Dundee
PRECIOUS METALS

2014 ANNUAL REPORT

BUILDING VALUE

DUNDEE PRECIOUS METALS

OUR CORE VALUES

Safety
The health and safety of our employees and local communities are paramount and enable us to be in business. Safety can never be compromised.

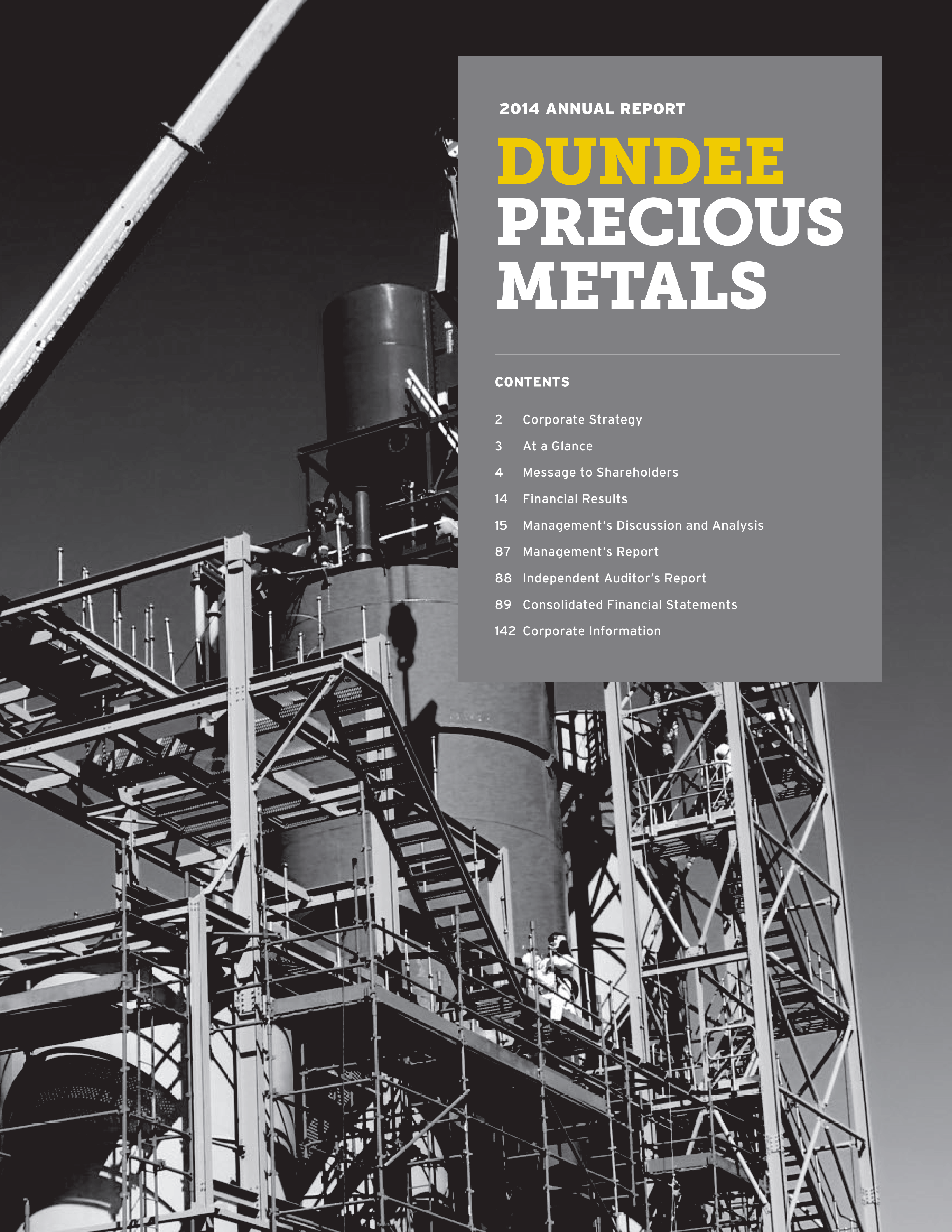
Dignity and Respect
We care about people – their well-being, their careers and development, and their day-to-day work experience. We treat all colleagues fairly, listen to their input and work with them to create solutions that respect both individual needs and corporate interests.

Environmental Responsibility
We are leaders in promoting sustainable growth and environmental responsibility. We go beyond legislative compliance to promote pragmatic environmental solutions and practices in all of our operations.

Community Investment
We care about the quality of the communities in which we operate. Our legacy will be to ensure we have helped residents make the community a better place than before we arrived on the scene. We have a strong corporate and social responsibility to the communities in which we invest.

Continuous Improvement
We are passionate about continuous improvement. We seek out and execute operational practices that drive innovation, speed to market, cost efficiency, technical and professional excellence.

Transparency
We set and uphold the highest ethical standards and business practices. Our dealings with employees, governments, stakeholders and communities are open, honest and transparent. We do what we say we will do and fulfil our commitments. We hold each other accountable for delivering results.



2014 ANNUAL REPORT

DUNDEE PRECIOUS METALS

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CORPORATE STRATEGY

BUILDING VALUE

Optimize value of existing operating assets

- Increase mine production
- Extend life of mine at Chelopech and Kapan
- Advance studies on possible Kapan and Tsumeb expansions
- Upgrade Tsumeb Smelter and establish long-term processing contracts to secure stable return

Grow the business beyond existing operating assets

- Develop the Krumovgrad Gold Project
- Establish pipeline of exploration opportunities
- Evaluate accretive acquisition opportunities to grow and diversify

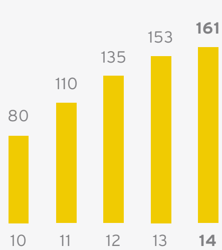
Sustain a low operating cost position

Maintain a solid balance sheet

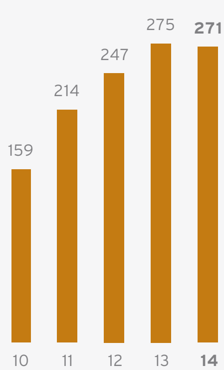
DUNDEE PRECIOUS METALS ASSETS

Production and Financial Highlights

CONSOLIDATED PAYABLE GOLD SOLD
000s ounces

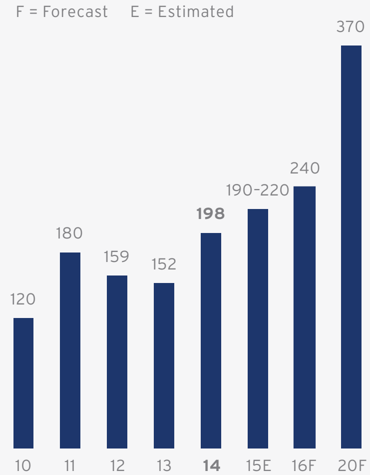


CONSOLIDATED GOLD EQUIVALENT PRODUCTION
000s ounces

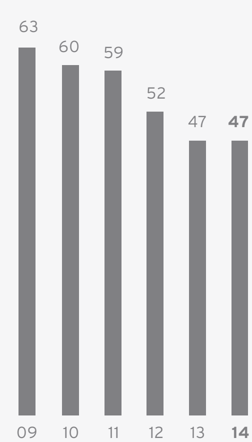


SMELTER THROUGHPUT
000s tonnes

F = Forecast E = Estimated



CONSOLIDATED COST PER TONNE TREND
$/tonne



MESSAGE TO SHAREHOLDERS

BUILDING VALUE

2014 ACCOMPLISHMENTS

During the year, we continued to advance our strategy to build a premier low cost gold producer.

- We achieved record gold production (payable metal in sales) of 160,734 oz.
- We generated 35% of additional gold recovery at our Chelopech Mine in Bulgaria with the implementation of the Pyrite Recovery project in February.
- We advanced our Krumovgrad open pit gold development project in southern Bulgaria, with only the securing of local permits and approvals left to allow us to proceed to construction, which we expect to reach in the third quarter of 2015.
- At $690 per ounce, our all-in sustaining cost (AISC) for gold remains one of the lowest in the industry.
- We continued with our investment program to transform our Tsumeb smelter into a unique, specialty complex copper concentrate smelter.
- We achieved a 30% increase in concentrate smelted which, for the first time, generated a positive EBITDA contribution of $18.5 million, up from a loss of $7.0 million in 2013.
- We continued, on budget and on schedule, with the installation of an acid plant that will capture gaseous sulphur dioxide emissions from the smelter, converting them to a saleable sulphuric acid product for local Namibian uranium and copper producers and the installation of two new larger converters that will debottleneck the smelter's copper converter capacity.
- We advanced a scoping study for the next phase of expansion at the smelter that has the potential to increase capacity by approximately 80% to 370,000 tonnes per year through the addition of a holding furnace.
- Our in-mine exploration programs continue to more than replace the reserves we mine each year and our regional brownfields exploration programs around our existing mines have identified promising new targets that will be tested this year.

Rick Howes, President and CEO

Market Overview

Being a global commodity producer in a weak and uncertain volatile commodity market is certainly not for the faint of heart. In 2013, we saw a general pull back and weakening of many of the base and precious metals prices, including gold, which continued into 2014 as global growth slowed. The effect has been a general investor shift away from the industry and into other asset classes until a clearer direction is seen. The lower commodity prices and shrinking margins have forced mining companies to introduce cost cutting and cash preservation measures. Access to capital has become more difficult and only those projects with very strong returns at these lower prices are being built. Although it is difficult to predict what will happen with gold and other commodity prices, we continue to monitor these closely and we remain flexible, prepared and ready to adapt to the changing market situation.

Low commodity prices, significant market volatility and uncertainty as to whether we are in a downturn or a recovering market represent a major industry challenge. In addition, the pace of change continues to accelerate, and requires new ways to plan and manage our businesses for success. There are rising stakes around stakeholder engagement as expectations rise. The management and Board competencies required of mining companies today far exceed those of the past. It takes a strong Board and management team as well as committed and engaged employees to navigate these challenges successfully.

We are not interested in growth at any cost. We only want to grow if we believe we can truly generate strong returns and value for shareholders.

We are focused on continuously building on our strengths so that we not only meet the challenges we face, but, also leverage our competitive advantage to successfully exploit opportunities and generate strong returns for our shareholders.

Strategy

Our roots as an operating company began in 2003 when we acquired the producing Chelopech underground gold and copper mine and the Krumovgrad open pit gold discovery in Bulgaria. We have come a long way since then. We have significantly grown our production and earnings and now have four operating and development assets that have continued potential to generate significant shareholder value, located in politically stable and mining friendly jurisdictions on three continents, as well as a growing pipeline of partially or wholly owned exploration projects.

The strategy we developed in 2010, and the one we continue to execute, involves four key elements:

- Optimize the value of existing operating assets;
- Build a pipeline of growth opportunities;
- Sustain a low cost position; and
- Maintain a solid balance sheet.

In addition to these strategic objectives, we have four strategic imperatives that guide our efforts, help to differentiate us, and provide competitive advantage:

- Create an effective and accountable organization;
- Pursue core business excellence;
- Demonstrate corporate social and environmental responsibility; and
- Encourage creativity and innovation.

