Dundee
PRECIOUS METALS

2018 FIRST QUARTER REPORT

DELIVERING ON OUR STRATEGY

MANAGEMENT'S DISCUSSION AND ANALYSIS

of Consolidated Financial Condition and Results of Operations

for the Three Months Ended March 31, 2018

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

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Dundee Precious Metals Inc. ("DPM" and, together with its consolidated subsidiaries, collectively referred to as the "Company") for the three months ended March 31, 2018. This MD&A should be read in conjunction with DPM's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 prepared in accordance with International Financial Reporting Standards ("IFRS") and the MD&A for the year ended December 31, 2017. Additional Company information, including the Company's most recent annual information form ("AIF") and other continuous disclosure documents, can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and the Company's website at www.dundeeprecious.com. To the extent applicable, updated information contained in this MD&A supersedes older information contained in previously filed continuous disclosure documents. Capitalized terms used in this MD&A that have not been defined have the same meanings attributed to them in DPM's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018. Information contained on the Company's website is not incorporated by reference herein and does not form part of this MD&A. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Cautionary Note Regarding Forward Looking Statements" and "Risks and Uncertainties" sections later in this MD&A for further information.

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

This MD&A has been prepared as at May 2, 2018.

Our Business

DPM is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. Its common shares (symbol: DPM) are traded on the Toronto Stock Exchange ("TSX").

The Company's vision is to be a progressive gold mining company that unlocks superior value through innovation and strong partnerships with stakeholders. Through operational excellence and innovation capability, DPM is focused on optimizing the performance of each of its operating assets to deliver strong margins and safe and reliable production results. The Company is also focused on building a pipeline of future growth opportunities that leverages that same expertise to unlock value and generate a superior return on capital employed. DPM's demonstrated ability to engage and work closely with key stakeholders, and conduct its business in a responsible and sustainable manner, allows the Company to be successful in each of the countries in which it operates.

DPM's principal subsidiaries include:

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

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

- 10.2% of Sabina Gold & Silver Corp. ("Sabina"), which is focused on the Back River project in southwestern Nunavut, Canada;
- 100% of Avala Resources Ltd. ("Avala"), which is focused on the exploration and development of the Lenovac project, the Timok gold project, the Tulare copper and gold project and other early stage projects in Serbia; and
- through an option agreement, the right to earn up to a 71% interest in Pershimex Resources Corporation's (formerly Khalkos Exploration Inc.) gold property located in the Archean Abitibi greenstone belt in the Malartic mining camp in Quebec, Canada.

DPM also owns:

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

Summary of Significant Operational and Financial Highlights

Financial results in the first quarter of 2018 reflected increased volumes of complex concentrate smelted at Tsumeb, higher realized copper and gold prices and reduced deductions for estimated metals exposure at Tsumeb, partially offset by a weaker U.S. dollar relative to the Euro and the ZAR and lower metals sold in accordance with the first quarter shipping schedule.

Chelopech

- Achieved record gold production of 57,331 ounces and copper production of 9.3 million pounds, up 24% and 13%, respectively, relative to the first quarter of 2017 reflecting higher than anticipated grades and recoveries;
- Sold 35,156 ounces of payable gold and 6.1 million pounds of payable copper, generating revenue of $45.9 million;
- Generated earnings before income taxes of $22.0 million and adjusted EBITDA of $26.5 million;

Tsumeb

- Smelted 54,142 tonnes of complex concentrate, up 30% relative to the first quarter of 2017, reflecting improved performance and the timing of the maintenance shutdown of the Ausmelt furnace, which is planned for May 2018;
- Generated a loss before income taxes of $4.7 million and adjusted EBITDA of $2.2 million;

Krumovgrad

- Construction continued through the quarter in accordance with the project execution plan. As at March 31, 2018, the project was approximately 59% complete, based on installed quantities, and remains on track for first concentrate production in the fourth quarter of 2018;

Serbia

- In the first quarter of 2018, scouting bottle roll tests were completed on samples for the various deposits at the Timok gold project, which indicated average recoveries of 90% to 95% for the Korkan and Bigar Hill oxide zones, 75% for the Korkan West oxide zone and 50% to 55% for the Korkan transitional zone. DPM is proceeding with column testing and expects results to be available in the second quarter of 2018. If these exploration and metallurgical programs are successful, DPM will consider conducting an internal scoping study in 2018 followed by a revised preliminary economic assessment;

Exploration

- Exploration drill programs for 2018 have commenced at Chelopech, both at surface and underground, at Krumovgrad and at the Timok gold project in Serbia. Assay results from only the first holes of the Chelopech and Krumovgrad drill programs have been received and include significant intersections at the South East Breccia Pipe Zone ("SEBPZ") at Chelopech and at Surnak, located four kilometres west of the planned pit at Krumovgrad. In addition, a 1,900 metre winter scout drill program was carried out on the Malartic project in Quebec. Assay results are available for the first three holes, drilled 300-500 metres northwest of the historic Revillard prospect and include a two metre intersection of 5.53 g/t gold at 124.8 metres in hole MLDD003. The intersection is part of a vein zone with an estimated true width of eight metres and an average grade of 1.39 g/t gold; and

Other

- Cash resources, including DPM's long-term revolving credit facility ("RCF"), were $257 million as at March 31, 2018.

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Financial Results		
Revenue	**86,888**	74,668
Cost of sales	**61,741**	62,933
Depreciation and amortization	**14,427**	15,895
Other expense	**(3,132)**	(12,561)
Earnings (loss) before income taxes	**5,635**	(11,514)
Income tax expense	**(2,962)**	(1,058)
Net earnings (loss) attributable to common shareholders	**2,707**	(12,518)
Basic earnings (loss) per share	**0.02**	(0.07)
Adjusted EBITDA(1)	**19,520**	13,515
Adjusted earnings (loss) before income taxes(1)	**3,220**	(4,378)
Adjusted net earnings (loss)(1)	**645**	(6,164)
Adjusted basic earnings (loss) loss per share(1)	**0.00**	(0.04)
Cash provided from operating activities	**11,043**	34,566
Cash provided from operating activities, before changes in non-cash working capital(1)	**18,444**	16,980
Free cash flow(1)	**10,987**	11,253
Capital expenditures incurred:		
Growth(1)	**25,094**	16,305
Sustaining(1)	**5,340**	5,679
Total capital expenditures	**30,434**	21,984
Operational Highlights		
Metals contained in concentrate produced:		
Gold *(ounces)*(2)	**57,331**	46,371
Copper *('000s pounds)*	**9,261**	8,179
Payable metals in concentrate sold:		
Gold *(ounces)*(3)	**35,156**	43,478
Copper *('000s pounds)*	**6,084**	8,316
Cash cost per tonne of ore processed(1),(4)	**37.23**	33.29
Cash cost per ounce of gold sold, net of by-product credits(1),(5),(6),(7)	**574**	582
All-in sustaining cost per ounce of gold(1),(5),(7),(8)	**696**	710
Complex concentrate smelted at Tsumeb *(mt)*	**54,142**	41,635
Cash cost per tonne of complex concentrate smelted at Tsumeb, net of by-products credits(1),(9)	**499**	552

	March	December
As at,	**31, 2018**	31, 2017
Financial Position		
Cash	**14,766**	28,767
Investments at fair value	**36,757**	48,411
Total assets	**860,399**	844,750
Debt	**33,000**	23,000
Equity	**630,104**	633,488
Common shares outstanding *('000s)*	**178,493**	178,493
Share price (Cdn$ per share)	**3.08**	3.00

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

2) Includes gold contained in pyrite concentrate produced in the first quarter of 2018 of 15,148 ounces compared to 13,698 ounces for the corresponding period in 2017.

3) Includes payable gold in pyrite concentrate sold in the first quarter of 2018 of 10,555 ounces compared to 9,740 ounces for the corresponding period in 2017.

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

5) *Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $6.6 million in each of the first quarters of 2018 and 2017. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, in the first quarter of 2018 was $549 compared to $554 for the corresponding period in 2017. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, in the first quarter of 2018 was $724 compared to $720 for the corresponding period in 2017.*
6) *Cash cost per ounce of gold sold, net of by-product credits, represents cost of sales at Chelopech less depreciation, amortization and other non-cash expenses plus treatment charges, penalties, transportation and other selling costs less by-product copper and silver revenues, including realized gains and losses on copper swap and option contracts, divided by the payable gold in copper and pyrite concentrates sold.*
7) *Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $2.6 million during the first quarter of 2018 compared to $2.0 million for the corresponding period in 2017.*
8) *All-in sustaining cost per ounce of gold represents cost of sales at Chelopech less depreciation, amortization and other non-cash items plus treatment charges, penalties, transportation and other selling costs, sustaining capital expenditures, rehabilitation related accretion expenses and an allocated portion of the Company's general and administrative expenses and corporate social responsibility expenses, less by-product revenues in respect of copper and silver, including realized gains and losses on copper swap and option contracts, divided by the payable gold in copper and pyrite concentrates sold.*
9) *Cash cost per tonne of complex concentrate smelted, net of by-product credits at Tsumeb represents cost of sales less depreciation and amortization, net of revenue related to the sale of acid divided by the volumes of complex concentrate smelted.*

REVIEW OF CONSOLIDATED RESULTS

Market Trends

Commodity prices are one of the principal determinants of the Company's results of operations and financial condition. In addition, as an entity reporting in U.S. dollars with operations in several countries, fluctuations in foreign exchange rates between the U.S. dollar and the Bulgarian lev, which is pegged to the Euro, the Namibian dollar, which is pegged to the South African rand ("ZAR") on a 1:1 basis, and the Canadian dollar ("Cdn$") can also impact the Company's results of operations and financial condition.

The following table summarizes the average trading price for gold, copper and silver based on the London Bullion Market Association ("LBMA") for gold and silver, and the London Metal Exchange ("LME") for copper (Grade A) for the three months ended March 31, 2018 and 2017 and highlights the overall year over year strength (weakness) in commodity prices.

Metal Market Prices (Average)	**Three Months**		
Ended March 31,	**2018**	2017	**Change**
LBMA gold *($/ounce)*	**1,330**	1,219	**9%**
LME settlement copper *($/pound)*	**3.16**	2.65	**19%**
LBMA spot silver *($/ounce)*	**16.77**	17.42	**(4%)**

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

Average Foreign Exchange Rates	**Three Months**		
Ended March 31,	**2018**	2017	**Change**
US$/Cdn$	**1.2648**	1.3229	**(4%)**
Euro/US$	**1.2291**	1.0653	**(15%)**
US$/ZAR	**11.9446**	13.2104	**(10%)**

The following table sets out the applicable closing foreign exchange rates as at March 31, 2018 and 2017 and the extent to which the U.S. dollar has weakened relative to each of the currencies.

Closing Foreign Exchange Rates			
Ended March 31,	**2018**	2017	**Change**
US$/Cdn$	**1.2894**	1.3299	**(3%)**
Euro/US$	**1.2321**	1.0682	**(15%)**
US$/ZAR	**11.7855**	13.4037	**(12%)**

Operational Highlights

Production

In the first quarter of 2018, gold contained in concentrate produced increased by 24% to 57,331 ounces and copper production increased by 13% to 9.3 million pounds, in each case, relative to the corresponding period in 2017. The increase in gold production was due primarily to higher than anticipated gold grades and higher recoveries. The increase in gold recoveries was due primarily to different ore mineralogy and the benefits of various initiatives with a specific focus on improving metallurgical performance. The increase in copper production was due primarily to higher copper grades and recoveries.

Deliveries

In the first quarter of 2018, payable gold in concentrate sold decreased by 19% to 35,156 ounces and payable copper decreased by 27% to 6.1 million pounds, in each case, relative to the corresponding period in 2017. These decreases were consistent with the decrease in copper concentrate deliveries due to the timing of deliveries, which were in line with the first quarter of 2018 shipping schedule and are expected to increase in the subsequent quarters.

Complex concentrate smelted

Complex concentrate smelted during the first quarter of 2018 of 54,142 tonnes was 30% or 12,507 tonnes higher than the corresponding period in 2017 due primarily to the timing of the Ausmelt furnace maintenance shutdown that resulted in 24 days of downtime in the first quarter of 2017. Continued improvement in refractory performance has enabled the furnace maintenance shutdown to be deferred from March to May 2018.

Financial Highlights

Revenue

Revenue during the first quarter of 2018 of $86.9 million was $12.3 million higher than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted at Tsumeb reflecting the timing of the Ausmelt furnace maintenance shutdown and improved performance of the Ausmelt furnace, reduced deductions for estimated metals exposure at Tsumeb and higher realized gold and copper prices, partially offset by lower volumes of payable metals in concentrate sold as a result of the timing of deliveries. Revenue in the first quarter of 2018 also included $4.2 million from MineRP, which was acquired in the fourth quarter of 2017.

The average realized gold price for the first quarter of 2018 was $1,330 per ounce, up 8% compared to $1,230 per ounce in the corresponding period in 2017. The average realized copper price, including the impact of hedging, for the first quarter of 2018 was $2.77 per pound, up 15% compared to $2.41 per pound in the corresponding period in 2017. Average realized gold and copper prices are not defined measures under IFRS. Refer to the “Non-GAAP Financial Measures” section of this MD&A for reconciliations to IFRS.

Cost of sales

Cost of sales in the first quarter of 2018 of $61.7 million was $1.2 million lower than the corresponding period in 2017 due primarily to lower deliveries of copper concentrate and lower depreciation, partially offset by a weaker U.S. dollar relative to the Euro and the ZAR and higher operating expenses at Tsumeb, which, in part, was due to increased volumes of complex concentrate smelted.

All-in sustaining cost per ounce of gold

All-in sustaining cost per ounce of gold in the first quarter of 2018 of $696 was $14 lower than the corresponding period in 2017. This decrease was due primarily to the favourable impact of higher gold grades in concentrate sold and higher by-product prices, partially offset by lower volumes of payable copper in concentrate sold and a stronger Euro relative to the U.S. dollar.

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

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the first quarter of 2018 of $499 was 10% or $53 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher acid by-product credits and a reduction in contractor costs, partially offset by higher labour costs and electricity rates, and a stronger ZAR relative to the U.S. dollar.

Other expense

Other expense is primarily comprised of foreign exchange translation gains or losses, unrealized gains or losses on Sabina special warrants and interest income.

The following table summarizes the items making up other expense:

$ thousands	Three Months	
Ended March 31,	**2018**	2017
Net gains (losses) on Sabina special warrants	**(1,117)**	1,177
Net losses on commodity swap and option contracts	**-**	(13,008)
Net gains on forward foreign exchange contracts	**-**	880
Net foreign exchange losses(1)	**(1,146)**	(1,886)
Interest income	**50**	65
Other income (expense), net	**(919)**	211
Total other expense	**(3,132)**	(12,561)

1) Primarily related to the revaluation of foreign denominated monetary assets and liabilities.

With the adoption of IFRS 9, January 1, 2018, unrealized gains and losses on commodity and foreign exchange contracts that receive hedge accounting treatment are recognized in other comprehensive income (loss). As a result, for the three months ended March 31, 2018, the Company recognized unrealized gains of $4.8 million in other comprehensive income (loss) on outstanding commodity swap and option contracts. The Company also recognized a net gain of $1.0 million for the three months ended March 31, 2018 in revenue on settled commodity swap and option contracts. Had the Company not adopted IFRS 9, a net gain of $5.8 million would have been recognized in other expense in the condensed interim consolidated statements of earnings (loss). Refer to the “Changes in Accounting Policies” section of this MD&A for further discussion concerning this change in accounting policy.

Income tax expense

The effective tax rate of the Company can vary significantly from one period to the next based on a number of factors. For the three months ended March 31, 2018 and 2017, the Company’s effective tax rate was impacted primarily by the Company’s amount of earnings and losses, mix of foreign earnings and losses, which are subject to lower tax rates in certain jurisdictions, and unrecognized tax benefits relating to corporate operating, exploration and development costs.

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Earnings (loss) before income taxes	**5,635**	(11,514)
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%
Expected income tax expense (recovery)	**1,493**	(3,051)
Lower rates on foreign (earnings) losses	**(3,407)**	2,147
Unrecognized tax benefits relating to losses	**5,307**	1,722
Non-taxable portion of capital gains	**(136)**	(294)
Non-deductible share based compensation expense	**90**	107
Other, net	**(385)**	427
Income tax expense	**2,962**	1,058
Effective income tax rates	**52.6%**	(9.2%)

Net earnings (loss) attributable to common shareholders

In the first quarter of 2018, the Company reported net earnings attributable to common shareholders of $2.7 million compared to a net loss of $12.5 million in the first quarter of 2017. This improvement was due primarily to higher volumes of complex concentrate smelted, higher realized copper and gold prices and reduced deductions for estimated metals exposure at Tsumeb, partially offset by lower volumes of payable metals in concentrate sold due to the timing of deliveries and a weaker U.S. dollar relative to the Euro and the ZAR.

Net earnings (loss) attributable to common shareholders for the first quarters of 2018 and 2017 were also impacted by net after-tax losses of $1.1 million and $6.3 million, respectively, related to several items not reflective of the Company's underlying operating performance, including unrealized losses on commodity price and foreign exchange hedges that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting and net gains and losses on Sabina special warrants, each of which are excluded from adjusted net earnings (loss).

Adjusted net earnings (loss)

Adjusted net earnings in the first quarter of 2018 were $0.6 million compared to an adjusted net loss of $6.2 million in the first quarter of 2017. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliation to net earnings (loss) attributable to common shareholders.

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

($ millions) **Ended March 31,**	**Three Months**
Adjusted net loss - 2017	**(6.2)**
Higher smelter volumes	9.8
Higher metal prices(1)	5.6
Lower estimated metals exposure	4.6
Lower treatment charges and transportation costs at Chelopech	2.6
Lower cost per tonne of concentrate sold(2)	2.3
Lower depreciation expense	1.7
Lower volumes of metals sold	(7.4)
Weaker U.S. dollar(3)	(4.0)
Higher smelter operating expenses(2)	(3.3)
Lower toll rates at Tsumeb	(2.8)
Income taxes and other	(2.3)
Adjusted net earnings - 2018	**0.6**

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

Adjusted EBITDA

Adjusted EBITDA in the first quarter of 2018 was $19.5 million compared to $13.5 million in the corresponding period in 2017 reflecting the same factors that affected adjusted net earnings (loss), except for depreciation, interest and income taxes, which are excluded from adjusted EBITDA.

The following table summarizes adjusted EBITDA by segment:

$ thousands	**Three Months**	
Ended March 31,	**2018**	2017
Chelopech	**26,523**	26,567
Tsumeb	**2,193**	(5,014)
Corporate & Other	**(9,196)**	(8,038)
Total adjusted EBITDA	**19,520**	13,515

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

Cash provided from operating activities

Cash provided from operating activities in the first quarter of 2018 was $11.0 million compared to $34.6 million in the corresponding period in 2017. This decrease was due primarily to an unfavourable change in the period over period change in non-cash working capital.

The unfavourable change in non-cash working capital in the first quarter of 2018 of $7.4 million was due primarily to an increase in accounts receivables as a result of the timing of receipts from customers and an increase in inventories as a result of the timing of deliveries, partially offset by an increase in accounts payable and accrued liabilities. The favourable change in non-cash working capital in the first quarter of 2017 of $17.6 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories as a result of the timing of deliveries.

