

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at June 30, 2020 and December 31, 2019

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

	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	75,788	23,440
Accounts receivable	75,969	38,309
Inventories	34,457	38,033
Other current assets <i>(note 3(c) &amp; 3(d))</i>	1,416	5,244
	<b>187,630</b>	<b>105,026</b>
<b>Non-Current Assets</b>		
Investments at fair value <i>(note 3(a) &amp; 3(b))</i>	64,710	59,362
Mine properties	164,416	180,732
Property, plant & equipment	367,660	387,181
Intangible assets	38,055	40,034
Deferred income tax assets	9,380	9,048
Other long-term assets	3,446	3,327
	<b>647,667</b>	<b>679,684</b>
<b>TOTAL ASSETS</b>	<b>835,297</b>	<b>784,710</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	63,654	59,736
Income tax liabilities	8,528	2,579
Current portion of deferred revenue	18,878	42,176
Current portion of long-term liabilities	5,747	5,092
	<b>96,807</b>	<b>109,583</b>
<b>Non-Current Liabilities</b>		
Long-term debt <i>(note 4(a))</i>	-	10,000
Deferred revenue	-	3,207
Rehabilitation provisions	37,354	40,799
Share-based compensation plans	15,079	11,700
Deferred income tax liabilities	1,289	1,137
Other long-term liabilities	16,889	15,390
	<b>70,611</b>	<b>82,233</b>
<b>TOTAL LIABILITIES</b>	<b>167,418</b>	<b>191,816</b>
<b>EQUITY</b>		
Share capital	524,300	522,351
Contributed surplus	8,592	9,150
Retained earnings	129,807	45,007
Accumulated other comprehensive income	87	10,108
	<b>662,786</b>	<b>586,616</b>
<b>Equity attributable to common shareholders of the Company</b>	<b>662,786</b>	<b>586,616</b>
Non-controlling interests	5,093	6,278
<b>TOTAL EQUITY</b>	<b>667,879</b>	<b>592,894</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>835,297</b>	<b>784,710</b>

*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 six months ended June 30, 2020 and 2019

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>Revenue</b> (note 11)	<b>157,036</b>	99,193	<b>308,740</b>	184,531
<b>Costs and expenses</b>				
Cost of sales	<b>84,578</b>	71,717	<b>175,149</b>	136,450
General and administrative expenses	<b>13,500</b>	4,363	<b>17,005</b>	17,721
Corporate social responsibility expenses	<b>757</b>	692	<b>1,480</b>	942
Exploration and evaluation expenses	<b>3,914</b>	3,175	<b>7,659</b>	6,080
Finance cost	<b>1,741</b>	1,473	<b>3,964</b>	4,505
Other (income) expense	<b>(1,166)</b>	113	<b>1,705</b>	2,167
<b>Earnings before income taxes</b>	<b>53,712</b>	17,660	<b>101,778</b>	16,666
Current income tax expense	<b>6,554</b>	1,533	<b>11,840</b>	3,252
Deferred income tax expense (recovery)	<b>(1,935)</b>	533	<b>(1,591)</b>	(378)
<b>Net earnings</b>	<b>49,093</b>	15,594	<b>91,529</b>	13,792
<b>Net earnings (loss) attributable to:</b>				
Common shareholders of the Company	<b>48,870</b>	15,968	<b>92,041</b>	14,480
Non-controlling interests	<b>223</b>	(374)	<b>(512)</b>	(688)
<b>Net earnings</b>	<b>49,093</b>	15,594	<b>91,529</b>	13,792
<b>Earnings per share attributable to common shareholders of the Company</b>				
- Basic	<b>0.27</b>	0.09	<b>0.51</b>	0.08
- Diluted	<b>0.27</b>	0.09	<b>0.51</b>	0.08

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 six months ended June 30, 2020 and 2019