Optimizing the value of existing assets

Our mining assets in Eastern Europe and the Caucasus form the basis of our growing gold mining business. Although for many North American investors these jurisdictions are not well known or understood, we have come to know them well and are comfortable operating in these regions as has been demonstrated by our success in both permitting our projects, operating our assets continuously and developing and maintaining strong stakeholder support. All of the jurisdictions in which we operate are stable, emerging democracies with mining friendly policies. Bulgaria became a member of the European Union in 2007. It has the lowest corporate taxation rates of all the European countries and one of the lowest in the world. Armenia, which gained its independence in 1990, continues to progress, albeit more slowly, towards democracy and a modern, open and transparent society. Mining forms a large part of the economic wealth of the country and, as such, has policies that encourage mining investment.

Our Tsumeb copper toll smelting business in Namibia forms a third leg of our revenue stream, in addition to gold and copper. Namibia, although a young African country which gained its independence in 1990, is considered one of the best countries in Africa for mining investment and investment in general.

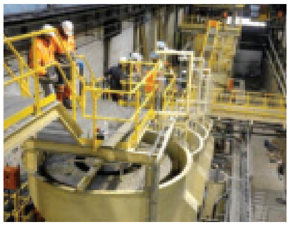
This unique set of operating assets all have one thing in common. Prior to our acquisition of them, they were poorly performing assets, which were struggling to survive under their previous ownership. With each, we saw the potential to deploy modern operating standards and technology and improved management to create significant value and a more sustainable operating platform.

Chelopech

Chelopech, our flagship mine in Bulgaria, which we acquired in 2003, has already completed a major transformation to a modern and efficient mining operation. By investing in the facilities and infrastructure and bringing modern management practices and technology to the operation we have quadrupled ore production to 2Mtpa and now have one of the lowest cost underground gold and copper mines of its size in the world.

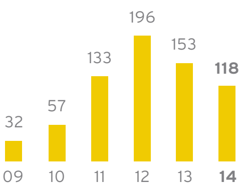
The latest project completed at Chelopech in 2014 was our pyrite recovery project, which was designed to capture a portion of the unrecovered gold contained in the pyrite minerals that was previously going into our tailings facility. The project was successfully completed 10% under budget and on schedule. With this project completed, we can now produce up to 260,000 tonnes per year of gold bearing pyrite concentrate, containing up to 50,000 ounces of gold. As a result of this project, gold recoveries from Chelopech improved by 35% to approximately 70%.

With these investments, Chelopech's five year average return on capital from 2009–2014 was approximately 33%. We do not anticipate any further expansion capital being spent at Chelopech unless we have a significant new discovery.



Chelopech pyrite recovery circuit

CHELOPECH EBITDA[2]
$ Millions



New modern mining equipment at Kapan, Simba Drill

KAPAN PEA PROJECT SUMMARY

Tonnes mined	Mt	7.6
Au	g/t	2.44
Ag	g/t	37.60
Cu	%	0.33
Zn	%	1.00
Cash cost per oz of Au sold, net of by-products credits[1]	USD/oz	336
Total Net Revenue	USD MM	874.7
Site EBITDA[2]	USD MM	417.1
Average Annual EBITDA[2]	USD MM	52.1
NPV @ 5% Discount	USD MM	141.7
Total Expansion Capital	USD MM	30.1

1 Cash cost of sales per ounce of gold sold, net of by-product credits, represents cost of sales, less depreciation, amortization and other non-cash expenses, plus treatment charges, penalties, transportation and other selling costs, less by-product zinc, copper and silver revenues, divided by the payable gold in concentrate sold.

2 EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

We have been successful at continually replacing mined depletion over the last seven years through our in-mine exploration program which we began in 2007. Our current mine reserves will take us to 2025, and we fully expect to continue to extend the life of Chelopech with continued exploration success. This past year, we started up a regional exploration program on several exploration licences surrounding the current mining concession which has already identified several new high sulphidation epithermal and porphyry targets for drill testing. The outlook for Chelopech continues to look bright.

Kapan

The Kapan underground polymetallic gold mine in Armenia was acquired in 2006 and is still going through a transformation process to reach its potential. Modern mining equipment and mining methods have been introduced, however, the progress being made to achieve the levels of productivity and quality we expect has been much slower than in Bulgaria. The narrow vein mining method employed requires skilled, productive operators and strong supervision to ensure ore quality and quantity targets are met. A significant amount of training and reinforcement is required with the introduction of these new methods and equipment. Progress is being made, albeit slower than we would like. The mine has the potential to more than double its current production by increasing the mining fleet and development activities to open up new veins for production. The mill requires very little capital to achieve this doubling as the mill ran at these levels in the past and has idle crushing, grinding and flotation capacity. Following completion of the first 43-101 compliant Mineral Resource Estimate in 2013, an expansion study was undertaken and released in October 2014, as a preliminary economic assessment (PEA) on an underground mine/milled mineral inventory of 7.6 million tonnes. This assessment confirmed the favourable technical results for a potential expansion of the mine and mill to 1Mtpa of ore production from the 402,000 tpa achieved in 2014. The estimated upfront capital cost for the expansion outlined in the PEA was US$30.1 million with an average annual EBITDA contribution over a nine year life of US $52.1 million based on US $1,300/oz for gold, US $20/oz for silver, US $3.00/lb for copper, and US $1.00/lb for zinc. With the PEA indicating a low upfront capital cost with a strong return, the next step will be to undertake a full feasibility study. The decision to proceed with this study will only occur when the mine has demonstrated it can achieve and maintain the targeted levels of productivity and performance, which we expect to occur sometime in the second half of 2015.

Tsumeb

At our Tsumeb smelter in Namibia, which we acquired in 2010, we continue to progress the transformation of the smelter to a unique specialty complex copper concentrate toll smelting facility. The investment we are making to increase capacity to meet market demand and to meet modern environmental standards is expected to create a unique specialty facility that is both profitable and environmentally responsible. This major capital investment program of approximately $350 million began soon after we acquired the smelter and is now nearing completion. The final stage of this program is the installation of the acid plant, which is designed to capture gaseous sulphur dioxide emissions from the smelter and convert them to a saleable sulphuric acid product to supply to local Namibian uranium and copper producers, and the installation of new larger copper converters that will de-bottleneck the facility and provide greater processing flexibility going forward. This project was 85% complete at the end of the first quarter of 2015 and remains on budget with mechanical completion expected at the end of May 2015 and first on-spec acid expected in September 2015.

Our plans for the ramp up of smelter throughput continues as we endeavour to contract and process increasing volumes of third party complex copper concentrates available in the marketplace. Our 2014 throughput of 198,000 tonnes was in-line with guidance and increased 30% over 2013, contributing $18.5 million of EBITDA compared to a loss of $7.0 million in 2013.

We are focused on continuously building on our strengths so that we not only meet the challenges we face, but, also leverage our competitive advantage.

This performance is expected to continue to improve as a result of increasing margins and growing third party volumes following the commissioning of the new converters being installed later this year, and the drawdown of built-up in-process secondary material through 2015 with smelter throughput expected to increase to 240,000 tpa in 2016.

A scoping level study on the options for a second stage expansion to as much as 370,000 tpa, with the addition of a holding furnace, is nearing completion. Once this passes stage gate review and approval, we will advance to a prefeasibility study. Work will also continue on securing additional feed sources on acceptable commercial terms to underpin the capital investment associated with this expansion. Since smelters are by their nature high fixed cost operations, increasing throughput lowers unit production costs, increases margins, and generates higher returns on capital and, coupled with long-term tolling contracts with stable producers, the smelter can become a steady and reliable source of earnings.

VISION:

To be a precious metals focused mining company that grows through responsibly developing great assets and people.

MISSION STATEMENT:

We acquire, structure and finance, explore, develop and operate our mining and processing assets. Our commitment is to deliver excellence in sustainability and create value for all our stakeholders.

Building a pipeline of growth opportunities

We are positioned well for future growth of the company. We are fortunate in that we have near term organic growth from our Krumovgrad open pit gold project in Bulgaria, as well as our Kapan underground polymetallic mine in Armenia. Although it has been a fairly lengthy period of time since we began our efforts to permit and develop the Krumovgrad project, we are approaching the beginning of the construction phase of the project. Once we receive the remaining local permits and approvals, which are expected in the third quarter of 2015, we will be in a position to commence construction. These both represent some of the few good high return gold projects in this lower gold price environment. Krumovgrad could add, on average, an additional 85,000 low cost ounces (at a cash cost of $389/oz) to our gold production for eight years starting in 2018, at an estimated upfront capital cost of $164 million. Kapan could add, on average, an additional 63,000 AuEq. ounces for nine years starting in 2017 (at a cash cost of $336/oz), at an estimated upfront capital cost of $30.1 million. If both were brought to production, AuEq. production over the next five years would grow by 63%, increasing from 271,000 ounces in 2014 to 440,000 ounces by 2019.

Given the non-renewable nature of our industry and the increasing timeline that the industry is experiencing from successful discovery through to first production (17 years in the case of Krumovgrad), it is vital for mining companies to develop a strategy that takes these timelines and cost realities into account when developing the investment strategy required to sustain or grow the business. Ore reserve growth can be achieved through acquisition of producing, developing or exploration assets; or organic growth through exploration success, both in-house and through earn-ins with junior explorers.

The best strategy will depend on many internal and external factors. Far too often the total cost of acquiring, exploring, developing, operating and closing a mine is not considered in this strategy to determine the real value that is generated. Generally in the low part of the price cycle acquisition costs tend to be more reasonable. Buying at the high end of the price cycle tends to be more risky and often results in paying too much for an asset, which can result in significant write-downs and value destruction.

Our ability to see the potential of an asset that perhaps is not performing well, and turn it into a good performing asset, is our competitive advantage.

We are not interested in growth at any cost. We only want to grow if we believe we can truly generate strong returns and value for shareholders. If not, we would be better off returning that money to shareholders. Because of our reasonably long life assets, near term organic growth projects and majority owned exploration assets in Serbia, we are not pressed to move quickly on either acquisitions or exploration investment. We are taking a long-term, cautious, opportunistic and multi-pronged approach to our growth strategy. We are spending on exploration within our means and trying to leverage the current buyer's market with junior explorers who are in need of cash and cannot raise capital to advance good early stage discoveries or good prospective projects. Also, in this buyer's market, we are looking for opportunities to leverage our strengths to acquire assets that we believe have hidden value or value that we can add that is not fully reflected in the current market price.

With our experience in Eastern Europe, Western Asia and Southern Africa, we are well equipped to expand our business in these countries and regional settings where we consider the risks are acceptable and manageable. Beyond that, we are focused on proven prospective gold and gold copper belts in jurisdictions with low to acceptable risks and reasonably close proximity to our base of operations, including our corporate office in Canada.

