

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2017 and December 31, 2016

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

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

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

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

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

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

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine months ended September 30, 2017 and 2016

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

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

1. CORPORATE INFORMATION

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

As at September 30, 2017, DPM’s condensed interim consolidated financial statements include DPM and its subsidiary companies (collectively, the “Company”).

Continuing operations:

DPM’s principal subsidiaries include:

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

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

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

Discontinued operations:

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

2.1 BASIS OF PREPARATION

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

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

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

2.2 CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the Company’s condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities on the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The significant areas of estimation and uncertainty considered by management in preparing the condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 are the same as those described in the Company’s annual consolidated financial statements for the year ended December 31, 2016.

2.3 NEW STANDARDS NOT YET ADOPTED

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

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

IFRS 9, *Financial Instruments*

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

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

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

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

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

IFRS 15, Revenue from Contracts with Customers

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

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

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

IFRS 16, Leases

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

3. FINANCIAL INSTRUMENTS

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

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

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

(a) Sabina special warrants

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

The fair value of the Sabina special warrants was based on the fair value of the Sabina common shares, which was determined based on the closing bid prices as at September 30, 2017 and December 31, 2016.

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

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

(b) Publicly traded securities

Publicly traded securities include a portfolio of equity investments in publicly traded mining and exploration companies, comprised primarily of Sabina common shares. For the three and nine months ended September 30, 2017, the Company reported unrealized gains on these publicly traded securities of \$5.6 million (2016 – \$4.9 million) and \$24.6 million (2016 – \$12.7 million), respectively, in other comprehensive income (loss).

(c) Commodity swap and option contracts

The Company enters into cash settled commodity swap contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to eliminate or substantially reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales (“QP Hedges”). As at September 30, 2017, the Company had outstanding commodity swap contracts in respect of this exposure as summarized in the table below:

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

The Company also enters into cash settled commodity swap and option contracts from time to time to reduce its future metal price exposures (“Production Hedges”). The commodity swap contracts were entered to swap future contracted monthly average copper prices for fixed prices. The commodity option contracts were entered to provide price protection below a specified “floor” price and price participation up to a specified “ceiling” price. These option contracts are comprised of a series of call options and put options (which when combined create a price “collar”) that were structured so as to provide for a zero upfront cash cost. As at September 30, 2017, the Company had outstanding commodity swap contracts as summarized in the table below:

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

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

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

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

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

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

(d) Forward foreign exchange contracts

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

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

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

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

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

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

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

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

Fair value hierarchy

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at September 30, 2017 and December 31, 2016:

	As at September 30, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Sabina special warrants	-	-	4,654	4,654
Publicly traded securities	41,783	-	-	41,783
Commodity swap and option contracts	-	155	-	155
Forward foreign exchange contracts	-	4,851	-	4,851
Financial liabilities				
Commodity swap and option contracts	-	10,162	-	10,162
Forward foreign exchange contracts	-	1,166	-	1,166
	As at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets				
Sabina special warrants	-	-	2,008	2,008
Publicly traded securities	17,208	-	-	17,208
Commodity swap and option contracts	-	6,941	-	6,941
Financial liabilities				
Commodity swap and option contracts	-	4,685	-	4,685
Forward foreign exchange contracts	-	1,955	-	1,955

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During the nine months ended September 30, 2017 and the year ended December 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The following table reconciles level 3 fair value measurements from January 1, 2016 to September 30, 2017:

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

4. DEBT

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

(a) Term Loans

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

(b) Credit agreements and guarantees

Chelopech and Krumovgrad

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

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

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DPM

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

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn and the Company’s funded net debt to adjusted earnings before interest, taxes, depreciation and amortization (“Debt Leverage Ratio”), as defined in the RCF agreement.

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

As at September 30, 2017, DPM was in compliance with all financial covenants and no amounts were drawn under the RCF.

5. REHABILITATION PROVISIONS

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

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

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

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Changes to rehabilitation provisions were as follows:

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

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

6. SHARE BASED COMPENSATION PLANS

Restricted Share Unit

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

(a) Non-performance based restricted share units ("RSUs")

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

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

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

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

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(b) Performance share units (“PSUs”)

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

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

	Number of PSUs	Amount
Balance as at January 1, 2016	369,800	79
PSUs granted	854,500	592
PSUs forfeited	(62,500)	(25)
Mark-to-market adjustments		(6)
Balance as at December 31, 2016	1,161,800	640
PSUs granted	653,050	732
PSUs forfeited	(69,000)	(52)
Mark-to-market adjustments		212
Balance as at September 30, 2017	1,745,850	1,532

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

Deferred Share Unit (“DSU”) Plan

DPM has a DSU Plan for directors and certain employees.

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

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

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

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

DPM Stock option plan

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

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

As at September 30, 2017, there was \$1.1 million (December 31, 2016 – \$0.9 million) of share based compensation cost remaining to be charged to net earnings in future periods relating to stock option grants. The fair value of options granted was estimated using the Black-Scholes option pricing model. The expected volatility is estimated based on the historic average share price volatility. The inputs used in the measurement of the fair values at the time the options were granted were as follows:

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

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

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

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

Range of exercise prices per share (Cdn\$)	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted average remaining years	Weighted average exercise price per share (Cdn\$)	Number of options exercisable	Weighted average exercise price per share (Cdn\$)
2.05 - 3.96	4,900,827	2.84	3.01	2,687,266	3.31
7.84 - 8.54	749,300	0.45	7.91	749,300	7.91
2.05 - 8.54	5,650,127	2.53	3.66	3,436,566	4.31

7. OTHER (EXPENSE) INCOME

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

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8. EARNINGS (LOSS) PER SHARE

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

9. KEY MANAGEMENT REMUNERATION

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

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

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

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10. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting cash and other adjustments

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

(b) Changes in non-cash working capital

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

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11. SUPPLEMENTARY SHAREHOLDERS' EQUITY INFORMATION

(a) Equity financing

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

(b) Changes in accumulated other comprehensive income

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

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12. COMMITMENTS AND OTHER CONTINGENCIES

(a) Commitments

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

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

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

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

(b) Other

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

13. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Three months ended September 30, 2017				
	Chelopech	Tsumeb	Corporate & Other	Total
Continuing Operations				
Revenue (a)	53,911	38,411	-	92,322
Earnings (loss) before income taxes	16,164	(5,210)	(7,676)	3,278
Capital expenditures	5,042	2,933	16,630	24,605
Three months ended September 30, 2016				
	Chelopech	Tsumeb	Corporate & Other	Total
Continuing Operations				
Revenue (a)	30,446	24,344	-	54,790
Earnings (loss) before income taxes	2,408	(25,611)	(6,980)	(30,183)
Capital expenditures	5,846	4,289	2,130	12,265
Nine months ended September 30, 2017				
	Chelopech	Tsumeb	Corporate & Other	Total
Continuing Operations				
Revenue (a)	148,929	104,914	-	253,843
Earnings (loss) before income taxes	42,812	(15,775)	(22,461)	4,576
Capital expenditures	12,010	8,240	47,104	67,354
Nine months ended September 30, 2016				
	Chelopech	Tsumeb	Corporate & Other	Total
Continuing Operations				
Revenue (a)	116,089	81,339	-	197,428
Earnings (loss) before income taxes	24,270	(39,711)	(25,258)	(40,699)
Capital expenditures	10,497	16,872	9,389	36,758

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

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

14. SUBSEQUENT EVENT

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