MANAGEMENT INFORMATION CIRCULAR

2017

ANNUAL GENERAL MEETING

MAY 4, 2017 AT 4:00 P.M. (Eastern Time)

TMX Broadcast Centre
Gallery
The Exchange Tower
130 King Street West
Toronto, ON
M5X 1J2

Dated as of March 27, 2017

P.O. Box 195, Suite 500
1 Adelaide Street E., Toronto, Ontario
Canada M5C 2V9
Tel: (416) 365-5191 Fax: (416) 365-9080

March 27, 2017

Dear Fellow Shareholder,

On behalf of the board of directors and employees of Dundee Precious Metals Inc. (the “Corporation” or “DPM”), we invite you to join us at our Annual General Meeting at 4:00 p.m. (Eastern Time) on Thursday, May 4, 2017 at the TMX Broadcast Centre, Gallery, The Exchange Tower, 130 King Street West, Toronto, Ontario.

The accompanying management information circular (the “Circular”) provides information about the nominated directors, our governance practices and our director and executive compensation programs. For the third consecutive year, shareholders will be given an opportunity to vote on our approach to executive compensation. Your vote is advisory and will provide the compensation committee and the board with important feedback. The Corporation’s compensation policies and procedures are based on the principle of pay for performance designed to align the interests of the Corporation’s executives with the long term interests of shareholders.

At the meeting, we will review our operations and outline our strategy to increase shareholder value in the future. Management and members of the board will also be available to meet you and answer any questions you may have, following the formal part of the meeting.

Your participation in the affairs of the Corporation is important to us regardless of the number of shares you own. Please consult the accompanying Circular which contains all of the information you need about the meeting and how to exercise your right to vote. Your vote does count.

If you are unable to attend our annual meeting in person, we are pleased to offer an audio webcast of the meeting, which can be accessed live on our website at www.dundeeprecious.com under Investor and Analyst Support. Alternatively, you can listen to a replay of the webcast, which will be archived on our website at the above location after the meeting.

Sincerely,

“Jonathan Goodman”

Jonathan C. Goodman
Executive Chair of the Board

“Rick Howes”

Rick Howes
President and Chief Executive Officer

The accompanying Circular, as well as our 2016 Annual Report and quarterly financial information, is posted on our website at www.dundeeprecious.com along with other information regarding Dundee Precious Metals Inc.

Notice of 2017 Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Meeting") of the shareholders of Dundee Precious Metals Inc. (the "Corporation") will be held at the TMX Broadcast Centre, Gallery, The Exchange Tower, 130 King Street West, Toronto, Ontario, on Thursday, May 4, 2017 at 4:00 p.m. (Eastern Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2016 and December 31, 2015, together with the report of the auditor thereon;
2. to elect the directors of the Corporation for the ensuing year and determine the number of directors at nine;
3. to appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the ensuing year and authorize the directors to fix their remuneration;
4. to consider, and if deemed appropriate, to pass a non-binding, advisory resolution accepting the Corporation's approach to executive compensation, as more particularly described in the accompanying management information circular (the "Circular"); and
5. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The Circular forms part of this Notice and provides additional information relating to the matters to be dealt with at the meeting.

DATED at Toronto, Ontario this 27th day of March, 2017.

BY ORDER OF THE BOARD

"Jonathan Goodman"

Jonathan C. Goodman
Executive Chair of the Board

We ask that you promptly sign, date and return the form of proxy in the return envelope if you do not intend to be present at the Meeting. All instruments appointing proxies to be used at the Meeting must be deposited with Computershare Investor Services Inc. by hand, courier or by mail at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or you may vote (i) by telephone at 1-866-732-8683 (toll free), or (ii) by visiting www.investorvote.com, in each case, prior to 4:00 p.m. (Eastern Time) on Tuesday, May 2, 2017 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours, Saturdays, Sundays and statutory holidays excepted, prior to the time of the adjourned or postponed Meeting. Refer to "Appointment and Revocation of Proxies" and "Voting by Registered Shareholders" on page 1 of the Circular and "Voting by Non-Registered Shareholders" on page 2 of the Circular for voting instructions. Instruments appointing proxies not so deposited may not be voted at the Meeting. The proxy cut-off time may be waived or extended by the Chair of the Meeting, in its sole discretion without notice.

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Management Information Circular

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Management Information Circular (the "Circular") is furnished in connection with the solicitation by the management of Dundee Precious Metals Inc. (the "Corporation" or "DPM") of proxies to be used at the annual general meeting of shareholders of the Corporation (the "Meeting") to be held at the TMX Broadcast Centre, Gallery, The Exchange Tower, 130 King Street West, Toronto, Ontario, at 4:00 p.m. (Eastern Time) on Thursday, May 4, 2017 and at any adjournment(s) or postponement(s) thereof. References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

The Corporation will bear the cost of soliciting proxies. The solicitation of proxies for the Meeting will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the Corporation or by agents retained by the Corporation. Employees of the Corporation will not receive any extra compensation for such activities. The Corporation will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for the reasonable expenses incurred in sending proxy material to beneficial owners of the common shares in the capital of the Corporation ("Common Shares") and obtaining proxies therefrom.

Record Date and Shareholders Entitled to Vote

The board of directors of the Corporation (the "Board") has fixed March 24, 2017 as the record date (the "Record Date") for the determination of shareholders entitled to receive notice of and vote at the Meeting. Only shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him or her at the Meeting may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed form of proxy to Computershare Investor Services Inc. ("Computershare") in time for use at the Meeting as specified in the notice of Meeting.**

Securities represented by proxy will be voted or withheld from voting in accordance with the instructions of the securityholder on any ballot that may be called for, and if the securityholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

The giving of a proxy will not affect the right of a shareholder of the Corporation ("Shareholder") to attend and vote in person at the Meeting. A Shareholder who has given a proxy, or his or her attorney so authorized in writing, may revoke the proxy by an instrument in writing deposited at Computershare at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting or in any manner prescribed by law.

Voting by Registered Shareholders

Voting by Proxy

Registered Shareholders can vote their Common Shares by proxy in one of the following three ways:

- by calling the telephone number set out in the form of proxy included with this Circular and following the instructions set out on the form of proxy (the required access codes being the holder account number and proxy access number found on the form of proxy);

- by visiting www.investorvote.com and following the instructions set out on the form of proxy (the required access codes being the holder account number and proxy access number found on the form of proxy); or
- by mail by completing, dating and signing the form of proxy, and returning it to Computershare in the envelope provided.

Proxies must be received by no later than 4:00 p.m. (Eastern Time) on Tuesday, May 2, 2017 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours, Saturdays, Sundays and statutory holidays excepted, prior to the time of the adjourned or postponed Meeting. The proxy cut-off time may be waived or extended by the Chair of the Meeting, in his sole discretion without notice.

Voting by Attending the Meeting in Person

Registered Shareholders who wish to vote their Common Shares in person at the Meeting should not complete or return their form of proxy, and should submit the completed form of proxy to a Computershare representative at the Meeting.

Voting By Non-Registered Shareholders

Non-registered Shareholders are Shareholders who hold Common Shares in the name of an intermediary (such as a securities broker, trust company or other financial institution).

Voting by Providing Instructions to the Intermediary

Non-registered Shareholders should follow the directions of their intermediaries with respect to the procedures to be followed for voting their Common Shares.

Non-registered Shareholders must not use the mailing address of Computershare provided in this Circular as this is reserved for registered Shareholders, but rather should use the mailing information provided by the intermediary. If a non-registered Shareholder who has voted his or her Common Shares by following the directions of the intermediary wishes to revoke his or her vote, such Shareholder must contact his or her intermediary to determine the procedure to be followed.

Proxies must be received from your intermediary by no later than 4:00 p.m. (Eastern Time) on Tuesday, May 2, 2017 or, in the case of any adjournment(s) or postponement(s) of the Meeting, not less than 48 hours, Saturdays, Sundays and statutory holidays excepted, prior to the time of the adjourned or postponed Meeting. The proxy cut-off time may be waived or extended by the Chair of the Meeting, in his sole discretion without notice.

Voting by Attending the Meeting in Person

The Corporation does not have access to the names and shareholdings of its non-registered Shareholders. Therefore, if a non-registered Shareholder wishes to attend the Meeting and vote in person at the Meeting, he or she should insert his or her own name in the space provided on the form of proxy or request for voting instructions sent to the non-registered Shareholder by the intermediary and then follow the instructions provided by the intermediary to appoint himself or herself as a proxyholder. As the non-registered Shareholder will be attending the Meeting in person, he or she should not otherwise complete the form of proxy or request for voting instructions sent by the intermediary. Non-registered Shareholders who instruct their intermediary to appoint them as proxyholders should present themselves to a representative of Computershare at the Meeting.

Exercise of Discretion by Proxies

All properly executed forms of proxy which have not been previously revoked will be voted or withheld from voting on any ballot taken at the Meeting in accordance with the instructions contained therein. **Forms of proxy containing no instructions regarding the matters specified therein will be voted in favour of such matters. In the event, not presently anticipated, that any amendment, variation or other new matter is properly brought before the Meeting and is submitted to a vote, the form of proxy may be voted in accordance with the judgment of the persons named therein. The form of proxy also confers discretionary authority in respect of amendments to, or variations in, all matters which may properly come before the Meeting.**

Voting Shares and Principal Holders Thereof

As of the date hereof, the Corporation has 178,440,698 Common Shares outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns or exercises control or direction, directly or indirectly, over Common Shares carrying more than 10% of the voting rights attached to all of the Common Shares, except as set out below:

Name [(1)]	Common Shares Owned or Controlled	% of Outstanding Common Shares
Dundee Corporation, Toronto, Ontario	36,381,552	20.39%
GMT Capital Corp., Atlanta, Georgia	19,226,100	10.78%

(1) The information provided is to the best knowledge of the Corporation.

Interest of Informed Persons in Material Transactions

Except as otherwise disclosed in this Circular, the notes to the Corporation's consolidated audited financial statements for the years ended December 31, 2016 and December 31, 2015 or the Corporation's latest annual information form (the "AIF"), each of which can be found on SEDAR at www.sedar.com, there has been no transaction since January 1, 2016, or a proposed transaction, which has materially affected or would materially affect the Corporation or any of its subsidiaries in respect of which any 10% holder of voting securities, (a "Principal Shareholder"), any director or executive officer of the Corporation, any director or executive officer of any of its subsidiaries, any director or executive officer of a Principal Shareholder, any proposed nominee for director of the Corporation, or any associate or affiliate of any of the foregoing had a direct or indirect material interest.

Interest of Certain Persons in Matters to be Acted Upon

Other than as set forth in this Circular, no (a) director or executive officer of the Corporation who has held such position at any time since January 1, 2016; (b) proposed nominee for election as a director of the Corporation; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Currency

All currency amounts in this Circular are expressed in Canadian dollars, unless otherwise indicated.

BUSINESS OF THE MEETING

Presentation of Financial Statements

The audited consolidated financial statements of the Corporation for the financial years ended December 31, 2016 and December 31, 2015 and the auditor's report thereon will be placed before the Meeting. These financial statements are included in the Corporation's annual report for the year ended December 31, 2016, and are filed on SEDAR at www.sedar.com.

Election of Directors

The Corporation's Articles provide that the Board consists of a minimum of three (3) and a maximum of fifteen (15) directors. It is proposed that the nine (9) individuals set out in the table below be nominated for election as directors of the Corporation to hold office until the next annual meeting or until their successors are elected or appointed.

In February 2014, the Board approved certain amendments to the Corporation's Amended and Restated By-Law No. 1 pursuant to which it adopted an advance notice provision for nominations of directors by Shareholders in certain circumstances. As of the date hereof, the Corporation has not received notice of any director nominations in connection with this year's Meeting.

The following pages set out, among other things, biographical information about each nominee, together with their municipalities of residence; their age; the year from which each has continually served as a director of the Corporation; their principal occupation; their core skills and competencies that the Board currently relies upon, other public board directorships; the committees of the Board of which he or she is a member and the number of Common Shares, deferred share units ("DSUs"), restricted share units ("RSUs"), performance share units ("PSUs"), and options to purchase Common Shares ("Options") which he or she beneficially owns or over which he or she exercises control or direction, as of the date hereof, unless otherwise stated.

R. Peter Gillin
Toronto, Ontario, Canada

Age 68

Director since 2009

Independent

Voting Results (1)
2016: 98.53%
2015: 99.80%
2014: 99.56%

Principal Occupation and Experience

Corporate Director

Lead Director, effective April 1, 2013

Mr. Gillin brings extensive public and mining company experience to the Board. Prior to December 2008, he was Chairman and Chief Executive Officer ("CEO") of Tahera Diamond Corporation and is the former President and CEO of Zemex Corporation. He has also been a senior investment banker, having previously served as Vice Chairman of N M Rothschild & Sons Canada Limited and as a Managing Director of Scotia Capital. In addition to being a director of several major public mining companies, he is also a member of the Independent Review Committee of TD Asset Management Inc. Mr. Gillin is a Chartered Financial Analyst and holds an ICD.D designation from The Institute of Corporate Directors.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%
Compensation *(Chair)*	5 / 5		

Ownership and Total Value of Equity (2)		
Common Shares	15,000	
DSUs	158,604	
Total Value		*$605,000*
Options	49,000	
Total Value (3)		*$0*
Total amount of equity at risk		*$605,000*

$180,000 Equity Ownership Requirement (4)	
Percentage of Target Achieved	336
Target Date to Reach Threshold	Met

Other Public Board Directorships

Sherritt International Corporation
Silver Wheaton Corp.
Turquoise Hill Resources Ltd.

Core Skills and Competencies

Capital Markets
Strategic Leadership / Risk Management
Governance / Executive Compensation

Jonathan Goodman
Toronto, Ontario, Canada

Age 55

Director since 1993

Not Independent

Voting Results (1)
2016: 99.69%
2015: 99.43%
2014: 94.45%

Principal Occupation and Experience

President and CEO of Metaform Investments

Executive Chair, effective April 1, 2013

President and CEO of Dundee Capital Markets, a private investment dealer, from August 12, 2013 to September 4, 2014.

Deputy Chairman and Chief Operating Officer of Dundee Corporation, an independent publicly traded asset management company, from August 13, 2013 to February 19, 2014.

President and CEO of the Corporation from June 8, 1995 to March 31, 2013.

Mr. Goodman has over 25 years of experience in the resource and investment industry, working as a geologist, senior analyst, portfolio manager and senior executive. Mr. Goodman joined Goodman & Company, Investment Counsel Ltd. in 1990, where he was responsible for the selection of Canadian equities and played a major role in developing asset allocation strategies, before becoming the company's President. He is also a founder of Goepel Shields & Partners, an investment firm. Mr. Goodman graduated from the Colorado School of Mines as a Professional Engineer and holds a Master of Business Administration from the University of Toronto. He is also a Chartered Financial Analyst.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%

Ownership and Total Value of Equity (2)		
Common Shares	397,899	
DSUs	484,430	
RSUs (5)	0	
Total Value		*$4,000,000*
Options	334,147	
Total Value (3)		*$0*
Total amount of equity at risk		*$4,000,000*

$750,000 Equity Ownership Requirement (6)	
Percentage of Target Achieved	546
Target Date to Reach Threshold	Met

Other Public Board Directorships

Sabina Gold & Silver Corp. (7)
Toachi Mining Inc.

Core Skills and Competencies

Capital Markets
International Business / Government & Community Relations
Mining, Exploration & Operations

Rick Howes
Toronto, Ontario, Canada

Age 59

Director since 2012

Not Independent

Voting Results (1)
2016: 99.99%
2015: 99.88%
2014: 99.50%

Principal Occupation and Experience

President and CEO of the Corporation, effective April 1, 2013

Executive Vice President and Chief Operating Officer ("COO") of the Corporation from November 9, 2010 to March 31, 2013.

Mr. Howes is a Professional Engineer and has over 36 years of experience in the mining industry. Throughout his career, Mr. Howes has been closely associated with the practices that make for world-class mining operations including Inco's North Mine, which won the 2006 Ryan Award as the safest mine in Canada. Mr. Howes joined the Corporation in early 2009 as General Manager and Executive Director of Dundee Precious Metals Chelopech EAD and, in November 2010, was appointed Executive Vice President and COO. Prior to joining the Corporation, Mr. Howes worked for 30 years in various operating and technical capacities in the Canadian mining industry working for major mining producers including Vale Inco, Falconbridge and Cominco. Mr. Howes attended Queen's University where he earned a Bachelor of Science in Mining Engineering.

Committee Memberships and Meeting Attendance During 2016

Board		13 / 13	Overall Attendance	100%

Ownership and Total Value of Equity (2)

Common Shares	75,026	
DSUs	0	
RSUs (5)	327,834	
PSUs (5)	306,800	
Total Value		*$1,700,000*
Options	1,155,071	
Options(10)	1,100	
Total Value (3)		*$1,221*
Total amount of equity at risk		*$1,701,221*

$1,875,000 Equity Ownership Requirement (8)

Percentage of Target Achieved	92
Target Date to Reach Threshold	April 2018

Other Public Board Directorships

None

Core Skills and Competencies

Strategic Leadership / Risk Management
International Business / Government & Community Relations
Mining, Exploration & Operations

Juanita Montalvo(9)
Toronto, Ontario, Canada

Age: 51

Director since 2017

Independent

Voting Results
2016: N/A
2015: N/A
2014: N/A

Principal Occupation and Experience

Managing Director, Acasta Cuba Capital Inc.

Ms. Montalvo brings to the Board 25 years of experience in developing and leading strategies. Prior to joining DPM, Ms. Montalvo held a number of board positions with subsidiaries of Sherritt International Corporation and on Executive Committees to the board. Currently, Ms. Montalvo is also a Managing Partner with Acasta Cuba Capital and a director and Deputy Chairman of the board of Canada's National Ballet School. She was educated at Dalhousie University in Halifax, Nova Scotia, where she earned a Bachelor of Science in Biology and Biochemistry, a Bachelor of Arts in International Development Studies, and a Masters in Developed Economics.

Committee Memberships and Meeting Attendance During 2016

Board	N/A	Overall Attendance	N/A
Corporate Governance & Nominating	N/A		
Compensation	N/A		

Ownership and Total Value of Equity (2)

Common Shares	0	
DSUs	0	
Total Value		*$0*
Options	0	
Total Value		*$0*
Total amount of equity at risk		*0*

$180,000 Equity Ownership Requirement (4)

Percentage of Target Achieved	0
Target Date to Reach Threshold	Feb 2022

Other Public Board Directorships

None

Core Skills and Competencies

Safety, Health & Environment
International Business / Government & Community Relations
Strategic Leadership/Risk Management

Jeremy Kinsman
Victoria, B.C.,
Canada

Age 75

Director since 2007

Independent

Voting Results (1)
2016: 98.53%
2015: 99.89%
2014: 99.75%

Principal Occupation and Experience

Corporate Director

Mr. Kinsman was educated at Princeton University and the Institut d'Etudes Politiques, Paris, before joining the Canadian Foreign Service in 1966, where he became one of Canada's most senior and experienced diplomats, serving as Deputy Permanent Representative to the United Nations in New York, Minister for Political Affairs in Washington and Political Director in Ottawa. From 1992 to 2006, Mr. Kinsman was Canada's Ambassador to Russia, Ambassador to Italy, High Commissioner to the United Kingdom, and Ambassador to the European Union, accredited as well in these positions to a dozen other countries. Since 2007, he has directed an international democracy support project for the Community of Democracies and continues to be a widely-presented and published commentator on world affairs.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%
Corporate Governance & Nominating	5 / 5		
Compensation	5 / 5		

Ownership and Total Value of Equity (2)		
Common Shares	22,500	
DSUs	71,981	
Total Value		*$286,000*
Options	49,000	
Total Value (3)		*$0*
Total amount of equity at risk		*$286,000*

$180,000 Equity Ownership Requirement (4)	
Percentage of Target Achieved	159
Target Date to Reach Threshold	Met

Other Public Board Directorships

None

Core Skills and Competencies

Strategic Leadership / Risk Management
Governance / Executive Compensation
International Business / Government & Community Relations

Peter Nixon
Niagara-on-the-Lake,
Ontario, Canada

Age 70

Director since 2002

Independent

Voting Results (1)
2016: 98.52%
2015: 99.68%
2014: 99.76%

Principal Occupation and Experience

Corporate Director

Mr. Nixon has spent more than three decades in the investment industry, specializing in the natural resource sector and working primarily in research and institutional sales. He was also a founder of the investment firm Goepel Shields & Partners and was subsequently President of the firm's subsidiary in the United States. Mr. Nixon later joined Dundee Securities Corporation, with the mandate to expand the company's activities in the United States. He is also a member of The Institute of Corporate Directors.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%
Corporate Governance & Nominating *(Chair)*	5 / 5		
Compensation	5 / 5		

Ownership and Total Value of Equity (2)		
Common Shares	5,204	
DSUs	89,351	
Total Value		*$362,000*
Options	49,000	
Total Value (3)		*$0*
Total amount of equity at risk		*$362,000*

$180,000 Equity Ownership Requirement (4)	
Percentage of Target Achieved	201
Target Date to Reach Threshold	Met

Other Public Board Directorships

Midas Gold Corp.
Reunion Gold Corporation
Stornoway Diamond Corporation
Toachi Mining Inc.