Sustain our low cost position

We believe that by being a low cost producer of gold, we will be in a better position to not only survive the low price cycles but also generate strong returns for shareholders and grow our business successfully through these cycles. What makes our company unique is that we actually have three primary revenue streams rather than just one. In addition to gold and copper, we also have growing complex copper concentrate toll smelting revenues. Currently gold accounts for 45%, copper accounts for 29% and the smelter accounts for 22% of revenues. Based on our current growth plans, by 2018 we expect gold to account for 48%, copper to account for 19% and the smelter to account for 27% of revenues. This creates a more diversified source of revenue compared to a pure gold producer and, with gold premiums no longer a factor, there is no longer a compelling reason to be a pure gold player. The custom toll smelting business is also less sensitive to the variations in commodity prices.

To achieve and maintain a low cost position requires good assets (good grade, low cost and long life) and operational excellence capability to continually improve performance. Our four platforms, or strategic imperatives, that I spoke of earlier are what drive our operational excellence. Our ability to see the potential of an asset that perhaps is not performing well, and turn it into a good performing asset, is our competitive advantage. Our strategy for future growth will continue to ensure we keep

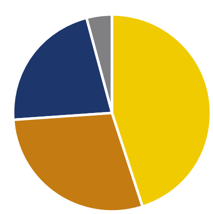
Ada Tepe License, Krumovgrad Gold Project, Bulgaria

KRUMOVGRAD DFS PROJECT SUMMARY

Deposit type	Low sulphidation epithermal Au
Proposed mine type	Open pit
Gold recoveries	85%
Gold grade	4.04 g/t
Annual ore tonnage production	775,500 tpy
Annual gold production	85,700 oz
Mine life	8 years
Capital costs to complete	~US $164MM[1]
Total cash cost per oz AuEq.	$389
Construction/ production	H2 2017/Q1 2018
Average Annual EBITDA[2]	$64.9MM
After-tax NPV @ 7.5%[2]	$143.9MM
IRR[2]	26%

1 As per Krumovgrad Dec. 31, 2013 Technical Report.
2 Assuming gold and silver prices of $1,250/oz and $23.00/oz, respectively.

2014 REVENUE DIVERSIFICATION



- 45% Gold
- 29% Copper
- 22% Smelter
- 4% Silver and Zinc

Local workforce – underground miner at Chelopech

34%

decrease in energy intensity since 2011 at Chelopech

49%

decrease in water use intensity since 2011 at Chelopech

20%

decrease in greenhouse gas emissions intensity since 2011 at Chelopech

our low cost position using our competitive advantage to create and sustain such growth.

Maintain a strong balance sheet

Maintaining a strong balance sheet is a core component of our business strategy. We believe being in a capital intensive, multi-national, and cyclical business necessitates maintaining a prudent capital structure. Operating results and capital requirements can vary and unforeseen downturns can occur and can extend for prolonged periods.

As a result, our capital structure is comprised predominantly of equity and a targeted level of debt that is expected to be readily supportable by the operating cash flows of the business and capable of adhering to established credit metrics. This approach has helped us withstand the market downturn we have experienced over the past two years and to move forward with a number of large, multi-year capital programs at Chelopech and Tsumeb, amounting to approximately $550 million. It is also expected to help us withstand potential further price declines and to finance additional investment opportunities.

At December 31, 2014, our net debt position was $122 million, comprised of $158 million of debt and $36 million of cash, representing 15% of our capital base. This debt is comprised of $48 million of term loans that continue to amortize in an orderly fashion over the next three years with the balance representing drawdowns under the Company's $275 million revolving credit facility. This facility is an integral part of our financing strategy, providing a secure, flexible and low cost source of capital to support the overall funding and liquidity requirements of the business. In 2014, this facility was increased by $125 million to support the funding required in connection with the construction of our Krumovgrad gold project expected to commence later this year.

We also selectively hedge certain financial exposures from time to time to manage risk and support the financial strength of the company. These decisions are based on forecast cash flows and our assessment of the market environment and overall risks of the business. This led to hedging 90% of our 2014 and 2015 copper production at $3.31 and $3.21 per pound, respectively, and 100% of our contracted 2014 and 2015 higher cost payable gold contained in pyrite concentrate at approximately $1,230/oz. These hedges have served us well, locking in reasonable margins and reducing the volatility of the business.

Overall, we are in good shape financially, notwithstanding the recent market decline, and have sufficient flexibility to pace our investments and deliver significant value to our shareholders over time.

Strategic Imperatives

Create an effective and accountable organization

In order to create an effective and accountable organization we have adopted the requisite organization principles and practices introduced by the famed Canadian management scientist and researcher, Elliot Jacques. His work is based on the belief and understanding that people in an organization will perform to their very best ability when (i) the work of the role is clearly understood; (ii) there is clarity as to the accountabilities and authorities that go with each role; and (iii) the assigned work matches the capability of the individual. To successfully execute strategy, 100% of the work of the strategy must be properly broken down and assigned correctly within the organization such that the collective efforts of the organization can successfully carry out the strategy. Managers and leaders in the organization receive training on the requisite principles and practices that lead to a highly effective and accountable organization. This effort began when I stepped into the role as CEO in 2013 and will continue to transform the organization as we cascade this learning throughout the entire organization over the next couple of years.

Pursue core business excellence

In order to be successful in this industry you must be good at the core aspects of your business. It is difficult to be good at everything, which is why we have defined this strategic imperative or platform as "core" business excellence. In our case, we initially focused on two areas in which we want to build core business excellence, these include operating excellence and project excellence.

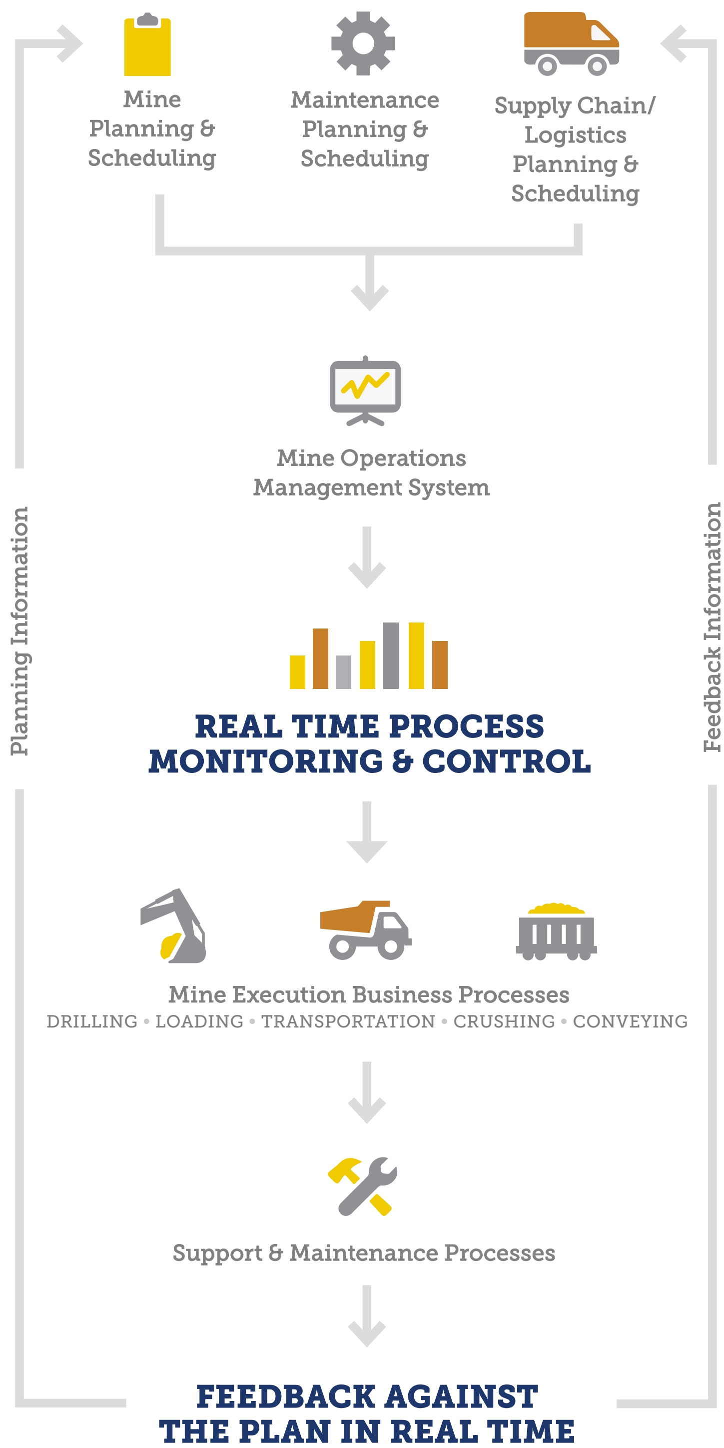
Our operations excellence effort is being led by our COO, David Rae. For operations excellence, we have established a best practices operating model that has four key components, which together will drive the operation to continually improve performance through a plan-do-check-act loop. We are implementing this model in three stages at all three operations over the course of the next three years. The first stage is the work management process, followed by the analyze and improve process and then the integrated planning process. Lean concepts will be introduced into the processes as well.

Our project excellence effort is being led by our Senior Vice President of Projects, John Lindsay. We are implementing a best practice project governance framework and project delivery model for all of our strategic capital projects. All projects will go through a stage gate review process to ensure they each meet set standards, that risks are properly identified and managed, and the project is aligned with our strategy before they move to the next stage. The project delivery model will ensure that once a project has been given the green light to go to execution, the project leader and team are ready and capable to successfully execute the project using the project delivery approach we have defined. Krumovgrad will be the first project that will follow this new project governance and project delivery process as will all future projects.

Demonstrate corporate social and environmental responsibility

It is imperative that we execute our strategic objectives in a responsible

"TAKING THE LID OFF
ACCOUNTABLE ORGANIZATION



INVEST:

We continue to invest in our communities and believe we have developed strong relationships with local stakeholders.

manner. We live in a world that is consuming the earth's natural resources at a rate of approximately 1.5 times what it can sustain, and governments around the world will feel increasing pressure to make the private sector accountable for its actions. It is incumbent on all of us in the mining industry to find ways of operating responsibly, and it is becoming increasingly obvious that the winners will be those companies that can demonstrate this social and environmental responsibility in credible and consistent ways. We have learned all too well at our Tsumeb smelter that there is a natural symbiotic relationship between the economics of the business and demonstrating social and environmental responsibility, and those disciplines can no longer be treated as separate silos within an organization.

Operating responsibly has many facets, the most obvious ones being strong relationships with our stakeholders and minimizing harm to the environment. It also includes ensuring that our employees are treated well, that they go home to their families safe and healthy, and that we strive to build sustainable communities that will survive long after the resources are depleted.

Since 2011, we have been reporting annually on our sustainability performance and have demonstrated that we are a true leader in this field. For example, at our Chelopech operation we have consistently reduced energy use, water use and emissions intensity. In fact, when we developed our carbon management plan for Chelopech, we envisioned a 20% reduction in Greenhouse Gas (GHG) emissions intensity by 2020 compared with 2009. In fact, between 2009 and 2014, we achieved a 40% reduction, almost doubling our objective six years ahead of schedule. Similarly, our plant modernization and closure of the reverbatory furnace at Tsumeb have resulted in a 71% decrease in GHG emissions intensity since 2011, representing over 162,000 tonnes CO_2 equivalent. After the completion of the acid plant at Tsumeb, we will eliminate over 140,000 tonnes of SO_2 emissions.