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>Net earnings</b>	<b>49,093</b>	15,594	<b>91,529</b>	13,792
<b>Other comprehensive income (loss) items that may be reclassified subsequently to profit or loss:</b>				
<b>Foreign exchange forward and option contracts designated as cash flow hedges</b>				
Unrealized gains (losses), net of income tax recovery of \$nil (2019 - \$4) and \$nil (2019 - \$25), respectively	<b>(3,056)</b>	837	<b>(7,504)</b>	739
Deferred cost of hedging, net of income tax recovery of \$nil (2019 - \$2) and \$nil (2019 - \$8), respectively	<b>6,412</b>	1,872	<b>(5,392)</b>	2,336
Realized (gains) losses transferred to cost of sales, net of income tax expense of \$nil (2019 - \$nil) and \$nil (2019 - \$nil), respectively	<b>2,273</b>	(165)	<b>2,326</b>	(549)
Currency translation adjustments	<b>(695)</b>	813	<b>(4,891)</b>	607
<b>Other comprehensive income (loss) items that will not be reclassified subsequently to profit or loss:</b>				
Unrealized gains on publicly traded securities, net of income tax expense of \$880 (2019 - \$nil) and \$880 (2019 - \$nil), respectively	<b>28,903</b>	2,165	<b>4,353</b>	3,163
	<b>33,837</b>	5,522	<b>(11,108)</b>	6,296
<b>Comprehensive income</b>	<b>82,930</b>	21,116	<b>80,421</b>	20,088
<b>Comprehensive income (loss) attributable to:</b>				
Common shareholders of the Company	<b>82,862</b>	21,309	<b>82,020</b>	20,644
Non-controlling interests	<b>68</b>	(193)	<b>(1,599)</b>	(556)
<b>Comprehensive income</b>	<b>82,930</b>	21,116	<b>80,421</b>	20,088

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 six months ended June 30, 2020 and 2019

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>OPERATING ACTIVITIES</b>				
Earnings before income taxes	53,712	17,660	101,778	16,666
Revenue transferred from deferred revenue	(9,569)	-	(27,470)	-
Depreciation and amortization	26,273	15,181	50,600	29,935
Changes in non-cash working capital (note 7(a))	8,507	(20,345)	(39,108)	(21,665)
Other items not affecting cash (note 7(b))	2,992	4	9,920	2,694
Payments for settlement of derivative contracts	(3,364)	(423)	(5,326)	(1,057)
Income taxes paid	(3,090)	(2,760)	(5,508)	(2,803)
<b>Cash provided from operating activities</b>	<b>75,461</b>	<b>9,317</b>	<b>84,886</b>	<b>23,770</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of publicly traded securities	-	-	-	(748)
Proceeds from disposal of mine properties, property, plant and equipment and intangible assets	122	2,604	122	8,188
Expenditures on mine properties	(978)	(12,304)	(2,137)	(29,414)
Expenditures on property, plant and equipment	(5,005)	(3,143)	(11,003)	(6,250)
Expenditures on intangible assets	(2,102)	(333)	(3,161)	(775)
<b>Cash used in investing activities</b>	<b>(7,963)</b>	<b>(13,176)</b>	<b>(16,179)</b>	<b>(28,999)</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from shares issued	410	1,726	1,182	2,270
Drawdowns (repayments) of credit facilities (note 4(a))	-	12,000	(10,000)	12,000
Financing fees on debt	(375)	-	(375)	-
Lease obligations	(1,060)	(896)	(2,066)	(1,770)
Dividend paid (note 8(a))	(3,610)	-	(3,610)	-
Interest paid	(706)	(759)	(1,490)	(2,144)
<b>Cash provided from (used in) financing activities</b>	<b>(5,341)</b>	<b>12,071</b>	<b>(16,359)</b>	<b>10,356</b>
Increase in cash	62,157	8,212	52,348	5,127
Cash at beginning of period	13,631	13,958	23,440	17,043
<b>Cash at end of period</b>	<b>75,788</b>	<b>22,170</b>	<b>75,788</b>	<b>22,170</b>

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 six months ended June 30, 2020 and 2019