Core Skills and Competencies

Capital Markets
Financial Literacy
Governance / Executive Compensation

Marie-Anne Tawil
Mansonville, Q.C.,
Canada

Age 57

Director since 2015

Independent

Voting Results (1)
2016: 99.98%
2015: N/A
2014: N/A

Principal Occupation and Experience

Corporate Director

Ms. Tawil has over 30 years of legal experience, principally in corporate, commercial and securities law, and over 20 years of management experience. She practiced law with Stikeman Elliott and McCarthy Tetrault and, in 1984, joined Quebecor Inc. as Legal Counsel, and also served as Corporate Secretary from 1987 until 1990. She was previously Chair of the board of Societe de l'Assurance Automobile du Quebec, joined the board of Hydro Quebec in 2005 and, is also on the board of Stornoway Diamonds Corporation. Ms. Tawil is a member of the Bar of the Province of Quebec and holds a Master of Business Administration from the John Molson School of Business. She holds an ICD.D designation from the Institute of Corporate Directors.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%
Audit	4 / 4		
Corporate Governance & Nominating	5 / 5		

Ownership and Total Value of Equity (2)

Common Shares	0	
DSUs	53,819	
Total Value		*$120,000*
Options	10,000	
Total Value (3)		*$0*
Total amount of equity at risk		*$120,000*

$180,000 Equity Ownership Requirement (4)

Percentage of Target Achieved	67
Target Date to Reach Threshold	Nov 2020

Other Public Board Directorships

Stornoway Diamond Corporation

Core Skills and Competencies

Financial Literacy
Governance / Executive Compensation
Safety, Health & Environment

Anthony P. Walsh
West Vancouver, B.C.,
Canada

Age 65

Director since 2012

Independent

Voting Results (1)
2016: 90.30%
2015: 99.67%
2014: 80.99%

Principal Occupation and Experience

Corporate Director

Mr. Walsh has over 25 years' experience in the field of exploration, mining and development. Most recently, Mr. Walsh was President and CEO of Sabina Gold & Silver Corp. from 2008 to 2011, prior to which he served as President and CEO of Miramar Mining Corporation from 1995 to 2007, Senior Vice President and Chief Financial Officer of a computer leasing company from 1993 to 1995 and Chief Financial Officer and Senior Vice President, Finance of International Corona Mines Ltd., a major North American gold producer from 1989 to 1992. Mr. Walsh also serves on the board of directors of several publicly-traded exploration and development companies. Mr. Walsh graduated from Queen's University in 1973 and became a member of The Canadian Institute of Chartered Accountants in 1976.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%
Audit	4 / 4		
Compensation	5 / 5		

Ownership & Total Value of Equity (2)

Common Shares	550	
DSUs	97,103	
Total Value		*$331,000*
Options	49,000	
Options(10)	1,430	
Total Value		*$1,588*
Total amount of equity at risk		*$332,588*

$180,000 Equity Ownership Requirement (4)

Percentage of Target Achieved	184
Target Date to Reach Threshold	Met

Other Public Board Directorships

NovaGold Resources Inc.
Sabina Gold & Silver Corp.
TMX Group Inc.

Core Skills and Competencies

Capital Markets
Financial Literacy
Strategic Leadership / Risk Management

Donald Young
West Vancouver, B.C., Canada

Age 71

Director since 2010

Independent

Voting Results (1)
2016: 99.99%
2015: 99.96%
2014: 99.78%

Principal Occupation and Experience

Corporate Director

Mr. Young, FCPA, FCA has served as Chair of the Audit Committee since 2013. Mr. Young is a retired KPMG audit partner. For a number of years, he also worked as a KPMG management consulting partner focused on operational and organization reviews, governance, and control/risk management. Before joining KPMG, he worked for Placer Development Ltd. (now Barrick Gold Corporation). He currently serves on the board and chairs the audit committee of Midas Gold Corp. He has served on the boards and chaired audit committees of other publicly-listed mining companies and served on the governing boards of not-for-profit organizations, including Science World British Columbia, British Columbia Safety Authority and the Canadian Institute of Chartered Accountants. Mr. Young is a Fellow and past President of the British Columbia Chartered Accountants and is a member of the Institute of Corporate Directors.

Committee Memberships and Meeting Attendance During 2016

Board	13 / 13	Overall Attendance	100%
Audit *(Chair)*	4 / 4		
Health Safety & Environment	4 / 4		

Ownership & Total Value of Equity (2)

Common Shares	17,500	
DSUs	61,390	
Total Value		*$302,000*
Options	49,000	
Total Value (3)		*$0*
Total amount of equity at risk		*$302,000*

$180,000 Equity Ownership Requirement (4)

Percentage of Target Achieved	168
Target Date to Reach Threshold	Met

Other Public Board Directorships

Midas Gold Corp.

Core Skills and Competencies

Financial Literacy
Strategic Leadership / Risk Management
Governance / Executive Compensation

(1) Voting results relate to the percentage of votes cast in favour at the 2016, 2015 and 2014 annual meetings of Shareholders.

(2) The information as to Common Shares owned or controlled is not within the knowledge of the Corporation, and has been furnished by the nominees individually as of December 31, 2016, the values of which are calculated based on the greater of: (i) the acquisition cost or the grant value; and (ii) the aggregate fair market value of the Common Shares on the Toronto Stock Exchange ("TSX") on December 30, 2016 of $2.25.

(3) Value of unexercised in-the-money Options relates to vested Options based on the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25. This amount may not be representative of the amount that may be realized on payout due to market fluctuations. Refer to "Executive Compensation - Outstanding Option-Based and Share-Based Awards at Year End" and "Board of Directors Compensation - Outstanding Option-Based and Share-Based Awards at Year End" for further information.

(4) The equity ownership was calculated as at December 30, 2016, based on the greater of: (i) the acquisition cost or the grant value; and (ii) the aggregate fair market value of the Common Shares on the TSX on December 30, 2016 of $2.25, and non-executive Board members have five years to reach the $180,000 threshold, being three times the annual cash retainer. Refer to "Board of Directors Compensation - Director Equity Ownership Requirements" for further information.

(5) Value of PSUs and RSUs is calculated based on the greater of: (i) the acquisition cost or the grant value; and (ii) the aggregate fair market value of the Common Shares on the TSX on December 30, 2016 of $2.25. Non-executive directors of the Corporation are not eligible to receive RSUs and PSUs.

(6) Effective January 1, 2015, the Executive Chair is required to hold Common Shares, DSUs and RSUs, with an aggregate value equal to at least three times his annual base salary. Refer to "Executive Compensation - Executive Equity Ownership Requirements" for further information.

(7) Board seat is directly related to the Corporation's ownership position in this company.

(8) The equity ownership was calculated as at December 30, 2016. Refer to "Executive Compensation - Executive Equity Ownership Requirements" for further information.

(9) On February 15, 2017, the board appointed a new director, Ms. Juanita Montalvo, who also became a member of the Corporate Governance and Nominating Committee and the Health, Safety and Environment Committee.

(10) These options were originally granted as Avala Resources Ltd. ("Avala") options to Mr. Howes and Mr. Walsh, as directors of Avala and were subsequently converted to DPM options following the privatization of Avala in April 2016. The value of these unexercised in-the-money Options relates to vested Options based on the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25. This amount may not be representative of the amount that may be realized on payout due to market fluctuations.

The form of proxy enclosed allows for individual voting. The persons named in the form of proxy which accompanies this Circular intend to vote FOR the election to the Board of the nine nominees listed above, unless the Shareholder has specified in the form of proxy that the Common Shares represented by such proxy are to be withheld from voting in respect thereof. Each of the foregoing nominees has served as a director of the Corporation and held the office shown in the table since the Corporation's last annual meeting, with the exception of Juanita Montalvo, who was appointed to the Board on February 15, 2017.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of Shareholders or until his office is earlier vacated or until his successor is elected under the By-laws of the Corporation.

Majority Voting

In accordance with the Corporation's Majority Voting Policy, except in the context of a contested election, any nominee for election as a director who receives a greater number of votes withheld than for his or her election shall, immediately following the Meeting, submit his or her resignation to the Board for its consideration. The Corporate Governance Committee will review the matter, considering any relevant factors or circumstances, and will submit a recommendation to the Board. Within 90 days of certification of final voting results, the Board will make public its decision, including its reasons for accepting or rejecting the resignation. Since its adoption, the Majority Voting Policy has not been triggered.

Cease Trade Orders or Bankruptcies

Other than as disclosed below, no proposed director of the Corporation:

1. is, as of the date hereof, or has been, within the ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
   a) was subject to a cease trade, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days (collectively, an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
   b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting as director, chief executive officer or chief financial officer;
2. is, as of the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
3. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
4. has been subject to:
   a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
   b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director;

(i) Mr. Jonathan Goodman, Executive Chair of the Corporation, who was a director of Tahera Diamond Corporation ("Tahera") from August 2003 to September 29, 2008, and Peter Gillin, Lead Director of the Corporation, who was also director, Chairman and CEO of Tahera, from October 2003 to December 2008, a company that filed for protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") with the Ontario Superior Court of Justice on January 16, 2008. As a consequence of its financial difficulties, Tahera failed to file financial statements for the year ended December 31, 2007 and subsequent financial periods. As a result, Tahera was delisted from the TSX in November 2009 and Orders were issued in 2010 by the securities regulatory authorities of Ontario, Quebec, Alberta and British Columbia, which Orders have not been revoked. Tahera subsequently sold its tax assets to Ag Growth International and certain properties, including the Jericho diamond mine, to Shear Minerals Ltd., and the monitoring process under CCAA concluded by order of the Superior Court of Justice in September 2010.

Appointment of Auditor

The directors of the Corporation recommend, on the advice of the Audit Committee, that PricewaterhouseCoopers LLP, Chartered Professional Accountants, be re-appointed as the auditor of the Corporation.

The persons named in the enclosed form of proxy which accompanies this Circular intend to vote **FOR** the appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, as the auditor of the Corporation, to hold office until its successor is appointed, unless the Shareholder has specified in the form of proxy that the Common Shares represented by such form of proxy are to be withheld from voting in respect thereof. Additional information with respect to the auditor can be found in the Corporation's AIF available on SEDAR at www.sedar.com.

Advisory Vote on Approach to Executive Compensation

The Board adopted a policy to hold an advisory vote on our approach to executive compensation at every annual Shareholder meeting. This advisory Say on Pay vote, gives Shareholders the opportunity to approve or reject the Corporation's annual executive compensation programs and policies and the compensation paid to its Named Executive Officers ("NEOs").

As discussed in this Circular, the primary objective of the Corporation's compensation program, including the executive compensation program, is to attract and retain qualified employees that fit our corporate culture in order to achieve our corporate objectives and increase Shareholder value.

At the Meeting, Shareholders will be asked to consider and, if deemed appropriate, to pass an ordinary resolution to accept the approach to executive compensation, as disclosed in this Circular, substantially in the form set out below (the "Advisory Resolution").

The text of the Advisory Resolution to be submitted to Shareholders at the Meeting is set forth below:

"BE IT RESOLVED:

(i) on an advisory basis, and not to diminish the role and responsibilities of the board of directors of the Corporation, the shareholders accept the approach to executive compensation disclosed in the Corporation's management information circular dated March 27, 2017 and delivered in advance of the 2017 annual meeting of shareholders of the Corporation; and

(ii) any director or officer of the Corporation be, and is hereby, authorized and directed to execute and deliver for and in name of and on behalf of the Corporation, whether under its corporate seal or not, all such certificates, instruments, agreements, documents and notices and to do all such other acts and things as in such person's opinion may be necessary or desirable for the purpose of giving effect to this resolution."

Management and the Board recommend that Shareholders vote **FOR** the Advisory Resolution to accept the approach to executive compensation disclosed in this Circular.

Because your vote is advisory, it will not be binding on the Board. However, if a significant number of Common Shares, represented in person or by proxy at the Meeting, are voted against this Advisory Resolution, the Board will review the approach to executive compensation in the context of the specific concerns of the Shareholders. Following such review by the Board, the Corporation will disclose a summary of the processes undertaken by the Board and an explanation of any changes being implemented in relation to the Corporation's executive compensation practices. This disclosure will be provided within six months of the relevant Shareholders' meeting and, in any case, not later than the next Circular of the Corporation.

Shareholders approved our approach to executive compensation in 2016 with 95.18% voting in favour. The Board and Compensation Committee continue to monitor developments in executive compensation to ensure that our approach, including our compensation practices and risk oversight, is appropriate.

EXECUTIVE COMPENSATION

Letter from the Chair of the Compensation Committee

Dear Fellow DPM Shareholders,

On behalf of the Compensation Committee, we present the Compensation Discussion and Analysis ("CD&A"), which outlines our executive compensation program at DPM and illustrates how the Board reaches its decisions on executive pay programs and awards. Through the CD&A, we aim to provide enhanced understanding to our Shareholders, advisory groups and industry analysts by disclosing how our executive compensation aligns with the Corporation's strategic business plan, corporate and individual performance, as well as Shareholder interests.

Although we operate in a dynamic business environment, we remain focused on our strategic objectives to optimize our existing assets, develop new and innovative methods to operate our businesses, and grow the business. We are committed to the highest standards of corporate governance and accountability in order to provide clarity and transparency in all our activities, including our executive compensation program, in line with the current market environment and industry best practices.

In last year's letter, I noted that work had begun on a Balanced Scorecard (the "BSC") system that provides for the setting of annual measureable targets clearly linked to the Corporation's long term strategic objectives. This BSC is a strategic planning and management system used to align business activities with the vision and strategy of the organization, improve internal and external communications, and monitor organizational performance against strategic goals. I am pleased to report that this work was successfully concluded and the BSC now forms the basis for the compensation decisions described elsewhere in this Circular.

Naturally, an initiative such as the BSC represents a significant change, the implementation of which is a multi-year process. Accordingly, we view 2016 as a transition year and look forward to continuously improving the BSC system. We maintain the view that the most appropriate compensation system is one in which employees are compensated appropriately for work performed commensurate with their capability, the complexity of the work performed, and their contribution to the achievement of the Corporation's strategic goals. The learning from this year will lead to further refinements and enhancements for 2017 and beyond as we improve on driving value using measurable outcomes to align employee efforts with stakeholder interests.

The Corporation's introduction of an integrated BSC system provides a more systematic and measurable way to assess the success of the senior management team in the following areas:

1. Developing and implementing a strategy that delivers superior returns and sustainable long term growth;
2. Supporting and monitoring the work of site management to deliver operating results that meet or exceed our annual commitments;
3. Securing and maintaining the social and political license that allows us to stay in business; and
4. Creating an environment where all employees willingly give their best and where there is clear visibility between individual effort and the achievement of overall strategy.

For 2016, the Compensation Committee assessed the Corporation's performance, based on the results of the BSC, at a total score of 7.5 out of 10, representing a 113% payout on the corporate performance component.

Outlined below are the key initiatives, with respect to our compensation program and compensation governance practices, that were undertaken throughout 2016 and to date:

- Implemented an integrated BSC system to set annual measurable targets clearly linked to DPM's long term strategic objectives to align senior management efforts with Shareholder interests.
- Following two years of base salary freezes, in 2017 base salaries were increased by 5% for all NEOs, except the CFO who received 8.5%, consistent with the 50th percentile compensation philosophy and improved industry conditions.
- 70% of NEO bonus potential now based on overall company performance with President and CEO at 80%.
- Board's annual cash retainer was reduced by 10% for 2016 and reinstated for 2017.

- Reduced the proportion of 2016 long term incentive awards represented by Options from 50% to 25% with the balance being split equally between RSUs and PSUs.
- Introduced an Executive Compensation Recoupment (Clawback) Policy in the event of fraud or other intentional misconduct resulting in a material misstatement of financial results.

The key executive compensation principles we apply at DPM are as follows:

We align our executive pay program with Shareholders' interests: We directly align our executive compensation program with Shareholder interests, and the short and long term objectives of the Corporation, through a mix of Options, RSUs and PSUs.

A significant proportion of executive pay is at risk: Approximately 73% of the 2016 total direct compensation for the President and CEO and, on average, approximately 59% of the total direct compensation for the remaining NEOs, is at risk, achieved through the awarding of bonuses, Options, RSUs and PSUs, the value of which is approximately $4.3 million, as at December 30, 2016.

We assess and manage compensation risk: We ensure our compensation programs are appropriately aligned to reflect the Corporation's position within our peer group and to best position us in the labour market to attract and retain experienced mining executives. Our programs are reviewed regularly to benchmark best practices, ensuring they are encouraging the appropriate behaviour for performance and aligning with our values. We engage an independent third party consultant, Mercer (Canada) ("Mercer"), to assist with our review to ensure a balanced approach and to mitigate excessive risk. In addition, our Anti-Hedging and Clawback Policies were designed to complement our risk management approach.

We follow leading compensation practices: We operate in a highly competitive industry and our programs are designed to facilitate the attraction, motivation and retention of talented and experienced mining executives. Through the annual engagement of Mercer and the combination of a balanced pay mix of base salary, short term incentive and long term equity with meaningful links to performance measures, share ownership requirements and anti-hedging guidelines, the Corporation has developed an effective executive compensation program.

The Corporation's executive compensation program and practices are described in detail in the CD&A below. The Compensation Committee believes the executive compensation program and its governance practices transparently and effectively support the achievement of our strategic objectives and align the interests of our executives with those of our Shareholders.

Yours sincerely,

"Peter Gillin"

Peter Gillin, Chair,
Compensation Committee,
Dundee Precious Metals Inc.

Compensation Discussion and Analysis

This CD&A describes our executive compensation philosophy, summarizes the principles of our executive compensation program and analyzes our pay decisions for 2016. It also provides context for the data presented in the compensation tables. For purposes of this CD&A, our NEOs for 2016 are:

NEO	Title
Rick Howes	President and CEO
Hume Kyle	Executive Vice President and Chief Financial Officer ("CFO")
David Rae	Executive Vice President and COO
Richard Gosse	Senior Vice President ("SVP"), Exploration
John Lindsay	SVP, Projects

Objectives of Compensation Strategy

The Corporation's goal in designing its executive compensation program is to achieve two principal objectives. First, the program is intended to offer compensation competitive to comparable positions with similar companies in the mining industry, to attract, motivate and retain talented individuals who are able to fulfill the strategic objectives of the Corporation. Second, the program is designed so that a portion of the compensation of the Corporation's executives aligns their interests with those of Shareholders in both the short and long term.

The compensation program is designed to reward individual performance based on objectives designed to support the Corporation's goal of building Shareholder value, as established by the President and CEO and, in the case of the CEO and other NEOs, the performance of the Corporation as measured by the BSC, together with extraordinary contributions.

Attraction, Motivation and Retention of Key Talent

The compensation package is designed to attract, motivate and retain key talent in a highly competitive mining environment through the following elements:

- a competitive cash compensation program, consisting of base salary and short term incentive compensation (bonus paid as a set percentage of salary); and
- a long term equity-based compensation program, consisting of Options, RSUs and PSUs.