Cash provided from operating activities, before changes in non-cash working capital, during the first quarter of 2018 was $18.4 million compared to $17.0 million in the corresponding period in 2017. This increase was due primarily to improved results, partially offset by increased payments for and the timing of settlements of derivative contracts.

Free cash flow

Free cash flow in the first quarter of 2018 was $11.0 million compared to $11.3 million in the corresponding period in 2017.

Capital expenditures

Capital expenditures during the first quarter of 2018 were $30.4 million compared to $22.0 million in the corresponding period in 2017.

Growth capital expenditures during the first quarter of 2018 were $25.1 million compared to $16.3 million in the corresponding period in 2017. This increase was due primarily to increased construction activities at the Krumovgrad gold project. Sustaining capital expenditures during the first quarter of 2018 of $5.3 million were comparable to the corresponding period in 2017.

2018 GUIDANCE

The information contained in this section of the MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. Refer to the "Cautionary Note Regarding Forward Looking Statements" and "Risks and Uncertainties" sections later in this MD&A for further information.

The Company's guidance for 2018 is set out in the following table and remains unchanged from the guidance issued in February 2018:

$ millions, unless otherwise indicated	**Chelopech**	**Tsumeb**	**Consolidated**
Ore milled ('000s tonnes)	2,100 – 2,200	-	2,100 – 2,200
Cash cost per tonne of ore processed(3),(4)	37 – 40	-	37 – 40
Metals contained in concentrate produced(1),(2)			
Gold ('000s ounces)	165 – 195	-	165 – 195
Copper (million pounds)	33.7 – 40.4	-	33.7 – 40.4
Payable metals in concentrate sold(1)			
Gold ('000s ounces)	140 – 170	-	140 – 170
Copper (million pounds)	31.0 – 37.0	-	31.0 – 37.0
All-in sustaining cost per ounce of gold(3),(4),(5)	-	-	640 – 855
Complex concentrate smelted ('000s tonnes)	-	220 – 250	220 – 250
Cash cost per tonne of complex concentrate smelted, net of by-product credits(3),(4)	-	440 – 500	440 – 500
Corporate general and administrative expenses(3),(6)	-	-	20 – 24
Exploration expenses(3)	-	-	10 – 15
Sustaining capital expenditures(3),(4)	17 – 21	12 – 18	29 – 39

1) *Gold produced includes gold in pyrite concentrate produced of 47,000 to 55,000 ounces and payable gold sold includes payable gold in pyrite concentrate sold of 30,000 to 35,000 ounces.*
2) *Metals contained in concentrate produced are prior to deductions associated with smelter terms.*
3) *Based on Euro/US$ exchange rate of 1.23, US$/ZAR exchange rate of 12.75 and copper price of $2.75 per pound, where applicable.*
4) *Cash cost per tonne of ore processed, all-in sustaining cost per ounce of gold and cash cost per tonne of complex concentrate smelted, net of by-product credits, and sustaining capital expenditures have no standardized meaning under IFRS. Refer to the "Non-GAAP Financial Measures" section of the MD&A for more information.*
5) *Includes the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, and payable gold in pyrite concentrate sold. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, is expected to be between $630 and $870 in 2018.*
6) *Excludes mark-to-market adjustments on share based compensation and MineRP's general and administrative expenses.*

The 2018 guidance provided above is not expected to occur evenly throughout the year. The estimated metals contained in concentrate produced, payable metals in concentrate sold and volumes of complex concentrate smelted are expected to vary from quarter to quarter depending on the areas being mined, the timing of concentrate deliveries and planned outages. The rate of capital expenditures is also expected to vary from quarter to quarter based on the schedule for, and execution of, each capital project.

Chelopech

Gold and copper production in the first quarter exceeded planned production due to higher ore grades and is expected to return to planned levels for the remainder of the year. Payable gold in concentrate sold was in line with the first quarter of 2018 concentrate shipping schedule. Metals produced and sold in 2018 are expected to be in line with guidance.

Tsumeb

Continued improvement in the refractory performance in the Ausmelt furnace has enabled the start of the maintenance shutdown to be deferred from March to May 2018. Oxygen plant performance was much improved in the first quarter of 2018 relative to previous quarters and further upside remains as a result of continued optimization. Replacement of the furnace roof and off-gas repairs completed in the period, together with adverse summer weather conditions, affected operating rates and downtime, and served to offset the improved operating performance. While concentrate smelted was below planned levels in the period, the smelter is expected to return to targeted levels in line with 2018 guidance.

Krumovgrad

Construction continued through the quarter in accordance with the project execution plan. As at March 31, 2018, the project was approximately 59% complete, based on installed quantities, and project completion remains on track for first concentrate production in the fourth quarter of 2018. The final estimated construction cost is expected to be between $164 million and $168 million, compared with the original budget of $178 million and prior 2018 guidance range of $162 million to $168 million.

Serbia

Following the discovery of the Korkan West deposit in 2017, DPM is continuing to advance exploration of this area in 2018 with the goal of adding more ounces to the existing Timok gold resource. DPM is working on an updated resource estimate for Timok, expected in the third quarter of 2018, which will factor in updated drilling at Korkan West and reporting of oxide, transitional and sulfide zones within the mineralization. DPM is also further advancing preliminary metallurgical testing to evaluate potential alternative flowsheets.

Growth capital

The Company's total growth capital expenditures are expected to range between $94 million and $100 million, which primarily relate to the completion of the Krumovgrad gold project. The balance of $9 million to $11 million of additional growth capital includes $2 million of resource development drilling at Chelopech, as well as $7 million to $9 million of margin improvement projects at Chelopech and Tsumeb.

Growth and Exploration

Given DPM's strong financial position and expected surplus cash flow generation commencing in 2019, DPM is strongly positioned to grow the business beyond its existing operating and development assets and is actively identifying opportunities to grow its business in a disciplined manner.

The exploration budget for 2018 was increased to approximately $14 million from $9 million in 2017. The increased budget will fund major drilling programs at Chelopech, consisting of 10,000 metres of underground drilling on the SEBPZ and 5,000 metres of surface drilling on the Krasta target, to follow up on 2017 drilling. Drill programs at Krumovgrad include grid drilling at Surnak and Kuklitsa that are within the concession and scout drilling on nearby exploration licenses. A further 11,500 metres is planned for exploration and resource drilling at the Timok gold project in Serbia. The remaining exploration budget will be deployed primarily to other greenfield projects in Bulgaria, Serbia and the Malartic project in Quebec. Drill programs have commenced and were generally on schedule at the end of the first quarter.

REVIEW OF OPERATING RESULTS BY SEGMENT

Chelopech – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Operational Highlights		
Ore mined *(mt)*	**557,017**	562,387
Ore processed *(mt)*	**558,149**	540,594
Head grade / Recoveries in copper concentrate *(ore milled)*		
Gold *(g/mt) / %*	**4.46 / 52.8**	3.77 / 49.8
Copper *(%) / %*	**0.93 / 80.5**	0.87 / 78.8
Silver *(g/mt) / %*	**8.03 / 37.7**	8.43 / 35.3
Copper concentrate produced *(mt)*	**26,974**	23,510
Pyrite concentrate produced *(mt)*	**58,252**	56,757
Metals contained in copper and pyrite concentrates produced:		
Gold in copper concentrate *(ounces)*	**42,183**	32,673
Gold in pyrite concentrate *(ounces)*	**15,148**	13,698
Copper *(pounds)*	**9,261,184**	8,179,156
Silver *(ounces)*	**54,367**	51,635
Cash cost per tonne of ore processed[(1),(3),(4)]	**37.23**	33.29
Cash cost per ounce of gold in copper concentrate produced[(1),(3),(5)]	**309**	339
Cash cost per pound of copper in copper concentrate produced[(1),(3),(5)]	**0.74**	0.74
Copper concentrate delivered *(mt)*	**19,296**	25,516
Pyrite concentrate delivered *(mt)*	**67,061**	66,129
Payable metals in copper and pyrite concentrates sold:		
Gold in copper concentrate *(ounces)*[(6)]	**24,601**	33,738
Gold in pyrite concentrate *(ounces)*[(6)]	**10,555**	9,740
Copper *(pounds)*[(6)]	**6,084,159**	8,315,625
Silver *(ounces)*[(6)]	**36,497**	42,429
Cash cost per ounce of gold sold, net of by-product credits[(2),(3),(7),(8)]	**574**	582
Cost per tonne of copper concentrate sold[(9)]	**1,168**	1,133
Financial Highlights		
Revenue[(10),(11)]	**45,873**	52,038
Cost of sales	**22,546**	28,918
Earnings before income taxes	**22,040**	9,528
Adjusted EBITDA[(3)]	**26,523**	26,567
Adjusted earnings before income taxes[(3)]	**18,508**	17,343
Depreciation	**7,847**	9,092
Capital expenditures incurred:		
Growth[(3)]	**810**	760
Sustaining[(3)]	**829**	1,592
Total capital expenditures	**1,639**	2,352

1) *Cash costs are reported in U.S. dollars, although the majority of costs incurred are denominated in non-U.S. dollars, and consist of all production related expenses including mining, processing, services, royalties and general and administrative.*
2) *Includes payable gold in pyrite concentrate sold, and the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $6.6 million in each of the first quarters of 2018 and 2017. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, in the first quarter of 2018 was $549 compared to $554 in the corresponding period in 2017.*
3) *Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.*
4) *Cash cost per tonne of ore processed, excluding royalties, was $33.35 in the first quarter of 2018 compared to $30.12 in the corresponding period in 2017.*
5) *Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver sales revenue.*
6) *Represents payable metals in copper and pyrite concentrates sold based on provisional invoices.*
7) *Cash cost per ounce of gold sold, net of by-product credits, represents cost of sales, less depreciation, amortization and other non-cash expenses, plus treatment charges, penalties, transportation and other selling costs, less by-product copper and silver revenues, including realized gains and losses on copper swap and option contracts, divided by the payable gold in copper and pyrite concentrates sold.*
8) *Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $2.6 million during the first quarter of 2018 compared to $2.0 million in the corresponding period in 2017.*
9) *Represents cost of sales divided by volumes of copper concentrate delivered.*
10) *Revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and mark-to-market adjustments and final settlements to reflect any physical and cost adjustments on provisionally priced sales. Net favourable mark-to-market adjustments and final settlements of $1.1 million were recognized during the first quarter of 2018 compared to $2.1 million in the corresponding period in 2017. Deductions during the first quarter of 2018 were $23.1 million compared to $26.3 million in the corresponding period in 2017.*
11) *Following the implementation of IFRS 9 on January 1, 2018, revenue in the first quarter of 2018 includes gains and losses on commodity swap and option contracts entered to hedge the mark-to-market impacts associated with provisionally priced sales and future production. In 2017, these gains and losses were reported in other expense.*

Operational Highlights – Chelopech

Ore mined and processed

Ore mined in the first quarter of 2018 of 557,017 tonnes was comparable to the corresponding period in 2017. Ore processed in the first quarter of 2018 of 558,149 tonnes was also comparable to the corresponding period in 2017.

Concentrate and metal production

Copper concentrate produced during the first quarter of 2018 of 26,974 tonnes was 15% higher than the corresponding period in 2017 due primarily to higher copper grades and recoveries.

Pyrite concentrate produced during the first quarter of 2018 of 58,252 tonnes was 3% higher than the corresponding period in 2017 due primarily to higher gold grades.

In the first quarter of 2018, gold contained in copper concentrate produced increased by 29% to 42,183 ounces, copper production increased by 13% to 9.3 million pounds and silver production increased by 5% to 54,367 ounces, in each case, relative to the corresponding period in 2017. The increase in gold production was due primarily to higher than anticipated grades and higher recoveries. The increase in gold recoveries was due primarily to different ore mineralogy and the benefits of various initiatives with a specific focus on improving metallurgical performance. The increase in copper production was due primarily to higher copper grades and recoveries.

Gold contained in pyrite concentrate produced during the first quarter of 2018 of 15,148 ounces was 11% higher than the corresponding period in 2017 due primarily to higher gold grades.

Gold and copper production in the first quarter of 2018 were higher than anticipated due to higher ore grades, which are expected to return to planned levels for the remainder of 2018. Chelopech remains on track to meet its 2018 production guidance. Grades can and do vary period over period depending on the areas being mined.

Deliveries

Deliveries of copper concentrate during the first quarter of 2018 of 19,296 tonnes were 24% lower than the corresponding period in 2017 due primarily to the timing of deliveries.

Deliveries of pyrite concentrate in the first quarter of 2018 of 67,061 tonnes were comparable to the corresponding period in 2017.

In the first quarter of 2018, payable gold in copper concentrate sold decreased by 27% to 24,601 ounces, payable copper decreased by 27% to 6.1 million pounds and payable silver decreased by 14% to 36,497 ounces, in each case, relative to the corresponding period in 2017. The decreases in payable gold and copper were consistent with decreased copper concentrate deliveries. Payable gold in pyrite concentrate sold in the first quarter of 2018 was 10,555 ounces compared to 9,740 ounces in the corresponding period in 2017 due primarily to higher gold grades in pyrite concentrate sold.

Payable gold and copper in concentrate sold in the first quarter of 2018 were in line with the first quarter shipping schedule and are expected to increase in subsequent quarters.

Inventory

Copper concentrate inventory totaled 12,813 tonnes at March 31, 2018, up from 5,135 tonnes at December 31, 2017, reflecting the timing of deliveries.

Financial Highlights – Chelopech

Revenue

Revenue in the first quarter of 2018 of $45.9 million was $6.1 million lower than the corresponding period in 2017 due primarily to the timing of copper concentrate deliveries and lower treatment charges, partially offset by higher realized gold and copper prices.

Included in revenue in the first quarter of 2017 were favourable mark-to-market price adjustments on provisionally priced sales of $4.0 million. These adjustments were offset by losses on QP Hedges, as defined in the "Financial Instrument" section of this MD&A under commodity swap and option contracts, which were recorded in other expense in 2017. With the adoption of IFRS 9 on January 1, 2018, gains or losses on QP hedges are reported in revenue rather than in other expense as they are considered to be effective hedges under the new standard.

Cost of sales

Cost of sales in the first quarter of 2018 of $22.5 million was $6.4 million lower than the corresponding period in 2017 due primarily to lower copper concentrate deliveries as a result of the timing of deliveries, partially offset by a stronger Euro relative to the U.S. dollar.

Cash cost measures

Cash cost per tonne of ore processed in the first quarter of 2018 of $37.23 was 12% higher than the corresponding period in 2017 due primarily to a stronger Euro relative to the U.S. dollar.

Cash cost per ounce of gold sold, net of by-product credits, during the first quarter of 2018 of $574 was comparable to the corresponding period in 2017.

Earnings before income taxes

Earnings before income taxes in the first quarter of 2018 of $22.0 million were $12.5 million higher than the corresponding period in 2017. This increase was due primarily to unrealized losses on commodity swap and option contracts in the first quarter of 2017, which prior to the adoption of IFRS 9 did not receive hedge accounting, higher realized copper and gold prices and lower treatment charges, partially offset by lower volumes of payable metals in concentrate sold due to the timing of deliveries.

Adjusted EBITDA

Adjusted EBITDA in the first quarter of 2018 of $26.5 million was comparable to the corresponding period in 2017 as higher realized copper and gold prices and lower treatment charges offset lower volumes of payable metals in concentrate sold due to the timing of deliveries.

Adjusted earnings before income taxes

Adjusted earnings before income taxes in the first quarter of 2018 were $18.5 million compared to $17.3 million in the corresponding period in 2017.

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

($ millions) Ended March 31,	Three Months
Adjusted earnings before income taxes - 2017	**17.3**
Higher metal prices[1]	5.6
Lower treatment charges	3.0
Lower cost per tonne of concentrate sold[2]	2.3
Other	0.1
Lower volumes of metals sold	(7.4)
Stronger Euro	(2.4)
Adjusted earnings before income taxes - 2018	**18.5**

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

Capital expenditures

Capital expenditures during the first quarter of 2018 of $1.6 million were $0.8 million lower than the corresponding period in 2017.

Tsumeb – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	**Three Months**	
Ended March 31,	**2018**	2017
Operational Highlights		
Complex concentrate smelted *(mt)*:		
Chelopech	**20,143**	14,606
Third party	**33,999**	27,029
Total complex concentrate smelted	**54,142**	41,635
Cash cost per tonne of complex concentrate smelted, net of by-product credits[1],[2]	**499**	552
Acid production *(mt)*	**55,711**	38,798
Acid deliveries *(mt)*	**63,134**	26,599
Financial Highlights		
Toll revenue[3]	**31,033**	19,777
Acid revenue	**5,796**	2,658
Arsenic trioxide revenue	**-**	195
Total revenue	**36,829**	22,630
Cost of sales	**38,992**	34,015
Loss before income taxes	**(4,654)**	(12,739)
Adjusted earnings (loss) before interest, taxes, depreciation and amortization[2]	**2,193**	(5,014)
Adjusted loss before income taxes[2]	**(4,655)**	(12,248)
Depreciation	**6,064**	6,527
Capital expenditures incurred:		
Growth[2]	**-**	731
Sustaining[2]	**4,340**	3,732
Total capital expenditures	**4,340**	4,463

1) Cash cost per tonne of complex concentrate smelted, net of by-product credits, represents cost of sales less depreciation and amortization, net of revenue related to the sale of acid divided by the volumes of complex concentrate smelted.
2) Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.
3) Includes deductions for stockpile interest and slag mill concentrate returns, and favourable or unfavourable estimated metals exposure.

Operational Highlights – Tsumeb

Production & Acid Deliveries

Complex concentrate smelted during the first quarter of 2018 of 54,142 tonnes was 30% or 12,507 tonnes higher than the corresponding period in 2017 due primarily to the timing of the Ausmelt furnace maintenance shutdown that resulted in 24 days of downtime in the first quarter of 2017.

Continued improvement in refractory performance in the Ausmelt furnace has enabled the start of the maintenance shutdown to be deferred from March to May 2018. Oxygen plant performance was much improved in the first quarter of 2018 relative to previous quarters and further upside remains as a result of continued optimization. Replacement of the furnace roof and off-gas repairs completed in the period, together with adverse summer weather conditions, affected operating rates and downtime, and served to offset the improved operating performance. While concentrate smelted was below planned levels in the period, the smelter is expected to return to targeted levels in line with 2018 guidance.

Acid production in the first quarter of 2018 of 55,711 tonnes was 44% higher than the corresponding period in 2017 as a result of higher volumes of complex concentrate smelted and increased availability of the acid plant in the period. Acid deliveries in the first quarter of 2018 of 63,134 tonnes were 137% higher than the corresponding period in 2017 as a result of the increase in acid production and the build-up of onsite acid inventory levels in the first quarter of 2017.

Financial Highlights - Tsumeb

Revenue

Revenue in the first quarter of 2018 of $36.8 million was $14.2 million higher than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher acid deliveries and reduced deductions for estimated metals exposure, partially offset by lower toll rates.

Cost of sales

Cost of sales in the first quarter of 2018 of $39.0 million was $5.0 million higher than the corresponding period in 2017 due primarily to higher operating expenses as a result of higher volumes of complex concentrate smelted, higher labour costs, higher electricity rates and a stronger ZAR relative to the U.S. dollar, partially offset by a reduction in contractor costs and the benefits of cost savings initiatives, including the insourcing of maintenance activities where lower contractor costs more than offset the associated increase in labour costs.