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

	June 30, 2020		June 30, 2019	
	Number	Amount	Number	Amount
<b>Share capital</b>				
<b>Authorized</b>				
Unlimited common and preference shares with no par value				
<b>Issued</b>				
Fully paid common shares with one vote per share				
<b>Balance at beginning of period</b>	<b>180,537,053</b>	<b>522,351</b>	178,547,639	515,658
Shares issued as part of an exploration option agreement	<b>25,000</b>	<b>154</b>	20,000	74
Shares issued on exercise of stock options	<b>563,811</b>	<b>1,182</b>	672,953	1,659
Transferred from contributed surplus on exercise of stock options		<b>613</b>		834
<b>Balance at end of period</b>	<b>181,125,864</b>	<b>524,300</b>	179,240,592	518,225
<b>Contributed surplus</b>				
<b>Balance at beginning of period</b>		<b>9,150</b>		12,085
Share-based compensation expense		<b>469</b>		557
Transferred to share capital on exercise of stock options		<b>(613)</b>		(834)
Other changes in contributed surplus		<b>(414)</b>		(1,581)
<b>Balance at end of period</b>		<b>8,592</b>		10,227
<b>Retained earnings</b>				
<b>Balance at beginning of period</b>		<b>45,007</b>		115,909
Net earnings attributable to common shareholders of the Company		<b>92,041</b>		14,480
Dividend distribution (note 8(a))		<b>(7,241)</b>		-
<b>Balance at end of period</b>		<b>129,807</b>		130,389
<b>Accumulated other comprehensive income (loss)</b>				
<b>Balance at beginning of period</b>		<b>10,108</b>		(11,652)
Other comprehensive income (loss)		<b>(10,021)</b>		6,164
Realized losses on foreign exchange forward contracts and cost of hedging transferred to Mine Properties, net of income tax recovery of \$nil (2019 - \$33)		-		339
<b>Balance at end of period</b>		<b>87</b>		(5,149)
<b>Total equity attributable to common shareholders of the Company</b>		<b>662,786</b>		653,692
<b>Non-controlling interests</b>				
<b>Balance at beginning of period</b>		<b>6,278</b>		6,181
Net loss attributable to non-controlling interests		<b>(512)</b>		(688)
Other comprehensive income (loss) attributable to non-controlling interests		<b>(1,087)</b>		132
Other changes in non-controlling interests		<b>414</b>		1,189
<b>Balance at end of period</b>		<b>5,093</b>		6,814
<b>Total equity at end of period</b>		<b>667,879</b>		660,506

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 six months ended June 30, 2020 and 2019

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

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## 1. CORPORATE INFORMATION

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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 June 30, 2020, 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 (“Ada Tepe”), which owns and operates a gold mine located in south eastern Bulgaria, near the town of Krumovgrad; and
- 92% of Dundee Precious Metals Tsumeb (Proprietary) Limited (“Tsumeb”), which owns and operates a custom smelter located in Tsumeb, Namibia.

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

- 100% of Avala Resources Ltd., which is focused on the exploration and development of the Timok gold project and other early stage projects in Serbia;
- 9.4% of Sabina Gold and Silver Corp. (“Sabina”), which is focused on the development of the Back River project in southwestern Nunavut, Canada;
- 19.4% of INV Metals Inc. (“INV”), which is focused on the exploration and development of the Loma Larga gold property located in Ecuador; and
- a 51% interest in Pershimex Resources Corporation’s gold property located in the Archean Abitibi greenstone belt near Val-d’Or, Canada, with the option to earn up to a 71% interest.

DPM also owns:

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

## 2. BASIS OF PREPARATION

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These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, 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, 2019, 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, 2019.

These condensed interim consolidated financial statements were approved by the Board of Directors on July 30, 2020.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

(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	
		June 30, 2020	December 31, 2019
<b>Financial assets</b>			
Cash	Amortized cost	75,788	23,440
Accounts receivable			
on provisionally priced sales	Fair value through profit or loss	25,961	11,246
Other accounts receivable	Amortized cost	50,008	27,063
Restricted cash	Amortized cost	1,878	2,177
Sabina special warrants (a)	Fair value through profit or loss	6,602	6,488
Publicly traded securities (b)	Fair value through other comprehensive income	58,108	52,874
Foreign exchange option contracts (d)	Derivatives for cash flow hedges	-	3,938
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	Amortized cost	57,903	58,320
Debt (note 4(a))	Amortized cost	-	10,000
Commodity swap contracts (c)	Derivatives for fair value hedges	698	1,416
Foreign exchange option contracts (d)	Derivatives for cash flow hedges	6,633	-

The carrying values of all the financial assets and liabilities measured at amortized cost approximate their fair values as at June 30, 2020 and December 31, 2019.

#### (a) Sabina special warrants

As at June 30, 2020, DPM held: (i) 30,537,746 common shares of Sabina; and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the Back River project or upon the occurrence of certain other events. Each of the special warrants is exercisable into one common share until 2044.