Alignment of Interests of Management with Interests of Shareholders

The compensation package is designed to align the interests of management with the interests of Shareholders through the following elements:

- the grant of Options, RSUs, and PSUs that results in management having an interest in any price increase or decrease of the Common Shares over time; and
- Options, RSU awards that vest over a three-year period and PSU awards that vest after three years give management an interest in focusing on long term rather than short term results.

Peer Group

The Compensation Committee retains Mercer to assist with a review of peer companies' executive and independent director compensation pay levels and practices. The companies in the compensation peer group were selected based on similar characteristics to those of the Corporation with respect to some, or all, of the following: industry, market capitalization, revenue, global scope of operations and their complexity, as well as their focus on both gold and base metal production.

Mercer reviews the group on an annual basis, and the group, as described in the table below, reflects the modifications recommended by Mercer in 2015, as set out in the footnotes.

Company Name	**Revenue (2) (millions)**	**Market Capitalization (2) (millions)**
Thompson Creek Metals Co. Inc.	$936	$225
Capstone Mining Corp.	$761	$466
Nevsun Resources Ltd.	$644	$939
B2Gold Corp.	$565	$1,770
Hudbay Minerals Inc.	$562	$2,446
Sherritt International Corp.	$456	$613
Taseko Mines Ltd.	$372	$153
Silver Standard Resources Inc.	$348	$634
Alamos Gold Inc.	$341	$1,006
Alacer Gold Corp.	$338	$853
Semafo Inc.	$336	$988
Primero Mining Corp.	$319	$791
Teranga Gold Corp.	$302	$250
First Majestic Silver Corp.	$285	$739
Lake Shore Gold Corp.	$256	$559
Argonaut Gold Inc.	$193	$273
75th Percentile	*$563*	*$951*
Median	***$344***	***$687***
25th Percentile	*$315*	*$418*
Average	***$438***	***$794***
Dundee Precious Metals	**$376**	**$357**
Percentile Ranking	***60%***	***23%***

(1) *In October 2015, Mercer recommended: removing Allied Nevada Gold Corp. as it filed for Chapter 11 Bankruptcy and was delisted, AuRico as it had merged with Alamos Gold Inc., and Gabriel Resources Ltd. as it was not in production, and replacing these companies with Argonaut Gold Inc., Lake Shore Gold Corp., Primero Mining Corp., Taseko Mines Ltd. and Teranga Gold Corp.*

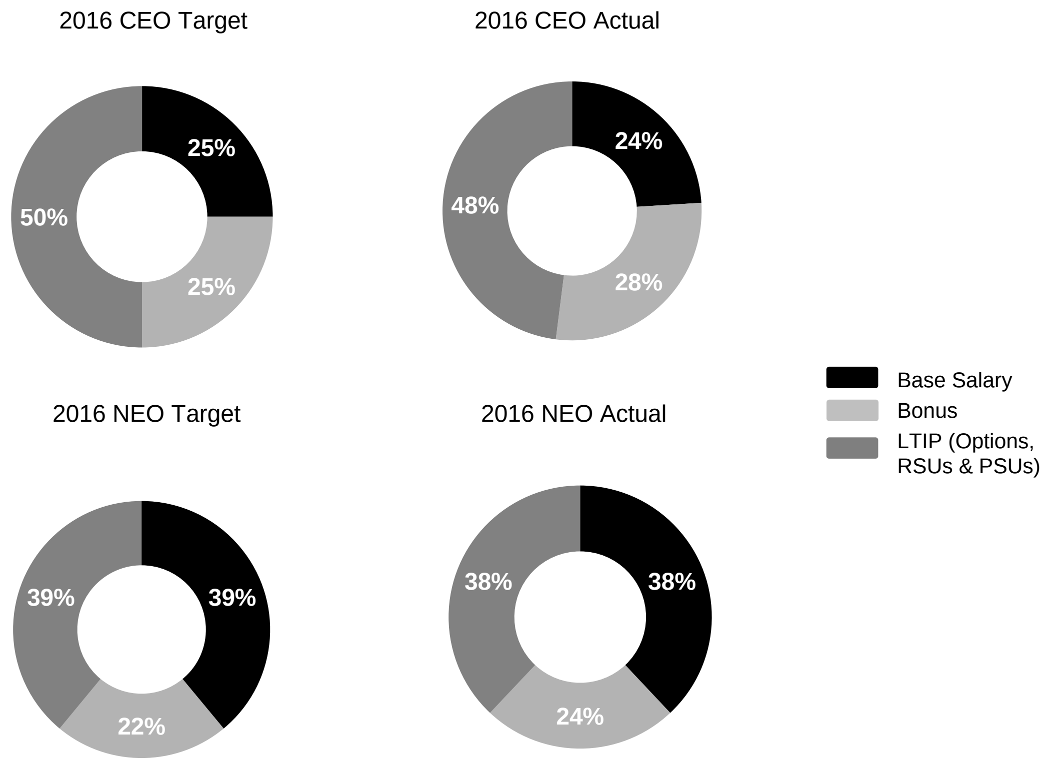
(2) *Revenue and market capitalization data is as of August 31, 2015.*

The Compensation Committee also receives advice and information from other sources, which may result in decisions being reached by the Compensation Committee that may, at times, differ from the recommendations provided by Mercer.

Components of Executive Compensation

The executive compensation program is comprised of three components: (i) base salary; (ii) short term incentive compensation (cash bonus); and (iii) long term incentive compensation.

The graphs below illustrate the target mix of executive compensation for 2016 and the actual mix of executive compensation awarded for 2016.



Base Salaries

Salaries form an essential component of the Corporation’s compensation mix as they are the first base measure to compare relative to peer groups and the global market generally. They are fixed and used as the base to determine other elements of compensation and benefits. Salaries are determined by discussion of the Compensation Committee upon the recommendation of management. The main consideration in establishing base salary ranges for the CEO, the CFO and the COO, collectively referred to as the “Executive Officers”, is the evaluation of comparable market positions. Within those ranges, individual rates generally vary based upon experience, past performance or expected performance, level of responsibility, impact on the business, tenure and retention concerns. There is no mandatory framework that determines which of these additional factors may be more or less important and the emphasis placed on any of these additional factors may vary among the Executive Officers. While certain roles are common throughout the industry, others are more unique. As such, industry surveys may not always produce comparable data on which to base compensation decisions. A certain level of discretion is required to ensure internal equity and external competitiveness.

Late in 2015, the Compensation Committee reviewed a report prepared by Mercer which compared the salaries of the Executive Officers against the base salaries of similar positions within the peer group and concluded that the compensation of the executives was deemed to be competitively positioned relative to the peer group benchmarks and, therefore, no adjustments were made to the executive salaries for 2016.

Refer to “Executive Compensation - Summary Compensation Table” for further details.

Executive	2015 Salary	2016 Salary	Change
Rick Howes	$625,000	$625,000	0%
Hume Kyle	$367,500	$367,500	0%
David Rae	$400,000	$400,000	0%
Richard Gosse	$321,200	$321,200	0%
John Lindsay	$300,000	$300,000	0%

Short Term Incentive Compensation

Executive Officers and other key employees are also eligible for short term incentive payments in the form of annual cash bonus awards. The bonus for the CEO is developed and recommended by the Compensation Committee and approved by the Board. With respect to the CFO and COO, the bonuses are developed and recommended to the Compensation Committee by the CEO and approved by the Board. Bonuses are calculated as a percentage of annual base salary**,** and are determined on the basis of both corporate and individual performance, with overall performance substantially tied to the performance of the Corporation. For the President and CEO, 20% of his bonus is based on specific objectives or initiatives, as established by the Compensation Committee, and 80% is based on company performance, as set out in the BSC. For the remaining NEOs, 70% of their bonus is based on company performance and 30% on individual objectives or initiatives, as established by the CEO.

Bonus payments are based on a target level as a percentage of annual base salary. Executives who meet their individual target in a year in which the Corporation also meets its overall Objectives are normally rated as “Target” and paid out at 100% of their target bonus. For individual and/or corporate performance that exceeds or is below target performance, a multiplier is used.

Both the individual and company performance components are compared to Objectives and measures that have been pre-determined and, in the case of the CEO and the Corporation, approved by the Board. The Corporation’s performance is based on specific Objectives and measures, each of which are weighted, that support the advancement of the Corporation’s overall strategy and the creation of Shareholder value. Individual performance is based on objectives and measures established within each individual’s primary area of accountability with at least 50% of each individual’s objectives supporting the achievement of the Corporation’s Objectives. Company and individual performance are then determined by evaluating the level of achievement of the pre-determined objectives.

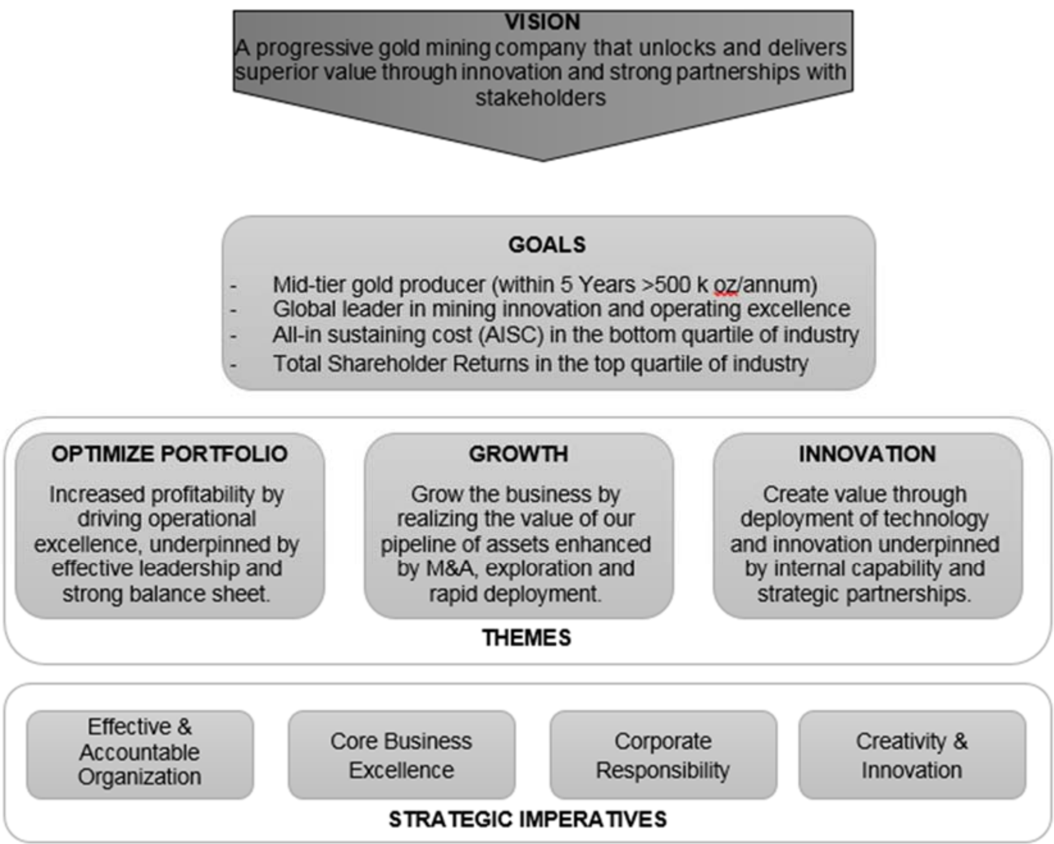
Company performance is based on the overall score resulting from performance against the weighted objectives contained in the BSC. An individual’s overall rating and multiplier is determined by combining, using the applicable weighting, the company rating and the individual’s personal performance rating, as indicated in the table below (the “Performance Grid”). Actual payouts can range from 0 to 150% of the target bonus, depending on the level of performance:

Personal Performance Rating	Individual Payout (%)	Company Payout (%)	Weighting (%) (Individual/Company)	Weighted Average Multiplier (%)
EVPs, SVPs				
Below Target	0	113	30/70	79
Between Target and Below	50	113	30/70	94
Target	100	113	30/70	109
Between Target and Above	125	113	30/70	117
Above Target	150	113	30/70	124
CEO				
Below Target	0	113	20/80	90
Between Target and Below	50	113	20/80	100
Target	100	113	20/80	110
Between Target and Above	125	113	20/80	115
Above Target	150	113	20/80	120

Balanced Scorecard ("BSC") System

The development of the BSC system began with a comprehensive review of the Corporation's strategy in 2015. The BSC system allows DPM to establish concrete and measurable annual objectives thereby establishing a clear link to compensation. As a result, DPM achieves better alignment with the value creation outcomes expected by Shareholders and the high level strategic objectives and outcomes are broken down into meaningful targets at the operating level. Using the BSC system, initiatives are linked to strategy to ensure successful strategy execution that engages the entire organization and not just executives.

The CEO, supported by the senior leadership team, is accountable for strategy development and implementation looking forward over a 5-10 year horizon to ensure that the strategy of the organization is clearly understood and properly resourced. In defining its strategy, the Corporation affirmed its **Vision**, committed to an ambitious set of mid-term **goals** and organized the work required to achieve these goals into three **strategic themes**, each of which is supported by a number of strategic **Objectives** that were established to support the overall themes, as depicted in DPM's "Strategy on a Page" below:



To ensure overall accountability, each objective has been assigned to one of four "perspectives", which include: Financial (37.5%); Stakeholders (10%); Internal Processes (37.5%) and Learning (15%), with the owners being the CFO, the SVP, Sustainable Business Development, the COO and the SVP, Corporate Services, respectively. Further, each objective is assigned an accountable executive, who monitors the progress and ensures that initiatives are established to support the work.

In order to measure the progress against each objective, specific measures are defined, and annual targets are assigned. To determine the overall score of the Corporation, a weighting of the perspectives, objectives and measures is used. Each measure is assigned a score from 0 to 10 (based on the actual results against target) to calculate a company score using the weighting assigned to each of the BSC elements. A score of 6.67 is assigned as Target, a score of 3.3 is assigned as Below Target and below this point there is no payout.

Ideally, all measures should be capable of generating a score on a continuous scale from 0 to 10. In those cases where this is not possible, performance will be based on outcomes. In 2016, certain objectives, including operational excellence, were assessed based on the achievement of outcomes set out in detailed work plans associated with each initiative and scoring was calculated based on an objective assessment of the progress made. For those objectives, the previous scale set out in the Performance Grid above, being Below Target (score of 3.33); Between Target and Below (score of 5); Target (score of 6.67); Between Target and Above (score of 8.33); and Above Target (score of 10), was applied.

The objectives, measures and related targets are approved, in advance, by the Compensation Committee and subsequently by the Board. The table below provides information on these components, as well as, in certain cases, the outcomes achieved:

2016 Objectives, Measures and Outcomes					
Objective	**Measure** [1]	**Target**	**Actual**	**Weighting**	**Score/10**
Financial Perspective (37.5%)					
Strengthen balance sheet [2]	Debt/Adjusted EBITDA[3] ratio	1.67	0.96	15%	10
	Available Liquidity	$184M	$275M		
Increase profitability of business [2]	Return on Capital Employed (“ROCE”)	4%	4%	18.75%	6.67
Grow value of business	Total Shareholder Return (“TSR”) relative to TSR Peer Group[5], defined below	50th percentile	55th percentile	3.75%	7.33
Stakeholders Perspective (10%)					
Maintain social and political license to operate	All Injury Frequency Rate	1.45	1.29	10%	7.97
	Severity and speed of resolution of grievances	80	100		
Internal Processes Perspective (37.5%)					
Strive for Operational Excellence	• Commenced detailed design of Chelopech Step Change • Advanced Chelopech Mill Optimization Program • Prepared for Analyze & Improve design and pilot implementation			11.5%	7.02
Develop and maintain a pipeline of existing and potential future assets that meet the DPM long term growth objectives	• Chelopech: completed 3,950m of diamond drilling (target 4,000m), generated Southeast Breccia Pipe Zone target area, advanced Sharlo Dere target definition, Brevene licence granted • Krumovgrad: completed 6,230m of diamond drilling (target 3,600m), Geological Discovery application for Kupel North on Kessibir licence submitted • Armenia: completed 1,200m of diamond drilling (target 1,200), defined areas for new licences applications • Serbia: exploration plan developed after acquisition in April, near resource drill program discovered new zone at Korkan West • Project Generation: 41 projects reviewed, 29 site visits; two projects identified; three applications and one tender submitted			21%	6.67
Introduce a Digital Platform and Data Analytics that will enable people to better use data for performance improvement	• Defined Systems Platforms • Roadmap under development			5%	5

2016 Objectives, Measures and Outcomes					
Objective	**Measure** [1]	**Target**	**Actual**	**Weighting**	**Score/10**
Learning Perspective (Organizational Capacity) (15%)					
Improve Management and Leadership Capability and Effectiveness so that employees willingly give the best they have to offer	Employee engagement Capital	55%	56%	13.5%	8.06
	• Completed Working Together workshop for Senior Corporate Staff • Developed and piloted a Supervisory level Working Together workshop in Bulgaria, with further refinements planned for 2017 for more workshops in Bulgaria and Namibia • Began development of Working Together E-Learning training modules • Developed 360 assessment methodology				
Ensure we have the right skills, resources and culture to identify, execute, and integrate M&A transactions	• Completed review of M&A Best Practice capabilities			1.5%	6.67
Final Company Score					**7.5/10**

(1) The scoring for each measure is based on actual performance relative to a predetermined target and a range of outcomes.

(2) In the case of the financial measures, actual performance was adjusted to reflect budgeted commodity prices and foreign exchange rates. ROCE is defined as adjusted EBITDA less sustaining capital expenditures divided by average capital employed for the period, where capital is comprised of debt plus equity minus excess cash. It is a non-GAAP measure which has no standardized meaning under International Financial Reporting Standard.

(3) Adjusted EBITDA represents earnings before income tax depreciation and amortization, finance costs, impairment losses, and unrealized gains and losses on derivative contracts and investments at fair value. It is a non-GAAP measure which has no standardized meaning under International Financial Reporting Standard.

(4) Target relates to percentage of grievances that were received being below a severity level of three out of five, and resolved within a specified time period.

(5) In 2015, Mercer recommended a peer group developed through a performance sensitivity analysis for the purpose of benchmarking DPM's TSR performance (the "TSR Peer Group") which was adopted by the Board and includes Alacer Gold Corp., Alamos Gold Inc., Argonaut Gold Inc., B2Gold Corp., Centerra Gold Inc., Eldorado Gold Corporation, First Majestic Silver Corp., Gabriel Resources Ltd., Primero Mining Corp., Semafo Inc., Silver Standard Resources Inc. and Timmins Gold Corp.

Early in 2017, the Compensation Committee reviewed corporate performance as indicated from the results of the BSC and agreed to recommend, and the Board approved, an overall company payout of 113% for 2016 based on a total score of 7.5 out of 10.

The Compensation Committee also reviewed the CEO's individual performance, as well as the CEO's assessment of each NEO's individual performance. The table below includes a summary of each of the NEO's performance for 2016 and sets out the target bonus amount, their performance rating and the cash bonus awards approved by the Board and paid to each of the NEOs for 2016. Refer to "Executive Compensation - Summary Compensation Table" for further information.

Toronto, Ontario, Canada

Age 59

Rick Howes, President and Chief Executive Officer

Personal objectives for 2016 were focused on executing the corporate strategy to create sustainable value.

- Ensured the organization maintained the momentum previously established with respect to the four strategic pillars of Organizational Effectiveness and & Accountability, Core Business Excellence, Corporate Responsibility and Creativity & Innovation.
- Worked closely with other key executives providing support to each with respect to a number of notable achievements, including the sale of the Kapan mine; the utilization of digital innovation strategy for competitive advantage; significant advancement of the Krumovgrad open pit project; the strengthening of the DPM balance sheet and the reduction of corporate G&A from $28 million in 2015 to $17 million in 2016.
- Led the development of the BSC methodology, which breaks down high level strategy into key objectives, measures and targets and engages employees by directly linking their efforts to organizational success.