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

Cash cost per tonne of complex concentrate smelted, net of by-product credits, during the first quarter of 2018 of $499 was 10% or $53 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher acid by-product credits and a reduction in contractor costs, partially offset by higher labour costs and electricity rates, and a stronger ZAR relative to the U.S. dollar.

Loss before income taxes

Loss before income taxes in the first quarter of 2018 was $4.7 million compared to $12.7 million in the corresponding period in 2017. The reduced loss was due primarily to higher volumes of complex concentrate smelted, higher acid deliveries, reduced deductions for estimated metals exposure and a reduction in contractor costs, partially offset by lower toll rates, higher labour costs and electricity rates, and a stronger ZAR relative to the U.S. dollar.

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

Adjusted EBITDA in the first quarter of 2018 was $2.2 million compared to an adjusted loss before interest taxes, depreciation and amortization of $5.0 million in the corresponding period in 2017. Adjusted earnings (loss) before interest, taxes, depreciation and amortization was impacted by the same factors affecting loss before income taxes.

Adjusted loss before income taxes

Adjusted loss before income taxes during the first quarter of 2018 was $4.7 million compared to $12.2 million in the corresponding period in 2017.

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

($ millions) **Ended March 31,**	**Three Months**
Adjusted loss before income taxes - 2017	**(12.2)**
Higher volumes	9.8
Lower estimated metals exposure	4.6
Lower slag mill concentrate returns	0.9
Higher operating expenses(1)	(3.3)
Lower toll rates	(2.8)
Stronger ZAR(2)	(1.6)
Other	(0.1)
Adjusted loss before income taxes - 2018	**(4.7)**

1) *Excludes impact of depreciation and foreign exchange.*
2) *Includes net realized gains and losses on forward foreign exchange contracts.*

Capital expenditures

Capital expenditures during the first quarter of 2018 of $4.3 million were comparable to the corresponding period in 2017 and in line with 2018 guidance.

REVIEW OF CORPORATE AND OTHER SEGMENT RESULTS

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

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

$ thousands	**Three Months**	
Ended March 31,	**2018**	2017
Financial Highlights		
General and administrative expenses, excluding depreciation and MineRP(1)	**(7,003)**	(6,495)
Corporate social responsibility expenses	**(259)**	(335)
Exploration expenses	**(1,514)**	(1,421)
MineRP	**(974)**	-
Other income (expense)(2),(3)	**554**	213
Adjusted loss before interest, taxes, depreciation and amortization	**(9,196)**	(8,038)

1) *Excludes depreciation of $0.1 million in the first quarter of 2018 (2017 - $0.1 million)*
2) *In the first quarter of 2018, excludes net losses on Sabina special warrants.*
3) *In the first quarter of 2017, excludes net gains on Sabina special warrants, unrealized losses on commodity swap and option contracts entered to hedge a portion of future production and unrealized losses on forward foreign exchange contracts.*

General and administrative expenses

General and administrative expenses, excluding depreciation, in the first quarter of 2018 of $7.0 million were $0.5 million higher than the corresponding period in 2017 due primarily to unfavourable mark-to-market adjustments related to share based compensation.

Exploration expenses

Exploration expenses during the first quarter of 2018 of $1.5 million were comparable to the corresponding period in 2017. Refer to the "Exploration" section of this MD&A for a more detailed discussion of the Company's exploration activities.

MineRP

The following table summarizes MineRP's results:

$ thousands	Three Months	
Ended March 31,	**2018**	2017[1]
Revenue	**4,186**	-
Cost of sales	**203**	-
General and administrative expenses	**4,884**	-
Adjusted loss before interest, taxes, depreciation and amortization	**(974)**	-

1) MineRP was acquired in October 2017.

MineRP's revenue in the first quarter of 2018 of $4.2 million was in line with expectations for the period. General and administrative expenses of $4.9 million reflect an increase in headcount in order to support MineRP's growth strategy.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Company had cash of $14.8 million, investments valued at $36.8 million primarily related to its 10% interest in Sabina, and $242 million of undrawn capacity under its RCF.

The Company's liquidity is impacted by several factors which include, but are not limited to, gold, copper and silver market prices, production levels, capital expenditures, operating cash costs, interest rates and foreign exchange rates. These factors are monitored by the Company on a regular basis. As at March 31, 2018, the Company's cash resources and available lines of credit under its RCF continue to provide sufficient liquidity and cash resources to meet its current operating and capital expenditure requirements, as well as all contractual commitments. The Company may, from time to time, raise additional capital to ensure it maintains its financial strength and has sufficient liquidity to support its discretionary growth capital projects and the overall needs of the business.

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

$ thousands	Three Months	
Ended March 31,	**2018**	2017
Cash provided from operating activities, before changes in non-cash working capital	**18,444**	16,980
Changes in non-cash working capital	**(7,401)**	17,586
Cash provided from operating activities	**11,043**	34,566
Cash used in investing activities	**(32,977)**	(16,460)
Cash provided from financing activities	**7,933**	5,685
Increase (decrease) in cash	**(14,001)**	23,791
Cash at beginning of period	**28,767**	11,757
Cash at end of period	**14,766**	35,548

Cash at March 31, 2018 of $14.8 million was $20.8 million lower than the corresponding period in 2017. The primary factors impacting these cash flow movements are summarized below.

Operating Activities

Cash provided from operating activities in the first quarter of 2018 was $11.0 million compared to $34.6 million in the corresponding period in 2017. This decrease was due primarily to an unfavourable change in the period over period change in non-cash working capital.

The unfavourable change in non-cash working capital in the first quarter of 2018 of $7.4 million was due primarily to an increase in accounts receivables as a result of the timing of receipts from customers and an increase in inventories as a result of the timing of deliveries, partially offset by an increase in accounts payable and accrued liabilities. The favourable change in non-cash working capital in the first quarter of 2017 of $17.6 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories as a result of the timing of deliveries.

Cash provided from operating activities, before changes in non-cash working capital, during the first quarter of 2018 was $18.4 million compared to $17.0 million in the corresponding period in 2017. This increase was due primarily to improved results, partially offset by increased payments for and the timing of settlements of derivative contracts.

Investing Activities

Cash used in investing activities in the first quarter of 2018 was $33.0 million compared to $16.5 million in the corresponding period in 2017.

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

$ thousands	**Three Months**	
Ended March 31,	**2018**	2017
Chelopech	**1,676**	2,037
Tsumeb	**4,243**	3,245
Krumovgrad(1)	**22,931**	10,796
Other	**154**	402
Total cash capital expenditures	**29,004**	16,480

1) Includes proceeds from the settlement of derivative contracts of $1.6 million (2017 - $nil) in the first quarter of 2018.

Cash outlays for capital expenditures in the first quarter of 2018 of $29.0 million were $12.5 million higher than the corresponding period in 2017 due primarily to increased construction activities at the Krumovgrad gold project.

In January 2018, DPM purchased 2.2 million common shares of Sabina at a market price of $1.81 (Cdn $2.26) per share for a total cost of $4.0 million (Cdn $5.0 million).

Financing Activities

Cash provided from financing activities in the first quarter of 2018 was $8.0 million compared to $5.7 million in the corresponding period in 2017.

Drawdowns under the RCF in the first quarter of 2018 totaled $10.0 million compared to repayments of $25.0 million in the corresponding period in 2017.

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

Interest paid in the first quarter of 2018 was $1.7 million compared to $1.4 million in the corresponding period in 2017.

Financial Position

$ thousands **As at,**	**March 31, 2018**	December 31, 2017	**Increase/ (Decrease)**
Cash	**14,766**	28,767	**(14,001)**
Accounts receivable, inventories and other current assets	**85,724**	69,810	**15,914**
Investments at fair value	**36,757**	48,411	**(11,654)**
Non-current assets, excluding investments at fair value	**723,152**	697,762	**25,390**
Total assets	**860,399**	844,750	**15,649**
Current liabilities	**77,463**	80,317	**(2,854)**
Non-current liabilities	**152,832**	130,945	**21,887**
Equity attributable to common shareholders	**622,344**	626,162	**(3,818)**
Non-controlling interests	**7,760**	7,326	**434**

Cash decreased by $14.0 million to $14.8 million in 2018 reflecting increased capital expenditures and an unfavourable change in non-cash working capital, partially offset by drawdowns under the RCF. Accounts receivable, inventories and other current assets increased by $15.9 million to $85.7 million in 2018 due primarily to the timing of receipts from customers and the timing of copper concentrate deliveries. Investments at fair value decreased by $11.6 million to $36.8 million in 2018 due primarily to the decrease in Sabina's share price. Non-current assets, excluding investments at fair value, increased by $25.4 million to $723.2 million in 2018 due primarily to capital expenditures at Krumovgrad, Tsumeb and Chelopech, partially offset by depreciation expense.

Non-current liabilities increased by $21.9 million to $152.8 million in 2018 due primarily to drawdowns under the RCF, an increase in deferred revenue related to the deemed financing expense in respect of the prepaid forward gold sales arrangement as a result of adoption of IFRS 15 (refer to the "Changes in Accounting Policies" section of this MD&A for further discussion concerning this change in accounting policy) and an increase in financial leases.

Contractual Obligations, Commitments and Contingencies

The Company had the following minimum contractual obligations and commitments as at March 31, 2018:

$ thousands	**up to 1 year**	**1 – 5 years**	**over 5 years**	**Total**
Debt	-	33,000	-	**33,000**
Finance lease obligations	3,960	9,063	5,501	**18,524**
Capital commitments	48,252	-	-	**48,252**
Purchase commitments	14,003	13,090	8	**27,101**
Operating lease obligations	1,381	2,681	888	**4,950**
Other obligations	443	531	22	**996**
Total contractual obligations and commitments	**68,039**	**58,365**	**6,419**	**132,823**

As at March 31, 2018, Tsumeb had approximately $99.7 million (December 31, 2017 – $112.2 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to Louis Dreyfus Company Metals Suisse ("LD") pursuant to a tolling agreement.

In July 2017, the Company and LD agreed to amend the existing tolling agreement to provide for, among other things, lower stockpile interest deductions on excess secondary materials, specified quarterly targeted reductions designed to eliminate excess secondary materials, representing at that time approximately $90.0 million, over a period that extends to December 31, 2020, the purchase of secondary materials in excess of established quarterly targeted levels, and the extension of the tolling agreement by one year. During the three months ended March 31, 2018, the purchase of secondary materials was not required. Since July 2017, the Company has reduced metal-in-secondaries by just over 23%. As at March 31, 2018, the value of excess secondary materials was approximately $72.9 million.

Debt

As at March 31, 2018, the Company's total outstanding debt was $33.0 million. As at March 31, 2018, the Company's total debt, as a percentage of total capital, was 5% (December 31, 2017 – 4%) and the Company's total debt, net of cash, as a percentage of total capital, was 3% (December 31, 2017 – negative 1%). As at March 31, 2018, the Company was in compliance with all of its debt covenants.

Credit Agreements and Guarantees

Chelopech and Krumovgrad

Chelopech and Krumovgrad have a $16.0 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at March 31, 2018, $5.2 million (December 31, 2017 – $5.5 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Krumovgrad also have a Euro 21.0 million ($25.9 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2018 and is guaranteed by DPM. As at March 31, 2018, $23.7 million (December 31, 2017 - $23.0 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

Krumovgrad has a $5.3 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at March 31, 2018, $0.1 million (December 31, 2017 – $0.1 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

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

DPM

DPM has a committed RCF with a consortium of banks. In April 2018, the RCF was amended to extend tranche B by an additional year. As at March 31, 2018, the RCF is comprised of a $45.0 million tranche A maturing in February 2022, a $150.0 million tranche B maturing in February 2021, and an $80.0 million tranche C maturing in September 2021 that has quarterly availability reductions of $4.0 million beginning in the third quarter of 2018.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and the Company's funded net debt to adjusted EBITDA ("Debt Leverage Ratio"), as defined in the RCF agreement. The RCF is secured by pledges of the Company's investments in Krumovgrad, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

The RCF contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 4.0:1 during the construction of the Krumovgrad gold project (below 3.5:1 thereafter), (ii) a current ratio (including the addition of any unutilized credit within tranche B to current assets) of greater than 1.5:1, and (iii) a minimum net worth of $500.0 million plus (minus) 50% of ongoing annual net earnings (losses).

As at March 31, 2018, DPM was in compliance with all financial covenants and $33.0 million (December 31, 2017 – $23.0 million) was drawn under the RCF.

Outstanding Share Data

DPM's common shares are traded on the TSX under the symbol DPM. As at May 2, 2018, 178,492,566 common shares were issued and outstanding.

DPM also has 5,572,641 stock options outstanding as at May 2, 2018 with exercise prices ranging from Cdn$2.05 to Cdn$3.96 per share (weighted average exercise price – Cdn$3.04 per share).

Normal Course Issuer Bid

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

As at May 2, 2018, the Company had not purchased any common shares under the Bid.

Other

The Company is involved in legal proceedings, from time to time, arising in the ordinary course of its business. It is not expected that any material liability will arise from current legal proceedings or have a material adverse effect on the Company's future business, operations or financial condition.

FINANCIAL INSTRUMENTS

Investments at fair value

As at March 31, 2018, the Company's investments at fair value were $36.8 million, the vast majority of which related to the value of its investment in Sabina common shares and special warrants. Sabina is an emerging precious metals company with district scale, undeveloped assets in Nunavut, Canada. Its 100% owned Back River project is advancing through the environmental assessment process with final hearings with the Nunavut Impact Review Board ("NIRB") completed between May 31 and June 3, 2017. On December 20, 2017, Sabina announced that the NIRB had issued the final Project Certificate, which allows Sabina to advance through the final licensing and permitting stage. In April 2018, Sabina and Kitikmeot Inuit Association finalized a 20 year benefit and land tenure agreements.

In January 2018, DPM purchased 2.2 million common shares of Sabina from Jonathan Goodman, a director of the Company, at the market price of $1.81 (Cdn $2.26) per share for a total cost of $4.0 million (Cdn $5.0 million) to maintain a 10.2% ownership interest in Sabina. As at March 31, 2018, DPM held: (i) 25,739,713 common shares of Sabina or 10.2% of the outstanding common shares (fair value of Cdn $40.7 million) and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the Back River project or upon the occurrence of certain other events. Each of the special warrants is exercisable into one common share until 2044.

The fair value of the Sabina Series B special warrants, including significant assumptions, is detailed in note 4(a) to DPM's condensed interim consolidated financial statements for the three months ended March 31, 2018. For the three months ended March 31, 2018, the Company recognized an unrealized loss on the Sabina special warrants of $1.6 million (2017 – unrealized gain of $1.2 million) in other expense in the condensed interim consolidated statements of earnings (loss).

Publicly traded securities, which are comprised primarily of Sabina common shares, were previously classified as available-for-sale under International Accounting Standard ("IAS") 39 as management intended to hold them for the medium to long-term. Upon adoption of IFRS 9, the Company elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income or loss, as these investments are not held for trading. Refer to the "Changes in Accounting Policies" section of this MD&A for further discussion concerning this change in accounting policy.

For the three months ended March 31, 2018, the Company recognized unrealized losses on these publicly traded securities of $14.5 million (2017 – unrealized gains of $10.1 million) in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss. Had the Company not adopted IFRS 9, these unrealized losses for the three months ended March 31, 2018 would have been presented in other comprehensive income or loss and would have been subsequently reclassified to the consolidated statements of earnings (loss) once realized.

Commodity swap and option contracts

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

As at March 31, 2018, the Company had outstanding QP Hedges as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	5,995 ounces	$1,343.07/ounce

The Company also enters into cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures (“Production Hedges”). Commodity swap contracts are entered to swap future contracted monthly average prices for fixed prices. Commodity option contracts are entered to provide price protection below a specified “floor” price and price participation up to a specified “ceiling” price. These option contracts are comprised of a series of call options and put options (which when combined create a price “collar”) that are generally structured so as to provide for a zero upfront cash cost.

As at March 31, 2018, the Company had outstanding commodity swap contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Average fixed price of Production Hedges ($/pound)
Balance of 2018	14,375,225	2.62

As at March 31, 2018, the Company had outstanding commodity option contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Call options sold Average ceiling price ($/pound)	Put options purchased Average floor price ($/pound)
Balance of 2018	9,523,958	3.32	2.80

The commodity swap and option contracts did not previously qualify for hedge accounting since component hedging was not permitted under IAS 39. Upon adoption of IFRS 9, the Company is now able to designate the spot component of commodity swap contracts and the intrinsic value of the commodity option contracts in respect of Production Hedges as cash flow hedges and the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges. Refer to the “Changes in Accounting Policies” section of this MD&A for further discussion concerning this change in accounting policy.

The fair value gain or loss on commodity swap contracts was calculated based on the corresponding LME forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. The fair value gain or loss on commodity option contracts was calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at March 31, 2018, the net fair value loss on all outstanding commodity swap and option contracts was $6.2 million (December 31, 2017 – $15.0 million), of which $0.1 million (December 31, 2017 – $nil) was included in other current assets and $6.3 million (December 31, 2017 – $15.0 million) in accounts payable and accrued liabilities.

For the three months ended March 31, 2018, the Company recognized unrealized gains of $4.8 million in other comprehensive income (loss) on outstanding commodity swap and option contracts. The Company also recognized a net gain of $1.0 million for the three months ended March 31, 2018 in revenue on settled contracts. Had the Company not adopted IFRS 9, a net gain of $5.8 million would have been recognized in other expense in the condensed interim consolidated statements of earnings (loss).

For the three months ended March 31, 2017, the Company recognized unrealized losses of $9.9 million on commodity swap and option contracts in other expense. The Company also recognized realized losses on settled contracts of $3.1 million in other expense for the three months ended March 31, 2017.

Approximately 88% of the Company's expected payable copper production for the balance of 2018 has been hedged.

Forward foreign exchange contracts

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

As at March 31, 2018, the Company had outstanding forward foreign exchange contracts in respect of its projected foreign denominated operating expenses and capital expenditures over the balance of 2018 as summarized in the table below:

Exposures hedged	Foreign currency hedged	Amount hedged in foreign currency	Average exchange rate Foreign currency/US$
Operating expenses	ZAR	359,075,750	13.6791
Capital expenditures	Euro	36,151,000	1.1467

Namibian dollar (which is pegged to the ZAR) operating expense hedges represent approximately 33% of projected Namibian dollar operating expenses for the balance of 2018. The Euro capital expenditure hedges relate to projected Euro capital expenditures in respect of the construction of the Krumovgrad gold project, which have been substantially hedged.

The Company continues to designate the spot component of the forward foreign exchange contracts as a cash flow hedge. Upon adoption of IFRS 9, the forward point component of forward foreign exchange contracts is now treated as a separate cost of hedging. Refer to the "Changes in Accounting Policies" section of this MD&A for further discussion concerning this change in accounting policy.

The fair value gain or loss on these outstanding contracts was calculated based on forward foreign exchange rates quoted in the market. As at March 31, 2018, the fair value gain on all outstanding forward foreign exchange contracts was $6.8 million (December 31, 2017 – $6.3 million), which was included in other current assets.