For the three and six months ended June 30, 2020, the Company recognized unrealized gains on the Sabina special warrants of \$3.0 million (2019 – \$0.2 million) and \$0.1 million (2019 – \$0.3 million), respectively, in other (income) expense 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 and INV common shares. For the three and six months ended June 30, 2020, the Company recognized unrealized gains on these publicly traded securities of \$29.8 million (2019 – \$2.2 million) and \$5.2 million (2019 – \$3.2 million), respectively, in other comprehensive income (loss) that will not be reclassified subsequently to profit or loss.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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

### (c) Commodity swap 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 June 30, 2020, the Company's outstanding QP Hedges, all of which mature within three months from the reporting date, are summarized in the table below:

Commodity hedged	Volume hedged	Weighted average fixed price of QP Hedges
Payable gold	15,350 ounces	\$1,749.65 /ounce

The Company designates the spot component of commodity swap contracts in respect of QP Hedges as fair value hedges.

The fair value gain or loss on commodity swap contracts is calculated based on the corresponding London Metal Exchange forward copper prices and New York Commodity Exchange forward gold and silver prices, as applicable. As at June 30, 2020, the net fair value loss on all outstanding commodity swap contracts was \$0.7 million (December 31, 2019 – \$1.4 million), which was included in accounts payable and accrued liabilities.

The Company recognized net losses of \$3.1 million (2019 – net gains of \$0.5 million) and \$4.1 million (2019 – \$1.1 million), respectively, for the three and six months ended June 30, 2020 in revenue on these commodity swap contracts.

### (d) Foreign exchange forward and option contracts

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

Foreign exchange forward contracts are entered to fix foreign exchange rates on future operating expenses and capital expenditures. Foreign exchange option contracts are entered to provide price protection below a specified "floor" rate and participation up to a specified "ceiling" rate. The option contracts entered are comprised of a series of call options and put options (which when combined create a price "collar") that are structured so as to provide for a zero upfront cash cost.

As at June 30, 2020, the Company had outstanding foreign exchange option contracts in respect of a portion of its projected South African Rand ("ZAR") denominated operating expenses as summarized in the table below:

Year of projected operating expenses	Amount hedged in ZAR (i)	Call options sold weighted average ceiling rate US\$/ZAR	Put options purchased weighted average floor rate US\$/ZAR
Balance of 2020	734,360,000	16.14	14.61
2021	949,200,000	18.31	15.67

(i) The Namibian dollar is pegged to the ZAR on a 1:1 basis.

The Company designates the spot component of the foreign exchange forward contracts and the intrinsic value of option contracts as cash flow hedges. The time value component of foreign exchange forward and option contracts is treated as a separate cost of hedging.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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

The fair value gain or loss on these outstanding contracts is calculated based on foreign exchange forward rates quoted in the market. As at June 30, 2020, the net fair value loss on all outstanding foreign exchange option contracts was \$6.6 million (December 31, 2019 – net fair value gain of \$3.9 million), of which \$nil (December 31, 2019 – \$3.9 million) was included in other current assets, \$5.1 million (December 31, 2019 – \$nil) in accounts payable and accrued liabilities, and \$1.5 million (December 31, 2019 – \$nil) in other long-term liabilities.

For the three and six months ended June 30, 2020, the Company recognized unrealized losses of \$0.8 million (2019 – unrealized gains \$0.7 million) and \$5.2 million (2019 – unrealized gains of \$0.3 million), respectively, in other comprehensive income (loss) on the spot component of the outstanding foreign exchange forward and option contracts. The Company also recognized realized losses of \$2.3 million (2019 – realized gains of \$0.2 million) and \$2.4 million (2019 – realized gains of \$0.6 million), respectively, for the three and six months ended June 30, 2020 in cost of sales on the spot component of settled contracts in respect of foreign denominated operating expenses.

For the three and six months ended June 30, 2020, the Company recognized unrealized gains of \$6.4 million (2019 – \$1.9 million) and unrealized losses of \$5.4 million (2019 – unrealized gains of \$2.5 million), respectively, on the time value component of the outstanding foreign exchange forward and option contracts in other comprehensive income (loss) as a deferred cost of hedging.