- In advancement of the innovation theme, established a systems platform for growth, through the creation of Terrative Digital Solutions, a new division of DPM.
- Developed a worldwide reputation as an expert in digital technology in mining and was a frequent contributor of magazine and journal articles and a guest speaker.
- Named Outstanding Innovator by The International Mining Technology Hall of Fame, in recognition of his success in mining innovation in 2016.

Mr. Howes' overall performance was rated "Between Target & Above" by the Compensation Committee.

Target Bonus	Performance Rating	Individual/Company Split (%)	Multiple	Payment ($)
100%	Between Target and Above	20/80	115%	721,000

Toronto, Ontario, Canada

Age 56

Hume Kyle, Executive Vice President and CFO

Mr. Kyle, CFO, is accountable for the overall financial management and reporting of the Corporation and in 2016 worked closely with other key executives in leading or supporting the advancement and execution of a number of key initiatives directed at strengthening the balance sheet, improving financial flexibility, enhancing overall cash flows, improving capital allocation and supporting the growth of the business including:

- Amended and extended $275 million revolving credit facility to align with DPM's financing plan and updated Krumovgrad construction schedule.
- Completed one public and two private equity offerings, raising approximately $75 million.
- Completed prepaid forward sales of gold generating upfront proceeds of $50 million.
- Completed divestiture of Kapan generating proceeds of approximately $30 million plus a 2% NSR.
- Executed additional commodity price and foreign exchange rate hedges to manage risk within defined parameters.

Mr. Kyle's overall performance was rated at "Above Target".

Target Bonus	Performance Rating	Individual/Company Split (%)	Multiple	Payment ($)
60%	Above Target	30/70	124%	274,000

Toronto, Ontario, Canada

Age 56

David Rae, Executive Vice President and Chief Operating Officer

Mr. Rae, COO, continued to primarily focus the operational activities on safe, reliable delivery against commitments and continuous improvement underpinned by the DPM operating model and employee effectiveness activities.

- Chelopech mine continued as an exemplar of "safe production" achieving 2 million lost time injury free man-hours and achieved a 10% increase in ore treatment.
- Realized volume related efficiencies, cost reductions and improved operating efficiencies, most notably gold recovery to copper concentrate.
- Identified Zone 153 resource in close proximity to existing infrastructure
- Chelopech earned industry awards for innovation in crown pillar extraction and two European Business awards for demonstrating international values and employee development.
- Iliya Garkov, Vice President of DPM and General Manager, Bulgaria, was awarded the Socrates Award for General Manager of the Year.
- DPM began its next stage digital project targeting enhancements to processes from annual planning and scheduling to real time operations optimization, building on the wireless infrastructure at Chelopech.

- At Tsumeb, the two copper converters were commissioned and stabilization of the new operation commenced, demonstrating record treatment rates in the last quarter of the year.

Mr. Rae's overall performance was rated at "Target".

Target Bonus	Performance Rating	Individual/Corporate Split (%)	Multiple	Payment ($)
60%	Target	30/70	109%	262,000

Toronto, Ontario, Canada

Age 57

Richard Gosse, Senior Vice President, Exploration

Mr. Gosse, SVP, Exploration, led the exploration group on the key objectives of expanding Mineral Resources through brownfield exploration around existing properties and evaluating exploration projects held by other companies.

- Completed planned exploration programs at Krumovgrad, Chelopech and Timok in Serbia, following the acquisition of Avala Resources in April 2016.
- Discovered high grade epithermal veins at Kupel North near Krumovgrad that led to further drilling and submission of an application for a Geological Discovery.
- Defined the Southeast Breccia Pipe Zone at Chelopech and subsequent enlargement of the high sulphidation footprint with potential to host new mineralization.
- Discovery of economically significant intercepts of near surface oxide near the Timok resource in Serbia.

Mr. Gosse's overall performance was rated at "Target".

Target Bonus	Performance Rating	Individual/Company Split (%)	Multiple	Payment ($)
50%	Target	30/70	109%	175,000

Toronto, Ontario, Canada

Age 55

John Lindsay, Senior Vice President, Projects

Mr. Lindsay, SVP, Projects, is accountable for maintaining and applying the Corporation's Project Governance Model, with a number of project stage gate reviews conducted in 2016.

- Played a key role in the achievement of a number of significant outcomes achieved at Krumovgrad, including completion of land re-designation and purchase, detailed engineering, receipt of technical approvals and construction permit.
- Krumovgrad project team entered into a major earthworks contract with a Bulgarian contractor, and executed an early works programme at the site to support construction, which commenced in the fourth quarter.
- At Tsumeb, led the successful and timely delivery of the new copper converters, which were fully operational in the second quarter of 2016.
- Oversaw completion of a feasibility study, assessing the potential for smelter expansion to 370,000 tonnes of concentrate feed per year.

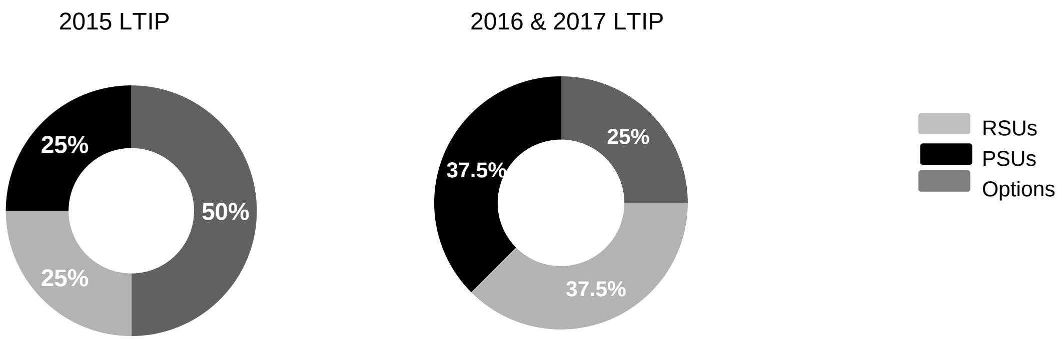
Mr. Lindsay's overall performance was rated at "Between Target and Above".

Target Bonus	Performance Rating	Individual/Company Split (%)	Multiple	Payment ($)
50%	Between Target and Above	30/70	117%	175,000

Long Term Incentive Compensation

Each year, the Executive Officers are provided with long term incentives (comprised of Options, RSUs and PSUs) that are competitive with similar positions found in comparator group companies. Long term incentive compensation is provided through both the Stock Option Plan and the RSU Plan, comprised of RSUs and PSUs (both as defined below) and aligns the interests of senior management with the longer term interests of Shareholders. These compensation plans have been designed to give individuals an interest in creating and maximizing Shareholder value over the longer term, to enable the Corporation to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance.

In 2016, long term incentive compensation consisted of Options, RSUs and PSUs, however, in order to better align with Shareholder interests and industry trends, the proportion represented by Options has been reduced from a target of 50% to 25%, with the balance being split equally between RSUs and PSUs, as illustrated below:



In determining the number of Options, RSUs and PSUs to be granted, the Compensation Committee is guided by the relative position of the individual within the Corporation. In 2016, the Black-Scholes value of Options granted was approximately 25% and the value of RSUs and PSUs granted was approximately 75% of the total long term incentive compensation provided to senior management. Following the initial awards made at the time of hiring, Option, RSU and PSU grants are considered on an annual basis, at the prevailing prices, thereby motivating employees to work towards sustained increases in the share price. For all NEOs, other than the CEO, recommendations are made to the Compensation Committee by management for consideration and approval by the Board. With respect to the CEO, awards are considered and proposed by the Compensation Committee for approval by the Board.

DPM introduced PSUs in 2015 to further enhance the alignment between management and Shareholders. PSUs are a performance-based component to RSU awards, initially based on a three-year TSR relative to the TSR Peer Group established for this purpose (the “Achieved Performance Ratio”). The objective is to provide total target direct compensation (base salary + short term incentives + long term incentives) at approximately the 50th percentile. This alignment reflects the adoption, by the Compensation Committee, of a median pay philosophy consistent with industry practice. Actual pay may differ due to company and individual performance. Commencing in 2018, PSUs will be paid out on the basis of the Achieved Performance Ratio, ranging from 0% to 200%, or such other ratio as determined by the Board.

In March 2016, upon the recommendation of the Compensation Committee, the Board approved the following grants of Options, RSUs and PSUs to the NEOs. Refer to “Executive Compensation - Stock Option Plan”, “Executive Compensation - Restricted Share Unit Plan” and “Executive Compensation - Outstanding Option-Based and Share-Based Awards at Year End” for further information.

NEO	Option Grant	RSU Grant	PSU Grant
Rick Howes	269,397	212,100	212,100
Hume Kyle	99,000	77,900	77,900
David Rae	107,800	84,800	84,800
Richard Gosse	48,100	37,900	37,900
John Lindsay	48,100	37,900	37,900

Compensation Risk Management

The Compensation Committee avoids compensation policies and practices that encourage excessive risk-taking, such as those that pay out before the risks associated with the performance are likely to materialize. The Compensation Committee is also sensitive to the possible reputational damage that could be suffered by the Corporation where executives are not compensated in a manner that is consistent with the objectives of the Corporation's compensation program or that is otherwise not in the best interests of the Corporation and its Shareholders. To mitigate the risks associated with the Corporation's compensation policies and programs and to specifically ensure the compensation policies and programs do not encourage undue risk-taking on the part of its executives, the Corporation has implemented mitigating practices, such as executive equity ownership requirements, a prohibition on hedging, clawback provisions and PSU awards, all of which are discussed in greater detail below.

The Compensation Committee also considers the nature of the Objectives established each year to ensure they incorporate both short and long term objectives so as not to encourage high risk behaviour on the part of senior management, which may be inconsistent with the creation of Shareholder value over the longer term. In addition, the compensation formulae do not apply direct compensation calculations to specific transactions or events.

Clawback Policy

On March 17, 2016, the Board adopted an Executive Compensation Recoupment (Clawback) Policy (the "Clawback Policy"). The Clawback Policy applies to the following (a) president; (b) CEO, CFO and COO; (c) SVPs; and (d) vice presidents (each an "Executive Officer" for the purpose of this section only). The Clawback Policy provides that the Board may, in its discretion, on the recommendation of the Compensation Committee, determine and recover the Overcompensation Amount from the Executive Officer in the event that:

(a) DPM makes a restatement;

(b) an Executive Officer is engaged in willful misconduct or fraud which caused or significantly contributed to the restatement; and

(c) the Executive Officer received an "Overcompensation Amount" (being the portion of the Executive Officer's incentive compensation relating to the year(s) subject to the restatement which is in excess of the incentive compensation that the Executive Officer would have received for such year(s) if the incentive compensation had been computed in accordance with the results as restated under the restatement, calculated on an after-tax basis to the Executive Officer).

Anti-Hedging Policy

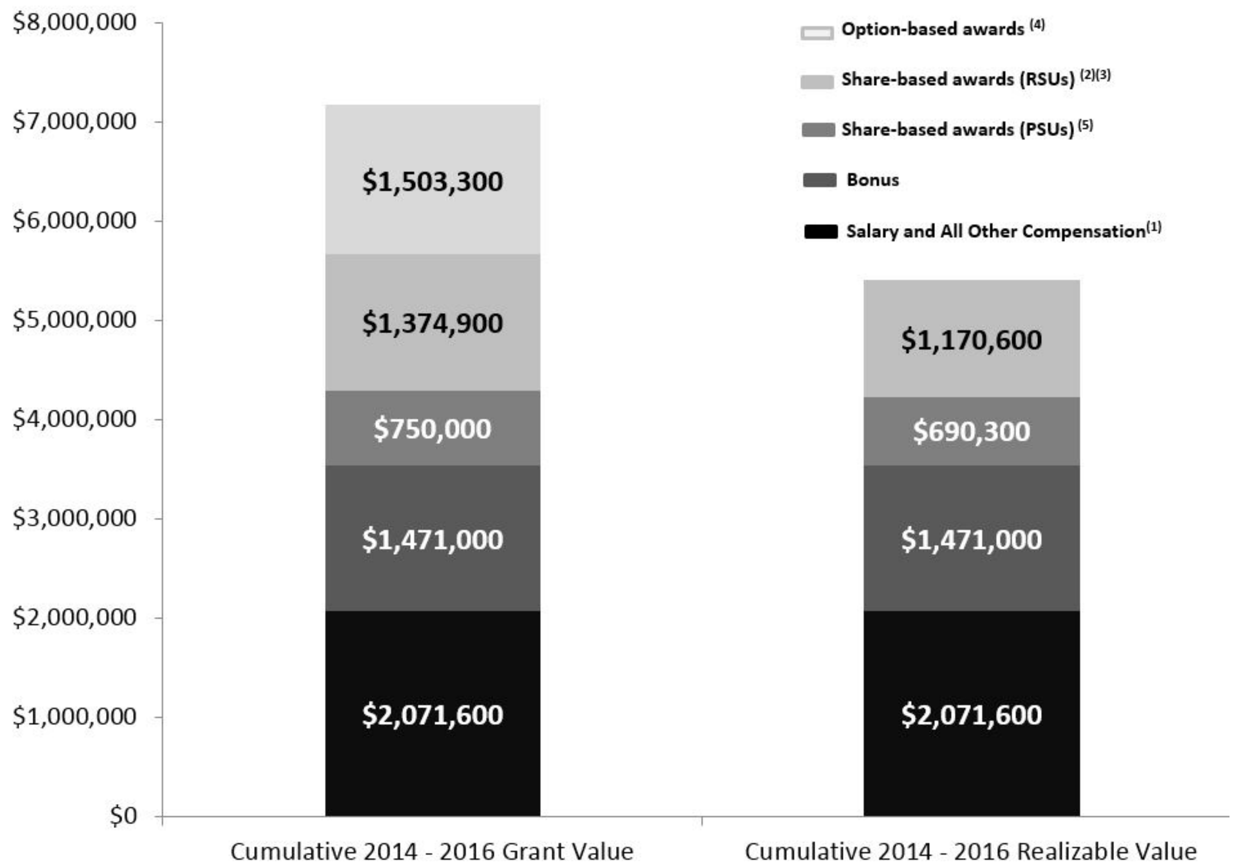
On February 13, 2014, the Board adopted an Anti-Hedging Policy to prohibit directors and senior officers of the Corporation or any of its subsidiaries, from directly or indirectly, engaging in any kind of hedging transaction that could reduce or limit the director's and senior officer's economic risk with respect to their holdings, ownership or interest in or to Common Shares or other securities of the Corporation, including without limitation, outstanding Options, stock appreciation rights or other compensation awards the value of which are derived from, referenced to or based on the value or market price of Common Shares or other securities in the capital of the Corporation. Prohibited transactions include purchasing financial instruments, including, without limitation, prepaid variable forward contracts, equity swaps, collars, puts, calls or other derivative securities that are designed to hedge or offset a decrease in market value of any securities of the Corporation which were granted as compensation or held, directly or indirectly, by such director or senior officer.

Directors and officers of the Corporation are required to confirm their compliance with this policy annually.

CEO Net Realizable Pay

Net realizable pay adjusts compensation to reflect the impact of company performance (share price and other performance metrics) on potential pay values. Grant value measures the value of the estimated compensation at the beginning of the year (or other time period), as set out in the Summary Compensation Table. Net realizable pay more accurately represents the actual compensation value by taking into account the share price change at the end of a given time period. The graph below shows the net realizable total compensation compared to the grant value total compensation for the CEO for the last three years. The graph shows no difference for the salary and bonus amounts, as these are paid in cash. However, the differences in Options, RSUs and PSUs are significant. All Options granted to the CEO over the past three years have been valued at or close to zero, as they have exercise prices that exceed or are marginally below the 2016 year end market price of the Common Shares of $2.25. Based on the information below, CEO three-year realizable pay has declined by 25% when compared to the value at the time of the grants as a result of the declining share price, which clearly illustrates that the Corporation's compensation program pays for performance and aligns executives with long term Shareholder value creation.

CEO Net Realizable Pay Comparison (Cumulative 2014 - 2016)



(1) *Mr. Howes' salary for 2014 was comprised of three months at $600,000, and nine months at an annual base salary of $625,000.*

(2) *Realizable values of RSUs are based on the actual payout for vested RSUs and one RSU having the value of one Common Share at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25, for unvested RSUs.*

(3) *Total RSUs for 2014 include 113,636 granted in March 2014, following Mr. Howes' election to take his $450,000 bonus earned in 2013 entirely in RSUs.*

(4) *Realized values of Option-based awards are valued at or close to nil for 2016, 2015 and 2014 since the Options granted during the year have exercise prices (2016-$2.21; 2015-$2.97; 2014-$3.96) close to or greater than the value of one Common Share at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25 and are deemed to be "out of the money".*

(5) *In 2015, PSUs were added as part of the compensation plan, and the realized value of the unvested PSUs is based on one PSU having the value of one Common Share at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25.*

Executive Equity Ownership Requirements

The Board believes that the Corporation's executives should hold significant equity ownership in the Corporation to align their interests with those of the Corporation and its Shareholders and to promote the Corporation's commitment to sound corporate governance.

All executives of the Corporation, including the President and CEO, the Executive Chair and its Executive and SVPs are required to hold, during their respective terms of office, Common Shares, DSUs, RSUs and PSUs, as applicable, (collectively referred to as "Shares") with an aggregate value equal to the individual equity ownership guidelines set out in the Executive Equity Ownership Policy. The NEOs holdings are set out below:

Executive	Equity Ownership Requirement (Multiple of Salary) ($)	Status as at December 31, 2016 ($) (1)	Percentage Achieved as at December 31, 2016	Target Date to Reach Threshold
Rick Howes	1,875,000 (3X)	1,717,000	92%	April 1, 2018
Hume Kyle	459,375 (1.25X)	595,000	130%	January 1, 2020

Executive	Equity Ownership Requirement (Multiple of Salary) ($)	Status as at December 31, 2016 ($) (1)	Percentage Achieved as at December 31, 2016	Target Date to Reach Threshold
David Rae	500,000 (1.25X)	616,000	123%	January 1, 2020
Richard Gosse	240,900 (0.75X)	377,000	156%	January 1, 2020
John Lindsay	225,000 (0.75X)	266,000	118%	January 1, 2020

(1) Ownership levels are monitored and compliance with this policy is assessed as at December 31 of each year based on the greater of: (i) the acquisition cost or the grant value of the Shares; and (ii) the aggregate fair market value of the Shares on the TSX on the last trading day of the year.

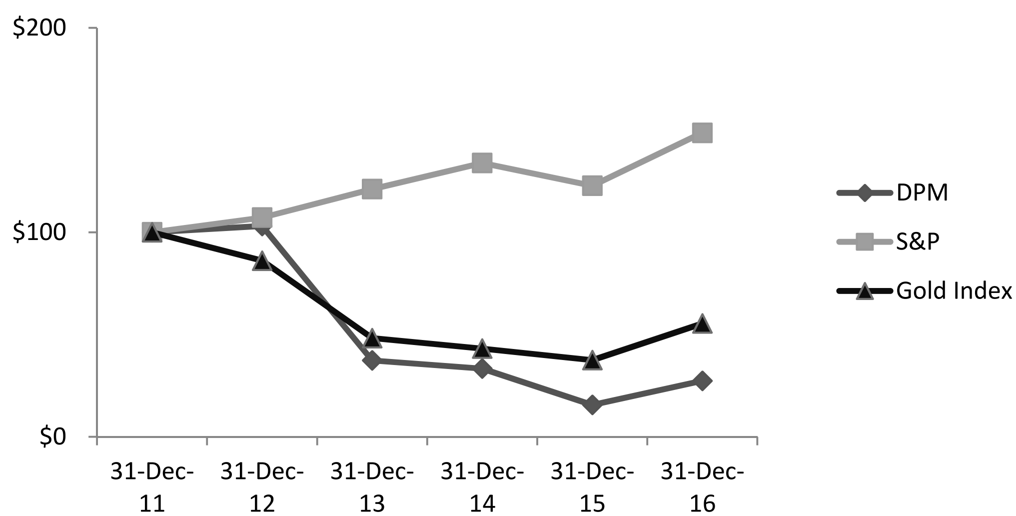
The executives noted above must comply with their applicable equity ownership requirement within five years of the later of January 1, 2015 and the date of his appointment as an executive, with two thirds of the ownership requirement to be attained within three years and the remaining one third over the remaining two years. An executive will be required to purchase Common Shares representing up to 50% of his annual RSU distribution (after tax), in the third, fourth and fifth year, until the requirement has been fulfilled.