For the three months ended March 31, 2018, the Company recognized unrealized gains of $0.3 million (2017 – $2.9 million) in other comprehensive income (loss) on the spot component of the outstanding forward foreign exchange contracts. The Company also recognized realized gains of $1.0 million (2017 – realized losses of $1.2 million) for the three months ended March 31, 2018 in cost of sales on the spot component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized gains of $2.2 million (2017 – $nil) for the three months ended March 31, 2018 as reductions to mine properties on the spot component of the settled contracts in respect of foreign denominated capital expenditures.

For the three months ended March 31, 2018, the Company recognized $0.2 million of unrealized gains on the forward point component of the outstanding forward foreign exchange contracts in other comprehensive income (loss) as a deferred cost of hedging. The Company also recognized realized gains of $0.2 million for the three months ended March 31, 2018 in cost of sales on the forward point component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of $0.3 million for the three months ended March 31, 2018 as additions to mine properties on the forward component of the settled contracts in respect of foreign denominated capital expenditures. Had the Company not adopted IFRS 9, a net gain of $0.1 million would have been recorded in other expense in the condensed interim consolidated statements of earnings (loss).

For the three months ended March 31, 2017, the Company recognized unrealized losses of $0.5 million in other expense on the forward point component of the outstanding forward foreign exchange contracts. The Company also recognized realized gains of $1.4 million for the three months ended March 31, 2017 in other expense on the forward point component of the settled contracts.

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

EXPLORATION

Chelopech Overview

In the first quarter of 2018, an intensive underground resource development diamond drilling program of 9,146 metres was completed, which comprised 2,946 metres of grade control drilling aimed to better define the shape and volume of existing ore bodies and 6,200 metres of extensional drilling. The key area explored was Zone 153, a high-grade zone discovered as part of on-going resource development drilling in ‘Upper Levels’ in the fourth quarter of 2016. The focus of recent drilling has been to define the shape and volume of the mineralized zone, improve confidence in the geological model and add additional Mineral Resources in this area.

Elsewhere, resource development drilling concentrated on the upper levels of Blocks 150 and 25 with the aim to expand the known ore bodies extents and convert Mineral Resources into Mineral Reserves. Further to this, the areas down plunge of Blocks 18, 19 and 150 were also drilled during the quarter. A detailed review of the first quarter drilling program and results which were returned during that period are discussed below.

Central Area

The main focus of underground resource development drilling in the Central area of the mine was to extend known economic mineralization in Blocks 18 and 19. Additionally, resource development drilling concentrated on Target 7, which is an exploration target located close to existing underground infrastructure.

Target 7

As a result of the drilling from position G31-505-DDC1, high grade mineralization was intersected within a new advanced-argillic alteration zone. It is located about 200 metres east of Block 18 between 460 mRL and 570 mRL. The new zone was intersected by five holes which returned a narrow, steeply dipping zone of mineralization. Mineralization is still open in southeasterly direction. The mineralization is a typical high-sulfidation mineral assemblage presented as a stockwork bearing pyrite, enargite and tennantite. The current density of drilling along the Target 7 is sparse and additional drilling is required. Testing of this high potential area will continue in the second quarter of 2018. Significant results are shown in the table below (see drillholes EXT18_505_10, EXT18_505_11, EXT18_505_12).

Block 18

Approximately 1,200 metres were drilled in Block 18 from two drill positions. As a result of drilling from cuddy G31-505-DDC1 on 505 level, the mineralization contours in the eastern part of the block was extended between 450 mRL and 430 mRL (see drillhole EXT18_505_09). The drilling will continue during the second quarter of 2018. Grade control drillholes from position 19E-290-P2, significantly extended Block 18 at depth, down plunge. Results are presented in the table below within holes “G18_290_07”, “G18_290_13”, “G18_290_15” and “G18_290_17”.

Block 19

In the first quarter of 2018, a series of holes (750 metres) were completed from position 19E-230-P7. Drilling returned one significant interval from “G19E_230_09” (shown in table below). The drillholes from position 19E-290-P2, drilled toward Block 18, extended the Block 19 contour in a southeasterly direction between 300 mRL and 230 mRL. Results are shown in the table below within holes “G18_290_11”, “G18_290_13” and “G18_290_16”. Drillholes in eastern part of Block 19 were designed to check the continuity of mineralization in a northeasterly direction and to facilitate conversion of Mineral Resources to Mineral Reserves. As a result of holes drilled from cuddy 19E-290-P22, the shape and volume of Block 19 was better defined between 300 mRL and 270 mRL. Significant results are presented in the table below within holes “G19E_290_26”, “G19E_290_27” and “G19E_290_28”.

Western Area

Target 148

Target 148 is located south of Block 149 South and is interpreted as being oriented sub-parallel to it. No drilling was completed in the first quarter of 2018, however, positive results were received from drillhole “EXT148_225_26” which was undertaken from 150-225-P2 in the fourth quarter of 2017. Drilling is planned to re-commence for this target during the second quarter of 2018.

Block 150

At the end of 2017, an extensional drilling program commenced from a new position, G421-405-DDC on level 405, targeting the upper levels of Blocks 150 and 25. The aim of the drilling from this location is to expand the known ore body extents and convert Mineral Resources into Mineral Reserves. A re-interpretation of the stockwork domain of Block 150 above the 405 level has shown the presence of pods of high-grade mineralization within a large advanced-argillic alteration envelope. This area is viewed as an attractive target due to the potential for it to host ore-grade mineralization close to current underground infrastructure.

So far, the results from this program has been the extension of Block 150 in a northerly direction between 430 mRL and 360 mRL. Significant intercepts are shown from drill holes “EXT150_405_02”, “EXT150_405_05” and “EXT150_405_08”. Testing of this high potential area will continue in the second quarter of 2018.

Block 151

In the first quarter of 2018, approximately 1,200 metres of grade control drilling were completed from position 151-330-P2 on level 330. Assays are pending.

Block 153

In the first quarter of 2018, approximately 1,800 metres of extensional drilling was accomplished from drill cuddy G31-505-DDC2 on level 505. The drill holes were designed to provide additional information to determine the shape and size of the ore body. Significant intercepts are shown from holes “EXT153_505_11”, “EXT153_505_14” and “EXT153_505_19”. As an outcome of the resource development drilling completed during 2017 and the positive results of metallurgical test work, there was sufficient confidence to permit Block 153 to be included within the Mineral Resource and Mineral Reserve estimates, as at December 31, 2017, for the Chelopech Mine.

Outlook

The resource development strategy for Chelopech planned for the next quarter is focused on drilling of the upper levels of Blocks 150 and 25, the western flank of Block 5 and to the northeast of Block 18. These areas are viewed as having high potential to host new mineralization and for the expansion of known ore bodies. As a consequence of the positive results from the Block 150 extensional drilling program on level 405, the drilling will continue from this location during the second quarter of 2018. Drilling will aim to expand the known ore bodies contours in upper levels of Blocks 150, 25 and 5 and convert Mineral Resources into Mineral Reserves.

Drilling towards Target 148 will re-commence in the second quarter of 2018. A single high grade intercept that aligns with known structural trends indicates this area may have untested mineralization. Additional drilling will determine the continuity of mineralization with the goal of converting this discovery into Mineral Reserves.

Additionally, DPM plans to test the following targets:

- Grade control drilling in Block 151 will continue between levels 390 mRL and 300 mRL, and in the NE part of Block 19 between 320 mRL and 260 mRL, with the aim of infilling and expanding the known ore body extents;
- Extensional drilling for Target 7 with the goal of determining the continuity of mineralization;
- Extensional drilling on a new target locality, called “700”. The target area coincides with NW – SE structural trend which has been assessed as having high potential for hosting new mineralization. Based on historical mapping of silica envelope on the upper levels of the southeast mining area and several historical holes which returned ore-grade mineralization, a 3D model of the target was generated and will be used for drill testing;
- Extensional drilling in a new target area termed “North”, located in the northeast section of Chelopech deposit close to the boundary of Block 19 between 140 mRL and 160 mRL. The mineralization is presented by semi massive to massive copper gold mineralization constrained by steeply dipping structures; and
- Extensional drilling in the areas close to Block 8, targeting the discovery of new and the expansion of known ore bodies. Historic drilling results in combination with structural and geology models indicate untested mineralization may be present in this area.

Significant intercepts (gold equivalent (“AuEq”) cut-off grade of 3 g/t) received during the first quarter of 2018:

HOLE ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EXT148_225_26	5644	29473	228	304.7	-13.1	355.5	366.0	10.20	7.01	3.99	7.56	1.47
EXT150_405_02	5769	29497	413	286.2	6.0	145.5	157.5	12.00	3.00	1.14	2.56	0.91
EXT150_405_05	5769	29498	412	304.5	-9.3	99.0	108.0	8.70	3.33	2.81	4.17	0.25
EXT150_405_08	5769	29497	412	282.7	-4.4	85.5	115.5	30.00	7.36	4.82	11.39	1.23
EXT150_405_08	5769	29497	412	282.7	-4.4	121.5	141.0	19.50	4.12	1.94	8.08	1.06
EXT153_505_11	6072	29368	507	266.0	-7.7	405.0	415.5	10.40	3.65	1.87	4.34	0.86
EXT153_505_14	6072	29368	507	276.4	-9.9	339.0	352.5	13.30	3.42	2.11	2.49	0.63
EXT153_505_19	6072	29366	508	251.7	5.7	187.5	195.0	7.40	6.08	2.18	2.94	1.89
EXT18_505_09	6379	29863	509	251.0	-19.0	207.0	237.0	29.00	7.64	4.63	14.67	1.46
EXT18_505_10	6379	29863	510	241.8	8.4	58.0	75.0	17.00	6.21	3.45	27.24	1.34
EXT18_505_11	6378	29863	509	232.0	-11.7	46.0	64.5	18.00	5.20	2.05	75.13	1.53
EXT18_505_12	6378	29863	509	231.2	-32.0	61.2	70.5	8.00	3.09	1.37	5.63	0.83
G18_290_07	6060	29777	289	110.8	-16.0	54.0	66.0	11.50	5.46	2.94	6.44	1.22
G18_290_07	6060	29777	289	110.8	-16.0	73.5	85.5	11.60	3.04	2.09	1.56	0.46
G18_290_07	6060	29777	289	110.8	-16.0	91.5	129.0	36.00	3.56	2.72	5.88	0.41
G18_290_11	6059	29777	289	79.9	-32.3	4.5	22.5	12.00	4.51	3.40	4.64	0.54
G18_290_13	6059	29776	289	109.5	-24.9	6.0	27.0	19.00	3.95	2.68	2.66	0.61
G18_290_13	6059	29776	289	109.5	-24.9	124.5	139.5	13.50	5.29	3.71	7.71	0.77
G18_290_15	6058	29776	289	135.3	-8.6	67.5	136.5	68.00	14.88	13.46	3.68	0.69
G18_290_16	6058	29776	289	134.3	-24.7	21.0	34.5	12.00	5.65	3.53	2.71	1.03
G18_290_17	6060	29777	289	126.8	-19.2	133.5	159.0	24.50	6.24	5.58	14.58	0.32
G19E_230_09	6082	29894	233	77.7	-12.7	3.0	31.5	26.70	3.66	2.82	4.69	0.41
G19E_230_09	6082	29894	233	77.7	-12.7	96.0	115.5	19.50	5.70	5.13	7.62	0.28
G19E_290_26	6047	29976	295	77.8	-12.6	30.0	72.0	41.00	4.59	2.71	4.64	0.91
G19E_290_27	6047	29976	295	78.8	-1.6	52.5	76.5	24.00	4.47	2.99	5.06	0.72
G19E_290_28	6047	29977	295	70.1	-7.8	45.0	67.5	22.40	3.94	2.31	6.22	0.79

1) *Significant intercepts are located within the Chelopech Mine Concession and proximal to the mine workings.*
2) *AuEq calculation is based on the following formula: Au g/t + 2.06 x Cu %.*
3) *Minimum downhole width reported is 1.5 metres with a maximum internal dilution of 4.5 metres.*
4) *Drill holes with prefix G indicate grade control drilling which is performed using BQ diamond drill core. All other holes are drilled with NQ diamond core.*
5) *Coordinates are in mine-grid.*
6) *No factors of material effect have hindered the accuracy and reliability of the data presented above.*
7) *No upper cuts applied.*

8) *For detailed information on drilling, sampling and analytical methodologies refer to the NI 43-101 Technical Report entitled "Mineral Resource & Reserve Update, Chelopech Project, Chelopech, Bulgaria" (the "Chelopech Technical Report") filed on SEDAR at www.sedar.com on March 28, 2018.*

Sampling and Analysis

All drill cores are sampled in intervals up to a maximum of three metres, with 1.5 metres sample intervals being the common length within mineralized zones. The dimensions of the mineralized zones far exceed the standard sample length. Two sizes of core are drilled; NQ for extensional and BQ for grade control drilling. NQ core is cut by diamond saw, where one half of the core sample is submitted for assaying and the remaining half is retained in steel core trays. BQ core samples are submitted for analysis as a whole core. All drill cores are photographed prior to cutting and/or sampling.

Following DPM exploration standard procedures and internationally accredited standards, a full suite of CRM's (certified reference materials), blanks and field duplicates are submitted to the laboratory with each batch of samples. The overall quality control sample rate is approximately 5% for reference materials, 2% for blanks, and 5% for field duplicates.

Sample tickets are entered into the bags with a numbering system, which reconciles sample and assayed results in the acQuire database. The average core recovery within the modeled resource constraints is 99.6 % and the various phases of drill data show no issues with regards to recoveries.

No relationship was evident between core recoveries and the copper assay data, or the gold assay data. The weight of a core sample varies between three and seven kilograms.

Diamond drill core is prepared and assayed at the SGS managed laboratory at Chelopech in Bulgaria. Samples are routinely assayed for copper, gold, silver, sulphur and arsenic.

Chelopech Brownfield Exploration

During the first quarter of 2018, exploration activities mainly focused on the commencement of underground drilling and the continuation of surface diamond drilling with five holes completed for a total of 3,104 metres at the SEBPZ and Krasta Deep target.

Underground exploration drilling commenced in January 2018 and by the end of the first quarter 1,605 metres were completed in three diamond drill holes. These holes define a zone of advanced argillic alteration with copper-gold mineralization extending from the upper part of Block 8 to the southeast. Significant results received from the first drill hole include 25 metres averaging 4.53 g/t AuEq from the start of the hole that is followed by 132 metres averaging 0.49 g/t AuEq. The true widths of these mineralized intervals are not known but are estimated to be approximately 70-80% of the downhole widths. The underground exploration drilling along the SEBPZ is expected to continue until at least the end of 2018.

Surface exploration drilling at the Krasta Deep target continued with three holes for a total of 1,499 metres. The holes were designed to follow up the encouraging results from the first two holes at the Krasta Deep target that were drilled in the last quarter of 2017. Wide intervals of advanced argillic alteration with weak to moderate copper-gold mineralization were intersected. Further drilling is planned along strike to determine the economic potential. At the near-surface Krasta target, permission to drill was recently granted and a planned 1,000 metre surface drilling program to investigate the potential for copper-gold mineralization up-dip of the Krasta Deep target commenced in April 2018.

Interpretation of geophysical and geochemical data collected in 2017 has identified new gold and copper targets, on both of the Sveta Petka and Brevene exploration licenses, that are recommended for further surface exploration and drill testing in 2018. Surface exploration plans include ground magnetics, geological mapping and infill soil sampling on both of the Brevene and Sveta Petka exploration licenses.

Krumovgrad, Bulgaria

During the first quarter of 2018, a total of 678 metres of surface diamond drilling was completed in five drill holes at the Surnak deposit that is located within the Khan Krum mining concession. Results received for the first hole, Hole SUDD028, include 13 metres averaging 1.29 g/t Au from a depth of 106 metres. The remaining assays are pending while additional drilling at Surnak is scheduled for the second quarter of 2018.

Other exploration activities during the quarter included ground magnetics, geological mapping, and stream sediment and soil sampling at the nearby Elhovo, Chiirite and Dalbokata Reka exploration licenses. In the second quarter of 2018, exploration will continue to focus on developing gold targets to drill test at the Elhovo, Chiirite and Dalbokata Reka exploration licenses. Additional diamond drilling at the Kupel North Geological Discovery is also planned.

Krumovgrad Gold Project Grade Control Drilling

The planned grade control drilling program was completed in the first quarter of 2018. The drill holes covered the first year's production within pushback one, which is the first of four scheduled pushbacks at the Krumovgrad gold project mine side. Based on results of reverse circulation ("RC") drilling conducted in 2017, a 5 metre x 5 metre grade control drill spacing was considered the most appropriate due to the complex distribution of mineralization, with veins characterized by short ranges, moderate to high nuggets, and variable orientations.

During the first quarter of 2018, a total of 31,411 metres was drilled at a 5 metre x 5 metre spacing to a target elevation of 430 metres, which ensured grade control drilling is one year ahead of mining. The assays are still pending. Upon receipt of the results, a grade control model will be prepared in the second quarter of 2018 in preparation for the commencement of mining activities.

Further grade control drilling is likely to commence during the second half of 2018 in the pushback one and two areas, to ensure that grade control drilling remains at least one year ahead of mining.

Timok Gold Project, Serbia

Exploration activities at the Timok gold project during the first quarter of 2018 were focused on the relogging of drill holes in conjunction with building and updating the 3D geology models for Bigar Hill, Korkan, Korkan West and Kraku Pester. Interpretation of exploration data and drill hole planning were also undertaken.

Exploration plans for the second quarter of 2018 include drilling at the Bigar Hill and Korkan West. Other exploration activities include infill soil sampling, geological mapping, trench sampling and ground magnetic and IP surveying to define targets for drill testing.

Lenovac Joint Venture, Serbia

At the Lenovac joint venture with Rio Tinto Mining and Exploration Limited, preparations for two seismic transects across the exploration license are in progress.

Malartic Joint Venture, Quebec

During the first quarter of 2018, an initial 1,942 metre scout drilling program was completed at the Company's joint venture project in Quebec which is held under an option agreement with Pershimex Resources Corporation (formerly Khalkos Exploration Inc.). The scout drilling program was primarily designed to characterize the various targets that were defined within the volcano-sedimentary Blake River Group from mapping and geophysical (pole-dipole Induced Polarization and magnetic surveys) work completed in 2017. Sampling and detailed logging of the drill core and integration of new drilling data into geological model is scheduled for the second quarter of 2018.

Partial assay results are available for the first three holes (MLDD001 to MLDD003), which were drilled 300-500 metres northwest from the historic Revillard gold showing. The new geological and assay data demonstrate that mineralization continues along strike of the Revillard area, is hosted by multiple shear zones within the mafic units of the Blake River Group and is associated with quartz–carbonate–pyrrhotite–tourmaline veins and breccia zones. Best results include the two metre intersection of 5.53 g/t gold in hole MLDD003 between 124.8 and 126.8 metres downhole, part of a vein zone that is approximately 10 metres wide (120.1 to 130.0 metres downhole with an estimated true width of 8 metres) with an average grade of 1.39 g/t gold.

Other

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

Sampling and Analysis of Exploration Core and Channel Samples

Most exploration diamond drill holes are collared with PQ size, continued with HQ, and are sometimes finished with NQ. Triple tube core barrels are used whenever possible to improve recovery.