We have also made great strides in developing a formidable local workforce at all our mines. Local nationals account for almost 100% of our workforce and 86% of manager level and above positions. In fact, we have only 41 expatriate employees throughout the organization of 2,653 permanent employees. Nikolay Hristov is a great example of this development, rising through the ranks of our Chelopech operation, from Mill Manager to General Manager and most recently, promoted to SVP, Sustainable Business Development.

We continue to invest in our communities and believe we have good and strengthening relationships with our local stakeholders. In 2015, our new corporate-wide Community Investment Policy will drive our community spending more toward local development and create stronger ties with our stake-holders. Our Krumovgrad project will be a model of Best Practice social and environmental management techniques and will serve as a continued demonstration of our commitment to social and environmental responsibility.

Encourage creativity and innovation

Increasing costs, shrinking margins and poor returns on invested capital must be addressed by the industry in order to attract investors back to mining equities. This is not likely to happen with only incremental improvements. New and innovative ideas must be developed, commercialized and applied to transform the way the mining value chain is done. The industry has been slow to adapt to the new information technology and digital age. At DPM we have taken the lead in innovating at our operations with our move towards real-time monitoring and control, which we call "taking the lid off" of our operations to ensure transparent flows of information and making possible more informed and better decision-making. Chelopech was our first operation to introduce these concepts. We continue to innovate our business and operating models to create lean and efficient processes using proven technology that is readily available. We are working to develop a framework for innovation in our company that encourages our people to look for ways to innovate and at the same time does not lead to taking unacceptable risks.

Summary

I am proud to work at Dundee Precious Metals and proud of our team. Guided by a dedicated and experienced Board, we are committed to unlocking the considerable potential of our current assets and building a reputation for successful execution and performance. As a low cost producer, we are positioned well to weather the current economic downturn. We have good organic growth prospects that we can invest in and pace as markets and our balance sheet allow. We have strong commodity and regional diversification in mining friendly and politically stable jurisdictions. We have built a strong management team with a capability and track record for turning around poor performing assets.

I would like to thank all of our more than 2,600 employees around the world for their commitment to working safely and for contributing to our success. I would also like to thank our many suppliers who have worked in partnership with us to achieve our goals. I would especially like to express our sincere appreciation to Bill Wilson, who retired from the Board in 2014 after serving as Chairman of DPM for 11 years, and who remains our longest serving director. He has been instrumental in guiding the company through its many challenges and successes over his 31-year tenure.

Rick Howes
President and CEO

FINANCIAL RESULTS

CONTENTS

Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations

For the Year Ended December 31, 2014

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

The following is Management's Discussion and Analysis ("MD&A") of the consolidated financial condition and results of operations of Dundee Precious Metals Inc. ("DPM" and, together with its consolidated subsidiaries, collectively referred to as the "Company") for the three and twelve months ended December 31, 2014. This MD&A should be read in conjunction with DPM's audited consolidated financial statements for the year ended December 31, 2014 prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional Company information, including the Company's most recent annual information form ("AIF") and other continuous disclosure documents, can be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com and the Company's website at www.dundeeprecious.com. To the extent applicable, updated information contained in this MD&A supersedes older information contained in previously filed continuous disclosure documents. Capitalized terms used in this MD&A that have not been defined have the same meanings attributed to them in DPM's audited consolidated financial statements for the year ended December 31, 2014. Information contained on the Company's website is not incorporated by reference herein and does not form part of this MD&A. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the "Cautionary Note Regarding Forward Looking Statements" and "Risks and Uncertainties" sections later in this MD&A for further information.

The technical information in this MD&A, with respect to the Company's material mineral projects, has been prepared in accordance with 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") of the Canadian Securities Administrators and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), and has been reviewed and approved by Richard Gosse, M.Sc. (Mineral Exploration), Senior Vice President, Exploration of DPM and Edgar Urbaez, M.Sc. (Mining), Corporate Director, Technical Services of DPM, who are Qualified Persons as defined under NI 43-101 ("QP") and not independent of the Company.

The information in this MD&A is provided as at February 12, 2015.

OVERVIEW

Our Business

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

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 Kapan CJSC ("Kapan"), which owns and operates a gold, copper, zinc and silver mine located in the town of Kapan, south east of the capital city of Yerevan in southern Armenia;
- 100% of Dundee Precious Metals Krumovgrad EAD ("Krumovgrad"), which is focused on the development of a gold property located in south eastern Bulgaria, near the town of Krumovgrad;
- 100% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia; and
- 50.1% of Avala Resources Ltd. ("Avala"), a TSX Venture Exchange ("TSXV") listed company (TSXV: AVZ) incorporated in Canada and focused on the exploration and development of the Timok project, the Tulare copper and gold project and other early stage projects in Serbia.

On October 2, 2014, Avala and Dunav Resources Ltd. ("Dunav") completed their plan of arrangement whereby Avala acquired Dunav and, as a result, all of the outstanding shares and warrants of Dunav were exchanged for Avala shares and warrants, and Dunav became a wholly-owned subsidiary of Avala. DPM was issued an additional 83,435,171 common shares and 24,399,736 common share purchase warrants of Avala in exchange for its ownership interest in Dunav. On October 9, 2014, the outstanding securities of Avala were consolidated on a ten pre-consolidation for one post-consolidation basis. As at December 31, 2014, DPM held an aggregate of 21,859,120 common shares and 4,939,973 common share purchase warrants of Avala, which represented a 50.1% (December 31, 2013 – 53.1%) ownership interest in Avala.

The Company is committed to creating shareholder value in a safe and socially responsible manner through a disciplined but opportunistic business model while maintaining a strong financial position at all times. Maximizing the value of our existing operating assets through exploration, development and optimizing their operational output is a key component of our strategy. To that end, DPM has assembled and continues to grow a pipeline of mining and processing projects at various stages of development that will ultimately serve to fuel further growth.

Summary of Significant Operational and Financial Achievements

Overall, financial results were impacted by lower metal prices and operational issues encountered during the year, which resulted in lower metals production relative to 2013 and the guidance issued in February 2014.

Chelopech

- Achieved record gold and copper production in the fourth quarter of 2014 of 42,622 ounces and 14.3 million pounds, respectively, as a result of mining higher grade zones in the period consistent with the 2014 planned mining sequence;
- Annual mine production of over two million tonnes resulting in gold and copper contained in copper concentrate produced of 124,371 ounces and 44.3 million pounds, respectively, a decrease of 6% and 3% over 2013 as a result of lower recoveries. Mine and metals production were in line with the guidance issued in February 2014;
- Recoveries were lower than 2013 due primarily to the treatment of increased volumes of ore characterized by a higher sulphur to copper ratio than originally anticipated. Following the completion of circuit optimization work in July 2014, copper recoveries returned to levels predicted by the metallurgical models, while gold recoveries continue to be slightly below;
- Sold 115,337 ounces of gold and 40.6 million pounds of copper generating adjusted EBITDA[(1)] of $118.3 million;

- Cash cost per tonne of ore processed[1] of $39.90 was comparable to 2013;
- With the commissioning of a new pyrite recovery circuit in the first quarter of 2014, sold payable gold in pyrite concentrate of 26,514 ounces;

Kapan

- Ore mined of 406,585 tonnes was 11% lower than 2013 and significantly lower than guidance due primarily to a three week suspension of operations following a fatality in the mine in the second quarter of 2014, and additional modifications made to its capital development and long-hole drilling practices to support increased development rates, the rebuilding of its development inventory and the return to expected production levels;
- Gold and copper contained in concentrate produced of 20,935 ounces and 2.2 million pounds, respectively, were 14% and 8% lower than 2013 and below guidance due to lower mine production. Higher grades for gold, copper and silver have partially offset the decrease in ore mined;
- Sold 18,883 ounces of gold and 2.1 million pounds of copper generating adjusted EBITDA of $1.6 million;
- Cash cost per tonne of ore processed of $85.15 was 7% higher than 2013 due primarily to lower volumes of ore mined;
- Capitalized exploration and evaluation costs incurred primarily to support an open pit expansion were written-off in the second quarter of 2014. As a result, the carrying value of Kapan's exploration and evaluation assets was reduced by $70.0 million;
- A preliminary economic assessment ("PEA") was completed in October 2014 that confirmed the favourable technical results for a potential underground expansion to one million tonnes per annum ("Mtpa"), based on the December 31, 2013 Indicated and Inferred Mineral Resources. Refer to the "Development and Other Major Projects" section of this MD&A for more details;

Tsumeb

- Concentrate smelted of 198,346 tonnes was in line with guidance and 30% higher than 2013 supported by the introduction of a second oxygen plant in late January 2014;
- Generated EBITDA of $18.5 million, up from a loss of $7.0 million in 2013;
- Cash cost per tonne of concentrate smelted[1] of $351 was in line with guidance and 19% lower than 2013;
- Construction of the acid plant is targeted to be substantially completed in the first quarter of 2015, with commissioning and startup scheduled for the second quarter of 2015 and commercial production of acid scheduled for the third quarter of 2015;
- New converters, together with their associated off-gas system and tie-ins to the acid plant, are scheduled to be completed and commissioned in the third and fourth quarters of 2015, respectively;

Corporate and other

- In June, DPM increased its long-term revolving credit facility ("RCF") by $125.0 million to $275.0 million;
- Achieved an all-in sustaining cost per ounce of gold[1] of $690, which we believe compares favourably with the industry average;
- In October, Avala and Dunav completed their plan of arrangement, whereby Avala acquired Dunav;
- Approximately 90% of the Company's expected copper production for 2015 is hedged at an average price of $3.21 per pound;
- All of the Company's contracted gold production from pyrite concentrate for 2015 is hedged at an average price of $1,233 per ounce; and
- Achieved several key milestones and progressed a number of development activities related to securing local permits and approvals in respect of the Krumovgrad Gold Project.

