cdn$)
Balance as at January 1, 2016	6,126,937	6.03
Options granted	1,262,584	2.21
Options forfeited	(103,735)	2.64
Options expired	(1,638,133)	8.81
Balance as at December 31, 2016	5,647,653	4.44
Options granted	**958,522**	**2.82**
Options exercised	**(19,333)**	**2.58**
Options forfeited	**(84,266)**	**2.70**
Options expired	**(852,449)**	**8.00**
Balance as at September 30, 2017	**5,650,127**	**3.66**

The following lists the options outstanding and exercisable as at September 30, 2017:

	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 - 3.96	4,900,827	2.84	3.01	2,687,266	3.31
7.84 - 8.54	749,300	0.45	7.91	749,300	7.91
2.05 - 8.54	**5,650,127**	**2.53**	**3.66**	**3,436,566**	**4.31**

7. OTHER (EXPENSE) INCOME

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Net gains on Sabina special warrants *(note 3(a))*	**631**	567	**2,646**	1,371
Net (losses) gains on commodity swap and option contracts *(note 3(c))*	**(7,905)**	857	**(21,974)**	(9,285)
Net (losses) gains on forward foreign exchange contracts *(note 3(d))*	**(26)**	1,527	**571**	3,561
Impairment charges on publicly traded securities *(note 3(b))*	**-**	-	**-**	(24)
Net foreign exchange losses	**(1,606)**	(759)	**(5,912)**	(2,819)
Interest income	**71**	58	**212**	169
Other income (expense), net	**931**	(852)	**1,527**	(1,702)
	(7,904)	1,398	**(22,930)**	(8,729)

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

8. EARNINGS (LOSS) PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Net earnings (loss) attributable to common shareholders of the Company				
From continuing operations	**3,042**	(29,783)	**1,563**	(42,475)
From discontinued operations	**-**	(77)	**-**	893
Net earnings (loss)	**3,042**	(29,860)	**1,563**	(41,582)
Basic weighted average number of common shares	**178,460,565**	158,309,677	**176,878,565**	146,819,920
Effect of stock options	**166,594**	753,749	**210,609**	249,914
Diluted weighted average number of common shares	**178,627,159**	159,063,426	**177,089,174**	147,069,834
Basic and diluted earnings (loss) per share attributable to common shareholders of the Company				
From continuing operations	**0.02**	(0.19)	**0.01**	(0.29)
From discontinued operations	**-**	(0.00)	**-**	0.01
Basic and diluted earnings (loss) per share	**0.02**	(0.19)	**0.01**	(0.28)

9. KEY MANAGEMENT REMUNERATION

The Company's related parties include its key management. Key management includes directors (executive and non-executive), the Chief Executive Officer ("CEO") and the Executive and Senior Vice Presidents reporting directly to the CEO.

The remuneration of the key management of the Company recognized in the condensed interim consolidated statements of earnings (loss) for the three and nine months ended September 30, 2017 and 2016 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Salaries, management bonuses and director fees	**1,222**	1,125	**3,552**	3,333
Other benefits	**84**	90	**277**	272
Share based compensation	**1,029**	1,045	**3,361**	4,654
Total remuneration	**2,335**	2,260	**7,190**	8,259

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

10. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting cash and other adjustments

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Depreciation and amortization	**15,725**	20,240	**47,225**	58,645
Net interest expense	**1,179**	2,429	**4,224**	8,177
Accretion expense related to rehabilitation provisions	**470**	537	**1,343**	1,560
Share based compensation expense	**267**	313	**944**	1,249
Net gains on Sabina special warrants	**(631)**	(567)	**(2,646)**	(1,371)
Net losses (gains) on commodity swap and option contracts	**7,905**	(857)	**21,974**	9,285
Net losses on forward foreign exchange contracts	**1,435**	447	**2,531**	4,707
Impairment charges on publicly traded securities	**-**	-	**-**	24
Impairment charges on property, plant and equipment	**-**	11,200	**-**	11,134
Other, net	**708**	428	**51**	(285)
	27,058	34,170	**75,646**	93,125

(b) Changes in non-cash working capital

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
(Increase) decrease in accounts receivable and other assets	**(2,550)**	4,102	**6,434**	(17,611)
Decrease (increase) in inventories	**1,081**	477	**(1,326)**	(5,035)
Increase (decrease) in accounts payable and accrued liabilities	**3,002**	256	**4,244**	(8,823)
Increase in other liabilities	**628**	491	**1,817**	2,614
	2,161	5,326	**11,169**	(28,855)

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

11. SUPPLEMENTARY SHAREHOLDERS' EQUITY INFORMATION

(a) Equity financing

On January 24, 2017, the Company completed a non-brokered private placement with the European Bank for Reconstruction and Development, pursuant to which the Company issued 17,843,120 common shares of the Company at a price of Cdn$2.45 per share for gross proceeds of $33.2 million (Cdn$43.7 million) and total share issuance costs of $0.5 million.