In the event of an increase in the executive's annual base salary, after the level of equity ownership requirement is attained, the executive is expected to reach the additional ownership requirement, related to such increase, within three years of the change.

Share Performance

The following graph compares the yearly change in the cumulative TSR on $100 invested in the Common Shares of the Corporation from December 31, 2011 to December 31, 2016 with the cumulative total return of the S&P/TSX Composite Index ("S&P") and the S&P/TSX 15104030-Gold Index ("Gold Index") assuming the reinvestment of all dividends.

Dundee Precious Metals Inc.
Comparison of 5-Year Total Common Shareholder's Return



Trend

In 2012, the Corporation outperformed the Gold Index and performed relatively in-line with the S&P, as illustrated in the performance graph above. The sharp decrease in the gold price, which started in 2013 and continued throughout 2015, has had an adverse impact on gold equities, gold indices and gold exchange traded funds. The result of these market factors is clearly illustrated above in the steep decline of both the Gold Index and the DPM share price. In addition, DPM's share performance was also impacted by a decline in the copper price during 2015 and into 2016 as copper revenue represents approximately 25% of the Corporation's revenue.

The fixed components of executive compensation, comprised primarily of base salary, have remained relatively stable over the measurement period with ad hoc changes mainly reflecting changes in accountability. There were no salary adjustments in 2015 or 2016.

As noted above under "Net Realizable Pay", the 25% reduction in the CEO's net realizable pay, as a result of the decline in the share price from 2014 to 2015, illustrates that the Corporation's executive compensation is directly linked to corporate performance and is aligned with long term Shareholder interests.

Refer to "Executive Compensation - Compensation Discussion and Analysis - Compensation Committee Composition and Process" for further information.

Compensation Committee Composition and Process

The Corporation's executive compensation program is administered by the Compensation Committee of the Board. All the members of the Compensation Committee are independent of the Corporation. The Board is confident that the Compensation Committee, collectively, has the knowledge, experience and background required to effectively fulfill its mandate of making executive compensation decisions in the best interests of the Corporation and its Shareholders. One of the key roles of the Compensation Committee is to assist the directors of the Corporation in attracting, evaluating and retaining key senior executive personnel through compensation and other appropriate performance incentives. The Compensation Committee met five times during 2016 and is composed as set out below.

Peter Gillin has served as Chairman of the Corporation's Compensation Committee since March 24, 2010. Mr. Gillin also serves as Chairman of the Human Resource Committee of both Silver Wheaton Corp. and Turquoise Hill Resources Ltd. and serves on the Human Resource Committee of Sherritt International Corporation. He was also Chairman and CEO of Tahera and President and CEO of Zemex Corporation. During his career, Mr. Gillin has gained extensive experience in matters pertaining to director and senior management compensation and has frequent interaction with professional compensation advisors. He holds the ICD.D designation from The Institute of Corporate Directors and, during 2016, participated in a number of compensation-related continuing education courses and seminars.

Jeremy Kinsman has been a member of the Corporation's Compensation Committee and the Corporate Governance and Nominating Committee (the "Corporate Governance Committee") since May 13, 2009 and May 7, 2008, respectively. During Mr. Kinsman's 40 year career, he has gained high level international relations experience in dealing with both diplomatic and commercial matters on behalf of Canada, providing him with the skills and experience to contribute to the discussions and determinations of the Compensation Committee.

Peter Nixon has been a member of the Corporation's Compensation Committee and Chairman of the Corporate Governance Committee since June 9, 2004, and has been a past member of the Audit Committee. Mr. Nixon is also a member of the Compensation Committee of Reunion Gold Corporation**.** During his extensive experience in the investment industry, specializing in the natural resource sector, and as a founder of the investment firm Goepel Shields & Partners and, subsequently, President of the firm's subsidiary in the United States, Mr. Nixon has had regular involvement with executive compensation matters. Mr. Nixon is also a member of The Institute of Corporate Directors and has participated in compensation-related courses offered by the Institute.

Anthony P. Walsh has been a member of the Corporation's Compensation Committee and the Audit Committee since May 9, 2013 and August 1, 2012, respectively. Throughout his career, Mr. Walsh has held several senior executive positions of publicly-listed companies in the mining industry which has provided him with extensive experience in executive compensation matters, including Miramar Mining Ltd. and Sabina Gold and Silver Corp. ("Sabina"), as President and CEO. Prior to joining the mining industry, Mr. Walsh had a 12-year tenure with Deloitte, Haskins & Sells, where he earned his Chartered Accountant designation. Mr. Walsh currently serves on the board of several publicly-traded exploration and development companies and is on the Compensation Committees of both Sabina and Novagold Resources Inc.

The Compensation Committee focuses on the compensation of the Executive Officers. The compensation of the SVP, Exploration, and the SVP, Projects, is determined by the CEO, using industry-related market data and, in some cases, compensation data provided by Mercer, as is the pay of the remaining members of the executive team. Where applicable, the Compensation Committee adjusts Executive Officer salaries to align the targeted total direct compensation of the NEOs at approximately the 50th percentile of the peer group. This alignment reflects the adoption, by the Compensation Committee, of a median pay philosophy consistent with industry practice. Actual pay may differ due to company and individual performance.

Following completion of the financial year, the Compensation Committee meets to review the performance of each of the Executive Officers and the Corporation based on the specific Objectives, measures and targets that were established at the beginning of the year. As business conditions and other factors change, the Compensation

Committee recognizes that certain Objectives may no longer be applicable given prevailing circumstances. In the case of the other Executive Officers, the Compensation Committee, with the assistance of the CEO, determines the rating of each Executive Officer and the percentage of the target bonus to be paid as a cash bonus award, if any. In the case of the CEO, the Compensation Committee performs a similar evaluation against the company Objectives for the year then ended, as well as the personal objectives set for the CEO, and determines the rating of the Corporation and the percentage of the CEO's target bonus amount to be paid as a cash bonus award, if any. The Compensation Committee also takes into account any extraordinary contributions made during the year by any of the Executive Officers and has the discretion to make what it considers to be a suitable recommendation with respect to a cash bonus or other award in connection therewith.

The CEO, the Corporate Secretary and the SVP, Corporate Services, generally attend part of each meeting of the Compensation Committee but do not have the right to vote on any matter considered by the Compensation Committee and are required to leave the meetings when deemed appropriate by the Chairman. An "in camera" session, without management present, is held at the end of each meeting. In addition, the CEO does not participate in discussions concerning his own compensation. The role of management is to provide the Compensation Committee with perspectives on the business context and individual performance to assist the Compensation Committee in making recommendations regarding compensation. The Corporate Secretary is also responsible for keeping the minutes of the committee meetings. The Chairman of the Compensation Committee also provides regular reports to the Board regarding actions and discussions at committee meetings.

Compensation Consultant

On an annual basis, the Compensation Committee retains Mercer to provide market data on executive pay levels and practices, as well as an overview of current and emerging governance and executive compensation trends in the mining industry. The Compensation Committee also retains Mercer, as required, to review independent director compensation levels and practices.

Executive Compensation-Related Fees

The following table sets forth the fees paid by the Corporation to Mercer, and to its affiliates, for 2016 and 2015:

Category of Fees	2016	2015
Executive Compensation-Related Fees (1)	$53,913	$65,505
All other fees (2)	$436,677	$464,954
Total	**$490,590**	**$530,459**

(1) Fees include review of the Corporation's compensation policy (including updating peer groups for purposes of benchmarking the Corporation's NEOs and TSR), and to benchmark the total direct compensation (base salary, annual and long term incentives) of its NEOs.

(2) Insurance-related fees and commissions paid to Marsh Inc., an affiliate of Mercer.

Equity Compensation Plan Information

The following table provides details of compensation plans under which equity securities of the Corporation are authorized for issuance as of December 31, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	5,647,653	$4.44	2,533,816
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	**5,647,653**	**$4.44**	**2,533,816**

Stock Option Plan

The Stock Option Plan (or the "Plan") is designed to advance the interests of the Corporation by, among other things, encouraging stock ownership by certain eligible persons, including employees, officers, directors and consultants of the Corporation or any affiliate of the Corporation ("Eligible Persons"). The Plan is administered by the Board or a duly appointed committee of the Board (the "Committee" and, together with the Board, the "Administrator") consisting of not less than three directors, all of whom are independent. The Board or the Committee, as the case may be, has the authority to, among other things, grant Options to Eligible Persons and determine the terms, including the limitations, restrictions and conditions (including any performance conditions and/or subject to clawback policies the Corporation may have from time to time), if any, of such grants.

The maximum number of Common Shares reserved for issuance under the Plan is 12,500,000. The maximum number of shares which may be reserved for issuance under the Plan, together with any other compensation arrangement of the Corporation to insiders shall be 10% of the Common Shares outstanding on the date of issuance thereof (on a non-diluted basis). The maximum number of shares which may be issued under the Plan, together with any other compensation arrangement of the Corporation to insiders in any 12 month period shall be 10% of the Common Shares outstanding on the date of issuance thereof (on a non-diluted basis). The maximum number of shares which may be reserved for issuance under the Plan, together with any other compensation arrangement of the Corporation, to any one insider and any such insider's associates in any 12 month period shall be 5% of the Common Shares outstanding at the date of issuance thereof (on a non-diluted basis). The maximum number of shares which may be reserved for issuance under the Plan, together with any other compensation arrangement of the Corporation, to any one person, together with any holding corporation pursuant to Options shall be 5% of the Common Shares outstanding at the date of issuance thereof.

In addition, in accordance with ISS Guidelines, Option grants to non-executive directors shall not exceed 1% of the outstanding issued Common Shares at that time; provided further that the maximum value of Options which may be granted to each non-executive director shall not exceed $100,000 in any fiscal year.

The Options granted under the Plan must expire no later than ten years after the date of the grant or within such lesser period as the applicable grant or regulations under the Plan may require. The Plan provides that Options expiring during a blackout period will be automatically extended to the 10th day after the end of a blackout period. Unless otherwise determined by the Administrator, the aggregate number of Options granted under the Plan to an Eligible Person (including his or her holding company) will vest equally over a period of three years from the date of the grant and expire five years from the date of the grant. No fractional Common Shares may be issued and the Administrator may determine the manner in which any fractional share value will be treated.

Upon termination of employment of an Eligible Person (the "Termination Date"), with or without cause, the Eligible Person has 60 days within which to exercise all Options that were vested as of the Termination Date, or such longer period as may be determined by the Board provided that no Option may remain outstanding for any period exceeding the lesser of (i) the expiry date of the Option; and (ii) one year following termination of a consultant, or three years following termination of all other Eligible Persons. In the event of the death of an Eligible Person, the legal representative of the Eligible Person has 180 days after the date of death within which to exercise all Options that were vested as of such date or such longer period as may be determined by the Administrator provided that no Option may remain outstanding for any period exceeding the lesser of (i) the expiry date of the Option; and (ii) one year following the death of the Eligible Person.

The Board may, by resolution, in connection with a proposed sale or conveyance of all or substantially all of the property and assets of the Corporation or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding Common Shares (collectively, the "Proposed Transaction"), give notice to all Eligible Persons advising that their Options, including those held by holding companies, vested and exercisable as of the date of the notice may be exercised only within 30 days after the date of such notice, and not thereafter, subject to the expiry of any exercise prohibition period, and provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Option will be affected by such notice except that the Option may not be exercised between the date of the expiration of the applicable 30-day period and the day after the expiration of the 180-day period.

The Board may by resolution, in connection with the occurrence or imminent occurrence of a change of control of the Corporation (as such term is defined in the Plan), give written notice to all Eligible Persons advising that their respective Options, including Options held by their holding companies, shall automatically vest, if unvested, and may be exercised only within 30 days after the date of the notice, subject to a 30 day period immediately following any exercise prohibition, and not thereafter, and that all rights of the Eligible Persons and their holding companies under any Options not exercised will terminate at the expiration of the applicable 30-day period, provided that the change of control is completed within 180 days after the date of the notice. If the change of control is not completed within the 180-day period, no right under any Option will be affected by the notice, except that the Option may not be exercised between the date of expiration of the applicable 30-day period and the day after the expiration of the 180-day period.

The directors of the Corporation establish the exercise price of an Option at the time each Option is granted on the basis of, among other things, the closing market price of the Common Shares on the market with the highest closing price on the last trading date preceding the effective date of the grant. The Plan allows the Board, subject to the requisite regulatory and legislative requirements, to grant the holders of Options the option to terminate such Options and to receive a cash payment from the Corporation in an amount equal to the product of the number of Options terminated multiplied by the difference between the exercise price of such Options and the current market price of the Common Shares.

The Plan specifies those amendments to the Plan that can be made by the Board with/without Shareholder approval. Shareholder approval is required in connection with: (i) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage; (ii) the addition of any form of financial assistance; (iii) any addition of a cashless exercise feature, payable in cash or securities whether or not it provides for a full deduction in the number of underlying securities from the Plan; (iv) the addition of any provision in the Plan which results in participants receiving securities while no cash consideration is received by the Corporation; (v) any amendment that reduces the range of amendments requiring Shareholder approval contemplated in the Plan; (vi) any amendment that permits Options to be transferred other than for normal estate settlement purposes; (vii) any amendment that extends the exercise period of Options beyond their original expiry date (subject to any blackout extension as permitted under the Plan); (viii) any amendment that reduces the exercise price or permits the cancellation and re-issuance of Options; (ix) any amendment that results in an increase to the limit imposed on the participation of non-executive directors; and (x) any other amendments that may lead to significant and unreasonable dilution in the Corporation's outstanding securities or may provide additional significant benefits to participants, especially to Insiders of the Corporation, at the expense of the Corporation and its existing Shareholders.

Under the Plan, the Board is, subject to the receipt of the requisite regulatory approval, where required, in its sole discretion (without Shareholder approval), able to make all other amendments to the Plan that are not of the type contemplated above, including, without limitation; (i) amendments of a housekeeping nature; (ii) the addition of, or a change to vesting provisions of a security of the Plan; and (iii) a change to the termination provisions of a security of the Plan which does not entail an extension beyond the original expiry date.

During 2016, the Board granted Options to purchase an aggregate of 1,262,584 Common Shares at an average exercise price of $2.21 per Common Share to Eligible Persons, which vest over a period of three years and expire after five years (representing less than 1% of the issued and outstanding Common Shares at December 31, 2016).

The Corporation did not issue any Common Shares under the Plan in 2016, in connection with the exercise of Options.

Effective March 21, 2017, the Corporation granted an aggregate of 894,513 Options to Eligible Persons exercisable at $2.85 per Common Share, which Options vest over a period of three years and expire after five years.

As of the date hereof, of the 12,500,000 Common Shares reserved for issuance under the Stock Option Plan, 4,327,997 Common Shares have been issued on the exercise of Options (representing approximately 2% of the issued and outstanding Common Shares), 5,853,368 Options are outstanding under the Plan (representing approximately 3% of the outstanding Common Shares) and 2,318,635 Options to purchase Common Shares remain available for granting under the Plan (representing approximately 1% of the issued and outstanding Common Shares).

Restricted Share Unit Plan

Restricted Share Units

The Corporation's Restricted Share Unit Plan ("RSU Plan") supplements its Stock Option Plan as part of its long term incentive compensation program. RSUs are seen as an effective retention tool for top and middle management. A number of the companies in the peer group utilize a combination of Options and RSUs in the design of their long term incentive compensation programs. RSUs are granted for past services and can also serve to enhance alignment with Shareholders as RSUs offer both upside potential and downside exposure based on the Corporation's future stock price.

The RSU Plan provides for phantom share unit awards that mirror the market value of the Corporation's Common Shares. They may be granted by the Board to employees, officers, directors and certain eligible contractors of the Corporation and its affiliates ("Participants") as a bonus in consideration of past services to the Corporation or its affiliates. The RSU Plan is not used for the purpose of non-executive director compensation.

The RSU Plan provides that the RSUs will vest on the entitlement date or dates, which will not be later than December 31 of the year that is three years after the year of service for which the RSUs were granted (the "Entitlement Date"), as determined by the Board in its sole discretion. The Entitlement Date for each RSU grant is usually determined as follows: one-third of the RSUs granted shall be payable in cash on the first anniversary of the date they were authorized by the Board; one-third in cash on the second anniversary; and one-third in cash on the third anniversary.

On an Entitlement Date, the Corporation will make a payment to the relevant Participant in cash equal to the five-day volume-weighted average price of the Common Shares on the TSX, multiplied by the number of RSUs that are vested. RSUs may be authorized and granted subject to performance conditions to be achieved by the Corporation, the Participant or a class of Participants, before the Entitlement Date for such RSUs, to entitle the Participant to receive the cash payment for such RSUs. The Participant has no right or entitlement whatsoever to receive any cash payment until the Entitlement Date. Except in certain specified circumstances, in the event of the termination, with or without cause, of a Participant, all RSUs credited to the Participant shall become void and the Participant shall have no entitlement to any payment under this RSU Plan, subject to any good leaver policy of the Corporation that may be in effect from time to time.

On the effective Entitlement Dates of March 23, 2016, March 27, 2016 and April 2, 2016, 337, 292, 181,460, and 401,260 RSUs were redeemed at prices of $2.22, $2.24 and $2.00, respectively.

During 2016, an aggregate of 1,824,700 RSUs were granted, 920,012 RSUs were redeemed and 83,837 RSUs were forfeited under the RSU Plan. Refer to "Executive Compensation - Summary Compensation Table".

On March 21, 2017, the Board authorized the granting of an aggregate of 1,619,800 RSUs to Participants for services rendered to the Corporation, or its subsidiaries, in 2016. The RSUs vest equally over the first three anniversaries of the authorization date. An aggregate of 3,390,912 RSUs are outstanding as of the date hereof.

Performance Share Units

On March 19, 2015, the Corporation introduced awards of RSUs with a performance-based component to officers and director-level managers of the Corporation under the RSU Plan. Like RSUs, PSUs are seen as an effective retention tool for senior management and also help to align their interests with those of Shareholders. A number of the companies in the peer group utilize a combination of Options, RSUs and PSUs in the design of their long term incentive compensation programs.

Like RSUs, PSUs are phantom share unit awards that mirror the market value of the Corporation's Common Shares and may be granted by the Board to Participants as a bonus in consideration of past services to the Corporation or its affiliates. PSUs, as the name suggests, have a performance modifier that determines their ultimate value.

PSUs will vest on entitlement date or dates (usually being on the third anniversary of the initial grant date), 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 (the "PSU Entitlement Date"), as determined by the Board in its sole discretion.

On a PSU Entitlement Date, the Corporation will make a payment to the relevant Participant in cash equal to the five-day volume-weighted average price of the Common Shares on the TSX, multiplied by the number of PSUs that are vested, and the Achieved Performance Ratio, being the performance factor as measured by TSR relative to a peer group established for this purpose, ranging between 0% to 200% or at such other ratio as determined by the Board. The Participant has no right or entitlement whatsoever to receive any cash payment until the PSU Entitlement Date. Except in certain specified circumstance, in the event of the termination, with or without cause, of a Participant, all PSUs credited to the Participant shall become void and the Participant shall have no entitlement to any payment under the RSU Plan, subject to any good leaver policy of the Corporation that may be in effect from time to time.

During 2016, an aggregate of 854,500 PSUs were granted and 62,500 PSUs were forfeited under the RSU Plan. Refer to "Executive Compensation - Summary Compensation Table".

On March 21, 2017, the Board authorized the granting of an aggregate of 632,300 PSUs to Participants for services rendered to the Corporation, or its subsidiaries, in 2016. The PSUs will vest on the third anniversary of the initial grant date. An aggregate of 1,794,100 PSUs are outstanding as of the date hereof.