### 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 June 30, 2020 and December 31, 2019:

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Accounts receivable on provisionally priced sales	-	25,961	-	25,961
Sabina special warrants	-	-	6,602	6,602
Publicly traded securities	58,108	-	-	58,108
<b>Financial liabilities</b>				
Commodity swap contracts	-	698	-	698
Foreign exchange option contracts	-	6,633	-	6,633
			As at December 31, 2019	
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Accounts receivable on provisionally priced sales	-	11,246	-	11,246
Sabina special warrants	-	-	6,488	6,488
Publicly traded securities	52,874	-	-	52,874
Foreign exchange option contracts	-	3,938	-	3,938
<b>Financial liabilities</b>				
Commodity swap contracts	-	1,416	-	1,416

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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

During the six months ended June 30, 2020 and the year ended December 31, 2019, 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, 2019 to June 30, 2020:

Balance as at January 1, 2019	2,617
Unrealized gains included in net earnings	3,871
Balance as at December 31, 2019	6,488
Unrealized gains included in net earnings	114
<b>Balance as at June 30, 2020</b>	<b>6,602</b>

### 4. DEBT

#### (a) DPM Revolving Credit Facility (“RCF”)

DPM has a committed RCF with a consortium of banks. In June 2020, the Company amended the RCF by reducing tranche B of the facility from \$175.0 million to \$150.0 million and extending its maturity date from February 2022 to February 2023. The Company’s borrowing spread above LIBOR is 2.5%, and can range between 2.5% and 3.5% depending upon the Company’s funded net debt to adjusted earnings before interest, taxes, depreciation and amortization (“Debt Leverage Ratio”), as defined in the RCF agreement. The RCF is secured by pledges of the Company’s investments in Ada Tepe, Chelopech and Tsumeb and by guarantees from each of these subsidiaries.

The RCF contains financial covenants that require DPM to maintain: (i) a Debt Leverage Ratio below 3.75:1, (ii) a current ratio (including the addition of any unutilized credit within tranche B to current assets) of greater than 1.5:1, and (iii) a minimum net worth of \$500.0 million plus (minus) 50% of ongoing annual net earnings (losses).

As at June 30, 2020, DPM was in compliance with all financial covenants and \$nil (December 31, 2019 – \$10.0 million) was drawn under the RCF.

#### (b) Tsumeb overdraft facility

In April 2020, Tsumeb increased its demand overdraft facility from Namibian \$50.0 million (\$2.9 million) to Namibian \$100.0 million (\$5.8 million). This facility is guaranteed by DPM and bears interest at a rate equal to the Namibian Prime Lending Rate minus 0.5%. As at June 30, 2020 and December 31, 2019, \$nil was drawn from this facility.

#### (c) Other credit agreements and guarantees

Chelopech and Ada Tepe have a \$16.0 million multi-purpose credit facility that matures on November 30, 2021. This credit facility is guaranteed by DPM. As at June 30, 2020, \$5.9 million (December 31, 2019 – \$5.7 million) had been utilized against this multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech and Ada Tepe also have a Euro 21.0 million (\$23.6 million) credit facility to support mine closure and rehabilitation obligations. This credit facility matures on November 30, 2021 and is guaranteed by DPM. As at June 30, 2020, \$23.5 million (December 31, 2019 – \$23.6 million) had been utilized against this credit facility in the form of letters of guarantee, which were posted with the Bulgarian Ministry of Energy.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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

Ada Tepe has a \$5.3 million multi-purpose credit facility that matures on November 30, 2021. This credit facility is guaranteed by DPM. As at June 30, 2020, \$0.2 million (December 31, 2019 – \$0.1 million) had been utilized against this multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

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

### 5. SHARE-BASED COMPENSATION PLANS

The following is a summary of the new grants under the Company's share-based compensation plans during the six months ended June 30, 2020:

	Number of units granted	Fair value granted
Restricted Share Units ("RSUs")	1,102,561	3,456
Performance Share Units ("PSUs")	353,947	1,112
Deferred Share Units ("DSUs")	88,521	378
DPM Stock Options	660,814	855

For the three and six months ended June 30, 2020, mark-to-market adjustments related to the change in DPM's share price resulted in an increase in share-based compensation of \$11.9 million (2019 – a decrease of \$2.5 million) and \$7.0 million (2019 – \$3.3 million), respectively.