All drill core is cut lengthwise into two halves using a diamond saw, one half is sampled for assaying and the other half is retained in core trays. All drill core is sampled in intervals ranging up to three metres, however, the common length for sample intervals within mineralized zones is one metre. Weights of drill core samples range from three to eight kilograms, depending on the size of core, rock type, and recovery. A numbered tag is placed into each sample bag, and the samples are grouped into batches for laboratory submissions. Exploration samples from Chelopech, Krumovgrad and the Timok gold project are shipped to the Company's own exploration laboratory in Bor, Serbia, which is managed by SGS Minerals. The exploration samples from the Canadian Malartic joint venture project are processed using identical quality assurance and quality control ("QAQC") procedures and analytical methods, but sample preparation and gold fire assay analysis are completed by the Bureau Veritas laboratory in Timmins, Ontario.

Quality control samples, comprising certified reference materials, blanks, and field duplicates are inserted into each batch of samples, and locations for crushed duplicates are specified. All drill core and quality control samples are tabulated on sample submission forms that specify sample preparation procedures and codes for analytical methods. For internal quality control, the laboratory includes its own quality control samples comprising certified reference materials, blanks, and pulp duplicates. All QAQC monitoring data are reviewed and signed off by an independent QAQC geologist. Chain of custody records are maintained from sample shipment to the laboratory until analyses are completed and remaining sample materials are returned to the Company.

Drill core samples submitted to the laboratory are dried at 105˚C for a minimum of 12 hours and then jaw crushed to about 80% passing 4 mm. Sample preparation duplicates are created by riffle splitting crushed samples on a 1 in 20 basis. Larger samples are riffle split prior to pulverizing, whereas, smaller samples are pulverized entirely. Pulverizing specifications are approximately 90% passing 70 microns. Gold analyses are done using a conventional 50-gram fire assay and AAS finish. Multi-element analyses comprising 49 elements, that include Cu, Mo, As, Bi, Pb, Sb, and Zn, are done using a four-acid digestion and an ICP finish. Samples returning over 10,000 ppm for base metals are re-analyzed using high grade methods.

DEVELOPMENT AND OTHER MAJOR PROJECTS

Krumovgrad

The mine site is located at Ada Tepe, approximately three kilometres south of the town of Krumovgrad in southeastern Bulgaria. The project plan contemplates the construction of an open pit mining operation comprised of a process plant, which will employ conventional crushing, grinding and flotation processing for gold extraction, and the disposal of thickened tailings, together with mine rock waste, in an integrated mine waste facility ("IMWF"). The plant is designed to treat up to 840,000 tonnes of ore per year over an eight-year mine life, including processing stockpiled low grade ore at the end of the project, which is consistent with existing permitting applications and environmental submissions. A feasibility study for the project was completed in 2011. The technical report for the Krumovgrad project entitled "Revised NI 43-101 Technical Report, Ada Tepe Deposit, Krumovgrad Project, Bulgaria" dated effective March 21, 2014, and revised November 7, 2017, is available at www.sedar.com (the "Krumovgrad Technical Report").

The table below is a summary of the Q4 2015 estimated capital costs required to construct and commission the project, together with the additional sustaining capital expenditures and closure costs expected to be incurred over the life of the project.

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

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

The estimated capital cost of the project at completion is now expected to be between $164 million and $168 million, of which $96.3 million has been incurred as at March 31, 2018. This decrease relative to the 2015 estimate of $178.2 million is due primarily to:

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

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

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

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

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

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

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

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

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

In March 2018, the Krumovgrad Municipal Council ("KMC") approved the detailed development plan ("DDP") for the waste water discharge pipeline. The DDP is expected to enter into force in early May, following which the Company expects to receive the construction permit in the second quarter of 2018.

During the first quarter of 2018, the re-designation of forestry land to industrial land was approved for the routing of the new access road, clearing the way for the purchase of this land by the Company. Following the planned land purchase in the second quarter of 2018, the Company will apply for the construction permit for the new access road, which is expected to be received late in the second quarter of 2018. Current access to the site is via the temporary construction access road.

While neither the new access road, nor the discharge pipeline are currently on the project critical path, any additional significant delays in the construction permitting process could affect the planned fourth quarter of 2018 completion date.

With the new access road DDP now in force, EVN (the electricity supply utility) has initiated the permitting and subsequent construction process for the installation of the power line to the site. As a result of the delay in the road approvals, the anticipated installation of the power supply to the site is later than planned, but is not currently on the critical path. As with the road and pipeline approvals, any further delays in the construction of the power line could impact the planned fourth quarter of 2018 completion date.

The main construction activities during the first quarter of 2018 were:

- Ongoing installation of major equipment foundations in the process plant area;
- Completion of the IMWF earthworks;

- Ongoing construction of the mine and IMWF haul roads;
- Ongoing construction of the storm water and process water reservoirs;
- Ongoing installation of structural steel and major equipment;
- Completion of deliveries of major process equipment to the site;
- Mobilization of the main electrical and instrumentation installation contractor; and
- Ongoing hiring and training of key operational staff.

As at March 31, 2018, construction of the project was approximately 59% complete, based on installed quantities and remains on track for first concentrate production in the fourth quarter of 2018. All major construction contracts have now been awarded, and rates locked-in for the balance of the project.

Progress against the project baseline schedule is set out below:

Key Milestones	**Expected/Actual Completion**
Commence main civil/mechanical/electrical construction	Q3 2017 (complete)
Complete bulk earthworks in the process plant area	Q3 2017 (complete)
Mobilize electrical and instrumentation contractor to site	Q1 2018 (complete)
Complete IMWF earthworks	Q1 2018 (complete)
Commence pre-stripping of the mine	Q2 2018
Start cold commissioning	Q2 2018
Start hot commissioning	Q3 2018
First concentrate production	Q4 2018

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

Tsumeb – Capital Project

Rotary Holding Furnace

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

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

Work to secure the necessary permits to support this planned increase in production is ongoing. An Environmental and Social Impact Assessment (“ESIA”) is underway for the project. Public access to the draft ESIA was provided during the second quarter of 2017. Based on the feedback received, the Company is in the process of updating certain technical studies.

DPM anticipates moving forward with this project, subject to receipt of all major permits, adequate supply of complex concentrate on acceptable terms and funding being in place.

OFF BALANCE SHEET ARRANGEMENTS

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

SELECTED QUARTERLY INFORMATION

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

$ millions	**2018**	2017				2016[1]		
except per share amounts	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue[2]	**86.9**	94.9	92.3	86.9	74.6	82.1	54.8	72.5
Net earnings (loss)	**2.7**	(1.8)	3.0	11.0	(12.6)	(110.1)	(30.4)	(5.3)
Net earnings (loss) attributable to:								
• Non-controlling interest	**(0.0)**	(0.4)	(0.1)	(0.0)	(0.1)	(0.1)	(0.5)	0.3
• Discontinued operations	**-**	-	-	-	-	(2.5)	(0.1)	3.3
• Continuing operations	**2.7**	(1.4)	3.1	11.0	(12.5)	(107.5)	(29.8)	(8.9)
Net earnings (loss) per share:								
• Discontinued operations	**-**	-	-	-	-	(0.02)	(0.00)	0.02
• Continuing operations	**0.02**	(0.01)	0.02	0.06	(0.07)	(0.67)	(0.19)	(0.06)
Net earnings (loss) diluted per share:								
• Discontinued operations	**-**	-	-	-	-	(0.02)	(0.00)	0.02
• Continuing operations	**0.02**	(0.01)	0.02	0.06	(0.07)	(0.67)	(0.19)	(0.06)
Adjusted net earnings (loss)[2]	**0.6**	3.4	7.6	11.9	(6.2)	5.7	(19.4)	(7.4)
Adjusted basic earnings (loss) per share[2]	**0.00**	0.02	0.04	0.07	(0.04)	0.04	(0.12)	(0.05)

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

The variations in the Company's quarterly results were driven largely by fluctuations in gold grades and recoveries, volumes of complex concentrate smelted, gold and copper prices, foreign exchange rates, smelter toll rates, metals exposure and slag mill concentrate returns, depreciation, net gains and losses related to Sabina special warrants, unrealized and realized gains and losses on commodity swap and option contracts related to hedging the Company's metal price exposures, realized and unrealized gains or losses on forward foreign exchange contracts, impairment charges and common share issuances. Following the implementation of IFRS 9 on January 1, 2018, unrealized gains or losses on commodity swap and options contracts and forward point component of forward foreign exchange contracts are recognized in other comprehensive income (loss) rather than in other expense.

The following table summarizes the quarterly average trading price for gold, copper and silver based on the LBMA for gold and silver and the LME for copper (Grade A) and highlights the quarter over quarter variability.

	2018	2017				2016		
Average	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
LBMA gold ($/oz)	**1,330**	1,275	1,278	1,257	1,219	1,219	1,335	1,259
LME settlement copper ($/lb)	**3.16**	3.09	2.88	2.57	2.65	2.40	2.17	2.15
LBMA spot silver ($/oz)	**16.77**	16.70	16.83	17.26	17.42	17.18	19.62	16.78

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities on the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The significant areas of estimation and uncertainty considered by management in preparing the condensed interim consolidated financial statements for the three months ended March 31, 2018 are the same as those described in the Company's MD&A for the year ended December 31, 2017.

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers,* which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018, except for hedge accounting in respect of commodity swap and option contracts that was applied prospectively.

IFRS 9, *Financial Instruments*

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

Upon adoption of IFRS 9, the two main changes in the Company's accounting policy on financial instruments are: i) equity investments previously classified as available-for-sale are now classified as financial assets measured at FVOCI and ii) derivative instruments previously held for trading now qualify for hedge accounting, including the Company's commodity swap and option contracts, to the extent they comply with the IFRS 9 criteria for hedge accounting.

Equity investments previously classified as available-for-sale financial assets satisfied the conditions for classification as financial assets at FVOCI and the Company elected to irrevocably designate them at FVOCI. Gains and losses in respect of these investments are recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss), are not transferred to profit or loss upon disposition and are not subject to impairment assessments.

The new hedge accounting standards more closely align the accounting for hedging instruments with the Company's risk management practices. As a result, more hedge relationships are eligible for hedge accounting. Upon adoption of IFRS 9, the Company's forward foreign exchange contracts, which previously qualified for hedge accounting, continue to qualify. The Company has also elected to account for the forward point component of forward foreign exchange contracts as a cost of hedging. The Company's commodity swap and option contracts, which previously did not qualify for hedge accounting under IAS 39, now qualify for hedge accounting to the extent they comply with the IFRS 9 criteria for hedge accounting.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	**Under IFRS 9**
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable on provisionally priced sales	Held for trading	FVPL
Other accounts receivable	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Sabina special warrants	Held for trading	FVPL
Publicly traded securities	Available for sale	FVOCI
Commodity swap and option contracts	Derivatives held for trading	Derivatives for cash flow and fair value hedges
Forward foreign exchange contracts	Derivatives for cash flow hedges	Derivatives for cash flow hedges
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Debt	Other financial liabilities	Amortized cost
Commodity swap and option contracts	Derivatives held for trading	Derivatives for cash flow and fair value hedges
Forward foreign exchange contracts	Derivatives for cash flow hedges	Derivatives for cash flow hedges

The effects of adopting IFRS 9 in the opening balances as at January 1, 2018 are summarized in the table below:

	Impact on opening balances upon adoption of IFRS 9		
	Retained earnings	**Accumulated other comprehensive income**	**Impact on Total equity**
Balance as at December 31, 2017	57,115	41,820	98,935
Reclassify equity investments from available for sale to FVOCI *(i)*	**20,645**	**(20,645)**	**-**
Elect cost of hedge accounting *(ii)*	**36**	**(36)**	**-**
	20,681	**(20,681)**	**-**
Adjusted balance as at January 1, 2018	**77,796**	**21,139**	**98,935**

(i) Upon adoption of IFRS 9, impairment charges on available-for-sale investments previously recognized in profit or loss were transferred from retained earnings to accumulated other comprehensive income with no impact on total shareholders' equity.

(ii) Upon adoption of IFRS 9, the accumulated unrealized losses, net of income taxes, on the forward point component of outstanding forward foreign exchange contracts previously recognized in profit or loss were transferred from retained earnings to accumulated other comprehensive income with no impact on total shareholders' equity.

The following are the Company's new accounting policies for its financial instruments under IFRS 9:

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

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified as “financial assets at fair value (either through other comprehensive income, or through profit or loss)” and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

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

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

Subsequent measurement – Financial assets at FVPL

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

Subsequent measurement – Financial assets at FVOCI

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

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

Derecognition

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

Impairment of financial assets

The Company’s only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of earnings (loss).

Derecognition

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

(b) Derivative financial instruments and hedging activities

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

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

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

Forward foreign exchange contracts designated as cash flow hedges

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

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

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

Commodity swap and option contracts designated as cash flow hedges

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

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

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

Commodity swap and option contracts designated as fair value hedges

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

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

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

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

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

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, *Construction contracts*, IAS 18, *Revenue*, International Financial Reporting Interpretations Committee ("IFRIC") 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standard Interpretations Committee interpretation 31, *Revenue – Barter Transactions Involving Advertising Services***.**

Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable.

While the implementation of IFRS 15 did not have a material impact on the Company's revenue recognition policies, the Company recognized a deemed financing expense in respect of its prepaid forward gold sales arrangement. This deemed financing expense was capitalized to mine properties under construction as borrowing costs incurred in respect of the Krumovgrad gold project. As a result, mine properties and deferred revenue each increased by $4.5 million as at January 1, 2018 and $0.9 million during the three months ended March 31, 2018.

The following are the Company’s new accounting policies for revenue recognition under IFRS 15:

(a) Revenue recognition

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

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

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

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

Revenue from processing concentrate is also adjusted for any over or under recoveries of metals delivered relative to contracted rates, which are subject to estimation, including the amount of metals contained in concentrate received, material in-process and blister delivered. These significant estimates are based on the Company’s process knowledge and multiple assay results, the final results of which could differ from initial estimates.

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

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

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

(b) Deferred revenue

Deferred revenue is recognized in the consolidated statements of financial position when a cash prepayment is received from one or more customers prior to the sale of product or delivery of service.

Revenue is subsequently recognized in the consolidated statements of earnings (loss) when the sale occurs, which generally occurs when control has been transferred or in the case of services, when the services have been rendered.

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

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

NEW STANDARDS NOT YET ADOPTED

IFRS 16, *Leases*

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

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

NON-GAAP FINANCIAL MEASURES

Certain financial measures referred to in this MD&A are not measures recognized under IFRS and are referred to as Non-GAAP measures. These measures have no standardized meanings under IFRS and may not be comparable to similar measures presented by other companies. The definitions established and calculations performed by DPM are based on management's reasonable judgment and are consistently applied. These measures are used by management and investors to assist with assessing the Company's performance, including its ability to generate sufficient cash flow to meet its return objectives and support its investing activities and debt service obligations. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Non-GAAP financial measures, together with other financial measures calculated in accordance with IFRS, are considered to be important factors that assist investors in assessing the Company's performance.

Non-GAAP Cash Cost and All-in Sustaining Cost Measures

Cash cost per tonne of ore processed, cash cost per pound of copper in concentrate produced, cash cost per ounce of gold in concentrate produced, cash cost per ounce of gold sold, net of by-product credits, all-in sustaining cost per ounce of gold and cash cost per tonne of complex concentrate smelted, net of by-product credits, capture the important components of the Company's production and related costs.

Management and investors utilize these metrics as an important tool to monitor cost performance at the Company's operations. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance.

The following tables provide a reconciliation of the Company's cash cost per tonne of ore processed and cash cost per tonne of complex concentrate smelted, net of by-product credits to its cost of sales:

$ thousands, unless otherwise indicated **For the three months ended March 31, 2018**	**Chelopech**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	**558,149**	**-**		
Metals contained in copper concentrate produced:				
Gold *(ounces)*	**42,183**	**-**		
Copper *(pounds)*	**9,261,184**	**-**		
Complex concentrate smelted *(mt)*	**-**	**54,142**		
Cost of sales	**22,546**	**38,992**	**203**	**61,741**
Add/(deduct):				
Depreciation, amortization & other	**(8,010)**	**(6,064)**		
Change in concentrate inventory	**6,244**	**-**		
Total cash cost before by-product credits	**20,780**	**32,928**		
By-product credits	**(911)**	**(5,892)**		
Total cash cost after by-product credits	**19,869**	**27,036**		
Cash cost per tonne ore processed	**37.23**	**-**		
Cash cost per pound copper produced(1)	**0.74**	**-**		
Cash cost per ounce gold produced(1)	**309**	**-**		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	**-**	**499**		

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

$ thousands, unless otherwise indicated **For the three months ended March 31, 2017**	**Chelopech**	**Tsumeb**	**MineRP**	**Total**
Ore processed *(mt)*	540,594	-		
Metals contained in copper concentrate produced:				
Gold *(ounces)*	32,673	-		
Copper *(pounds)*	8,179,156	-		
Complex concentrate smelted *(mt)*	-	41,635		
Cost of sales	28,918	34,015	-	62,933
Add/(deduct):				
Depreciation, amortization & other	(9,205)	(6,527)		
Realized losses (gains) on forward foreign exchange contracts	64	(1,429)		
Change in concentrate inventory	(1,779)	-		
Total cash cost before by-product credits	17,998	26,059		
By-product credits	(899)	(3,082)		
Total cash cost after by-product credits	17,099	22,977		
Cash cost per tonne ore processed	33.29	-		
Cash cost per pound copper produced(1)	0.74	-		
Cash cost per ounce gold produced(1)	339	-		
Cash cost per tonne of complex concentrate smelted, net of by-product credits	-	552		

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

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

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Cost of sales[(1)]	**22,546**	28,982
Add/(deduct):		
Depreciation, amortization & other	**(8,010)**	(9,205)
Other charges, including freight[(2)]	**23,089**	26,322
By-product credits[(3)]	**(17,462)**	(20,816)
Cash cost of sales, net of by-product credits	**20,163**	25,283
Payable gold in copper and pyrite concentrates sold *(ounces)*[(4)]	**35,156**	43,478
Cash cost per ounce of gold sold, net of by-product credits	**574**	582

1) Includes realized losses on the forward point component of the forward foreign exchange contracts recorded in other expense in the three months ended March 31, 2017.
2) Includes treatment charges, transportation and other selling costs related to the sale of pyrite concentrate of $6.6 million in each of the first quarters of 2018 and 2017.
3) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $2.6 million during the first quarter of 2018 compared to $2.0 million in the corresponding period in 2017.
4) Includes payable gold in pyrite concentrate sold in the first quarter of 2018 of 10,555 ounces compared to 9,740 ounces in the corresponding period in 2017.

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

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Cost of sales[(1)]	**22,546**	28,982
Add/(deduct):		
Depreciation, amortization & other	**(8,010)**	(9,205)
Other charges, including freight	**16,430**	19,722
By-product credits[(2)]	**(17,462)**	(20,816)
Cash cost of sales, net of by-product credits	**13,504**	18,683
Payable gold in copper concentrate sold *(ounces)*	**24,601**	33,738
Cash cost per ounce of gold sold, net of by-product credits	**549**	554

1) Includes realized losses on the forward point component of the forward foreign exchange contracts recorded in other expense in the three months ended March 31, 2017.
2) Includes realized losses on copper swap and option contracts, entered to hedge a portion of projected payable production, of $2.6 million during the first quarter of 2018 compared to $2.0 million in the corresponding period in 2017.