Employee Deferred Share Unit Plan

The Employee DSU Plan was established for the purpose of strengthening the alignment of interests between eligible senior officers and employees of the Corporation and designated affiliates thereof (the "Employee") and the Shareholders by linking a portion or all of an Employee's bonus or long term incentive to the future value of the Common Shares.

The Employee DSU Plan is administered by the Compensation Committee. Under the Employee DSU Plan, an Employee may be granted, at any time and from time to time, deferred share units (the "Employee Units") in such number and effective as of such date as the Compensation Committee shall specify and based on certain criteria determined by the Compensation Committee, including services performed or to be performed by the Employee. The Employee Units are credited to an account maintained for the Employee by the Corporation or its designated affiliates, as specified by the Compensation Committee, and are subject to adjustment for dividends and normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares.

An Employee is entitled to payment in respect of the Employee Units granted to him or her only when the Employee ceases to be employed by the Corporation, or an affiliate thereof, for any reason. Upon termination, the Corporation shall, on such date as determined by the Employee, which shall be after the separation date and prior to December 15 of the calendar year commencing after the separation date (the "Deferred Redemption Date"), redeem each Employee Unit credited to the Employee's account for cash (the "Redemption Value"). The Redemption Value of the Employee Units will be the product of: (i) the number of Employee Units credited to the Employee's account; and (ii) the volume-weighted average trading price of the Common Shares on the TSX for the five (5) consecutive trading days immediately prior to the date as of which market value is determined or the closing price of a Common Share on the TSX on the day immediately prior to the date as of which such price is determined, as elected by the Employee as at the relevant date, multiplied by the number of Employee Units redeemed from the Employee on such date.

No Employee Units were granted or redeemed under the Employee DSU Plan during the year ended December 31, 2016. An aggregate of 406,446 Employee Units were outstanding as of December 31, 2016 and the date hereof. Refer to "Board of Director Compensation - Outstanding Option-Based and Share-Based Awards at Year End".

Director Deferred Share Unit Plan

The director deferred share unit plan ("Director DSU Plan") was established for the purpose of strengthening the alignment of interests between eligible directors of the Corporation and designated affiliates thereof (the "Eligible Directors") and Shareholders by linking a portion of annual director compensation to the future value of the Common Shares. In addition, the Director DSU Plan has been adopted for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of directors of the Corporation and its designated affiliates, it being generally recognized that deferred share unit plans aid in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

The Board has established a policy that allows directors to elect to receive all, or a portion, of their annual compensation in DSUs. Refer to "Director Equity Ownership Requirements" below.

The Director DSU Plan is administered by the Compensation Committee. Under the Director DSU Plan, DSUs granted are credited to an account maintained for the Eligible Director by the Corporation or its designated affiliates, as specified by the Compensation Committee, and are subject to adjustment for dividends and normal anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Common Shares.

An Eligible Director is only entitled to payment in respect of the DSUs granted to him or her when the Eligible Director ceases to be a director of the Corporation or an affiliate thereof for any reason. Upon termination, the Corporation shall, on such date as determined by the Eligible Director, which shall be after the separation date and prior to December 15 of the calendar year commencing after the separation date (the "Deferred Redemption Date"), redeem each DSU credited to the Eligible Director's account for cash (the "Redemption Value"). The Redemption Value of the DSUs will be the product of: (i) the number of DSUs credited to the Eligible Director's account; and (ii) the volume-weighted average trading price of the Common Shares on the TSX for the five (5) consecutive trading days immediately prior to the date as of which market value is determined or the closing price, as elected by the Eligible Director as at the relevant date, multiplied by the number of DSUs redeemed from the Eligible Director on such date. Executive directors are not eligible to receive DSUs under the Director DSU Plan.

During the year ended December 31, 2016, an aggregate of 254,750 DSUs were issued and 121,383 DSUs were redeemed under the Director DSU Plan. As of December 31, 2016 and the date hereof, there were an aggregate of 848,941 DSUs outstanding under the Director DSU Plan.

Summary Compensation Table

The following table sets forth all annual compensation for services in all capacities to the Corporation and its subsidiaries for the three most recently completed financial years in respect of each of the individuals who were, for any portion of the year, the CEO, the CFO, or one of the other three most highly compensated executive officers of the Corporation, or a principal subsidiary thereof, for the year ended December 31, 2016, (collectively the "Named Executive Officers" or "NEOs").

Name and Principal Position	Year	Salary ($)	RSU awards ($)(1)	PSU awards ($)(2)	Option-based awards ($)(3)	Non-Equity compensation ($)(4) (annual)	All other compensation ($)(5)	Total compensation ($)
Rick Howes CEO	2016	625,000	468,700	468,700	312,500	721,000	101,500	2,697,400
	2015	625,000	281,300	281,300	562,500	437,500	101,300	2,288,900
	2014	618,800	624,900	Nil	628,300	312,500	Nil	2,184,500
Hume Kyle CFO	2016	367,500	172,200	172,200	114,800	274,000	62,100	1,162,800
	2015	367,500	103,400	103,400	206,700	154,400	57,200	992,600
	2014	367,500	235,200	Nil	236,400	192,900	50,000	1,082,000
David Rae COO	2016	400,000	187,400	187,400	125,000	262,000	60,600	1,222,400
	2015	400,000	112,600	112,600	225,000	168,000	57,300	1,075,500
	2014	366,900	160,500	Nil	213,800	157,400	Nil	898,600
Richard Gosse SVP, Exploration	2016	321,200	83,800	83,800	55,800	175,000	45,600	765,200
	2015	321,200	50,200	50,200	100,400	84,300	46,100	652,400
	2014	312,900	107,700	Nil	108,500	120,500	Nil	649,600
John Lindsay(6) SVP, Projects	2016	300,000	83,800	83,800	55,800	175,000	43,700	742,100
	2015	300,000	50,200	50,200	100,400	105,000	78,400	684,200
	2014	209,200	44,600	Nil	89,300	91,100	34,000	468,200

(1) *RSU awards consist of RSUs granted under the RSU Plan, valued at the grant price.*

(2) *PSU awards consist of PSUs granted under the RSU Plan, valued based on the grant price and management's forecasted multiplier factor of one (assuming a 100% Achieved Performance Ratio).*

(3) *The fair value of Options granted, estimated using the Black-Scholes fair value option pricing model, is in compliance with IFRS 2, "Share-based payment". The key assumptions used are determined at each grant date and a life of five years is assumed.*

(4) *Non-equity compensation relates to the cash bonus earned in the year. The non-equity compensation is paid annually and there is no long term portion.*

(5) *In 2015 and 2016, the amounts include contributions to registered savings plan for all NEOs. The amounts also include cash payments of $50,000 in 2014 for Mr. Kyle, and $34,000 in each of 2014 and 2015 for Mr. Lindsay relating to the start of their employment with the Corporation in accordance with their terms of employment.*

(6) *Mr. Lindsay joined the Corporation as SVP Projects on April 21, 2014.*

Refer to "Executive Compensation - Compensation Discussion and Analysis" for a description of the components of compensation and refer to "Executive Compensation - Equity Compensation Plan Information" for a description of the material terms of the Plan and the Employee DSU and RSU Plans.

Outstanding Option-Based and Share-Based Awards at Year End

The following table provides details of Options and share-based awards outstanding as of December 31, 2016 for each of the Named Executive Officers.

	Option-Based Awards				RSU Awards (1)		PSU Awards (2)	
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexer-cised in-the-money options ($) (3)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of RSU awards that have not vested ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of PSU awards that have not vested ($)**
Rick Howes	61,600 102,800 336,000 385,274 269,397	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar, 16, 2021	Nil Nil Nil Nil n/a	327,834	737,600	306,800	690,300
Hume Kyle	54,100 67,600 126,400 141,600 99,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	120,900	272,000	112,700	253,600
David Rae	55,000 29,900 58,000 68,400 154,100 107,800	8.34 7.84 3.96 3.28 2.97 2.21	Nov. 20, 2017 Mar. 26, 2018 Apr. 1, 2019 May 8, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil Nil n/a	124,501	280,100	122,700	276,100
Richard Gosse	35,000 29,900 58,000 68,800 48,100	8.54 7.84 3.96 2.97 2.21	Jan. 6, 2018 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	58,234	131,000	54,800	123,300
John Lindsay	58,000 68,800 48,100	3.28 2.97 2.21	May 8, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil n/a	53,701	120,800	54,800	123,300

(1) RSU awards consist of RSUs granted under the RSU Plan. Amounts shown are based on one RSU having the value of one Common Share at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25. These amounts may not be representative of the amounts that may be realized on payout due to market fluctuations. The RSUs will vest on the Entitlement Date or Dates. There are no RSU awards that have vested and not been paid out or distributed.

(2) PSU awards consist of PSUs granted under the RSU Plan. Amounts shown are based on one PSU having the value of one Common Share (assuming a 100% Achieved Performance Ratio) at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25 and management's forecasted multiplier factor of one (assuming a 100% Achieved Performance Ratio). These amounts may not be representative of the amounts that may be realized on payout due to market fluctuations and/or achieved performance. The PSUs will vest on the Entitlement Date or Dates. There are no PSU awards that have vested and not been paid out or distributed.

(3) Value of unexercised in-the-money options relates to vested Options based on the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25. This amount may not be representative of the amount that may be realized on payout due to market fluctuations.

Value Vested or Earned During the Year

The following table provides details on the value realized or earned upon vesting of Options, share-based awards and non-equity incentive plan payouts by any of the NEOs during the year ended December 31, 2016.

Name	Option-based awards – Value vested during the year (1) ($)	RSU awards – Value vested during the year (2) ($)	PSU awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Rick Howes	Nil	326,000	Nil	721,000
Hume Kyle	Nil	89,700	Nil	274,000
David Rae	Nil	67,700	Nil	262,000
Richard Gosse	Nil	41,400	Nil	175,000
John Lindsay	Nil	21,600	Nil	175,000

(1) *The value vested during the year on option-based awards is based on the closing price of the Common Shares on the TSX for the various dates that Options vest in 2016.*

(2) *The value vested during the year on RSU awards is based on the five-day volume-weighted average price of the Common Shares on the TSX on the Entitlement Date or Dates. There are no RSU awards that have vested and not been paid out or distributed.*

Retirement Savings Plan

To encourage employees to save for their retirement through long term investment, the Corporation matches an employee's contribution to a registered retirement savings plan ("RRSP"), which up until January 1, 2015, was in an amount determined by length of service to the Corporation. The plan was revised to eliminate the length of service thresholds to ensure that all employees: (i) are eligible to fully participate in the plan from their date of hire; and (ii) receive a full company contribution of 9% of their base salary towards their RRSP. Depending on the individual employee's base salary, the employee's contribution level will range from 0 to 9%. In all cases, the employee receives a full 9% of their base salary towards their RRSP from the Corporation. In the case of NEOs, if 9% of the base salary exceeds the Canada Revenue Agency limit for annual RRSP contributions, the excess is paid to a non-registered savings plan. This RRSP is available to all full-time employees of the Corporation resident in Canada.

Termination and Change of Control Benefits

Termination without cause

In 2016, the Corporation entered into a severance agreement (the "Agreement") with each of the NEOs. In the event of termination without cause, an NEO would receive a termination payment equal to 12 months of the NEO's base salary and bonus. If the NEO has been employed for 12 years, the NEO will receive an additional month of severance per year of service rendered beyond the 12 years up to a maximum aggregate severance of 24 months. The bonus included in the termination payment is based on the NEO's annual bonus for the year the termination occurs or the average of the previous two years' bonus, whichever is greater. In addition, NEO's would continue to participate in the Corporation's benefit plans for the minimum period established in the Employment Standards Act of Ontario. After such period, the NEO may remain in such plan as allowed by the plan for a period equal to the number of months of eligible severance or receive a payment to enable such benefits to be purchased if the plan does not allow continued participation.

The estimated incremental payments, payables and benefits that might be paid under the various plans and arrangements in the event of termination without cause are as follows (assuming an effective date of December 31, 2016 for the termination):

Name	Payment for Salary ($)	Payment for Bonus ($)	Value of Continued Benefits ($)	Total ($)
Rick Howes	625,000	721,000	101,500	1,447,500
Hume Kyle	367,500	274,000	50,100	691,600
David Rae	400,000	262,000	60,600	722,600
Richard Gosse	321,200	175,000	45,600	541,800

Name	Payment for Salary ($)	Payment for Bonus ($)	Value of Continued Benefits ($)	Total ($)
John Lindsay	300,000	175,000	43,700	518,700
Total	2,013,700	1,607,000	301,500	3,922,200

Stock Option Plan

Upon termination of employment of an Eligible Person, with or without cause, the Eligible Person has 60 days within which to exercise all Options that were vested as of the Termination Date, or such period as may be determined by the Board provided that no Option may remain outstanding for any period exceeding the lesser of: (i) the expiry date of the Option; and (ii) three years following termination of an Eligible Person. In the event of the death of an Eligible Person, the legal representative of the Eligible Person has 180 days after the date of death within which to exercise all Options that were vested as of such date or such longer period as may be determined by the Administrator, provided that no Option may remain outstanding for any period exceeding the lesser of: (i) the expiry date of the Option; and (ii) one year following the death of the Eligible Person.

Employee DSU Plan

An Employee is entitled to payment in respect of the Employee Units granted to him or her only when the Employee ceases to be employed by the Corporation, or an affiliate thereof, for any reason. Upon termination, the Corporation will, on the Redemption Date, redeem each Employee Unit credited to the Employee's account for the Redemption Value. The Redemption Value of the Employee Units will be the product of: (i) the number of Employee Units credited to the Employee's account; and (ii) the volume-weighted average trading price of a Common Share on the TSX for the five consecutive trading days immediately prior to the Redemption Date.

RSU Plan

An RSU Plan Participant has no right or entitlement to receive any cash payment until the Entitlement Date. In the event of the termination, with or without cause, of a Participant, all RSUs and PSUs credited to the Participant shall become void and the Participant shall have no entitlement to any payment under the RSU Plan, subject to any good leaver policy of the Corporation, in effect from time to time.

Change of Control

The Agreements contain provisions with respect to the occurrence of any Change of Control, as defined in the Agreements, which includes, among other things, a consolidation, merger, arrangement or other acquisition as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares, a sale of assets which have a fair value greater than 50% of the fair value of the Corporation's assets or the acquisition by any person or entity of control over 30% of the voting securities of the Corporation.

The Agreements provide that the Corporation shall pay certain amounts to each of the officers if his employment is terminated, without just cause, by the Corporation within 12 months after the Change of Control, or if Good Reason (as defined in the Agreements which includes certain triggering events such as a material reduction of responsibilities or reduction in compensation) exists, within 12 months after the Change of Control and the NEO elects within six months of the occurrence of Good Reason to resign his or her employment. The amount to be paid is the equivalent of a multiplier of such executives' current annual base salary at the annual rate in effect on the effective date of the Change of Control plus a further amount equal to the greater of the average of bonuses for the two fiscal years prior to the Change of Control and the bonus for the year in which the Change of Control occurs. The multipliers are two and one-half for Mr. Howes, two for Messrs. Kyle, and Rae and one and one-half for Messrs. Gosse and Lindsay. If an executive has not completed two years of service on the date of the Change of Control, only the completed year is included in the calculation of the payment.

In 2013, the Corporation adopted a practice that, except as otherwise approved by the Board, all future Agreements must contain a provision for Good Reason, as defined in the Agreements.

Upon a Change of Control of the Corporation, any securities convertible into or exercisable or exchangeable for securities or shares of the Corporation and any Options, RSUs, PSUs and other incentive securities that are held by an officer will immediately vest and become immediately exercisable until their ordinary exercise dates. Under the RSU Plan, all RSUs and PSUs upon termination within 12 months of a Change of Control are accelerated and become payable. In the case of PSUs, the Achieved Performance Ratio will be calculated based on (x) in the case of any performance measurement periods that are complete on or prior to the Change of Control, the actual performance, and (y) in the case of any performance measurement periods that are not complete on or prior to the Change of Control, assuming a 150% Achieved Performance Ratio during such measurement period.

Upon termination of the officer's employment, as set forth above, following a Change of Control of the Corporation, the continuation of rights and benefits under employee benefit plans and programs of the Corporation are for 30 months for Mr. Howes, 24 months for Messrs. Kyle and Rae and 18 months for Messrs. Gosse and Lindsay.

As of December 31, 2016, the aggregate value of the termination liability under the Change of Control provisions for the NEOs is approximately $12 million based on 2016 salaries, bonuses paid and assuming lump sum payments of salaries, accelerated vesting of Options, RSUs and PSUs, and including the value of the continuation of rights and benefits under employee benefits plans and programs of the Corporation after the termination date, to which these officers are also entitled.

The estimated incremental payments, payables and benefits that might be paid under the various plans and arrangements in the event of termination following a Change of Control are as follows (assuming an effective date of December 31, 2016 for the Change of Control):

Name	Payment for Salary ($)	Payment for Bonus ($)	Accelerated Vesting of Stock Options, RSUs and PSUs ($) (1)	Value of Continued Benefits ($)	Total ($)
Rick Howes	1,562,500	1,802,500	1,773,100	253,800	5,391,900
Hume Kyle	735,000	548,000	652,400	100,100	2,035,500
David Rae	800,000	524,000	694,200	121,300	2,139,500
Richard Gosse	481,900	262,500	316,000	68,400	1,128,800
John Lindsay	450,000	262,500	305,800	65,500	1,083,800
Total	4,029,400	3,399,500	3,741,500	609,100	11,779,500

(1) In 2015, PSUs were added as part of the long term compensation plan, and the realizable value of the unvested PSUs is based on one PSU having the value of one Common Share (assuming a 150% Achieved Performance Ratio) at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25.

Board of Director Compensation

The Corporation compensates its non-executive directors through the grant of equity-based compensation, in the form of Options and DSUs, to align the interests of directors with those of Shareholders. As with other eligible employees, an annual program has been established pursuant to which each non-executive director and the Executive Chair will receive annual awards.

The total annual retainer for every non-executive director is equally comprised of both a cash component and a long term equity component. The annual equity component is in the form of Options, up to the lesser of: (i) 10,000 Options; or (ii) the Black-Scholes valuation of $100,000 to each non-executive director, with any balance remaining to be paid in DSUs. Refer to "Stock Option Plan" and "Director Deferred Share Unit Plan" above for further information.

The following table summarizes director compensation, paid quarterly, for services rendered:

Director Services	Compensation ($)
Annual Retainers (1)	
Non-Executive Directors	120,000
Executive Chair	137,500
Additional Fees	
Executive Chair	250,000
Lead Director	45,000
Chair of the Audit Committee	15,000
Chair of the Corporate Governance Committee Chair of the Compensation Committee Chair of the Health, Safety & Environment Committee	10,000
Meeting fee	1,250

Director Services	Compensation ($)
Additional Fees	
Travel day fee	1,250

(1) Annual retainers are comprised equally of both a cash and long term equity component.

The Compensation Committee believes that the current compensation structure for the Board members is reasonable, competitive and would assist in attracting and retaining superior candidates to the Board.

Director Compensation Table

The following table shows the compensation provided to non-executive directors of the Corporation for the year ended December 31, 2016.

Name(1)	Fees earned ($)	DSU awards ($)	Option-based awards ($)(2)	Total Compensation ($)
Jonathan Goodman(3)	250,000	68,800	68,700	387,500
R. Peter Gillin	80,000	102,400	11,600	194,000
Murray John	30,000	102,400	11,600	144,000
Jeremy Kinsman	92,800	48,400	11,600	152,800
Garth MacRae	91,500	48,400	11,600	151,500
Peter Nixon	84,500	59,200	11,600	155,300
Marie-Anne Tawil	42,500	102,400	11,600	156,500
Anthony Walsh	63,300	75,400	11,600	150,300
Donald Young	121,500	48,400	11,600	181,500

(1) Mr. Howes is also a director of the Corporation, for which he does not receive any additional compensation.

(2) The fair value of Options granted, estimated using the Black-Scholes fair value option pricing model, is in compliance with IFRS 2, "Share-based payment". The key assumptions used are determined at each grant date and a life of five years is assumed.