1) *Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash cost per tonne of ore processed, cash cost per tonne of concentrate smelted and all-in sustaining cost per ounce of gold sold are not a defined measure under generally accepted accounting principles ("GAAP"). Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS.*

KEY OPERATIONAL AND FINANCIAL HIGHLIGHTS

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

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Operational Highlights				
Payable metals in copper and zinc concentrates sold:				
Gold (ounces)	**43,409**	35,808	**134,220**	148,388
Copper ('000s pounds)	**12,487**	12,117	**42,749**	46,301
Zinc ('000s pounds)	**2,019**	2,928	**10,120**	13,545
Silver (ounces)	**192,239**	147,731	**528,336**	552,590
Payable gold in pyrite concentrate sold (ounces)	**11,801**	1,062	**26,514**	4,886
Cash cost of sales per ounce of gold sold, net of by-product credits ($)[1,2,3,4]	**259**	366	**373**	336
Cash cost per ounce of gold sold in pyrite concentrate ($)[2,8]	**963**	53	**973**	119
All-in sustaining cost per ounce of gold ($)[1,2,4,6]	**419**	627	**690**	626
Concentrate smelted at Tsumeb (tonnes)	**53,782**	38,481	**198,346**	152,457
Cash cost per tonne of concentrate smelted at Tsumeb ($)[2]	**350**	401	**351**	433
Financial Results				
Revenue	**89,309**	84,419	**323,980**	344,654
Gross profit[5]	**21,903**	19,974	**61,753**	89,767
Depreciation and amortization	**17,900**	14,902	**65,864**	53,594
Adjusted EBITDA[2]	**40,454**	29,024	**97,918**	102,791
Other income (expense)	**11,003**	11,509	**(65,613)**	(5,829)
Earnings (loss) before income taxes	**24,511**	19,686	**(55,380)**	26,859
Income tax expense	**(3,529)**	(2,595)	**(7,330)**	(13,678)
Net earnings (loss) attributable to common shareholders	**21,461**	19,223	**(58,922)**	22,506
Basic earnings (loss) per share ($)	**0.15**	0.14	**(0.42)**	0.17
Adjusted earnings before income taxes[2]	**19,693**	11,615	**21,076**	39,366
Adjusted net earnings[2]	**16,341**	10,531	**13,841**	30,839
Adjusted basic earnings per share ($)[2]	**0.12**	0.08	**0.10**	0.23
Cash provided from operating activities	**47,687**	40,308	**98,079**	99,506
Cash provided from operating activities, before changes in non-cash working capital[2]	**39,029**	24,406	**85,648**	88,249
Free cash flow[2]	**22,325**	5,097	**28,613**	31,186
Capital expenditures incurred:				
Growth[2]	**20,244**	40,617	**154,214**	184,531
Sustaining[2]	**5,731**	7,227	**30,026**	31,469
Total capital expenditures	**25,975**	47,844	**184,240**	216,000

As at,	**December 31, 2014**	December 31, 2013
Financial Position		
Cash and cash equivalents	**36,292**	48,867
Short term investments	**-**	940
Investments at fair value	**8,228**	17,779
Total assets	**980,152**	987,783
Debt[7]	**157,773**	83,788
Equity	**703,906**	751,478
Common shares outstanding ('000s)	**140,576**	139,189
Share price (Cdn$ per share)	**2.74**	3.07

1) *Excludes metals in pyrite concentrate sold, and where applicable, the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, which is reported separately.*
2) *Cash cost of sales per ounce of gold sold, net of by-product credits; cash cost per ounce of gold sold in pyrite concentrate; all-in sustaining cost per ounce of gold; cash cost per tonne of concentrate smelted; adjusted EBITDA; adjusted earnings before income taxes; adjusted net earnings;*

adjusted basic earnings per share; cash provided from operating activities, before changes in non-cash working capital; free cash flow; and growth and sustaining capital expenditures are not defined measures under GAAP. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS.

3) *Cash cost of sales per ounce of gold sold, net of by-product credits, represents cost of sales less depreciation, amortization and other non-cash expenses plus treatment charges, penalties, transportation and other selling costs less by-product copper, zinc and silver revenues, including realized gains on copper derivative contracts, divided by the payable gold in concentrate sold.*
4) *Includes realized gains on copper derivative contracts, entered to hedge a portion of projected payable production, of $3.3 million and $8.6 million during the fourth quarter and twelve months ended December 31, 2014, respectively, compared with $1.1 million and $4.0 million in the corresponding periods in 2013.*
5) *Gross profit is regarded as an additional GAAP measure and is presented in the Company's consolidated statements of (loss) earnings. Gross profit represents revenue less cost of sales and is one of several measures used by management and investors to assess the underlying operating profitability of a business.*
6) *All-in sustaining cost per ounce of gold represents cost of sales at Chelopech and Kapan less depreciation, amortization and other non-cash items plus treatment charges, penalties, transportation and other selling costs, sustaining capital expenditures, rehabilitation related accretion expenses and an allocated portion of the Company's general and administrative expenses, less by-product revenues in respect of copper, silver and zinc, including realized gains on copper derivative contracts, divided by the payable gold in copper and zinc concentrates sold.*
7) *Long-term debt, including current portion.*
8) *Cash cost per ounce of gold sold in pyrite concentrate represents treatment charges and freight costs associated with the sale of pyrite concentrate divided by the payable gold in pyrite concentrate sold.*

REVIEW OF CONSOLIDATED RESULTS

Market Trends

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

The following table summarizes the average trading price for gold, copper, zinc and silver based on the London Bullion Market Association ("LBMA") for gold and silver, the London Metal Exchange ("LME") for copper (Grade A) and the LME special high grade ("SHG") for zinc for the three and twelve months ended December 31, 2014 and 2013 and highlights the overall year over year weakness in commodity prices.

Metal Market Prices (Average)	**Three Months**			**Twelve Months**		
Ended December 31,	**2014**	2013	**Change**	**2014**	2013	**Change**
LBMA gold ($/ounce)	**1,200**	1,262	**(5%)**	**1,263**	1,408	**(10%)**
LME settlement copper ($/pound)	**3.00**	3.24	**(7%)**	**3.11**	3.32	**(6%)**
LME settlement SHG zinc ($/pound)	**1.01**	0.87	**16%**	**0.98**	0.87	**13%**
LBMA spot silver ($/ounce)	**16.47**	20.76	**(21%)**	**19.08**	23.83	**(20%)**

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

Average Foreign Exchange Rates	**Three Months**			**Twelve Months**		
Ended December 31,	**2014**	2013	**Change**	**2014**	2013	**Change**
US$/Cdn$	**1.1361**	1.0498	**8%**	**1.1048**	1.0300	**7%**
Euro/US$	**1.2489**	1.3607	**8%**	**1.3292**	1.3280	**-**
US$/AMD	**427**	406	**5%**	**415**	410	**1%**
US$/ZAR	**11.2130**	10.1413	**11%**	**10.8361**	9.6307	**13%**

The following table sets out the applicable closing foreign exchange rates as at December 31, 2014 and 2013 and the extent to which the U.S. dollar has strengthened relative to each of the currencies.

Closing Foreign Exchange Rates As at December 31,	**2014**	2013	**Change**
US$/Cdn$	**1.1601**	1.0636	**9%**
Euro/US$	**1.2155**	1.3766	**12%**
US$/AMD	**475**	405	**17%**
US$/ZAR	**11.6017**	10.4878	**11%**

Operational Highlights

Production

Production of copper and zinc concentrates in the fourth quarter of 2014 of 44,508 tonnes was 13% higher than the corresponding period in 2013 due primarily to higher copper grades and volumes of ore mined and processed at Chelopech.

Production of copper and zinc concentrates in 2014 of 139,378 tonnes was 3% lower than the corresponding period in 2013 due primarily to lower volumes of ore mined and processed at Kapan, lower zinc grades at Kapan and lower copper grades at Chelopech.

Relative to the fourth quarter of 2013, gold contained in copper and zinc concentrates produced in the fourth quarter of 2014 increased by 27% to 49,123 ounces, copper production increased by 14% to 14.9 million pounds, silver production increased by 14% to 198,308 ounces and zinc production decreased by 20% to 2.9 million pounds. The increases in gold, copper and silver contained in copper and zinc concentrates produced were due primarily to higher grades and higher volumes of ore mined and processed at Chelopech. The decrease in zinc contained in zinc concentrate produced was due primarily to lower zinc grades at Kapan.

Relative to 2013, gold contained in copper and zinc concentrates produced in 2014 decreased by 7% to 145,306 ounces, copper production decreased by 3% to 46.5 million pounds, silver production decreased by 1% to 663,435 ounces and zinc production decreased by 21% to 12.0 million pounds. These decreases were due primarily to lower volumes of ore mined and processed at Kapan, lower recoveries for all metals at Chelopech and lower zinc grades at Kapan, partially offset by higher gold and silver grades at Chelopech and Kapan, and higher volumes of ore mined and processed at Chelopech.

Gold contained in pyrite concentrate produced was 12,391 ounces (2013 – 2,215 ounces) and 36,466 ounces (2013 – 3,074 ounces) for the fourth quarter and twelve months of 2014, respectively, reflecting the start-up of the new pyrite circuit at Chelopech in the first quarter of 2014.

The year over year decrease in ore mined at Kapan was due primarily to a three week suspension of operations following a fatality in the mine in the second quarter of 2014, and additional modifications made to its capital development and long-hole drilling practices to support increased development rates, the rebuilding of its development inventory and the return to expected production levels. Capital development rates at Kapan have improved by 50% from mid-2013 levels but are still marginally short of the required rates to achieve and maintain the targeted level of development inventory. The modifications to the capital development and long-hole drilling practices, together with additional mining equipment to support these changes, and increased development recovery rates in the second half of 2014 are expected to support a return to full production in late 2015.

Recoveries at Chelopech in 2014 were lower than 2013 due primarily to the treatment of increased volumes of ore characterized by a higher sulphur to copper ratio than originally anticipated. In addition, the introduction of additional pre-treatment for the new pyrite flotation circuit had an unexpected deleterious effect on the recovery of copper and gold. Following the completion of circuit optimization work in July 2014, copper recoveries returned to levels predicted by the metallurgical models, while gold recoveries continue to be slightly below.

Concentrate smelted at Tsumeb during the fourth quarter and twelve months of 2014 of 53,782 tonnes and 198,346 tonnes, respectively, was 40% and 30% higher than the corresponding periods in 2013 supported by the introduction of a second oxygen plant in late January 2014 and the completion of several projects designed to capture fugitive emissions, which impacted 2013 production due to the downtime associated with commissioning activities.

Deliveries of Concentrate

Deliveries of copper and zinc concentrates during the fourth quarter of 2014 of 39,184 tonnes were 2% higher than the corresponding period in 2013 due primarily to increased copper concentrate production at Chelopech, partially offset by an increase in concentrate inventories at Chelopech reflecting the timing of shipments. Deliveries of copper and zinc concentrates during 2014 of 136,540 tonnes were 8% lower than the corresponding period in 2013 due primarily to a decrease in concentrate produced at Kapan and the timing of shipments at Chelopech.

Relative to the fourth quarter of 2013, payable gold in copper and zinc concentrates sold in the fourth quarter of 2014 increased by 21% to 43,409 ounces, payable copper in concentrate sold increased by 3% to 12.5 million pounds, payable silver in concentrate sold increased by 30% to 192,239 ounces and payable zinc in concentrate sold decreased by 31% to 2.0 million pounds. The increases in payable gold, copper and silver in copper and zinc concentrates sold were consistent with increased copper concentrate deliveries and higher grades at Chelopech and Kapan. The decrease in zinc payable in concentrate sold was consistent with lower zinc concentrate deliveries and production.

Relative to 2013, payable gold in copper and zinc concentrates sold in 2014 decreased by 10% to 134,220 ounces, payable copper in concentrate sold decreased by 8% to 42.7 million pounds, payable silver in concentrate sold decreased by 4% to 528,336 ounces and payable zinc in concentrate sold decreased by 25% to 10.1 million pounds. These decreases were consistent with the decrease in copper and zinc concentrate deliveries and lower metals production.