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

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Cash cost of sales, net of by-product credits[(1)]	**20,163**	25,283
Accretion expenses[(1)]	**106**	70
General and administrative expenses[(2)]	**3,236**	4,238
Cash outlays for sustaining capital[(1)]	**963**	1,299
All-in sustaining costs	**24,468**	30,890
Payable gold in copper and pyrite concentrates sold *(ounces)*[(3)]	**35,156**	43,478
All-in sustaining cost per ounce of gold	**696**	710

1) Represents the cash cost of sales, net of by-product credits, accretion expenses and cash sustaining capital expenditures that are specific to Chelopech.
2) Represents an allocated portion of DPM's general and administrative expenses, including share based remuneration, and excluding depreciation and expenses related to Avala, Krumovgrad and MineRP, based on Chelopech proportion of total revenue, excluding MineRP.
3) Includes payable gold in pyrite concentrate sold in the first quarter of 2018 of 10,555 ounces compared to 9,740 ounces in the corresponding period in 2017.

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

$ thousands, unless otherwise indicated	**Three Months**	
Ended March 31,	**2018**	2017
Cash cost of sales, net of by-product credits[(1)]	**13,504**	18,683
Accretion expenses[(1)]	**106**	70
General and administrative expenses[(2)]	**3,236**	4,238
Cash outlays for sustaining capital[(1)]	**963**	1,299
All-in sustaining costs	**17,809**	24,290
Payable gold in copper concentrate sold *(ounces)*	**24,601**	33,738
All-in sustaining cost per ounce of gold	**724**	720

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

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

Adjusted earnings (loss) before income taxes, adjusted net earnings (loss) and adjusted basic earnings (loss) per share are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings (loss) are defined as net earnings (loss) attributable to common shareholders, adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including:

- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized gains or losses on the forward point component of the forward foreign exchange contracts that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized and realized gains or losses related to investments carried at fair value;
- significant tax adjustments not related to current period earnings (loss); and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides a reconciliation of adjusted net earnings (loss) to net earnings (loss) attributable to common shareholders:

$ thousands, except per share amounts	**Three Months**	
Ended March 31,	**2018**	2017
Net earnings (loss) attributable to common shareholders	**2,707**	(12,518)
Add/(deduct) after-tax adjustments:		
Unrealized losses on commodity swap and option contracts, net of income tax recovery of $783	**-**	7,048
Unrealized losses on the forward point component of forward foreign exchange contracts, net of income tax expense (2017 - $1)	**-**	483
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018, net of income tax recovery of $353[(1)]	**(3,179)**	-
Net (gains) losses related to Sabina special warrants, net of income taxes of $nil for all periods	**1,117**	(1,177)
Adjusted net earnings (loss)	**645**	(6,164)
Basic earnings (loss) per share	**0.02**	(0.07)
Adjusted basic earnings (loss) per share	**0.00**	(0.04)

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

Adjusted earnings (loss) before income taxes is defined as earnings (loss) before income taxes adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including:

- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized gains or losses on the forward point component of the forward foreign exchange contracts that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized and realized gains or losses related to investments carried at fair value; and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides a reconciliation of adjusted earnings (loss) before income taxes to earnings (loss) before income taxes:

$ thousands	**Three Months**	
Ended March 31,	**2018**	2017
Earnings (loss) before income taxes	**5,635**	(11,514)
Add/(deduct) adjustments:		
Unrealized losses on commodity swap and option contracts	**-**	7,831
Unrealized losses on the forward point component of forward foreign exchange contracts	**-**	482
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018[1]	**(3,532)**	-
Net (gains) losses related to Sabina special warrants	**1,117**	(1,177)
Adjusted earnings (loss) before income taxes	**3,220**	(4,378)

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

Adjusted EBITDA

Adjusted EBITDA is used by management and investors to measure the underlying operating performance of the Company's operating segments. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods. In addition, the Compensation Committee of the Board of Directors uses adjusted EBITDA, together with other measures, to set incentive compensation goals and assess performance.

Adjusted EBITDA excludes the following from earnings (loss) before income taxes:

- depreciation and amortization;
- interest income;
- finance cost;
- impairment charges or reversals thereof;
- unrealized gains or losses on commodity swap and option contracts related to projected payable production that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized gains or losses on the forward point component of the forward foreign exchange contracts that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting;
- unrealized and realized gains or losses related to investments carried at fair value; and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides a reconciliation of adjusted EBITDA to earnings (loss) before income taxes:

$ thousands	Three Months	
Ended March 31,	**2018**	2017
Earnings (loss) before income taxes	**5,635**	(11,514)
Add/(deduct):		
Depreciation and amortization	**14,427**	15,895
Finance cost	**1,923**	2,063
Interest income	**(50)**	(65)
Net (gains) losses related to Sabina special warrants	**1,117**	(1,177)
Unrealized losses on commodity swap and option contracts	**-**	7,831
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018[1]	**(3,532)**	-
Unrealized losses on the forward point component of forward foreign exchange contracts	**-**	482
Adjusted EBITDA	**19,520**	13,515

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

Free cash flow

Free cash flow is defined as cash provided from operating activities, before changes in non-cash working capital, less cash outlays for sustaining capital, mandatory principal repayments and interest payments related to debt and finance leases. This measure is used by the Company and investors to measure the cash flow available to fund the Company's growth capital expenditures.

DPM's free cash flow calculation is set out in the following table:

$ thousands	Three Months	
Ended March 31,	**2018**	2017
Cash provided from operating activities	**11,043**	34,566
Add (deduct) changes in non-cash working capital	**7,401**	(17,586)
Cash provided from operating activities, excluding changes in non-cash working capital	**18,444**	16,980
Cash outlays for sustaining capital	**(5,289)**	(3,935)
Principal repayments related to finance leases	**(442)**	(376)
Interest payments	**(1,726)**	(1,416)
Free cash flow	**10,987**	11,253

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

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

Growth Capital Expenditures

Growth capital expenditures are generally defined as capital expenditures that expand existing capacity, increase life of assets and/or increase future earnings. This measure is used by management and investors to assess the extent of discretionary capital spending being undertaken by the Company each period.

Sustaining Capital Expenditures

Sustaining capital expenditures are generally defined as expenditures that support the ongoing operation of the asset or business without any associated increase in capacity, life of assets or future earnings. This measure is used by management and investors to assess the extent of non-discretionary capital spending being incurred by the Company each period.

Average realized price reconciliation

The following table provides a reconciliation of the Company's average realized gold and copper prices to its revenue:

$ thousands, unless otherwise indicated	Three Months	
Ended March 31,	**2018**	2017
Total revenue	**86,888**	74,668
Add/(deduct):		
Tsumeb revenue	**(36,829)**	(22,630)
MineRP revenue	**(4,186)**	-
Treatment charges and other deductions	**23,089**	26,322
Realized hedging losses on Production Hedges	**-**	(1,962)
Unrealized 2017 losses on commodity swap and option contracts that settled in 2018	**(3,607)**	-
Favourable mark-to-market adjustments and final settlements	**(1,126)**	(2,086)
Silver revenue	**(617)**	(745)
Revenue from gold and copper	**63,612**	73,567
Revenue from gold	**46,767**	53,496
Payable gold in concentrate sold *(ounces)*	**35,156**	43,478
Average realized gold price per ounce	**1,330**	1,230
Revenue from copper	**16,845**	20,071
Payable copper in concentrate sold *('000s pounds)*	**6,084**	8,316
Average realized copper price per pound	**2.77**	2.41

RISKS AND UNCERTAINTIES

The operating results, financial condition and future prospects of the Company are subject to a number of inherent risks and uncertainties associated with its business activities, which include the acquisition, financing, exploration, development, construction and operation of its mine, mill and concentrate processing facilities and the research, development and sales activities of MineRP, a software vendor for the mining industry. The operating results, financial condition and prospects of the Company are also subject to numerous external factors, which include economic, geo-political, regulatory, legal, tax and market risks impacting, among other things, precious metals and copper prices, acid prices, toll rates, foreign exchange rates, inflation and the availability and cost of capital to fund the capital requirements of the business. Each of these risks could have a material adverse impact on the Company's future business, results of operations and financial condition, and could cause actual results to differ materially from those described in any Forward Looking Statements contained in this MD&A. The Company endeavors to manage these risks and uncertainties in a balanced manner with a view to mitigating risk while maximizing total shareholder returns. It is the responsibility of senior management, and the functional head of each business, to identify and to effectively manage the risks of each business. This includes developing appropriate risk management strategies, policies, processes and systems. There can be no assurance that the Company has been or will be successful in identifying all risks or that any risk-mitigating strategies adopted to reduce or eliminate risk will be successful. These risks should be considered when evaluating the Company and its guidance.

A comprehensive discussion of the risks faced by the Company can be found in the Company's 2017 Annual MD&A and AIF.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

The Company's management, under the supervision of the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), has designed disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") based on the Internal Control – Integrated Framework (2013) developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

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

The Company's management, under the supervision of the CEO and the CFO, has evaluated its DC&P and ICFR and concluded that, as of March 31, 2018, they have been designed effectively to provide reasonable assurance regarding required disclosures and the reliability of financial reporting and the preparation of financial statements for external purposes.

NI 52-109 also requires Canadian public companies to disclose any change in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to the internal controls in the first three months of 2018.

In accordance with NI 52-109, a company may limit its certification of design disclosures and procedures and internal control over financial reporting to exclude the controls, policies and procedures of a business that it acquired no more than 365 days before March 31, 2018. The Company's management, with the participation of the CEO and the CFO, has limited the scope of the design of the Company's disclosure, controls and procedures and internal control over financial reporting to exclude control, policies and procedures at MineRP, which was acquired in October 2017.

Cautionary Note Regarding Forward Looking Statements

Certain statements and other information included in this MD&A and our other disclosure documents constitute "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation, which we refer to collectively hereinafter as "Forward Looking Statements". Statements that constitute Forward Looking Statements include, but are not limited to, certain statements with respect to the estimated capital costs, operating costs, key project operating costs and financial metrics and other project economics with respect to Krumovgrad; the timing of development, permitting, construction, commissioning activities and commencement of production in respect of Krumovgrad; timing of further optimization work at Tsumeb and potential benefits of the planned rotary furnace installation; price of gold, copper, silver and acid; toll rates; metals exposure and stockpile interest deductions; the estimation of Mineral Reserves and Mineral Resources and the realization of such mineral estimates; the timing and amount of estimated future production and output, life of mine, costs of production, cash costs and other cost measures, capital expenditures, rates of return at Krumovgrad and other deposits and timing of the development of new deposits; results of economic studies; success of exploration activities; success of permitting activities; permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining and smelting operations; success of permitting activities; environmental risks; reclamation expenses; potential or anticipated outcome of title disputes or claims; and timing and possible outcome of pending litigation. Forward Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "outlook", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Without limitation to the foregoing, the following section outlines certain specific Forward Looking Statements contained in the "2018 Guidance" of this MD&A, unless otherwise noted, and provides certain material assumptions used to develop such forward looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements (which are provided without limitation to the additional general risk factors discussed herein):

Ore mined/milled: assumes Chelopech mines perform at planned levels. Subject to a number of risks, the more significant of which is: failure of plant, equipment or processes to operate as anticipated.

Cash cost per tonne of ore processed: assumes Chelopech ore mined/milled is in line with the guidance provided; foreign exchange rates remain at or around current levels; and operating expenses at Chelopech are at planned levels. Subject to a number of risks, the more significant of which are: lower than anticipated ore mined/milled; a weaker U.S. dollar relative to the Euro; and unexpected increases in labour and other operating costs.

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

All-in sustaining costs: assumes that metals contained in concentrate produced and cash cost per tonne of ore processed at Chelopech are each in line with the guidance provided; copper prices remain at or around current levels; timing of concentrate deliveries are consistent with DPM's current expectations; payable metals in concentrate sold are consistent with the guidance provided, and general and administrative expenses and sustaining capital expenditures are consistent with the guidance provided. Subject to a number of risks, the more significant of which are: lower than anticipated metals contained in concentrate produced, concentrate deliveries and metal prices; a higher than anticipated cash cost per tonne of ore processed; and higher than anticipated sustaining capital expenditures and general and administrative expenses.

Complex concentrate smelted at Tsumeb: assumes no significant disruption in equipment availability or concentrate supply. Subject to a number of risks, the more significant of which are: unanticipated operational issues; lower than anticipated equipment availability; and disruptions to or changes in the supply of complex concentrate.

Cash cost per tonne of complex concentrate smelted, net of by-product credits: assumes complex concentrate smelted is consistent with the guidance provided; acid prices are at or around current levels; acid production and operating expenses are at planned levels; and foreign exchange rates remain at or around current levels. Subject to a number of risks, the more significant of which are: complex concentrate smelted and acid production are lower than anticipated; acid prices are lower than anticipated; strengthening of the ZAR relative to the U.S. dollar; and higher than anticipated operating and transportation costs due to a variety of factors, including higher than anticipated inflation, labour and other operating costs.

Sustaining and growth capital expenditures: assumes foreign exchange rates remain at or around current levels, and all capital projects proceed as planned and at a cost that is consistent with the budget established for each project. Subject to a number of risks, the more significant of which are: technical challenges, delays related to securing necessary approvals, equipment deliveries, equipment performance, and the speed with which work is performed; availability of qualified labour; and changes in project parameters and estimated costs, including foreign exchange impacts.

Liquidity (see comments contained in "Liquidity and Capital Resources" section): assumes the operating and cost performance at Chelopech and Tsumeb are consistent with current expectations; metal and acid prices, and foreign exchange rates remain at or around current levels; concentrate and acid sales agreements, and smelter toll terms are consistent with current terms and/or forecast levels; progress of capital projects is consistent with current expectations; and DPM's RCF remains in place. Subject to a number of risks, the more significant of which are: lower than anticipated metals production at Chelopech, complex concentrate throughput and acid production at Tsumeb, concentrate deliveries and metal prices; weaker U.S. dollar relative to local operating currencies; changes in contractual sales and/or toll terms and acid prices; changes to project parameters, schedule and/or costs; and the inability to draw down on DPM's RCF due to a breach or potential breach of one of its covenants.

Forward looking statements are based certain key assumptions and the opinions and estimates of management and Qualified Persons (in the case of technical and scientific information) as of the date such statements are made and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the Forward Looking Statements. In addition to factors already discussed in this document, such factors include, among others: the uncertainties with respect to actual results of current exploration activities, actual results of current reclamation activities, conclusions of economic evaluations and economic studies; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; uncertainties and risks inherent to developing and commissioning new mines into production, such as the Krumovgrad project, which may be subject to unforeseen delays, costs or other issues; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company's activities; social and non-governmental organizations ("NGO") opposition to mining projects and smelting operations; fluctuations in metal and acid prices, toll rates and foreign exchange rates; unanticipated title disputes; claims or litigation; limitation on insurance coverage; cyber-attacks; failure to realize projected financial results from MineRP; risks related to operating a technology business reliant on the ownership, protection and ongoing development of key intellectual properties; as well as those risk factors discussed or referred to in any other documents (including without limitation the Company's most recent AIF) filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward Looking Statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Unless required by securities laws, the Company undertakes no obligation to update Forward Looking Statements if circumstances or management's estimates or opinion should change. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at March 31, 2018 and December 31, 2017

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

	March 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash	**14,766**	28,767
Accounts receivable	**41,592**	33,854
Inventories	**35,166**	28,093
Other current assets *(note 4(c) & 4(d))*	**8,966**	7,863
	100,490	98,577
Non-Current Assets		
Investments at fair value *(note 4(a) &4(b))*	**36,757**	48,411
Mine properties	**297,078**	269,597
Property, plant & equipment	**355,701**	359,264
Intangible assets	**56,261**	55,494
Deferred income tax assets	**9,736**	8,962
Other long-term assets	**4,376**	4,445
	759,909	746,173
TOTAL ASSETS	**860,399**	844,750
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	**68,847**	75,140
Income tax liabilities	**5,703**	2,993
Current portion of long-term liabilities	**2,913**	2,184
	77,463	80,317
Non-Current Liabilities		
Long-term debt *(note 5(a))*	**33,000**	23,000
Deferred revenue	**55,441**	50,000
Rehabilitation provisions *(note 6)*	**41,162**	38,041
Share based compensation plans *(note 7)*	**6,955**	5,923
Other long-term liabilities	**16,274**	13,981
	152,832	130,945
TOTAL LIABILITIES	**230,295**	211,262
EQUITY		
Share capital	**515,507**	515,507
Contributed surplus	**12,035**	11,720
Retained earnings	**80,503**	57,115
Accumulated other comprehensive income	**14,299**	41,820
Equity attributable to common shareholders of the Company	**622,344**	626,162
Non-controlling interests	**7,760**	7,326
TOTAL EQUITY	**630,104**	633,488
TOTAL LIABILITIES AND EQUITY	**860,399**	844,750

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three months ended March 31, 2018 and 2017

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

	Three months ended March 31, 2018	2017
Revenue *(note 14)*	**86,888**	74,668
Costs and expenses		
Cost of sales	**61,741**	62,933
General and administrative expenses	**12,272**	6,650
Corporate social responsibility expenses	**259**	335
Exploration expenses	**1,926**	1,640
Finance cost	**1,923**	2,063
Other expense *(note 8)*	**3,132**	12,561
Earnings (loss) before income taxes	**5,635**	(11,514)
Current income tax expense	**3,101**	2,305
Deferred income tax recovery	**(139)**	(1,247)
Net earnings (loss)	**2,673**	(12,572)
Net earnings (loss) attributable to:		
Common shareholders of the Company	**2,707**	(12,518)
Non-controlling interests	**(34)**	(54)
Net earnings (loss)	**2,673**	(12,572)
Basic and diluted earnings (loss) per share attributable to common shareholders of the Company *(note 9)*	**0.02**	(0.07)

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31, 2018 and 2017

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

	Three months ended March 31, 2018	2017
Net earnings (loss)	**2,673**	(12,572)
Other comprehensive income (loss) items that may be reclassified subsequently to profit or loss:		
Unrealized gains on forward foreign exchange contracts designated as cash flow hedges, net of income tax expense of $169 (2017 - $15)	**3,298**	1,720
Unrealized gains on commodity swap and option contracts designated as cash flow hedges, net of income tax expense of $443 (2017 - $nil)	**3,990**	-
Deferred cost of hedging on forward foreign exchange contracts, net of income tax expense of $45 (2017 - $nil)	**134**	-
Deferred cost of hedging on commodity swap and option contracts, net of income tax expense of $128 (2017 - $nil)	**1,149**	-
Realized (gains) losses on forward foreign exchange contracts transferred to net earnings (loss), net of income tax expense of $nil (2017 - $8)	**(959)**	1,179
Realized gains on commodity swap and option contracts transferred to net earnings (loss), net of income tax expense of $61 (2017 - $nil)	**(550)**	-
Cost of hedging on forward foreign exchange contracts transferred to net earnings (loss), net of income tax expense of $nil (2017 - $nil)	**(212)**	-
Cost of hedging on commodity swap and option contracts transferred to net earnings (loss), net of income tax expense of $33 (2017 - $nil)	**(295)**	-
Unrealized gains on publicly traded securities, net of income tax expense of $nil (2017 - $nil)	**-**	10,149
Currency translation adjustments	**2,052**	-
Other comprehensive income (loss) items that will not be reclassified subsequently to profit or loss:		
Unrealized losses on publicly traded securities, net of income tax recovery of $1,198 (2017 - $nil)	**(13,331)**	-
	(4,724)	13,048
Comprehensive income (loss)	**(2,051)**	476
Comprehensive income (loss) attributable to:		
Common shareholders of the Company	**(2,463)**	530
Non-controlling interests	**412**	(54)
Comprehensive income (loss)	**(2,051)**	476