(3) Mr. Goodman has served as Executive Chair of the Board since April 1, 2013 and was the former President and CEO of the Corporation.

During the financial year ended December 31, 2016, the Corporation incurred a total of $1,673,400 in directors' fees, of which $856,100 were paid in cash, $655,800 were awarded in DSUs and $161,500 were awarded in Options. No other pension or retirement benefits have been paid to any of the directors of the Corporation. All directors of the Corporation are reimbursed for their travel and other expenses incurred in connection with fulfilling their responsibilities as directors of the Corporation.

Outstanding Option-Based and Share-Based Awards at Year End

The following table provides details of Options and share-based awards outstanding as of December 31, 2016 for each of the non-executive directors of the Corporation.

Option-Based Awards					DSU Awards	
Name(1)	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)(2)	Number of share or units of shares that have not vested (#)(3)	Market or payout value of DSU awards that have not vested ($)(3)
Jonathan Goodman(4)	98,000 97,700 36,800 42,380 59,267	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	484,430	1,090,000

Option-Based Awards					DSU Awards	
Name[(1)]	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[(2)]	Number of share or units of shares that have not vested (#)[(3)]	Market or payout value of DSU awards that have not vested ($)[(3)]
R. Peter Gillin	10,000 10,000 10,000 9,000 10,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	158,604	356,900
Murray John	10,000 10,000 10,000 9,000 10,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar, 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	169,637	381,700
Jeremy Kinsman	10,000 10,000 10,000 9,000 10,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	71,981	162,000
Garth MacRae	10,000 10,000 10,000 9,000 10,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	69,072	155,400
Peter Nixon	10,000 10,000 10,000 9,000 10,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil Nil n/a	89,351	201,000
Marie-Anne Tawil[(5)]	10,000	2.21	Mar. 16, 2021	n/a	53,819	121,100
Anthony Walsh	10,000 10,000 10,000 9,000 10,000	7.71 7.84 3.96 2.97 2.21	Aug. 6, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	97,103	218,500
Donald Young	10,000 10,000 10,000 9,000 10,000	8.89 7.84 3.96 2.97 2.21	Mar. 21, 2017 Mar. 26, 2018 Apr. 1, 2019 Mar. 22, 2020 Mar. 16, 2021	Nil Nil Nil Nil n/a	61,390	138,100

(1) Mr. Howes is also a director of the Corporation. Option and share-based awards outstanding at December 31, 2016 for the CEO are disclosed under the heading "Executive Compensation - Outstanding Option-Based and Share-Based Awards at Year End".

(2) Value of unexercised in-the-money options relates to vested Options based on the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25. This amount may not be representative of the amount that may be realized on payout due to market fluctuations.

(3) DSU awards consist of DSUs granted under the Director DSU Plan. Amounts shown are based on one DSU having the value of one Common Share at the closing price of the Common Shares on the TSX on December 30, 2016 of $2.25. This amount may not be representative of the amount that may be realized on payout due to market fluctuations. These DSUs have been deemed to be unvested as, under the terms of the Director DSU Plan, they cannot be redeemed until the date a director ceases to be a director of the Corporation or an affiliate thereof.

(4) Mr. Goodman has served as Executive Chair of the Board since April 1, 2013 and was formerly the President and CEO of the Corporation. His Employee Units were granted when he was the President and CEO of the Corporation. Mr. Goodman holds 406,446 Employee Units granted under the Employee DSU Plan and 77,984 DSUs granted under the Director DSU Plan. These Employee Units and DSUs have been deemed to be unvested as, under the terms of the Employee DSU Plan and the Director DSU Plan, they are not redeemable until the date Mr. Goodman is no longer a director or officer of the Corporation or an affiliate thereof.

(5) Ms. Tawil was appointed to the Board on November 4, 2015.

Refer to “Executive Compensation - Equity Compensation Plan Information” for a description of the material terms of the Stock Option Plan and the Director DSU Plan.

Value Vested or Earned During the Year

The following table provides details on the value realized upon vesting of Options, share-based awards and non-equity incentive plan pay-outs by any of the non-executive directors during the year ended December 31, 2016.

Name[(1)]	**Option-based awards – Value vested during the year ($)**[(2)]	**DSU awards – Value vested during the year ($)**[(3)]	**RSU awards – Value vested during the year ($)**[(4)]	**Non-equity incentive plan compensation – Value earned during the year ($)**
Jonathan Goodman[(5)]	Nil	Nil	35,200	n/a
R. Peter Gillin	Nil	Nil	n/a	n/a
Murray John	Nil	Nil	n/a	n/a
Jeremy Kinsman	Nil	Nil	n/a	n/a
Garth MacRae	Nil	Nil	n/a	n/a
Peter Nixon	Nil	Nil	n/a	n/a
Marie-Anne Tawil	Nil	Nil	n/a	n/a
Anthony Walsh	Nil	Nil	n/a	n/a
Donald Young	Nil	Nil	n/a	n/a

(1) Mr. Howes is also a director of the Corporation. See “Executive Compensation - Value Vested or Earned During the Year”.

(2) The value vested during the year on Option-based awards is based on the closing price of the Common Shares on the TSX for the various dates that Options vested in 2016.

(3) The value vested during the year on DSU awards is based on the five-day volume-weighted average price of the Common Shares on the TSX on the date the director resigned from the Board.

(4) The value vested during the year on RSU awards is based on the five-day volume-weighted average price of the Common Shares on the TSX on the Entitlement Date or Dates.

(5) Mr. Goodman was granted RSU awards when he was the President and CEO of the Corporation, which vest over a three-year period.

Director Equity Ownership Requirements

It is important for our directors to hold a significant equity ownership in the Corporation in order to align their interests with those of the Corporation and its Shareholders and provide a performance incentive to each of them by ensuring their vested interest in the price performance of the Common Shares.

Each non-executive director is required to own Common Shares or DSUs with an aggregate value of $180,000, calculated based on the greater of: (i) the acquisition cost or the grant value; and (ii) the aggregate fair market value of the Common Shares on the TSX on the last trading day of the year. Each non-executive director must comply with the Director Equity Ownership Requirement by the later of December 31, 2017 or within five years of becoming a member of the Board. Under the terms of the policy, each director is required to take at least 50% of his or her annual retainer fee in DSUs until their ownership requirement has been fulfilled. Under the Director DSU Plan, directors may elect to receive all or a portion of their compensation in DSUs in accordance with this policy. Refer to “Business of the Meeting - Election of Directors” and “Executive Compensation - Director Deferred Share Unit Plan” for further information.

In the event of an increase in the directors’ annual retainer, after the Director Equity Ownership Requirement is attained, the non-executive director will be expected to reach the additional ownership requirement, related to the annual retainer increase, within three years of the change.

Directors are prohibited from engaging in equity monetization transactions or hedges involving securities of the Corporation and are required to confirm this on an annual basis. Refer to “Executive Compensation – Anti-Hedging Policy” for further information.

As of the date hereof, all of the non-executive directors, with the exception of Ms. Tawil and Ms. Montalvo, who joined the Board on November 4, 2015 and February 15, 2017, respectively, meet or exceed the Director Equity Ownership Requirement.

Directors’ and Officers’ Liability Insurance

The Corporation maintains directors’ and officers’ liability insurance with an aggregate policy limit of $35 million insuring its directors and officers against liability arising from wrongful acts in their capacity as directors and officers, subject to limitations, if any, contained in the *Business Corporations Act* (Ontario). This coverage is subject to a deductible of $250,000 on Indemnifiable and Securities Claims, as defined in the insurance policy.

The current insurance coverage is in effect until November 15, 2017. The annual premium for this insurance is $90,000. No portion of this insurance is directly paid by any director or officer of the Corporation.

The Corporation also maintains a local directors’ and officers’ liability insurance policy in Bulgaria for its subsidiaries. The policy has a limit of US$500,000, subject to deductibles of US$5,000 on each and every loss, except for claims made in Canada or the United States, which are subject to deductibles of US$50,000 on each and every loss. The policy is also in effect until November 15, 2017. The annual premium for the Bulgarian policy is US$6,448.

DPM also maintains a directors’ and officers’ liability run off policy for Dundee Precious Metals Kapan CJSC to cover any future exposure with limit of US$500,000 subject to deductibles of US$5,000 on each and every loss, except for claims made in Canada or the United States, which are subject to deductibles of US$50,000 on each and every loss. The policy is in effect until November 15, 2019. The total premium for the policy is US$8,574.

To date, no claims have been made against any of these policies.

CORPORATE GOVERNANCE PRACTICES

The Corporation and its Board recognize the need for sound corporate governance in order that the Corporation achieves its goal of enhancing Shareholder value over the long term by conducting its business activities in an effective, ethical and transparent manner. The Board monitors the extensive and continuing changes to the regulatory environment regarding corporate governance practices. The Corporation is pleased to provide, in this Circular, an overview of its corporate governance practices, as assessed in the context of National Instrument 58-101 (“NI 58-101”); National Policy 58-201 - Corporate Governance Guidelines and National Instrument 52-110 - Audit Committees and Companion Policy (“NI 52-110”).

Board of Directors

Board Composition and Directors’ Independence

As of the date hereof, the Board is composed of 11 directors, nine of whom are independent in accordance with the definition of “independence” set out in NI 52-110 and NI 58-101, representing an 82% independent Board.

On an annual basis, the Board reviews the relationship each director has with the Corporation and each other, also giving consideration to such things as Board tenure and Board interlocking, to assist in determining whether or not their independence is maintained. If he or she has no direct or indirect material relationship with the Corporation or its subsidiaries which could interfere with his or her independent judgment, that director is considered to be independent.

The table below illustrates the determination of independence of each director**.**

	DIRECTOR	INDEPENDENT STATUS	BASIS OF DETERMINATION
1.	R. Peter Gillin	Independent	No material relationship
2.	Jonathan Goodman	Non-Independent	Considered to have a material relationship with the Corporation as he holds the position of Executive Chairman.
3.	Richard Howes	Non-Independent	Considered to have a material relationship with the Corporation as he holds the position of President and CEO.

	DIRECTOR	INDEPENDENT STATUS	BASIS OF DETERMINATION
4.	Murray John(1)	Independent	No material relationship
5.	Jeremy Kinsman	Independent	No material relationship
6.	Garth MacRae(1)	Independent	No material relationship
7.	Juanita Montalvo	Independent	No material relationship
8.	Peter Nixon	Independent	No material relationship
9.	Marie-Anne Tawil	Independent	No material relationship
10.	Anthony Walsh	Independent	No material relationship
11.	Donald Young	Independent	No material relationship
TOTAL INDEPENDENT		**9 of 11 or 82%**	

(1) Mr. MacRae and Mr. John are not standing for re-election at the Meeting.

As a result of Mr. Goodman's non-independence, Peter Gillin, an independent director, was appointed Lead Director, to facilitate the functioning of the Board independently of management and to provide independent leadership to the Board, when required.

In conjunction with the CEO, the Executive Chair is responsible for developing the overall corporate strategy and providing leadership, and building consensus, in the development of the Corporation's overall strategic plan, capital markets activities and corporate development initiatives within the context of the corporate strategy. He is also responsible for the leadership, management, development and effective functioning of the Board and supporting the CEO in building a strong senior management team to ensure that the objectives, policies and procedures of the Corporation, as agreed by the Board, are carried out. He also works with the Board to monitor and evaluate the performance of the CEO and senior executives and address management performance, remuneration and succession issues, on an ongoing basis. The Executive Chair and Lead Director each perform their duties and responsibilities in accordance with a written mandate, copies of which can be found on the Corporation's website at www.dundeeprecious.com or may be obtained by contacting the Corporate Secretary of the Corporation.

Directors are expected to consult with the Executive Chair of the Board, who may further consult with the Corporate Governance Committee, prior to joining another board of directors in order to ensure that a conflict would not arise, that the director will still have sufficient time to properly fulfill their role and also to ensure that an additional board seat would not have a negative impact on the director's status under good governance practices.

Certain directors are presently on the board of other public companies, as set out under the heading "Election of Directors - Other Public Board Directorships".

Board and Committee Meetings

During the year ended December 31, 2016, the Board met on 13 occasions. All members of the Board also have a standing invitation to attend all Board committee meetings. The CEO regularly attends Board committee meetings, as a non-voting participant, as, occasionally, do other directors.

Each director who is a nominee for election, attended 100% of all Board and committee meetings, of which he or she is a member, either in person or by telephone, during the year ended December 31, 2016, as set out under "Election of Directors - Committee Memberships and Meeting Attendance During 2016".

Meetings of Independent Directors

The independent directors hold "in camera" sessions, without management present, at every Board and committee meeting, including those held by telephone, unless waived by the Board. These sessions are led by the Lead Director and committee Chairs and are of no fixed duration, at which participating directors are encouraged to raise and discuss any issues of concern. At least once each quarter, the Audit Committee also meets independently with the Corporation's external auditor to discuss the financial affairs of the Corporation, without management present, and also has confidential discussions with management, as well as the Director of Internal Audit. The independent members of each Board committee operate independently of management in fulfilling their mandates and making recommendations to the Board. In addition, the independent directors may meet separately at such other times as any independent director may request.

The Lead Director and the committee Chairs update senior management on the substance of these sessions, to the extent that action is required by management.

Board Mandate

The Board operates in accordance with a written mandate that outlines its role and responsibilities, a copy of which is attached hereto as Schedule “A” and can also be found on the Corporation’s website at www.dundeeprecious.com or may be obtained by contacting the Corporate Secretary of the Corporation.

Position Descriptions

The Board has also developed and approved written position descriptions for the CEO, Executive Chair and Lead Director, as well as for the Chair of each committee of the Board. All of these position descriptions may be found on the Corporation’s website at www.dundeeprecious.com.

Orientation and Continuing Education

The Corporation has an orientation program for new directors to assist them in becoming knowledgeable in all aspects of the Corporation’s business activities. This program provides for each new director to participate in informal discussions with members of the senior management team. Directors are provided with continuous disclosure materials over the previous three years, corporate policies, mandates for the Board and each committee and Board minutes. In addition, online access to a Board portal is provided which allows new directors to review previous Board meeting or other materials. During the interview process, the Corporate Governance Committee makes each prospective new director aware of the amount of time required to fulfill his or her role as a director. Site visits to the Corporation’s main operations are encouraged and arranged periodically, at the earliest opportunity upon the request of a new or any existing director.

The Corporation is also committed to a continuing education program for all directors. At each regularly scheduled Board meeting, management provides the directors with a presentation on each of the Corporation’s operations, development projects and strategic initiatives thereby updating the Board on all important activities since the previous meeting. The Board also receives updates from the CEO between scheduled meetings via teleconference. The CEO and the executive management team also coordinate special sessions for the Board periodically in order to keep the Board apprised of the longer term strategy of the Corporation. Through the Corporate Governance Committee, directors are kept informed of best practices with respect to the role of the Board, and emerging trends that are relevant to their roles as directors.

In addition, in the event of significant regulatory or other industry developments that may affect the Corporation, the Compensation Committee, in conjunction with the Corporate Governance Committee, will arrange for an appropriate member of management, the independent auditor, outside legal counsel and/or other experts, as deemed appropriate, to present an overview of the changes to the Board and the ways in which they may impact the Corporation, its Shareholders and/or the Board. During 2016, the Compensation Committee arranged for a representative of Mercer to participate in several informal meetings with the Chair of the Compensation Committee and senior management in order to provide an overview of current and emerging governance and executive compensation trends in the mining industry.

Directors are also advised of, and encouraged to participate in, seminars and educational programs, at the expense of the Corporation, which can enhance their abilities to fulfill their roles as Board or committee members. In 2016, several directors of the Corporation attended conferences, webinars, and/or workshops relating to the business or industry of the Corporation, compensation practices, as well as changes to the regulatory and/or financial environment.

Diversity Policy

The Corporation fully recognizes that having a diverse pool of Board members and executive and senior managers is key to achieving strong business performance, continuous innovation and good governance, and specifically acknowledges the important role that women, with appropriate and relevant skills and competencies, play in contributing to the Corporation’s effectiveness and success.

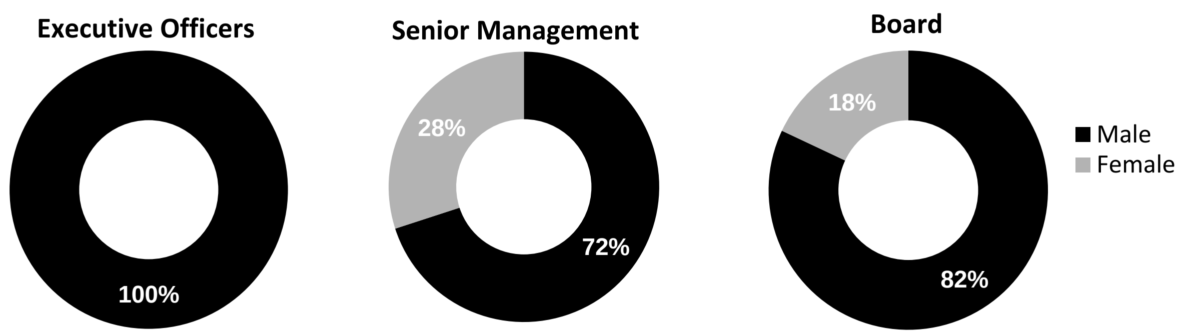
In February 2016, the Board expanded its written policy on gender diversity to one that is committed to diversity in all characteristics that make individuals different from each other, such as gender, education, skills, experience, ethnicity, age, and others, placing a special focus on the gender diversity of its Board and also in executive officer and senior management positions (the “Diversity Policy”). These are defined therein as an individual who is an executive chair, president, CEO, CFO or COO and any individual in a senior management position, being an individual who is a vice president or a director-level in charge of a corporate function.

DPM’s Diversity Policy sets out a number of initiatives which the Corporation is committed to undertake in order to ensure diversity while, at the same time, identifying and recruiting the best candidates. The Board has not adopted any specific targets regarding gender representation on the Board, in executive officers and in senior management positions, on the basis that appropriate skills and experience must remain the overriding criteria. However, the Corporation will seek to meet its objectives through the initiatives set out in its Diversity Policy with a view to identifying and fostering the development of a suitable pool of candidates for nomination or appointment over time.

On an annual basis, the Corporate Governance Committee monitors the implementation of its Diversity Policy and assesses the effectiveness of the nomination and appointment processes at achieving the Corporation’s diversity objectives outlined therein.

During 2016 and into 2017, the Corporate Governance Committee, in compliance with the Diversity Policy, set out to identify a suitable candidate to replace retiring director Garth MacRae on the Board. The Corporate Governance Committee considered the Board succession plan, as well as the core skills and competencies matrix and, after contacting a broad group of individuals and organizations for appropriate recommendations, identified Ms. Juanita Montalvo, who was subsequently appointed by the Board on February 15, 2017.

The following charts provide information about the gender diversity of DPM’s executive officers and its senior management team, as defined above, as well as its Board, as of the date hereof.



The benefits of gender diversity are also recognized at the Corporation’s local operations. The Corporation’s Bulgarian subsidiary, Dundee Precious Metals Chelopech EAD, despite operating under statutory restrictions with respect to the employment of women in underground mining positions, (which results in only 19% of the workforce being female), recently received a government award for achieving a good balance of women and men in management. The percentage of women in managerial and higher positions at the Corporation’s local operations has increased from 2015 to 44**%** in Bulgaria and 21**%** in Namibia.

Nomination of Directors

The Corporate Governance Committee, composed entirely of independent directors, is responsible for identifying, recruiting and recommending potential Board candidates for nomination to the Board and, as such, monitors and assesses, on an annual basis, the mix of skills and competencies required in order for the Board to perform and fulfill its role effectively. When the Corporate Governance Committee identifies additional skills and competencies required, or becomes aware of an individual director’s intention to retire from the Board, it initiates a recruitment process and, if necessary, engages the services of a search firm to assist in the identification of potential candidates. As part of the process, the Corporate Governance Committee considers the core skills and competencies matrix, the long term plan for Board composition, and the potential candidate’s skills, expertise, experience, independence and diversity. Consideration is also given to the perceived ability of a candidate to devote the time and effort needed to fulfill his or her duties and that he or she exhibits the highest degree of integrity, professionalism, values and independent judgment.