Payable gold in pyrite concentrate sold in the fourth quarter and twelve months of 2014 was 11,801 ounces (2013 – 1,062 ounces) and 26,514 ounces (2013 – 4,886 ounces), respectively, reflecting the start-up of the new pyrite circuit at Chelopech in the first quarter of 2014.

Cash cost of sales per ounce of gold sold

Consolidated cash cost of sales per ounce of gold sold, net of by-product credits, during the fourth quarter of 2014 of $259 was 29% lower than the cash cost of sales of $366 for the corresponding period in 2013 due primarily to higher volumes of payable metals in concentrate sold as a result of higher grades, partially offset by lower realized copper prices.

Consolidated cash cost of sales per ounce of gold sold, net of by-product credits, during 2014 of $373 was 11% higher than the cash cost of sales of $336 for the corresponding period in 2013 due primarily to lower volumes of payable metals in concentrate sold resulting from lower recoveries at Chelopech, lower volumes of ore mined and processed at Kapan, and lower realized copper prices, partially offset by lower treatment charges for Chelopech.

All-in sustaining cost per ounce of gold

Consolidated all-in sustaining cost per ounce of gold, net of by-product credits, in the fourth quarter of 2014 was $419 compared to $627 in the corresponding period in 2013. This decrease was due primarily to the same factors affecting cash cost of sales per ounce of gold sold, lower cash outlays for sustaining capital expenditures and lower general and administrative expenses allocated to Chelopech and Kapan.

Consolidated all-in sustaining cost per ounce of gold, net of by-product credits, in 2014 was $690 compared to $626 in the corresponding period in 2013. This increase was due primarily to the same factors affecting cash cost of sales per ounce of gold sold.

Financial Highlights

Revenue

Revenue during the fourth quarter of 2014 of $89.3 million was $4.9 million higher than the corresponding period in 2013 due primarily to higher volumes of payable metals in concentrate sold as a result of higher grades and higher volumes of concentrate smelted at Tsumeb, partially offset by lower metal prices and higher stockpile interest at Tsumeb related to increased levels of in-process material following the closure of the reverberatory furnace in August 2013.

Revenue in 2014 of $324.0 million was $20.7 million lower than the corresponding period in 2013 due primarily to lower volumes of payable metals in concentrate sold as a result of lower metals production, lower metal prices and higher stockpile interest at Tsumeb, partially offset by higher volumes of concentrate smelted and higher toll rates at Tsumeb reflecting improved contract terms, and lower third party treatment charges at Chelopech.

The average market price for gold during the fourth quarter and twelve months of 2014 decreased by 5% and 10%, respectively, compared to the corresponding periods in 2013. The average market price for copper during the fourth quarter and twelve months of 2014 decreased by 7% and 6%, respectively, compared to the corresponding periods in 2013. The average realized gold price, including realized hedging gains and losses, for the fourth quarter and twelve months of 2014 was $1,199 and $1,248 per ounce, respectively, compared to $1,303 and $1,398 per ounce in the corresponding periods in 2013. The average realized copper price, including realized hedging gains, for the fourth quarter and twelve months of 2014 was $3.18 and $3.26 per pound, respectively, compared to $3.23 and $3.36 per pound in the corresponding periods in 2013.

Included in revenue were unfavourable metal price adjustments of $1.9 million (2013 – $2.4 million) and $4.6 million (2013 – $7.1 million) on provisionally priced sales during the fourth quarter and twelve months of 2014, respectively. These adjustments were offset by hedge gains on cash settled derivative contracts entered to mitigate the majority of the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales. These hedge gains were recorded in other expense in the consolidated statements of (loss) earnings.

Cost of sales

Cost of sales in the fourth quarter of 2014 of $67.4 million was $3.0 million higher than the corresponding period in 2013 due primarily to higher volumes of concentrate smelted at Tsumeb and higher depreciation, partially offset by the favourable impact of a stronger U.S. dollar and a lower cost per tonne of concentrate sold.

Cost of sales in 2014 of $262.2 million increased by $7.3 million relative to the corresponding period in 2013 due primarily to higher volumes of concentrate smelted at Tsumeb, higher depreciation, a higher cost per tonne of concentrate sold as a result of lower recoveries at Chelopech and lower volumes of ore mined and processed at Kapan, partially offset by lower concentrate deliveries and the favourable impact of a stronger U.S. dollar.

Gross profit

The following table shows the gross profit (loss) by operating segment:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Chelopech	**25,276**	26,091	**71,074**	111,407
Kapan	**1,058**	(3,048)	**(4,595)**	(2,692)
Tsumeb	**(4,431)**	(3,069)	**(4,726)**	(18,948)
Total gross profit	**21,903**	19,974	**61,753**	89,767

Adjusted EBITDA

Adjusted EBITDA in the fourth quarter of 2014 was $40.4 million compared to $29.0 million in the corresponding period in 2013. This increase was due primarily to higher volumes of payable metals in concentrate sold, the favourable impact of a stronger U.S. dollar and lower exploration expenses, partially offset by lower metal prices, higher stockpile interest at Tsumeb and a higher proportion of third party concentrate smelted at Tsumeb, which generated a lower gross margin than Chelopech concentrate.

Adjusted EBITDA in 2014 was $97.9 million compared to $102.8 million in the corresponding period in 2013. This decrease was due primarily to lower metal prices, lower volumes of payable metals in concentrate sold, a higher cost per tonne of concentrate sold, higher general and administrative expenses and higher stockpile interest at Tsumeb, partially offset by higher volumes of concentrate smelted and toll rates at Tsumeb, lower third party treatment charges at Chelopech, lower exploration expenses and the favourable impact of a stronger U.S. dollar.

The following table shows the adjusted EBITDA (loss) generated by each segment:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Chelopech	**41,506**	37,823	**118,347**	152,587
Kapan	**3,084**	(1,443)	**1,614**	2,609
Tsumeb	**1,469**	772	**18,463**	(6,998)
Corporate & Other(1)	**(5,605)**	(8,128)	**(40,506)**	(45,407)
Total adjusted EBITDA	**40,454**	29,024	**97,918**	102,791

1) *Included in Corporate & Other are general, administrative, exploration and other expenses related to Avala and Dunav of $1.5 million and $7.6 million during the fourth quarter and twelve months of 2014, respectively, compared to $3.9 million and $17.6 million for the corresponding periods in 2013.*

The Corporate and Other Segment includes corporate administrative costs, exploration and development projects, and other income and cost items that do not pertain directly to an operating segment.

Refer to the "Review of Operating Results by Segment" section of this MD&A for a more detailed discussion of Chelopech, Kapan, Tsumeb and Corporate & Other results.

Other income (expense)

Other income and expense is comprised of any realized gains or losses from the sales of certain publicly traded securities, foreign exchange translation gains or losses, unrealized gains or losses on Sabina Gold and Silver Corp. ("Sabina") warrants and special warrants, gains or losses on derivative commodity contracts, gains or losses on DPM's outstanding warrants and impairment losses on property, plant and equipment, exploration and evaluation assets and publicly traded securities. The derivative commodity contracts, which establish effective hedges from an economic perspective, are deemed not to be effective from an accounting perspective, and therefore do not receive hedge accounting treatment. As a result, unrealized gains or losses on derivative commodity contracts are included in other expense.

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

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Net losses on Sabina warrants and special warrants	**(675)**	(720)	**(1,400)**	(19,175)
Net gains on derivative commodity contracts	**11,147**	4,450	**32,417**	3,042
Net gains on equity settled warrants	**11,262**	13,561	**7,734**	22,383
Impairment losses on publicly traded securities	**(4,470)**	-	**(19,247)**	(480)
Impairment losses on property, plant and equipment	**(5,571)**	(6,178)	**(13,059)**	(12,576)
Impairment losses on exploration and evaluation assets	**-**	-	**(70,001)**	-
Net foreign exchange (losses) gains	**(894)**	(71)	**(1,640)**	1,224
Other income (expense), net	**204**	467	**(417)**	(247)
Total other income (expense)	**11,003**	11,509	**(65,613)**	(5,829)

During the fourth quarter and twelve months of 2014, the Company reported unrealized gains on derivative commodity contracts of $3.9 million (2013 – $2.6 million) and $20.3 million (2013 – unrealized losses of $2.9 million), respectively. The Company also reported realized gains on the settlement of derivative contracts of $7.2 million (2013 – $1.8 million) and $12.1 million (2013 – $5.9 million) during the fourth quarter and twelve months of 2014, respectively.

For the three and twelve months ended December 31, 2014, the Company recognized impairment losses of $4.5 million (2013 – $nil) and $19.3 million (2013 – $0.5 million), respectively, on investments in publicly traded securities, principally related to Sabina common shares, as a result of the significant and prolonged decline in the fair value of these publicly traded securities. A portion of these unrealized losses were initially recognized in accumulated other comprehensive loss and were transferred and recognized in other expense.

Impairment losses – Exploration and evaluation assets

As at June 30, 2014, Kapan's exploration and evaluation assets were reduced by $70.0 million, with the resulting impairment charge recognized through other expense.

This impairment loss reflects management's determination that these capitalized exploration and evaluation costs, incurred primarily to support an open pit expansion, initially the preferred option, should be written off based on the work being conducted to support a potential underground expansion at Kapan, which was completed in October 2014.

Kapan's recoverable amount of $91 million was determined using the fair value less costs of disposal ("FVLCD"), based on the expected future after tax cash flow projections utilizing the latest information available and management estimates, including metal prices, available mineral resources, ore mined, grades, recoveries, operating costs, capital expenditures and foreign exchange rates. These projected cash flows were prepared in current dollars and discounted using a real discount rate of 9% representing the estimated after tax weighted average cost of capital. This rate was estimated based on the Capital Asset Pricing Model where the cost of equity and debt were built up based on estimated risk free interest rates, market returns on equity, share volatility, and debt-to-equity ratios and risks specific to Kapan.

Management's estimate of the FVLCD in respect of Kapan is classified as level 3 in the fair value hierarchy. The assumed metal prices used to determine Kapan's estimated FVLCD, were as follows:

Metal	Price
Gold ($/oz)	1,200 - 1,300
Copper ($/lb)	2.85 - 3.18
Silver ($/oz)	20.00 - 21.50
Zinc ($/lb)	0.97 - 1.08

The tax rates applied to the projections were based on the current tax rates in effect or expected to be in effect in Armenia based on existing law.

Sensitivities

The projected cash flows and estimated FVLCD can be affected by any one or more changes in the estimates used. Changes in metal prices and discount rates have the greatest impact on value, where a 1% change in the real discount rate used would change FVLCD by $6 million, and a 5% change to metal prices would change the FVLCD by $24 million.

Impairment losses - Property, plant & equipment

The Company reported an impairment loss of $5.6 million (2013 - $6.2 million) and $13.1 million (2013 - $12.6 million) in the fourth quarter and twelve months of 2014, respectively, of which $4.2 million (2013 - $5.7 million) and $11.0 million (2013 - $10.1 million) was in connection with a metals processing facility ("MPF") that Chelopech no longer expects to use.