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2018 and 2017

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

	Three months ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Earnings (loss) before income taxes	**5,635**	(11,514)
Items not affecting cash and other adjustments *(note 11(a))*	**15,802**	30,384
Changes in non-cash working capital *(note 11(b))*	**(7,401)**	17,586
Payments for settlement of derivative contracts	**(2,439)**	(1,759)
Income taxes paid	**(554)**	(131)
Cash provided from operating activities	**11,043**	34,566
INVESTING ACTIVITIES		
Purchase of publicly traded securities	**(3,994)**	-
Proceeds from disposal of mine properties and property, plant and equipment	**21**	20
Expenditures on mine properties	**(23,692)**	(12,201)
Expenditures on property, plant and equipment	**(5,299)**	(3,940)
Expenditures on intangible assets	**(13)**	(339)
Cash used in investing activities	**(32,977)**	(16,460)
FINANCING ACTIVITIES		
Proceeds from share issuance	**101**	33,196
Share issuance costs	**-**	(329)
Drawdowns (repayments), net under revolving credit facility *(note 5(a))*	**10,000**	(25,000)
Financing fees on debt	**-**	(390)
Finance lease obligation	**(442)**	(376)
Interest paid	**(1,726)**	(1,416)
Cash provided from financing activities	**7,933**	5,685
Increase (decrease) in cash	**(14,001)**	23,791
Cash at beginning of period	**28,767**	11,757
Cash at end of period	**14,766**	35,548

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the three months ended March 31, 2018 and 2017

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

	March 31, 2018		March 31, 2017	
	Number	**Amount**	Number	Amount
Share capital				
Authorized				
Unlimited common and preference shares with no par value				
Issued				
Fully paid common shares with one vote per share				
Balance at beginning of period	**178,492,566**	**515,507**	160,588,112	482,656
Shares issued on financing	**-**	**-**	17,843,120	33,176
Share issuance costs		**-**		(506)
Shares issued on exercise of stock options *(note 7)*	**-**	**-**	9,466	20
Transferred from contributed surplus on exercise of stock options		**-**		11
Balance at end of period	**178,492,566**	**515,507**	178,440,698	515,357
Contributed surplus				
Balance at beginning of period		**11,720**		10,890
Share based compensation expense		**337**		402
Transferred to share capital on exercise of stock options		**-**		(11)
Other changes in contributed surplus		**(22)**		(34)
Balance at end of period		**12,035**		11,247
Retained earnings				
Balance at beginning of period		**57,115**		56,898
Impact of adoption of IFRS 9 *(note 2.2)*		**20,681**		-
Adjusted balance at beginning of period		**77,796**		56,898
Net earnings (loss) attributable to common shareholders of the Company		**2,707**		(12,518)
Balance at end of period		**80,503**		44,380
Accumulated other comprehensive income (*note 12)*				
Balance at beginning of period		**41,820**		1,360
Impact of adoption of IFRS 9 *(note 2.2)*		**(20,681)**		-
Adjusted balance at beginning of period		**21,139**		1,360
Other comprehensive income (loss)		**(5,170)**		13,048
Realized gains on forward foreign exchange contracts and cost of hedging transferred to Mine Properties, net of income tax expense of $186 (2017 - $nil)		**(1,670)**		-
Balance at end of period		**14,299**		14,408
Total equity attributable to common shareholders of the Company		**622,344**		585,392
Non-controlling interests				
Balance at beginning of period		**7,326**		223
Net loss attributable to non-controlling interests		**(34)**		(54)
Other comprehensive income attributable to non-controlling interests		**446**		-
Other changes in non-controlling interests		**22**		34
Balance at end of period		**7,760**		203
Total equity at end of period		**630,104**		585,595

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

1. CORPORATE INFORMATION

Dundee Precious Metals Inc. ("DPM") is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. DPM is a publicly listed company incorporated in Canada with limited liability under legislation of the Province of Ontario. DPM has common shares traded on the Toronto Stock Exchange ("TSX"). The address of DPM's registered office is 1 Adelaide Street East, Suite 500, P. O. Box 195, Toronto, Ontario, M5C 2V9.

As at March 31, 2018, DPM's condensed interim consolidated financial statements include DPM and its subsidiary companies (collectively, the "Company").

DPM's principal subsidiaries include:

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

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

- 10.2% of Sabina Gold and Silver Corp. ("Sabina"), which is focused on the Back River project in southwestern Nunavut, Canada;
- 100% of Avala Resources Ltd., which is focused on the exploration and development of the Lenovac project, the Timok gold project, the Tulare copper and gold project and other early stage projects in Serbia; and
- through an option agreement, the right to earn up to a 71% interest in Pershimex Resources Corporation's (previously Khalkos Exploration Inc.) gold property located in the Archean Abitibi greenstone belt in the Malartic mining camp in Quebec, Canada.

DPM also owns:

- 78% equity interest in MineRP Holdings Proprietary Limited, an independent mining software vendor with operations in Canada, South Africa, Australia and Chile, through MineRP Holdings Inc. ("MineRP") *(note 3)*.

2.1 BASIS OF PREPARATION

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Chartered Professional Accountants of Canada Handbook – Accounting applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2017, except for the changes in accounting policies as described below in *note 2.2.* These condensed interim consolidated financial statements were approved by the Board of Directors on May 2, 2018.

2.2 CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*, and IFRS 15, *Revenue from Contracts with Customers,* which resulted in changes in accounting policies as described below. In accordance with the transitional provisions in both standards, the Company adopted these standards retrospectively without restating comparatives, with the cumulative impact adjusted in the opening balances as at January 1, 2018, except for hedge accounting in respect of commodity swap and option contracts that was applied prospectively.

IFRS 9, *Financial Instruments*

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories. IFRS 9 also introduces a new expected credit loss model for the purpose of assessing the impairment of financial assets and requires that there be a demonstrated economic relationship between the hedged item and hedging instrument.

Upon adoption of IFRS 9, the two main changes in the Company's accounting policy on financial instruments are: i) equity investments previously classified as available-for-sale are now classified as financial assets measured at FVOCI and ii) derivative instruments previously held for trading now qualify for hedge accounting, including the Company's commodity swap and option contracts, to the extent they comply with the IFRS 9 criteria for hedge accounting.

Equity investments previously classified as available-for-sale financial assets satisfied the conditions for classification as financial assets at FVOCI and the Company elected to irrevocably designate them at FVOCI. Gains and losses in respect of these investments are recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss), are not transferred to profit or loss upon disposition and are not subject to impairment assessments.

The new hedge accounting standards more closely align the accounting for hedging instruments with the Company's risk management practices. As a result, more hedge relationships are eligible for hedge accounting. Upon adoption of IFRS 9, the Company's forward foreign exchange contracts, which previously qualified for hedge accounting, continue to qualify. The Company has also elected to account for the forward point component of forward foreign exchange contracts as a cost of hedging. The Company's commodity swap and option contracts, which previously did not qualify for hedge accounting under IAS 39, now qualify for hedge accounting to the extent they comply with the IFRS 9 criteria for hedge accounting.

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

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Financial instrument classification	
	Under IAS 39	**Under IFRS 9**
Financial assets		
Cash	Loans and receivables	Amortized cost
Accounts receivable on provisionally priced sales	Held for trading	FVPL
Other accounts receivable	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Sabina special warrants (4(a))	Held for trading	FVPL
Publicly traded securities *(4(b))*	Available for sale	FVOCI
Commodity swap and option contracts *(4(c))*	Derivatives held for trading	Derivatives for cash flow and fair value hedges
Forward foreign exchange contracts *(4(d))*	Derivatives for cash flow hedges	Derivatives for cash flow hedges
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Debt *(note 5)*	Other financial liabilities	Amortized cost
Commodity swap and option contracts *(4(c))*	Derivatives held for trading	Derivatives for cash flow and fair value hedges
Forward foreign exchange contracts *(4(d))*	Derivatives for cash flow hedges	Derivatives for cash flow hedges

The effects of adopting IFRS 9 in the opening balances as at January 1, 2018 are summarized in the table below:

	Impact on opening balances upon adoption of IFRS 9		
	Retained earnings	**Accumulated other comprehensive income**	**Impact on Total equity**
Balance as at December 31, 2017	57,115	41,820	98,935
Reclassify equity investments from available for sale to FVOCI *(i)*	**20,645**	**(20,645)**	**-**
Elect cost of hedge accounting *(ii)*	**36**	**(36)**	**-**
	20,681	**(20,681)**	**-**
Adjusted balance as at January 1, 2018	**77,796**	**21,139**	**98,935**

(i) Upon adoption of IFRS 9, impairment charges on available-for-sale investments previously recognized in profit or loss were transferred from retained earnings to accumulated other comprehensive income with no impact on total shareholders' equity.

(ii) Upon adoption of IFRS 9, the accumulated unrealized losses, net of income taxes, on the forward point component of outstanding forward foreign exchange contracts previously recognized in profit or loss were transferred from retained earnings to accumulated other comprehensive income with no impact on total shareholders' equity.

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

The following are the Company's new accounting policies for its financial instruments under IFRS 9:

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

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income, or through profit or loss)" and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

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

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

Subsequent measurement – Financial assets at FVPL

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

Subsequent measurement – Financial assets at FVOCI

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

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. Dividends from such investments are recognized in other income in the consolidated statements of earnings (loss) when the right to receive payments is established.

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

Derecognition

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

Impairment of financial assets

The Company's only financial assets subject to impairment are other accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of earnings (loss).

Derecognition

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

(b) Derivative financial instruments and hedging activities

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

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

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

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

Forward foreign exchange contracts designated as cash flow hedges

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

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

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

Commodity swap and option contracts designated as cash flow hedges

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

Commodity swap and option contracts designated as fair value hedges

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

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

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

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

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

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 establishes the principles that an entity shall apply to report the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces IAS 11, *Construction contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers* and Standard Interpretations Committee interpretation 31, *Revenue – Barter Transactions Involving Advertising Services*.

Under IFRS 15, revenue is recognized when control of a good or service transfers to a customer and is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Under IAS 18, revenue was recognized when the significant risks and rewards of ownership had been transferred to the customer and was measured at the fair value of the consideration received or receivable.

While the implementation of IFRS 15 did not have a material impact on the Company's revenue recognition policies, the Company recognized a deemed financing expense in respect of its prepaid forward gold sales arrangement. This deemed financing expense was capitalized to mine properties under construction as borrowing costs incurred in respect of the Krumovgrad gold project. As a result, mine properties and deferred revenue each increased by $4.5 million as at January 1, 2018 and $0.9 million during the three months ended March 31, 2018.

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

The following are the Company's new accounting policies for revenue recognition under IFRS 15:

(a) Revenue recognition

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

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

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

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

Revenue from processing concentrate is also adjusted for any over or under recoveries of metals delivered relative to contracted rates, which are subject to estimation, including the amount of metals contained in concentrate received, material in-process and blister delivered. These significant estimates are based on the Company's process knowledge and multiple assay results, the final results of which could differ from initial estimates.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES *(CONTINUED)*

(b) Deferred revenue

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

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

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

2.3 NEW STANDARDS NOT YET ADOPTED

IFRS 16, *Leases*

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

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

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

3. SIGNIFICANT TRANSACTIONS

On October 25, 2017, the Company completed the acquisition of MineRP and combination with its Terrative Digital Solutions Division ("Terrative"), creating a technology provider with operations in Canada, South Africa, Australia and Chile in the mining industry for digital innovation. As a result of this transaction, the Company owns a 78% equity interest in MineRP.

The fair value of the acquired intangible assets included $3.8 million of intellectual property. The goodwill of $24.6 million recognized upon the acquisition of MineRP is attributable to a number of factors that cannot specifically be allocated to an identifiable asset, including its market reputation, the potential for significant future overall market and MineRP revenue growth, synergies between Terrative and MineRP technologies, and the unique skills and knowledge of its existing employees. The values attributed to intellectual property and goodwill remain provisional as at March 31, 2018. Goodwill as at March 31, 2018 was $29.0 million after accumulated currency translation adjustments of $4.4 million, of which $1.3 million was recognized for the three months ended March 31, 2018.

4. FINANCIAL INSTRUMENTS

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

		Carrying Amount	
	Financial instrument classification	**March 31, 2018**	December 31, 2017
Financial assets			
Cash	Amortized cost	**14,766**	28,767
Accounts receivable on provisionally priced sales	FVPL	**7,453**	7,678
Other accounts receivable	Amortized cost	**34,139**	26,176
Restricted cash	Amortized cost	**2,478**	2,392
Sabina special warrants *(a)*	FVPL	**4,122**	5,239
Publicly traded securities *(b)*	FVOCI	**32,635**	-
Publicly traded securities *(b)*	Available for sale	**-**	43,172
Forward foreign exchange contracts *(d)*	Derivatives for cash flow hedges	**6,808**	6,326
Financial liabilities			
Accounts payable and accrued liabilities	Amortized cost	**62,677**	60,122
Debt *(note 5(a))*	Amortized cost	**33,000**	23,000
Commodity swap and option contracts *(c)*	Derivatives for cash flow and fair value hedges	**6,170**	-
Commodity swap and option contracts *(c)*	Derivatives held for trading	**-**	15,018

The carrying values of all the financial assets and liabilities measured at amortized cost approximate their fair values as at March 31, 2018 and December 31, 2017.

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

(a) Sabina special warrants

In January 2018, the Company purchased additional 2,200,000 common shares of Sabina at a price of $1.81 (Cdn$2.26) per share. As at March 31, 2018, DPM held: (i) 25,739,713 common shares of Sabina; and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the Back River project or upon the occurrence of certain other events. Each of the special warrants is exercisable into one common share until 2044.

The fair value of the special warrants was based on the fair value of the Sabina common shares, which was determined based on the closing bid prices as at March 31, 2018 and December 31, 2017.

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

For the three months ended March 31, 2018, the Company recognized an unrealized loss on the Sabina special warrants of $1.6 million (2017 – an unrealized gain of $1.2 million) in other expense *(note 8)* in the condensed interim consolidated statements of earnings (loss).

(b) Publicly traded securities

Publicly traded securities include a portfolio of equity investments in publicly traded mining and exploration companies, comprised primarily of Sabina common shares. These investments were classified as available-for-sale under IAS 39 as management intended to hold them for the medium to long-term. Upon adoption of IFRS 9, the Company elected to present changes in the fair value of all its equity investments previously classified as available-for-sale in other comprehensive income or loss. See *note 2.2* for the changes in accounting policy.

For the three months ended March 31, 2018, the Company recognized unrealized losses on these publicly traded securities of $14.5 million (2017 – unrealized gains of $10.1 million) in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss. Had the Company not adopted IFRS 9, these unrealized losses for the three months ended March 31, 2018 would have been presented in other comprehensive income or loss and would have been subsequently reclassified to the consolidated statements of earnings (loss) once realized.

(c) Commodity swap and option contracts

The Company enters into cash settled commodity swap contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to eliminate or substantially reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales. As at March 31, 2018, the Company had outstanding commodity swap contracts in respect of this exposure as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP hedges
Payable gold	5,995 ounces	$1,343.07 /ounce

The Company also enters into cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures. The commodity swap contracts are entered to swap future contracted monthly average prices for fixed prices. The commodity option contracts are entered to provide price protection below a specified “floor” price and price participation up to a specified “ceiling” price. These option contracts are comprised of a series of call options and put options (which when combined create a price “collar”) that are generally structured so as to provide for a zero upfront cash cost.

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

As at March 31, 2018, the Company had outstanding commodity swap contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Average fixed price of Production Hedges ($/pound)
Balance of 2018	14,375,225	2.62

As at March 31, 2018, the Company had outstanding commodity option contracts in respect of its projected copper production as summarized in the table below:

Year of projected production	Volume of copper hedged (pounds)	Call options sold Average ceiling price ($/pound)	Put options purchased Average floor price ($/pound)
Balance of 2018	9,523,958	3.32	2.80

The commodity swap and option contracts did not qualify for hedge accounting previously since component hedging was not permitted under IAS 39. Upon adoption of IFRS 9, the Company is now able to designate the spot component of commodity swap contracts and the intrinsic value of the commodity option contracts in respect of Production Hedges as cash flow hedges and the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges. See *note 2.2* for the changes in accounting policy.

The fair value gain or loss on commodity swap contracts was calculated based on the corresponding London Metal Exchange forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. The fair value gain or loss on commodity option contracts was calculated based on the option prices quoted on the Commodity Exchange (a part of the Chicago Mercantile Exchange). As at March 31, 2018, the net fair value loss on all outstanding commodity swap and option contracts was $6.2 million (December 31, 2017 – $15.0 million), of which $0.1 million (December 31, 2017 – $nil) was included in other current assets and $6.3 million (December 31, 2017 – $15.0 million) in accounts payable and accrued liabilities.

For the three months ended March 31, 2018, the Company recognized unrealized gains of $4.8 million in other comprehensive income (loss) on outstanding commodity swap and option contracts. The Company also recognized a net gain of $1.0 million for the three months ended March 31, 2018 in revenue on settled contracts. Had the Company not adopted IFRS 9, a net gain of $5.8 million would have been recognized in other expense *(note 8)* in the condensed interim consolidated statements of earnings (loss).

For the three months ended March 31, 2017, the Company recognized unrealized losses of $9.9 million on commodity swap and option contracts in other expense *(note 8)*. The Company also recognized realized losses on the settled contracts of $3.1 million in other expense *(note 8)* for the three months ended March 31, 2017.

(d) Forward foreign exchange contracts

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

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

As at March 31, 2018, the Company had outstanding forward foreign exchange contracts in respect of projected foreign denominated operating expenses and capital expenditures over the balance of 2018 as summarized in the table below:

Exposures hedged	Foreign currency hedged *(i)*	Amount hedged in foreign currency	Average exchange rate Foreign currency/US$
Operating expenses	South Africa Rand	359,075,750	13.6791
Capital expenditures	Euro	36,151,000	1.1467

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

The Company continues to designate the spot component of the forward foreign exchange contracts as a cash flow hedge. Upon adoption of IFRS 9, the forward point component of forward foreign exchange contracts is now treated as a separate cost of hedging. See *note 2.2* for the changes in accounting policy.

The fair value gain or loss on these outstanding contracts was calculated based on forward foreign exchange rates quoted in the market. As at March 31, 2018, the fair value gain on all outstanding forward foreign exchange contracts was $6.8 million (December 31, 2017 – $6.3 million), which was included in other current assets.