(b) Changes in accumulated other comprehensive income

	Nine months ended September 30,	
	2017	2016
Gains (losses) on forward foreign exchange contracts designated as cash flow hedges		
Balance at beginning of period	**(6,924)**	(25,405)
Gains on forward foreign exchange contracts designated as cash flow hedges, net of income taxes	**7,707**	9,387
Realized losses on forward foreign exchange contracts transferred to net earnings (loss), net of income taxes	**3,122**	8,284
Realized gains on forward foreign exchange contracts transferred to mine properties, net of income taxes	**(2,572)**	-
Balance at end of period	**1,333**	(7,734)
Unrealized gains on publicly traded securities		
Balance at beginning of period	**10,867**	6,095
Unrealized gains on publicly traded securities, net of income taxes	**23,536**	12,692
Impairment charges on publicly traded securities transferred to net earnings (loss), net of income taxes	**-**	24
Balance at end of period	**34,403**	18,811
Accumulated currency translation adjustments		
Balance at beginning of period	**(2,583)**	(1,114)
Currency translation adjustments	**-**	(1,469)
Balance at end of period	**(2,583)**	(2,583)
Accumulated other comprehensive income	**33,153**	8,494

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

12. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

The Company had the following minimum contractual commitments as at September 30, 2017:

	up to 1 year	1 - 5 years	over 5 years	Total
Capital commitments	67,722	-	-	**67,722**
Purchase commitments	9,682	-	-	**9,682**
Operating lease payments	5,082	16,722	978	**22,782**
Total commitments	**82,486**	**16,722**	**978**	**100,186**

As at September 30, 2017, Tsumeb had approximately $111.0 million (December 31, 2016 – $130.0 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to Louis Dreyfus Company Metals Suisse ("LD") pursuant to a tolling agreement.

In July 2017, the Company and LD agreed to amend the existing tolling agreement to provide for, among other things, lower stockpile interest deductions on excess secondary materials, specified quarterly targeted reductions designed to eliminate excess secondary materials representing approximately $90.0 million over a period that extends to December 31, 2020, the purchase of secondary materials in excess of established quarterly targeted levels, and the extension of the tolling agreement by one year.

(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.

13. OPERATING SEGMENT INFORMATION

Operating segments are components of an entity whose operating results are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance and for which separate financial information is available.

The Company has two operating segments from continuing operations – Chelopech in Bulgaria and Tsumeb in Namibia. The nature of their operations and 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 development projects, and other income and cost items that do not pertain directly to an operating segment. There are no significant inter-segment transactions that have not been eliminated on consolidation.

The operating results of Kapan have been presented as discontinued operations as a result of the Kapan Disposition.

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

The following table summarizes the relevant information from continuing operations by segment for the three and nine months ended September 30, 2017 and 2016:

			Three months ended September 30, 2017	
	Chelopech	**Tsumeb**	**Corporate & Other**	**Total**
Continuing Operations				
Revenue *(a)*	**53,911**	**38,411**	**-**	**92,322**
Earnings (loss) before income taxes	**16,164**	**(5,210)**	**(7,676)**	**3,278**
Capital expenditures	**5,042**	**2,933**	**16,630**	**24,605**

			Three months ended September 30, 2016	
	Chelopech	Tsumeb	Corporate & Other	Total
Continuing Operations				
Revenue *(a)*	30,446	24,344	-	54,790
Earnings (loss) before income taxes	2,408	(25,611)	(6,980)	(30,183)
Capital expenditures	5,846	4,289	2,130	12,265

			Nine months ended September 30, 2017	
	Chelopech	**Tsumeb**	**Corporate & Other**	**Total**
Continuing Operations				
Revenue *(a)*	**148,929**	**104,914**	**-**	**253,843**
Earnings (loss) before income taxes	**42,812**	**(15,775)**	**(22,461)**	**4,576**
Capital expenditures	**12,010**	**8,240**	**47,104**	**67,354**

			Nine months ended September 30, 2016	
	Chelopech	Tsumeb	Corporate & Other	Total
Continuing Operations				
Revenue *(a)*	116,089	81,339	-	197,428
Earnings (loss) before income taxes	24,270	(39,711)	(25,258)	(40,699)
Capital expenditures	10,497	16,872	9,389	36,758

(a) Chelopech's revenues were generated from the sale of concentrate and Tsumeb's revenues were generated from processing concentrate.