### 6. RELATED PARTY TRANSACTIONS

#### 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 six months ended June 30, 2020 and 2019 was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Salaries, management bonuses and director fees	769	1,957	1,675	3,171
Other benefits	56	141	122	234
Share-based compensation	6,561	1,861	5,488	5,692
<b>Total remuneration</b>	<b>7,386</b>	<b>3,959</b>	<b>7,285</b>	<b>9,097</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 7. SUPPLEMENTARY CASH FLOW INFORMATION

#### (a) Changes in non-cash working capital

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
(Increase) decrease in accounts receivable and other assets	1,868	(6,410)	(38,043)	(9,450)
(Increase) decrease in inventories	(1,764)	372	3,641	(1,915)
Increase (decrease) in accounts payable and accrued liabilities	2,717	(11,501)	(9,025)	(10,919)
Increase (decrease) in other liabilities	5,686	(2,806)	4,319	619
	8,507	(20,345)	(39,108)	(21,665)

#### (b) Other items not affecting cash

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net interest expense	1,230	851	2,784	3,269
Accretion expense related to rehabilitation provisions	486	569	1,113	1,136
Share-based compensation expense	234	224	469	557
Net gains on Sabina special warrants	(3,069)	(203)	(114)	(270)
Net (gains) losses on commodity swap contracts	3,071	(454)	3,846	1,140
Net (gains) losses on foreign exchange option contracts	2,273	(165)	2,326	(549)
Other, net	(1,233)	(818)	(504)	(2,589)
	2,992	4	9,920	2,694

### 8. SUPPLEMENTARY SHAREHOLDERS' EQUITY INFORMATION

#### (a) Dividend

On February 13, 2020, the Company declared an inaugural quarterly dividend of \$0.02 per common share to shareholders of record on March 31, 2020, resulting in a total dividend payment of \$3.6 million on April 15, 2020.

On May 6, 2020, the Company declared a dividend of \$0.02 per common share payable on July 15, 2020 to shareholders of record on June 30, 2020. As at June 30, 2020, the Company recognized a dividend payable of \$3.6 million under accounts payable and accrued liabilities in the condensed interim consolidated statements of financial position and a corresponding dividend distribution from its retained earnings in the condensed interim consolidated statements of changes in shareholders' equity.

On July 30, 2020, the Company declared a dividend of \$0.02 per common share payable on October 15, 2020 to shareholders of record on September 30, 2020.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### (b) Normal Course Issuer Bid (“NCIB”) and Automatic Repurchase Direction

On February 21, 2020, the Company renewed its NCIB previously filed on May 16, 2018. On March 31, 2020, the Company issued an automatic purchase direction (the “Direction”) to its designated broker under the NCIB in order to facilitate purchases, subject to certain specified parameters, of DPM common shares during a period when the Company would ordinarily not be active in the market due to regulatory restrictions or self-imposed blackout periods. This Direction was terminated by the Company on June 11, 2020 and, to date, no purchases of DPM shares have been made under the NCIB.

## 9. COMMITMENTS AND OTHER CONTINGENCIES

### (a) Commitments

The Company had the following minimum contractual commitments as at June 30, 2020:

	up to 1 year	1 - 5 years	Total
Capital commitments	7,300	-	<b>7,300</b>
Purchase commitments	10,207	8	<b>10,215</b>
<b>Total commitments</b>	<b>17,507</b>	<b>8</b>	<b>17,515</b>

As at June 30, 2020, Tsumeb had approximately \$56.3 million (December 31, 2019 – \$62.9 million) of recoverable third party in-process secondary materials, which it is obligated to process and return, generally in the form of blister, to IXM S.A. (“IXM”), pursuant to a tolling agreement (the “Tolling Agreement”).

In December 2019, the Company and IXM agreed to amend the existing Tolling Agreement to provide for lower stockpile interest on excess secondary materials, the establishment of the December 31, 2019 excess secondary balances as the new targeted levels above which secondary materials would be required to be purchased by the Company, an extension of the date by which the Company must eliminate excess secondary materials to March 31, 2021, and an extension of the Tolling Agreement by one year to December 31, 2023. In June 2020, The Company purchased \$0.7 million of secondary materials, which was included in the other long-term assets in the condensed interim consolidated statements of financial position. As at June 30, 2020, the value of excess secondary materials was approximately \$31.9 million, which was approximately \$0.7 million above the targeted levels under the Tolling Agreement. IXM has agreed to waive the quarterly requirement to purchase secondary materials above targeted levels as at June 30, 2020.

### (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.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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### 10. FINANCIAL RISK MANAGEMENT IN RESPONSE TO CORONAVIRUS (“COVID-19”)

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In March 2020, the World Health Organization classified COVID-19 as a worldwide pandemic and governments across the globe undertook extensive measures to combat the spread of this virus. To date, as a result of the proactive actions being taken within the regions in which we operate and by personnel at each of our sites, the Company has not experienced any material disruptions to its operations as a result of COVID-19. The Company’s Chelopech and Ada Tepe mines in Bulgaria continue to operate at full capacity and have not experienced any disruptions to their operations.