For the three months ended March 31, 2018, the Company recognized unrealized gains of $0.3 million (2017 – $2.9 million) in other comprehensive income (loss) on the spot component of the outstanding forward foreign exchange contracts. The Company also recognized realized gains of $1.0 million (2017 – realized losses of $1.2 million) for the three months ended March 31, 2018 in cost of sales on the spot component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized gains of $2.2 million (2017 – $nil) for the three months ended March 31, 2018 as reductions to mine properties on the spot component of the settled contracts in respect of foreign denominated capital expenditures.

For the three months ended March 31, 2018, the Company recognized $0.2 million of unrealized gains on the forward point component of the outstanding forward foreign exchange contracts in other comprehensive income (loss) as a deferred cost of hedging. The Company also recognized realized gains of $0.2 million for the three months ended March 31, 2018 in cost of sales on the forward point component of the settled contracts in respect of foreign denominated operating expenses. The Company also recognized realized losses of $0.3 million for the three months ended March 31, 2018 as additions to mine properties on the forward point component of the settled contracts in respect of foreign denominated capital expenditures. Had the Company not adopted IFRS 9, a net gain of $0.1 million would have been recorded in other expense *(note 8)* in the condensed interim consolidated statements of earnings (income).

For the three months ended March 31, 2017, the Company recognized unrealized losses of $0.5 million in other expense *(note 8)* on the forward point component of the outstanding forward foreign exchange contracts. The Company also recognized realized gains of $1.4 million for the three months ended March 31, 2017 in other expense *(note 8)* on the forward point component of the settled contracts.

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3: based on inputs which have a significant effect on fair value that are not observable from market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2018 and December 31, 2017:

				As at March 31, 2018
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Sabina special warrants	**-**	**-**	**4,122**	**4,122**
Publicly traded securities	**32,635**	**-**	**-**	**32,635**
Forward foreign exchange contracts	**-**	**6,808**	**-**	**6,808**
Financial liabilities				
Commodity swap and option contracts	**-**	**6,170**	**-**	**6,170**

				As at December 31, 2017
	Level 1	Level 2	Level 3	Total
Financial assets				
Sabina special warrants	-	-	5,239	5,239
Publicly traded securities	43,172	-	-	43,172
Forward foreign exchange contracts	-	6,326	-	6,326
Financial liabilities				
Commodity swap and option contracts	-	15,018	-	15,018

During the three months ended March 31, 2018 and the year ended December 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The following table reconciles Level 3 fair value measurements from January 1, 2017 to March 31, 2018:

Balance as at January 1, 2017	2,008
Purchase of other warrants	216
Unrealized gains included in net loss	3,015
Balance as at December 31, 2017	5,239
Unrealized losses included in net earnings *(note 8)*	**(1,117)**
Balance as at March 31, 2018	**4,122**

5. DEBT

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

DPM has a committed RCF with a consortium of banks. In April 2018, the RCF was amended to extend the terms of tranche B by an additional year. As at March 31, 2018, the RCF is comprised of a $45.0 million tranche A maturing in February 2022, a $150.0 million tranche B maturing in February 2021, and an $80.0 million tranche C maturing in September 2021 that has quarterly availability reductions of $4.0 million beginning in the third quarter of 2018.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and the Company's funded net debt to adjusted earnings before interest, taxes, depreciation and amortization ("Debt Leverage Ratio"), as defined in the RCF agreement. The RCF is secured by pledges of the Company's investments in Krumovgrad, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

The RCF contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 4.0:1 during the construction of the Krumovgrad gold project (below 3.5:1 thereafter), (ii) a current ratio (including the addition of any unutilized credit within tranche B to current assets) of greater than 1.5:1, and (iii) a minimum net worth of $500.0 million plus (minus) 50% of ongoing annual net earnings (losses).

As at March 31, 2018, DPM was in compliance with all financial covenants and $33.0 million (December 31, 2017 – $23.0 million) was drawn under the RCF.

(b) Other credit agreements and guarantees

Chelopech and Krumovgrad have a $16.0 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at March 31, 2018, $5.2 million (December 31, 2017 – $5.5 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Krumovgrad also have a Euro 21.0 million ($25.9 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2018 and is guaranteed by DPM. As at March 31, 2018, $23.7 million (December 31, 2017 – $23.0 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

Krumovgrad has a $5.3 million multi-purpose credit facility that matures on November 30, 2018. This credit facility is guaranteed by DPM. As at March 31, 2018, $0.1 million (December 31, 2017 – $0.1 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

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

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

6. REHABILITATION PROVISIONS

The rehabilitation provisions represent the present value of rehabilitation costs relating to the Chelopech, Tsumeb and Krumovgrad sites, which are expected to be incurred between 2018 and 2041.

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

	March 31, 2018	December 31, 2017
Discount period		
Chelopech	**2018 - 2029**	2018 - 2029
Tsumeb	**2021 - 2039**	2021 - 2039
Krumovgrad	**2019 - 2041**	2019 - 2041
Local discount rate		
Chelopech/Krumovgrad	**2.4%**	2.4%
Tsumeb	**9.9%**	10.1%
Local inflation rate		
Chelopech/Krumovgrad	**2.3%**	2.3%
Tsumeb	**5.2%**	5.2%

Changes to rehabilitation provisions were as follows:

	Chelopech	**Tsumeb**	**Krumovgrad**	**Total**
Balance as at January 1, 2017	15,281	14,709	306	30,296
Change in cost estimate	-	-	2,773	2,773
Remeasurement of provisions *(a)*	1,824	1,515	(180)	3,159
Accretion expense	288	1,504	21	1,813
Balance as at December 31, 2017	17,393	17,728	2,920	38,041
Change in cost estimate	**-**	**-**	**664**	**664**
Remeasurement of provisions *(a)*	**401**	**1,403**	**84**	**1,888**
Accretion expense	**106**	**446**	**17**	**569**
Balance as at March 31, 2018	**17,900**	**19,577**	**3,685**	**41,162**

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

7. SHARE BASED COMPENSATION PLANS

Restricted Share Unit ("RSU") plan

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

(a) Non-performance based RSUs

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

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

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

	Number of RSUs	Amount
Balance as at January 1, 2017	2,759,980	2,486
RSUs granted	1,667,400	3,189
RSUs redeemed	(1,190,339)	(2,453)
RSUs forfeited	(241,604)	(275)
Mark-to-market adjustments		1,194
Balance as at December 31, 2017	2,995,437	4,141
RSUs granted	**1,670,400**	**724**
RSUs forfeited	**(16,500)**	**(26)**
Mark-to-market adjustments		**606**
Balance as at March 31, 2018	**4,649,337**	**5,445**

As at March 31, 2018, there was $5.4 million (December 31, 2017 – $2.2 million) of RSU expenses remaining to be charged to net earnings in future periods relating to the RSU plan.

(b) Performance share units ("PSUs")

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

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

	Number of PSUs	Amount
Balance as at January 1, 2017	1,161,800	640
PSUs granted	654,850	1,007
PSUs forfeited	(104,300)	(83)
Mark-to-market adjustments		88
Balance as at December 31, 2017	1,712,350	1,652
PSUs granted	**574,500**	**267**
Mark-to-market adjustments		**637**
Balance as at March 31, 2018	**2,286,850**	**2,556**

As at March 31, 2018, there was $2.6 million (December 31, 2017 – $1.5 million) of expenses remaining to be charged to net earnings in future periods relating to these PSUs.

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

Deferred Share Unit ("DSU") plan

DPM has a DSU Plan for directors and certain employees.

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

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

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

	Number of DSUs	Amount
Balance as at January 1, 2017	1,255,387	2,079
DSUs granted	263,524	565
DSUs redeemed	(178,875)	(363)
Mark-to-market adjustments		919
Balance as at December 31, 2017	1,340,036	3,200
DSUs granted	**70,382**	**168**
Mark-to-market adjustments		**180**
Balance as at March 31, 2018	**1,410,418**	**3,548**

DPM Stock option plan

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

During the three months ended March 31, 2018, the Company granted 774,938 (2017 – 894,513) stock options with a fair value of $1.1 million (2017 – $1.1 million). The estimated value of the options granted will be recognized as an expense in the condensed interim consolidated statements of earnings (loss) and an addition to contributed surplus in the condensed interim consolidated statements of changes in shareholders' equity over the vesting period. The Company recorded stock option expenses of $0.3 million (2017 – $0.4 million) for the three months ended March 31, 2018 under this stock option plan.

As at March 31, 2018, there was $1.6 million (December 31, 2017 – $0.8 million) of share based compensation cost remaining to be charged to net earnings in future periods relating to stock option grants. The fair value of options granted was estimated using the Black-Scholes option pricing model. The expected volatility is estimated based on the historic average share price volatility. The inputs used in the measurement of the fair values at the time the options were granted were as follows:

	March 31, 2018	March 31, 2017
Five year risk free interest rate	**1.9%**	1.0%
Expected life in years	**4.75**	4.75
Expected volatility	**68.2%**	68.5%
Dividends per share	**-**	-

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

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

	Number of options	Weighted average exercise price per share (Cdn$)
Balance as at January 1, 2017	5,647,653	4.44
Options granted	996,065	2.82
Options exercised	(51,334)	2.63
Options forfeited	(122,199)	2.69
Options expired	(1,004,782)	7.71
Balance as at December 31, 2017	5,465,403	3.60
Options granted	**774,938**	**3.28**
Options expired	**(667,700)**	**7.88**
Balance as at March 31, 2018	**5,572,641**	**3.04**

The following lists the options outstanding and exercisable as at March 31, 2018:

	Options outstanding			Options exercisable	
Range of exercise prices per share (Cdn$)	Number of options outstanding	Weighted average remaining years	Weighted average exercise price per share (Cdn$)	Number of options exercisable	Weighted average exercise price per share (Cdn$)
2.05 - 2.97	3,552,803	2.80	2.69	2,490,046	2.73
3.28 - 3.96	2,019,838	2.52	3.66	1,244,900	3.89
2.05 - 3.96	**5,572,641**	**2.70**	**3.04**	**3,734,946**	**3.12**

8. OTHER EXPENSE

	Three months ended March 31, 2018	2017
Net gains (losses) on Sabina special warrants *(note 4(a))*	**(1,117)**	1,177
Net losses on commodity swap and option contracts *(note 4(c))*	**-**	(13,008)
Net gains on forward foreign exchange contracts *(note 4(d))*	**-**	880
Net foreign exchange losses	**(1,146)**	(1,886)
Interest income	**50**	65
Other income (expense), net	**(919)**	211
	(3,132)	(12,561)

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

9. EARNINGS (LOSS) PER SHARE

	Three months ended March 31, 2018	2017
Net earnings (loss) attributable to common shareholders	**2,707**	(12,518)
Basic weighted average number of common shares	**178,492,566**	173,681,481
Effect of stock options	**390,016**	-
Diluted weighted average number of common shares	**178,882,582**	173,681,481
Basic earnings (loss) per share	**0.02**	(0.07)
Diluted earnings (loss) per share	**0.02**	(0.07)

10. RELATED PARTY TRANSACTIONS

(a) Key management remuneration

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

The remuneration of the key management of the Company recognized in the condensed interim consolidated statements of earnings (loss) for the three months ended March 31, 2018 and 2017 was as follows:

	Three months ended March 31, 2018	2017
Salaries, management bonuses and director fees	**1,297**	1,174
Other benefits	**100**	99
Share based compensation	**1,572**	1,821
Total remuneration	**2,969**	3,094

(b) Transaction with a director

In January 2018, the Company purchased 2,200,000 common shares of Sabina from a director of the Company at the market price of $1.81 (Cdn$2.26) per share for a total cost of $4.0 million (Cdn$5.0 million) to maintain a 10.2% of ownership interest in Sabina (*note 4(a)*).

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

11. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting cash and other adjustments

	Three months ended March 31,	
	2018	2017
Depreciation and amortization	**14,427**	15,895
Net interest expense	**1,304**	1,571
Accretion expense related to rehabilitation provisions	**569**	427
Share based compensation expense	**337**	402
Net losses (gains) on Sabina special warrants	**1,117**	(1,177)
Net (gains) losses on commodity swap and option contracts	**(1,014)**	13,008
Net (gains) losses on forward foreign exchange contracts	**(1,172)**	306
Other, net	**234**	(48)
	15,802	30,384

(b) Changes in non-cash working capital

	Three months ended March 31,	
	2018	2017
(Increase) decrease in accounts receivable and other assets	**(8,585)**	15,620
(Increase) decrease in inventories	**(7,073)**	1,685
Increase (decrease) in accounts payable and accrued liabilities	**6,990**	(1,182)
Increase in other liabilities	**1,267**	1,463
	(7,401)	17,586

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

12. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME

	Three months ended March 31,	
	2018	2017
Cash flow hedge reserve		
Balance at beginning of period	**5,966**	(6,924)
Unrealized gains on forward foreign exchange contracts designated as cash flow hedges, net of income taxes	**3,298**	1,720
Realized (gains) losses on forward foreign exchange contracts transferred to net earnings (loss), net of income taxes	**(959)**	1,179
Realized gains on forward foreign exchange contracts transferred to Mine Properties, net of income taxes	**(1,975)**	-
Unrealized gains on commodity swap and option contracts transferred to net earnings (loss), net of income taxes	**3,990**	-
Realized gains on commodity swaps and option contracts transferred to net earnings (loss), net of income taxes	**(550)**	-
Balance at end of period	**9,770**	(4,025)
Deferred cost of hedge reserve		
Balance at beginning of period	**-**	-
Impact of adoption of IFRS 9 *(note 2.2)*	**(36)**	-
Adjusted balance at beginning of period	**(36)**	-
Deferred cost of hedging on forward foreign exchange contracts, net of income taxes	**134**	-
Cost of hedging on forward foreign exchange contracts transferred to net earnings (loss), net of income taxes	**(212)**	-
Cost of hedging on forward foreign exchange contracts transferred to Mine Properties, net of income taxes	**305**	-
Deferred cost of hedging on commodity swap and option contracts, net of income taxes	**1,149**	-
Cost of hedging on commodity swaps and option contracts transferred to net earnings (loss), net of income taxes	**(295)**	-
Balance at end of period	**1,045**	-
Unrealized gains on publicly traded securities		
Balance at beginning of period	**35,457**	10,867
Impact of adoption of IFRS 9 *(note 2.2)*	**(20,645)**	-
Adjusted balance at beginning of period	**14,812**	10,867
Unrealized gains (losses) on publicly traded securities, net of income taxes	**(13,331)**	10,149
Balance at end of period	**1,481**	21,016
Accumulated currency translation adjustments		
Balance at beginning of period	**397**	(2,583)
Currency translation adjustments	**1,606**	-
Balance at end of period	**2,003**	(2,583)
Accumulated other comprehensive income	**14,299**	14,408

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

13. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

The Company had the following minimum contractual commitments as at March 31, 2018:

	up to 1 year	1 - 5 years	over 5 years	Total
Capital commitments	48,252	-	-	**48,252**
Purchase commitments	14,003	13,090	8	**27,101**
Operating lease payments	1,381	2,681	888	**4,950**
Total commitments	**63,636**	**15,771**	**896**	**80,303**

As at March 31, 2018, Tsumeb had approximately $99.7 million (December 31, 2017 – $112.2 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to Louis Dreyfus Company Metals Suisse ("LD") pursuant to a tolling agreement.

In July 2017, the Company and LD agreed to amend the existing tolling agreement to provide for, among other things, lower stockpile interest deductions on excess secondary materials, specified quarterly targeted reductions designed to eliminate excess secondary materials representing at that time approximately $90.0 million over a period that extends to December 31, 2020, the purchase of secondary materials in excess of established quarterly targeted levels, and the extension of the tolling agreement by one year. During the three months ended March 31, 2018, the purchase of secondary materials was not required. As at March 31, 2018, the value of excess secondary materials was approximately $72.9 million.

(b) Other

The Company is involved in legal proceedings, from time to time, arising in the ordinary course of its business. It is not expected that any material liability will arise from current legal proceedings or have a material adverse effect on the Company's future business, operations or financial condition.

14. OPERATING SEGMENT INFORMATION

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

The Company has two operating segments from continuing operations – Chelopech in Bulgaria and Tsumeb in Namibia. The nature of their operations, products and services are described in *note 1, Corporate Information*. These segments are organized predominantly by the products and services provided to customers and geography of the businesses. The Corporate and Other segment includes corporate, exploration, development projects, the results of MineRP and other income and cost items that do not pertain directly to an operating segment. There are no significant inter-segment transactions that have not been eliminated on consolidation.

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

The following table summarizes the relevant information by segment for the three months ended March 31, 2018 and 2017:

	Three months ended March 31, 2018			
	Chelopech	**Tsumeb**	**Corporate & Other**	**Total**
Revenue *(a)*	**45,873**	**36,829**	**4,186**	**86,888**
Earnings (loss) before income taxes	**22,040**	**(4,654)**	**(11,751)**	**5,635**
Capital expenditures	**1,639**	**4,340**	**24,455**	**30,434**

	Three months ended March 31, 2017			
	Chelopech	Tsumeb	Corporate & Other	Total
Revenue *(a)*	52,038	22,630	-	74,668
Earnings (loss) before income taxes	9,528	(12,739)	(8,303)	(11,514)
Capital expenditures	2,352	4,463	15,169	21,984

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

The following table summarizes the Company's revenue recognized for the three months ended March 31, 2018 and 2017:

	Three months ended March 31, 2018	2017
Revenue recognized at a point in time from:		
Sale of concentrate	**45,765**	48,069
Processing concentrate	**36,829**	22,630
Sale of software licenses	**251**	-
Mark-to-market price adjustments on provisionally priced sales	**108**	3,969
Revenue recognized over time from:		
Software services	**3,935**	-
Total revenue	**86,888**	74,668

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

The following table summarizes the total assets and total liabilities by segment as at March 31, 2018 and December 31, 2017:

				As at March 31, 2018
	Chelopech	**Tsumeb**	**Corporate & Other**	**Total**
Total current assets	**48,784**	**25,804**	**25,902**	**100,490**
Total non-current assets	**200,390**	**247,001**	**312,518**	**759,909**
Total assets	**249,174**	**272,805**	**338,420**	**860,399**
Total liabilities	**42,783**	**48,938**	**138,574**	**230,295**

				As at December 31, 2017
	Chelopech	Tsumeb	Corporate & Other	Total
Total current assets	45,101	23,693	29,783	98,577
Total non-current assets	206,537	247,235	292,401	746,173
Total assets	251,638	270,928	322,184	844,750
Total liabilities	51,245	44,533	115,484	211,262

CORPORATE INFORMATION

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Hume Kyle
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Richard Gosse
Senior Vice President, Exploration

Nikolay Hristov
Senior Vice President, Sustainable Business Development

John Lindsay
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Paul Proulx
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Vice President, Commercial

Iliya Garkov
Vice President and General Manager, Bulgaria

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

Kelly Stark-Anderson
Vice President, Legal, and Corporate Secretary

Theophile Yameogo
Vice President, Digital Innovation

Sylvia Chen
Global Controller

Walter Farag
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1 Audit Committee
2 Compensation Committee
3 Corporate Governance and Nominating Committee
4 Health, Safety and Environment Committee
5 Lead Director
6 Chair

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Stock Listing and Symbol

The Toronto Stock Exchange

DPM – Common Shares

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

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