Income tax expense

The effective tax rate of the Company can vary significantly from quarter to quarter based on a number of factors. For the three and twelve months ended December 31, 2014 and 2013, the Company's effective tax rate was impacted primarily by the Company's mix of foreign earnings, which are subject to lower tax rates in certain jurisdictions, unrecognized tax benefits relating to corporate operating, exploration and development costs, non-taxable gains related to the Company's equity settled warrants, and non-deductible capital losses on Sabina special warrants. The Company's effective tax rate for the three and twelve months ended December 31, 2014 was also impacted by the unrecognized tax benefits relating to the Kapan impairment loss and the non-deductible impairment losses on the publicly traded securities.

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Earnings (loss) before income taxes	**24,511**	19,686	**(55,380)**	26,859
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%	**26.5%**	26.5%
Expected income tax expense (recovery)	**6,495**	5,217	**(14,676)**	7,118
Lower rates on foreign earnings	**(4,665)**	(1,600)	**(8,351)**	(7,629)
Unrecognized tax benefits relating to losses	**4,098**	2,064	**29,071**	16,243
Non-deductible write-down of investments	**592**	-	**2,550**	64
Non-taxable gains on equity settled warrants	**(2,985)**	(3,593)	**(2,050)**	(5,931)
Non-deductible portion of capital losses	**90**	96	**186**	2,541
Non-deductible share based compensation expense	**91**	211	**676**	1,049
Other, net	**(187)**	200	**(76)**	223
Income tax expense	**3,529**	2,595	**7,330**	13,678
Effective income tax rate	**14.4%**	13.2%	**(13.2%)**	50.9%

Net earnings (loss) attributable to common shareholders

In the fourth quarter of 2014, the Company reported net earnings attributable to common shareholders of $21.5 million compared to $19.2 million in the fourth quarter of 2013. This increase was due primarily to higher volumes of payable metals in concentrate sold, the favourable impact of a stronger U.S. dollar and lower exploration expenses, partially offset by lower metal prices, higher depreciation, and a higher proportion of third party concentrate smelted at Tsumeb, which generated a lower gross margin than Chelopech concentrate. Net earnings attributable to common shareholders for the fourth quarter of 2014 were impacted by net after-tax gains of $5.1 million (2013 - $8.7 million) related to several items not reflective of the Company's underlying operating performance, including impairment losses, unrealized gains on derivative contracts entered to hedge a portion of future production, unrealized gains attributable to DPM's equity settled warrants, and net losses on Sabina warrants, each of which are excluded from adjusted net earnings.

In 2014, the Company reported a net loss attributable to common shareholders of $58.9 million compared to net earnings attributable to common shareholders of $22.5 million in 2013. This decrease was due primarily to net after-tax losses of $72.8 million (2013 – $8.3 million) related to several items not reflective of the Company's underlying operating performance, including impairment losses on publicly traded securities, exploration and evaluation assets and property, plant and equipment, unrealized gains and losses on derivative contracts entered to hedge a portion of future production, net losses on Sabina special warrants and net gains on the Company's equity settled warrants, each of which are excluded from adjusted net earnings. Also contributing to the net loss were lower metal prices, higher depreciation, lower volumes of payable metals in concentrate sold, a higher cost per tonne of concentrate sold and higher general and administrative expenses, partially offset by higher volumes of concentrate smelted and toll rates at Tsumeb, the favourable impact of a stronger U.S. dollar, lower exploration expenses and lower third party treatment charges at Chelopech.

Adjusted net earnings

Adjusted net earnings in the fourth quarter and twelve months of 2014 were $16.3 million and $13.8 million, respectively, compared to $10.5 million and $30.8 million in the corresponding periods in 2013. Adjusted net earnings were impacted by the same factors affecting net earnings (loss) attributable to common shareholders, except for impairment losses, net gains on the Company's equity settled warrants, net losses on Sabina special warrants and unrealized gains and losses on derivative contracts entered into to hedge a portion of future production, which are excluded from adjusted net earnings.

The following table summarizes the key drivers affecting adjusted net earnings for the period indicated:

($ millions) Ended December 31,	Three Months	Twelve Months
Adjusted net earnings - 2013	**10.5**	**30.8**
Lower metal prices [1]	(4.2)	(22.2)
Higher depreciation	(3.0)	(12.3)
Higher (lower) volumes of payable metals in concentrate sold	12.1	(10.0)
(Lower) higher cost/tonne of concentrate sold [2]	1.1	(9.6)
Lower (higher) general and administrative expenses	0.4	(3.6)
Higher volumes of concentrate smelted and (lower) higher margins at Tsumeb [2],[3]	(1.4)	14.9
Stronger U.S. dollar	4.0	9.9
Income taxes and other	(2.1)	5.9
(Higher) lower treatment charges for Chelopech	(2.9)	5.0
Lower exploration expenses	1.8	5.0
Adjusted net earnings - 2014	**16.3**	**13.8**

1) *Includes gains and losses on derivative commodity contracts, except unrealized gains and losses on derivatives contracts related to projected payable production, and metal price adjustments related to provisionally priced sales.*
2) *Excludes impact of foreign exchange and depreciation.*
3) *The proportion of third party concentrate smelted relative to Chelopech concentrate smelted in the fourth quarter of 2014 was significantly higher than the corresponding period in 2013 resulting in a decrease in margin in the fourth quarter of 2014.*

Cash provided from operating activities

Cash provided from operating activities in the fourth quarter of 2014 of $47.7 million was $7.4 million higher than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and higher proceeds from the settlement of derivative commodity contracts, partially offset by an unfavourable change in non-cash working capital. Cash provided from operating activities in 2014 of $98.1 million was $1.4 million lower than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA, partially offset by lower income taxes paid and higher proceeds from the settlement of derivative commodity contracts.

The decrease in non-cash working capital in the fourth quarter of 2014 of $8.6 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers, partially offset by an increase in inventories due to the timing of shipments. The decrease in non-cash working capital in the fourth quarter of 2013 of $15.9 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and an increase in accounts payable as a result of the timing of payments. The decrease in non-cash working capital in 2014 of $12.4 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories, partially offset by a decrease in accounts payable as a result of the timing of payments. The decrease in non-cash working capital in 2013 of $11.3 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts and a decrease in concentrate inventories, partially offset by a decrease in accounts payable as a result of the timing of payments.

Cash provided from operating activities, before changes in non-cash working capital, during the fourth quarter of 2014 of $39.0 million was $14.6 million higher than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and higher proceeds from the settlement of derivative commodity contracts. Cash provided from operating activities, before changes in non-cash working capital, during 2014 of $85.6 million was $2.6 million lower than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA, partially offset by lower income taxes paid and higher proceeds from the settlement of derivative commodity contracts.

Free cash flow

Free cash flow in the fourth quarter of 2014 of $22.3 million was $17.2 million higher than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA, higher proceeds from the settlement of derivative commodity contracts and lower cash outlays for sustaining capital, partially offset by higher interest payments as a result of a higher level of debt in 2014.

Free cash flow in 2014 of $28.6 million was $2.6 million lower than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and higher interest payments as a result of a higher level of debt in 2014, partially offset by lower income taxes paid as a result of lower taxable income at Chelopech in 2014 and higher proceeds from the settlement of derivative commodity contracts.

Capital expenditures

Capital expenditures during the fourth quarter and twelve months of 2014 totalled $25.9 million and $184.2 million, respectively, compared to $47.9 million and $216.0 million in the corresponding periods in 2013. The quarter over quarter decrease was due primarily to a lower rate of spending on both the Krumovgrad project and the acid plant project at Tsumeb, and the completion of several projects designed to capture fugitive emissions at Tsumeb in December 2013. The year over year decrease was due primarily to the completion of projects designed to capture fugitive emissions at Tsumeb in December 2013, a lower rate of spending on the Krumovgrad project and the completion of the pyrite recovery project at Chelopech in the first quarter of 2014, partially offset by increased construction activities at Tsumeb related to the acid plant in 2014.

Growth capital expenditures during the fourth quarter and twelve months of 2014 were $20.2 million and $154.2 million, respectively, compared to $40.6 million and $184.5 million in the corresponding periods in 2013. Sustaining capital expenditures during the fourth quarter and twelve months of 2014 were $5.7 million and $30.0 million, respectively, compared to $7.3 million and $31.5 million in the corresponding periods in 2013.

2014 ACTUAL RESULTS COMPARISON TO ORIGINAL GUIDANCE

The following table provides a comparison of the Company's 2014 results to its original guidance issued in February 2014:

US$ millions, unless otherwise indicated	**Guidance(1)**	**2014 Results**
Ore mined/milled ('000s tonnes)	2,375 – 2,575	2,460 / 2,479
Concentrate smelted ('000s tonnes)	190 - 220	198
Metals contained in copper and zinc concentrates produced:		
Gold ('000s ounces)	155 – 174	145
Copper (million pounds)	45.5 – 50.0	46.5
Zinc (million pounds)	11.6 – 15.9	12.0
Silver (' 000s ounces)	678 – 870	663
Cash cost per tonne of ore processed ($)	51 – 56	47
Cash cost per ounce of gold sold, net of by-product credits ($)	335 – 505	373
All-in sustaining cost per ounce of gold ($)	710 – 815	690
Cash cost per tonne of concentrate smelted ($)(3)	280 – 350	351
Payable gold in pyrite concentrate sold ('000s ounces)	27 – 33	27
Cash cost per ounce of gold sold in pyrite concentrate ($)	1,050	973
General & administrative expenses(2)	34 – 42	29
Exploration expenses(2)	8 – 11	3
Sustaining capital expenditures	37 – 45	30
Growth capital expenditures	160 – 175	155

1) Reflects original guidance issued in February 2014, which was subsequently updated during the year.
2) Excludes expenses of Avala and Dunav.
3) Excludes transportation and related costs.

On a consolidated basis, the Company achieved or outperformed its original guidance, except for gold and silver contained in concentrate produced.

Gold and silver contained in concentrate produced in 2014 were lower than the original guidance issued in February 2014 due primarily to lower volumes of ore mined and processed at Kapan and lower than anticipated recoveries at Chelopech. Ore mined at Kapan was negatively impacted by a three week suspension of operations following a fatality in the mine in the second quarter of 2014 and additional modifications made to its capital development and long-hole drilling practices to support increased development rates, the rebuilding of its development inventory and the return to expected production levels. Higher grades for gold, copper and silver partially offset the decrease in ore mined at Kapan. The treatment of increased volumes of ore characterized by a higher sulphur to copper ratio than originally anticipated at Chelopech resulted in lower recoveries in 2014. Refer to the "Review of Operating Results by Segment" section of this MD&A for more details on Kapan's and Chelopech's performance and results.