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

The following table summarizes the total assets and total liabilities by segment as at September 30, 2017 and December 31, 2016:

				As at September 30, 2017
	Chelopech	**Tsumeb**	**Corporate & Other**	**Total**
Total current assets	**44,955**	**20,144**	**26,970**	**92,069**
Total non-current assets	**209,801**	**250,967**	**234,006**	**694,774**
Total assets	**254,756**	**271,111**	**260,976**	**786,843**
Total liabilities	**44,542**	**44,143**	**79,300**	**167,985**

				As at December 31, 2016
	Chelopech	Tsumeb	Corporate & Other	Total
Total current assets	53,222	19,596	18,788	91,606
Total non-current assets	222,178	261,774	158,394	642,346
Total assets	275,400	281,370	177,182	733,952
Total liabilities	36,066	40,053	105,806	181,925

14. SUBSEQUENT EVENT

On October 25, 2017, the Company completed a business combination pursuant to which it acquired a 78% equity interest in MineRP Holdings Proprietary Limited, an independent software vendor for the mining industry with operations in South Africa, Canada, Australia and Chile, through MineRP, a new subsidiary. The Company paid cash consideration of $20.0 million and non-cash consideration of $0.7 million through the transfer of certain assets to MineRP. As at the issuance date of these condensed interim consolidated financial statements, the values attributable to MineRP's identifiable assets and liabilities, primarily working capital and intangible assets, had not yet been determined.

CORPORATE INFORMATION

Directors

R. Peter Gillin[2,5]
Toronto, Ontario, Canada

Jonathan Goodman
Toronto, Ontario, Canada

Richard Howes
Toronto, Ontario, Canada

Jeremy Kinsman[2,3]
Victoria, British Columbia, Canada

Juanita Montalvo[3,4]
Toronto, Ontario, Canada

Peter Nixon[2,3]
Niagara-on-the-Lake, Ontario, Canada

Marie-Anne Tawil[1,3]
Westmount, Québec, Canada

Anthony P. Walsh[1,2]
Vancouver, British Columbia, Canada

Donald Young[1,4]
Vancouver, British Columbia, Canada

[1] Audit Committee
[2] Compensation Committee
[3] Corporate Governance and Nominating Committee
[4] Health, Safety and Environment Committee
[5] Lead Director

Officers

Jonathan Goodman
Chairman

Richard Howes
President and Chief Executive Officer

Hume Kyle
Executive Vice President and Chief Financial Officer

David Rae
Executive Vice President and Chief Operating Officer

Michael Dorfman
Senior Vice President, Corporate Development

Richard Gosse
Senior Vice President, Exploration

Nikolay Hristov
Senior Vice President, Sustainable Business Development

John Lindsay
Senior Vice President, Projects

Paul Proulx
Senior Vice President, Corporate Services

Mark Crawley
Vice President, Commercial

Iliya Garkov
Vice President and General Manager, Bulgaria

Zebra Kasete
Vice President and Managing Director Dundee Precious Metals Tsumeb (Pty) Limited

Kelly Stark-Anderson
Vice President, Legal and Corporate Secretary

Sylvia Chen
Global Controller

Walter Farag
Treasurer

Shareholder Contact

Janet Reid
jreid@dundeeprecious.com
Tel: 416-365-5191
Fax: 416-365-9080

Corporate Office

Dundee Precious Metals Inc.
1 Adelaide Street East
Suite 500, P.O. Box 195
Toronto, Ontario, Canada, M5C 2V9
Tel: 416-365-5191
Fax: 416-365-9080

Regional Offices

Sofia

Dundee Precious Metals
Krumovgrad EAD
26 Bacho Kiro Street, 3rd Floor
Sofia 1000, Bulgaria
Tel: +359-2-9301500
Fax: +359-2-9301595

Windhoek

Dundee Precious Metals
Tsumeb (Pty) Limited
35 Schanzen Road
Klein Windhoek
Windhoek, Namibia
Tel: +264-0-61-385000
Fax: +264-0-61-385001

Operations

Chelopech Mine

Dundee Precious Metals
Chelopech EAD
Village of Chelopech 2087
Bulgaria
Tel: +359-728-68-226
Fax: +359-728-68-286

Krumovgrad Project

Dundee Precious Metals
Krumovgrad EAD
1 Hristo Botev Street
District of Kardzhali
6900 Krumovgrad, Bulgaria
Tel: +359-0-3641-6803
Fax: +359-0-3641-7093

Tsumeb Smelter

Dundee Precious Metals
Tsumeb (Pty) Limited
P.O. Box 936
Smelter Road, Tsumeb, Namibia
Tel: +264-67-223-4000

Stock Listing and Symbol

The Toronto Stock Exchange
DPM – Common Shares

Copies of the Company's Quarterly and Annual Reports are available on written request from our registrar.

Registrar

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario, Canada M5J 2Y1
Tel: 514-982-7555
(International direct dial)
Tel: (toll-free): 800-564-6253
(North America)
Fax: 416-263-9394 (International)
Fax: (toll free): 888-453-0330
(North America)
Website: www.computershare.com
Email: service@computershare.com

Dundee
PRECIOUS METALS INC.

www.dundeeprecious.com

1 Adelaide Street East
Suite 500, P.O. Box 195
Toronto, Ontario, Canada
M5C 2V9

Tel: 416 365 5191
Fax: 416 365 9080