The Corporate Governance Committee reviewed the qualifications of the current directors, all of whom have been nominated for election as directors in 2017, with the exception of Garth MacRae and Murray John, against the mix of skills and competencies that it determined are required for the Board to perform and fulfill its role effectively and concluded that there are currently no gaps that need to be addressed.

The Corporation has implemented a Majority Voting Policy for its directors. Refer to “Business of the Meeting - Majority Voting” for further information.

Advance Notice Policy

The Corporation adopted an “Advance Notice Policy” with the purpose of providing Shareholders, directors and management of the Corporation with a clear framework for nominating directors.

The Advance Notice Policy provides a framework for director nominations by establishing a notice period by which holders of Common Shares must submit director nominations to the Corporation prior to any Meeting of Shareholders and also sets forth the information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form, in order for any director nominee to be eligible for election at any Meeting of the Shareholders.

The Advance Notice Policy allows the Corporation a reasonable opportunity to assess the qualification and suitability of director nominees and to respond, as appropriate, in the best interests of the Corporation. It also allows the Shareholders a reasonable opportunity to evaluate all proposed director nominees and the Board’s recommendation in order to make an informed vote.

Director Core Skills and Competencies Matrix

The Corporate Governance Committee reviews the skills and competencies of its directors in a number of areas critical to the Board’s oversight function to ensure that there is appropriate diversity of experience. A specially identified area indicates that the Board currently relies upon that director for those particular skills and competencies.

The table below sets out a matrix identifying only the relevant skills and competencies for each director that the Board currently relies upon, as of the date hereof, and does not represent other skills that the director may possess:

Core Skills and Competencies Matrix							
Directors	**Capital Markets**	**Financial Literacy**	**Strategic Leadership / Risk Management**	**Governance / Executive Compensation**	**International Business / Government & Community Relations**	**Mining, Exploration & Operations**	**Safety, Health & Environment**
Peter Gillin	✓		✓	✓			
Jonathan Goodman	✓				✓	✓	
Rick Howes			✓		✓	✓	
Murray John	✓					✓	✓
Jeremy Kinsman			✓	✓	✓		
Garth MacRae		✓				✓	✓
Juanita Montalvo			✓		✓		✓
Peter Nixon	✓	✓		✓			
Marie-Anne Tawil		✓		✓			✓
Anthony Walsh	✓	✓	✓				
Donald Young		✓	✓	✓			

The Corporate Governance Committee operates in accordance with a written mandate that outlines its role and responsibilities, a copy of which can be found on the Corporation’s website at www.dundeeprecious.com or may be obtained by contacting the Corporate Secretary of the Corporation.

Board Performance Assessments

The Corporate Governance Committee is responsible for overseeing the annual assessment process of the Board as a whole, its committees and each of its Chairs, individual directors, as well as the Lead Director and Executive Chair. The assessments are intended to provide the Board and each committee with an opportunity to evaluate performance for the purpose of improving Board and committee processes and effectiveness.

The process by which such assessments are made is through questionnaires which are reviewed and approved by the Corporate Governance Committee and completed by each individual director.

Assessments

- The Corporate Governance Committee conducts an annual assessment of the Board's Performance, including an assessment of its Lead Director as well as each of its Committees, and conducts triennial assessments of individual directors and the Executive Chair.

Interviews

- The Chair of the Corporate Governance Committee conducts one on one interviews with the directors covering the comments provided in their questionnaires as well as to discuss their intentions for the ensuing year.

Reviews

- The Chair of the Corporate Governance Committee compiles the results and reviews and discusses any deficiencies identified and suggestions for improvement with the Corporate Governance Committee.

Results

- The Chair of the Corporate Governance Committee provides a full report to the Board on their assessments. Appropriate action is then taken to remedy any area of the Board or individual director performance and any recommendations for improving the functionality of the Board.

As part of the Board assessment process, directors are asked to evaluate the Board's composition, function and meetings, in an effort to identify strengths and areas for improvement. In addition, each committee is evaluated with respect to its understanding of its role and responsibilities, the involvement of each committee member, its composition, and conduct of meetings. Individual directors are assessed on a number of factors including items such as attendance at and participation in meetings, meeting preparedness, ability to communicate ideas clearly and overall contribution to effective Board performance. The Executive Chair is assessed on such things as his ability to conduct meetings effectively, whether he encourages participation by all directors, and whether he allows full contemplation of all issues.

The latest annual assessments conducted in 2016 showed that the Board, committees, Committee Chairs and individual directors were effectively fulfilling their responsibilities and no serious concerns were raised.

Succession Planning

The Board, through the Corporate Governance Committee, is actively involved in the Corporation's succession planning process with respect to senior management of the Corporation, and for the Board itself. The Corporate Governance Committee, in conjunction with Human Resource senior management, analyzes and establishes the necessary skills for the senior management roles within the Corporation, specifically for the three most senior roles: President and CEO; COO; and the CFO. In the context of these skill sets, the Corporate Governance Committee, together with senior management, identifies those candidates best suited for advancement into those roles. The Corporate Governance Committee then meets with the candidates identified to discuss their career goals in the context of the succession planning process. During these discussions, the Corporate Governance Committee, Human Resource senior management, and the candidates develop plans to provide skill-strengthening programs where it is considered appropriate, or necessary, for advancement. Regular reports are also provided to the Board by the CEO and SVP, Corporate Services, on the ongoing progress and development of these prospective successors and other key personnel.

With respect to succession planning for the Board itself, the Corporate Governance Committee Chair discusses, annually, with each director his or her intentions with respect to continuing to serve as a director for the ensuing year.

Based on these conversations, and other considerations, the Corporate Governance Committee structures its efforts to identify and recruit potential candidates to the Board. Refer to the "Diversity Policy" section above for further information.

Director Term Limits

The Board has chosen not to adopt a mandatory retirement policy or term limits for directors. The Board believes that mandatory retirement and term limits may result in the loss of effective directors with deep knowledge of the Corporation. Instead, determination of a director's continued fitness for service as a member of the Board is assessed through the implementation of the thorough Board and individual director assessment process outlined above.

Board Committees

The Corporation is required to have an Audit Committee and also has a Compensation, Corporate Governance and Health, Safety & Environment Committee. All the committees of the Board are composed entirely of independent directors.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the integrity, quality and transparency of the Corporation's financial statements, compliance with legal and regulatory requirements relating to financial reporting, the appointment of the external auditor with the responsibility to approve its compensation, review its independence and qualifications as well as oversight of all its audit and allowable non-audit work. The Audit Committee is also responsible for the appointment of the head of internal audit, approval of its charter and annual audit plan, and for the review and approval of its compensation, including bonuses and other special compensation. In addition, the Audit Committee is responsible for the oversight of the Corporation's Speak up and Reporting system, as well as such other duties as may be assigned to it from time to time by the Board.

Compensation Committee

The Compensation Committee is responsible for determining, and recommending to the full Board for approval, the compensation of the directors and Executive Officers of the Corporation. The process by which appropriate compensation is determined includes, among other things, a periodic review, conducted by an independent compensation advisor, of the peer group and other mining industry compensation data, including a benchmark analysis of the base salary, total cash compensation and total direct compensation of each Executive Officer based on information publicly-disclosed in management proxy circulars of companies in the peer group. In the case of the CEO, the Compensation Committee and the CEO establish annual performance objectives and appropriate weighting factors, in order to measure performance and to establish total remuneration for the CEO, which is primarily weighted on company performance. The Compensation Committee reviews and discusses with the CEO his recommendations regarding the total remuneration packages of the CFO and COO prior to recommending approval of such packages by the Board. Refer to the "Executive Compensation - Compensation Discussion and Analysis" for further information.

Corporate Governance & Nominating Committee

The Corporate Governance Committee assists the Board in fulfilling its oversight responsibilities by assessing the functioning and effectiveness of the Board and developing and recommending the implementation of effective corporate governance principles and practices, identifying candidates and recommending that the Board select qualified director candidates, giving consideration to diversity, as well as the skills and competencies required to comprise an effective Board, for election at the next annual meeting of shareholders.

Health, Safety & Environment Committee

The Board has a Health, Safety & Environment Committee to assist the Board in developing and implementing a corporate culture of environmental responsibility and to oversee all aspects of health and safety relating to the Corporation's operating activities, including quarterly reviews of the Corporation programs to promote zero injuries among the workforce, and monitoring their effectiveness, as well as reviewing the programs in place to minimize or prevent the harmful effects of the Corporation's operations on the environment. The Health, Safety & Environment Committee also reviews management reports on a quarterly and annual basis, tracking performance and compliance with applicable laws providing for the protection of the environment, employees and the public.

Each of these committees has a written mandate which defines its roles and responsibilities, copies of which can be found on the Corporation's website at www.dundeeprecious.com or may be obtained by contacting the Corporate Secretary of the Corporation. In addition, the Audit Committee mandate is included in the AIF, under the heading "Audit

Committee Disclosure", which is available on the Corporation's website at www.dundeeprecious.com and on SEDAR at www.sedar.com.

Indebtedness of Directors and Executive Officers

To date, no director, executive officer or associate of any director or executive officer of the Corporation is indebted to the Corporation, nor are any of these individuals indebted to any other entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

Risk Oversight

The Board oversees the Corporation's approach to risk management which is designed to support the achievement of organizational objectives, including strategic objectives, to improve long term organizational performance and enhance Shareholder value. A fundamental part of risk management is not only understanding the risks the Corporation faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Corporation. The involvement of the full Board in setting the Corporation's business strategy is a key part of its assessment of the Board's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Corporation.

While the Board has the ultimate oversight responsibility for the risk management process, various standing committees have responsibility for particular risk management areas:

- The Audit Committee focuses on financial risk, including internal controls, and periodically discusses with management and the internal auditor the Corporation's policies regarding financial risk assessment and financial risk management.
- The Audit Committee, together with the Corporate Governance Committee, oversees the establishment and implementation of a comprehensive compliance program, which includes various measures to mitigate potential bribery and corruption risks in accordance with Canada's *Corruption of Foreign Public Officials Act* and applicable international conventions, local legislation in the countries where DPM operates, as well as best international practices. Please refer to the "Anti-Bribery & Anti-Corruption Compliance Program" section for further information.
- The Compensation Committee assesses potentially material adverse risks facing the Corporation arising from the Corporation's compensation policies and practices, and considers ways to address those risks.
- The Health, Safety & Environment Committee focuses on risks related to the operations and sustainability practices and the implementation of appropriate mitigation strategies.

For a detailed explanation of the risks applicable to the Corporation and its business, see ''Risk Factors'' in the Corporation's latest AIF, filed on SEDAR at www.sedar.com.

Ethical Business Conduct

The Board adopted a Code of Business Conduct and Ethics (the "Code") in 2004 and, in 2016, approved a fully revised version. The new Code covers the same key areas of business conduct and ethics requirements however, it now uses simpler language making it easier to read, understand and follow. Practical examples and visuals have also been included to further facilitate compliance. The intention is to use the new Code as a training and reference tool.

The Code is a statement of the key principles and expectations that guide the business of the Corporation and the behaviour of anyone who works for or does business with DPM, in line with our core values: safety, dignity and respect, environmental responsibility, community investment, transparency and continuous improvement. It applies to all employees and directors of the Board (collectively the "Employees") as well as all third parties, who are required to become thoroughly familiar with it and acknowledge their understanding of, and adherence thereto. A copy the Code can be found on the Corporation's website at www.dundeeprecious.com, may be obtained by contacting the Corporate Secretary of the Corporation and is also filed on SEDAR at www.sedar.com.

The section in the Code on Speak Up and Reporting was expanded to include a duty to report for Employees and third parties as well as to provide a clear list of reportable violations, available reporting channels, the steps in the report handling process, and to further clarify the role of managers in this process. DPM retains an independent, third party supplier to provide a confidential and anonymous communication channel for reporting concerns with respect to the integrity of the Corporation's accounting, internal accounting controls and auditing matters, as well as other potential breaches under the Code (the "Ethics Hotline").The Code also protects any Employee or third party, who in good faith submits a complaint or concern, from retaliation. The Corporation recognizes the importance of, and has ongoing initiatives to promote the awareness and confidence in, the report handling process.

The Corporation provides an on-line training course covering the key components of the Code to its Employees and third parties. Employees are fully aware that violations of the Code will be addressed and could result in disciplinary action, including dismissal.

The Board has not granted any waiver of the Code in favour of any director or employee since its adoption in 2004.

Anti-Bribery & Anti-Corruption Compliance Program

The Board adopted an Anti-Bribery & Anti-Corruption Policy (the "ABC Policy") in 2013. The prohibitions and requirements of the ABC Policy are designed not merely to comply with Canada's *Corruption of Foreign Public Officials Act* and other anti-corruption laws, but also seeks to avoid even the appearance of questionable conduct in connection with the Corporation's operations and business in the actions of its directors, officers and employees, as well as its contractors and any other third parties.

Further to the launch of the new Code in 2016, the Corporation undertook several other initiatives aimed at mitigating the risks of bribery and corruption. A key remediation measure, identified as a result of the comprehensive ABC risk assessment completed in the first quarter of 2016, was establishing a risk-based third party due diligence ("3PDD") process. A cross functional team, including representatives from head office and sites as well as external consultants, worked together to develop the 3PDD process, together with an automated tool to support it. The implementation of the 3PDD Standard will commence in the second quarter of 2017. In addition, specific guidelines for gifts and entertainment of public officials were introduced across the organization.

An ABC risk assessment of the Corporation's Namibian operation took place in the fourth quarter of 2016, providing further clarity on the measures required to manage bribery and corruption risks effectively. Among them are: additional training and awareness for employees and third parties; management of potential conflicts of interest; enhancement of reporting channels, and further improvements to the process for investigating potential ethics violations that may be reported.

Insider Trading Policy

The Board adopted an Insider Trading Policy in 2004 to ensure that any purchase or sale of securities of DPM occurs in accordance with applicable law and stock exchange rules. The Insider Trading Policy prohibits purchasing or selling or otherwise monetizing securities of DPM while in possession of undisclosed material information, as defined therein, and also sets out trading restrictions and reporting requirements.

Disclosure Policy

The Board adopted a Disclosure Policy in 2004 to ensure timely disclosure of all material information in accordance with the provisions of securities laws and stock exchange rules. The Corporation has mechanisms in place to evaluate the design and effectiveness of disclosure controls.

Management of the Corporation has established a Disclosure Committee to ensure that it is communicating with Shareholders, employees and the public openly and in a timely way, as well as complying with its continuous disclosure obligations under securities laws. The Disclosure Committee reviews all news releases and material public filings, prior to their release to the public. The Disclosure Committee currently has three members: the President and CEO, the CFO, and the Corporate Secretary. Each Board committee reviews the public disclosure relevant to its mandate, where applicable, prior to the Board considering the item for approval. For example, the Audit Committee is responsible for reviewing the annual and interim financial statements and management's discussion and analysis, as well as the news release with respect thereto, and recommending them to the Board for approval.

Shareholder Engagement

The Corporation communicates with its Shareholders in a variety of ways including through its website, disclosure documents and management's quarterly conference calls with analysts, which Shareholders and the public can access. Specific Shareholder inquiries are handled by Investor Relations and the Corporate Secretary of the Corporation. DPM's website was recently updated to provide greater insight into our vision, our strategy and how we apply these to guide our business. The site showcases our operations and our people through a strong application of photography and video, bringing our business to life for all stakeholders. The new website is designed to demonstrate the intrinsic link between our values, our actions and our results.

Communication with the Board

The Board welcomes input and comments from Shareholders for the Board or its committees which should be directed to:

Board of Directors of Dundee Precious Metals Inc.
C/o Corporate Secretary
Dundee Precious Metals Inc.
1 Adelaide Street East, 5th Floor
Toronto, Ontario M5C 2V9

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com and on the Corporation's website at www.dundeeprecious.com. The Corporation's annual audited consolidated financial statements and management's discussion and analysis for the years ended December 31, 2016 and December 31, 2015 are provided in the Corporation's annual report which can be found on the SEDAR website located at www.sedar.com. Shareholders may also contact the Corporate Secretary of the Corporation by telephone at (416) 365-5191 or by email to info@dundeeprecious.com to request copies of these documents.

The information contained herein is given as of March 27, 2017, except as otherwise indicated. The contents and the sending of this Circular have been approved by the Board.

BY ORDER OF THE BOARD

"Lori Beak"

Lori Beak
Senior Vice President, Governance,
and Corporate Secretary

Schedule “A”

Last Amended: July 28, 2016
Adopted: March 10, 2006

MANDATE OF THE BOARD OF DIRECTORS

General

The board of directors (the “Board”) is responsible for the stewardship and the general supervision of the management of the business of Dundee Precious Metals Inc. (the “Company”) and for acting in the best interests of the Company and its shareholders.

The Board will discharge its responsibilities directly and through its committees. In addition, the Board may, from time to time, appoint such additional committees as it deems necessary and appropriate in order to discharge its duties. Each committee shall have its own mandate.

The Board shall meet regularly, but not less than once each quarter, to review the business operations, corporate governance and financial results of the Company. All meetings of the Board will also include an in camera session of independent directors, without management present.

The primary functions of the Board are to:

- perform its duties and responsibilities in accordance with the laws of the jurisdiction of incorporation of the Company;
- oversee and monitor the performance of the Company in the context of the long term interests of its shareholders;
- promote a culture of integrity throughout the organization; and
- together with management of the Company, develop a process for the timely and accurate disclosure of information which is material to the Company.

Composition

The Board shall be constituted at all times of a majority of “independent directors” in accordance with applicable corporate and securities laws, regulations, and stock exchange rules. In order to be considered “independent”, directors shall have no direct or indirect material relationship with the Company.

Responsibilities

The Board, directly and through its committees, fulfills these functions by, among other things and without limitation to its general mandate:

- overseeing the development of the Company’s approach to corporate governance;
- reviewing, approving (at least annually) and monitoring implementation of the Company’s strategic plan (which takes into account the risks and opportunities of the Company’s business), annual business plan and corporate goals for which the Chief Executive Officer is responsible;
- reviewing with senior management, and approving material transactions outside the ordinary course of business and such other major corporate matters which require Board approval;
- reviewing and discussing with senior management the significant risks and issues which could affect the Company and the systems that are in place to effectively monitor and manage those risks with a view to the long term viability of the Company;
- selecting, evaluating and compensating the executive officers of the Company and planning for senior management succession and training;
- overseeing the integrity of the Company’s internal controls through the adoption of appropriate internal control systems;

- overseeing that the Company has in place a corporate policy framework that enables it to operate at all times within applicable laws, regulations and its ethical standards;
- adopting a Code of Business Conduct and Ethics (the "Code") and overseeing that management has developed effective systems such that all directors, employees and third parties comply with the Code;
- assessing the effectiveness of the Board, its committees and each individual director, on a regular basis, including considering whether the size of the Board is appropriate and reviewing the independence of its members to ensure it meets independence requirements;
- establishing an appropriate review and selection process for new nominees to the Board, taking its Diversity Policy into consideration;
- adopting an appropriate orientation and education program for new members of the Board;
- reviewing the processes for the implementation and maintenance of environmental stewardship and health and safety management systems that are consistent with industry practices and comply with the applicable laws and regulatory requirements in the communities where the Company conducts its business;
- with the assistance of the Audit Committee, recommending the appointment of the external auditors and reviewing the performance of the external auditors;
- approving the Company's annual and interim financial statements, including the notes thereto, management's discussion and analysis ("MD&A"), and the release and filing thereof. The Board may delegate approval of interim financial statements and MD&A to its Audit Committee; and
- performing such other functions as prescribed by law or assigned to the Board in the Company's constating documents and by-laws.

Miscellaneous

The members of the Board are expected to attend all meetings of the Board.

The members of the Board (and any Board committee) are required to have reviewed Board (and committee, if applicable) materials in advance of the meeting and be prepared to discuss such materials at the meeting.

The members of the Board are required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

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