In April 2020, the Tsumeb smelter in Namibia curtailed its operations by shutting down ancillary plants for 30 days and reducing complex concentrate smelted for the three months ended June 30, 2020 by approximately 10% in response to a government directive to the natural resources industry aimed at limiting staffing levels. Full operations resumed in May 2020 with ongoing management of the number of employees and contractors working at site and continued observance of the COVID-19 controls that have been established across all sites.

The Company continues to closely assess and monitor the COVID-19 situation, particularly as various jurisdictions implement measures to re-open their economies, and has undertaken a number of measures to mitigate the associated risks, including establishing procedures and contingency plans at each operating location, which are directed at safeguarding employees, managing potential supply chain disruptions, including complex concentrate feed for the smelter, and maintaining production at each of its operations. These activities are being overseen by an experienced cross-functional team that includes members of senior management and leaders at the Company’s operations.

At present, there do not appear to be any imminent COVID-19 related circumstances that are expected to disrupt the Company’s operations, however, given the highly uncertain and evolving nature of this situation, the Company is not able to reliably estimate the duration and severity of this pandemic nor the potential impact it could have on the Company’s operating and financial results.

### 11. OPERATING SEGMENT INFORMATION

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

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

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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

The following table summarizes the relevant information by segment for the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30, 2020				Total
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	
Revenue (a)	59,774	55,993	38,261	3,008	157,036
Earnings (loss) before income taxes	31,843	29,290	5,319	(12,740)	53,712
Capital expenditures	4,389	5,198	1,031	2,052	12,670

	Three months ended June 30, 2019				Total
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	
Revenue (a)	53,994	-	43,343	1,856	99,193
Earnings (loss) before income taxes	22,309	(688)	4,061	(8,022)	17,660
Capital expenditures	3,955	13,969	1,843	440	20,207

	Six months ended June 30, 2020				Total
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	
Revenue (a)	122,908	99,022	79,885	6,925	308,740
Earnings (loss) before income taxes	64,934	49,246	12,640	(25,042)	101,778
Capital expenditures	8,794	6,988	3,445	3,080	22,307

	Six months ended June 30, 2019				Total
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	
Revenue (a)	95,778	-	84,925	3,828	184,531
Earnings (loss) before income taxes	37,450	(612)	7,247	(27,419)	16,666
Capital expenditures	6,517	30,614	2,178	1,068	40,377

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

The following table summarizes the Company's revenue recognized for the three and six months ended June 30, 2020 and 2019:

	Three months ended		Six months ended	
	June 30, 2020	2019	June 30, 2020	2019
<b>Revenue recognized at a point in time from:</b>				
Sale of concentrate	109,262	54,693	215,004	94,784
Processing concentrate	32,170	35,440	67,166	70,398
Acid sales	6,091	7,903	12,719	14,527
Sale of software licenses	1,800	277	2,175	345
Mark-to-market price adjustments on provisionally priced sales	6,505	(699)	6,926	994
<b>Revenue recognized over time from:</b>				
Software services	1,208	1,579	4,750	3,483
<b>Total revenue</b>	<b>157,036</b>	<b>99,193</b>	<b>308,740</b>	<b>184,531</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020 and 2019

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The following table summarizes the total assets and total liabilities by segment as at June 30, 2020 and December 31, 2019:

	As at June 30, 2020				
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
<b>Total current assets</b>	<b>73,826</b>	<b>61,844</b>	<b>35,129</b>	<b>16,831</b>	<b>187,630</b>
<b>Total non-current assets</b>	<b>172,481</b>	<b>273,208</b>	<b>108,518</b>	<b>93,460</b>	<b>647,667</b>
<b>Total assets</b>	<b>246,307</b>	<b>335,052</b>	<b>143,647</b>	<b>110,291</b>	<b>835,297</b>
<b>Total liabilities</b>	<b>42,765</b>	<b>46,603</b>	<b>41,033</b>	<b>37,017</b>	<b>167,418</b>

  

	As at December 31, 2019				
	Chelopech	Ada Tepe	Tsumeb	Corporate & Other	Total
Total current assets	36,525	25,607	27,258	15,636	105,026
Total non-current assets	177,494	291,997	118,671	91,522	679,684
Total assets	214,019	317,604	145,929	107,158	784,710
Total liabilities	40,566	64,083	43,549	43,618	191,816