2015 GUIDANCE

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

The Company's guidance for 2015 is set out in the following table:

U.S. millions, unless otherwise indicated	Chelopech	Kapan	Tsumeb	Consolidated
Ore mined/milled ('000s tonnes)	1,900 – 2,100	400 – 500	-	2,300 – 2,600
Complex concentrate smelted ('000s tonnes)	-	-	190 – 220	190 – 220
Metals contained in copper and zinc concentrates produced(1),(2)				
Gold (000's ounces)	108 – 120	22 – 30	-	130 – 150
Copper (million pounds)	39.5 – 43.5	2.2 – 2.9	-	41.7 – 46.4
Zinc (million pounds)	-	8.8 – 11.8	-	8.8 – 11.8
Silver (000's ounces)	210 – 235	365 – 485	-	575 – 720
Payable gold in pyrite concentrate ('000s ounces)	33 – 36	-	-	33 – 36
Cash cost per tonne of ore processed ($)(3),(5)	35 – 40	68 – 85	-	42 – 48
Cash cost per ounce of gold sold, net of by-product credits ($)(1),(3),(5)	240 – 400	550 – 900	-	300 – 500
All-in sustaining cost per ounce of gold ($)(1),(3),(5)	-	-	-	720 – 810
Cash cost per tonne of concentrate smelted ($)(3),(5)	-	-	320 – 400	320 – 400
Cash cost per ounce of gold sold in pyrite concentrate ($)(5)	950 – 1,040	-	-	950 – 1,040
General & administrative expenses(3),(4)	-	-	-	30 – 37
Exploration expenses(3),(4)	-	-	-	7 – 9
Sustaining capital expenditures(3)	13 – 15	11 – 14	9 – 11	33 – 40

1) Excludes metals in pyrite concentrate and, where applicable, the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, which is reported separately.
2) Metals contained in concentrate produced are prior to deductions associated with smelter terms.
3) Based on foreign exchange rates that approximate current rates and, where applicable, a copper price of $3.21 per pound, a silver price of $16.50 per ounce and a zinc price of $1.00 per pound. The copper price reflects the impact of 90% of 2015 copper production being hedged at $3.21 per pound.
4) Excludes expenses of Avala.
5) Cash cost per tonne of ore processed, cash cost per ounce of gold sold, net of by-product credits, all-in sustaining cost per ounce of gold, cash cost per tonne of concentrate smelted and cash cost per ounce of gold sold in pyrite concentrate are not defined measures under GAAP. Refer to the "Non-GAAP Financial Measures" section of the MD&A for reconciliations to IFRS.

The 2015 guidance provided above may not occur evenly throughout the year. The estimated metals contained in concentrate produced and volumes of concentrate smelted may vary from quarter to quarter depending on the areas being mined, the timing of concentrate deliveries and planned outages. Production in the second half of 2015 is expected to be higher than the first half based on the existing mine plans at Chelopech and Kapan and the annual maintenance shutdown at Tsumeb being scheduled in the second quarter of 2015. Also, the rate of capital expenditures may vary from quarter to quarter based on the schedule for and execution of each capital project and, where applicable, the receipt of necessary permits and approvals.

For 2015, the majority of the Company's growth capital expenditures will be focused on the completion of the acid plant and new converters at Tsumeb, securing the remaining permits and planning for the commencement of construction related to the Krumovgrad Gold Project, and margin improvement projects at Chelopech, primarily related to the concentrate handling and storage facilities. In aggregate, these expenditures are expected to range between $70 million and $90 million.

REVIEW OF OPERATING RESULTS BY SEGMENT

Chelopech – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Operational Highlights				
Ore mined *(mt)*	**552,929**	522,063	**2,053,612**	2,029,702
Ore processed *(mt)*	**549,988**	500,599	**2,076,112**	2,032,002
Head grade / Recoveries in copper concentrate *(ore milled)*				
Gold *(g/mt) / %*	**4.59 / 52.5**	3.71 / 54.4	**3.72 / 50.1**	3.50 / 57.7
Copper *(%) / %*	**1.38 / 85.2**	1.34 / 84.2	**1.18 / 82.3**	1.20 / 85.0
Silver (g/mt) */ %*	**9.32 / 42.2**	8.73 / 40.5	**9.14 / 38.7**	7.65 /43.8
Copper concentrate produced *(mt)*	**41,000**	35,029	**125,748**	126,633
Metals contained in copper concentrate produced(1)				
Gold *(ounces)*	**42,622**	32,495	**124,371**	131,825
Copper *(pounds)*	**14,294,003**	12,441,481	**44,306,730**	45,598,598
Silver *(ounces)*	**69,483**	56,877	**235,983**	218,866
Cash cost per tonne of ore processed ($)(2),(4),(5)	**37.97**	40.51	**39.90**	40.08
Cash cost per ounce of gold in copper concentrate produced ($)(1),(2),(3),(4)	**253**	296	**334**	317
Cash cost per pound of copper in copper concentrate produced ($)(2),(3),(4)	**0.63**	0.76	**0.83**	0.76
Copper concentrate delivered *(mt)*	**35,584**	34,175	**122,818**	130,243
Payable metals in copper concentrate sold				
Gold *(ounces)*(1),(6)	**35,926**	30,231	**115,337**	127,037
Copper *(pounds)*(6)	**11,661,640**	11,471,064	**40,607,810**	43,926,001
Silver *(ounces)*(6)	**49,703**	48,026	**168,415**	182,670
Cash cost of sales per ounce of gold sold, net of by-product credits ($)(1),(4),(7),(8)	**205**	202	**293**	230
Gold contained in pyrite concentrate produced (ounces)	**12,391**	2,215	**36,466**	3,074
Payable gold in pyrite concentrate sold (ounces)	**11,801**	1,062	**26,514**	4,886
Cash cost per ounce of gold sold in pyrite concentrate ($)(4),(11)	**963**	53	**973**	119
Financial Highlights				
Net revenue(9),(10)	**52,694**	54,359	**187,220**	231,887
Gross profit	**25,276**	26,091	**71,074**	111,407
Adjusted EBITDA(4)	**41,506**	37,823	**118,347**	152,587
Adjusted earnings before income taxes(4)	**32,008**	28,902	**83,002**	117,596
Depreciation	**9,197**	8,523	**33,804**	32,846
Capital expenditures incurred				
Growth	**3,597**	8,033	**19,932**	28,992
Sustaining	**2,029**	2,429	**10,185**	13,302
Total capital expenditures	**5,626**	10,462	**30,117**	42,294

1) *Excludes metals in pyrite concentrate produced and/or sold, and where applicable, the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, which is reported separately.*
2) *Cash costs are reported in U.S. dollars, although the majority of costs incurred are denominated in non-U.S. dollars, and consist of all production related expenses including mining, processing, services, royalties and general and administrative.*
3) *Gold and copper are accounted for as co-products. Total cash costs are net of by-product silver sales revenue.*
4) *Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.*
5) *Cash cost per tonne of ore processed, excluding royalties, was $33.78 and $36.38 during the fourth quarter and twelve months of 2014, respectively, compared to $36.48 and $36.26 in the corresponding periods in 2013.*
6) *Represents payable metals in concentrate sold based on provisional invoices.*
7) *Cash cost of sales per ounce of gold sold, net of by-product credits, represents cost of sales, less depreciation, amortization and other non-cash expenses, plus treatment charges, penalties, transportation and other selling costs, less by-product copper and silver revenues, including realized gains on copper derivative contracts, divided by the payable gold in copper concentrate sold.*
8) *Includes realized gains on copper derivative contracts, entered to hedge a portion of projected payable production, of $3.2 million and $8.3 million during the fourth quarter and twelve months of 2014, respectively, compared to $1.1 million and $4.0 million in the corresponding periods in 2013.*

9) *Net revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and mark-to-market adjustments and final settlements to reflect any physical and cost adjustments on provisionally priced sales. Net unfavourable mark-to-market adjustments and final settlements of $0.8 million and $4.7 million were recognized during the fourth quarter and twelve months of 2014, respectively, compared with net favourable adjustments of $0.9 million and net unfavourable adjustments of $6.7 million in the corresponding periods in 2013. Deductions during the fourth quarter and twelve months of 2014 were $38.1 million and $113.1 million, respectively, compared to $24.6 million and $94.4 million in the corresponding periods in 2013.*
10) *Net revenue excludes realized and unrealized gains and losses on derivative commodity contracts entered to hedge the mark-to-market impacts associated with provisionally priced sales and future production. Under IFRS, these gains and losses are reported in other (income) expense.*
11) *Excludes realized gains on gold derivative contracts of $0.5 million in the fourth quarter of 2014 and realized losses of $0.5 million in 2014.*

Operational Highlights – Chelopech

Ore mined

Ore mined in the fourth quarter and twelve months of 2014 of 552,929 tonnes and 2,053,612 tonnes, respectively, was 6% and 1% higher than the corresponding periods in 2013.

Ore processed

Ore processed during the fourth quarter and twelve months of 2014 of 549,988 tonnes and 2,076,112 tonnes, respectively, was 10% and 2% higher than the corresponding periods in 2013.

Concentrate and metal production

Copper concentrate produced during the fourth quarter of 2014 of 41,000 tonnes was 17% higher than the corresponding period in 2013 due primarily to higher copper grades and higher volumes of ore mined and processed. Concentrate produced during 2014 was 125,748 tonnes compared to 126,633 tonnes in the corresponding period in 2013 due primarily to lower copper grades and recoveries, partially offset by higher volumes of ore mined and processed.

Relative to the fourth quarter of 2013, gold contained in copper concentrate produced in the fourth quarter of 2014 increased by 31% to 42,622 ounces, copper contained in copper concentrate produced increased by 15% to 14.3 million pounds and silver contained in copper concentrate produced increased by 22% to 69,483 ounces. These increases were due primarily to higher grades for all metals and higher volumes of ore mined and processed.

Relative to 2013, gold contained in copper concentrate produced in 2014 decreased by 6% to 124,371 ounces, copper contained in copper concentrate produced decreased by 3% to 44.3 million pounds and silver contained in copper concentrate produced increased by 8% to 235,983 ounces. The decrease in gold contained in copper concentrate produced was due primarily to lower gold recoveries, partially offset by higher gold grades and higher volumes of ore processed. The decrease in copper contained in copper concentrate produced was due primarily to lower copper recoveries and grades, partially offset by higher volumes of ore processed. The increase in silver contained in copper concentrate produced was due primarily to higher silver grades and higher volumes of ore processed, partially offset by lower silver recoveries.

Recoveries in 2014 were lower than 2013 due primarily to the treatment of increased volumes of ore characterized by a higher sulphur to copper ratio than originally anticipated. In addition, the introduction of additional pre-treatment for the new pyrite flotation circuit had an unexpected deleterious effect on the recovery of copper and gold. Following the completion of circuit optimization work in July 2014, copper recoveries returned to levels predicted by the metallurgical models, while gold recoveries continue to be slightly below.

Following the commissioning of the pyrite recovery circuits in the first quarter of 2014, gold contained in pyrite concentrate produced was 12,391 ounces (2013 – 2,215 ounces) and 36,466 ounces (2013 – 3,074 ounces) for the fourth quarter and twelve months of 2014, respectively.

Grades can vary period over period depending on the areas being mined. Overall grades achieved in 2014 were consistent with the grades reflected in the mine plan.

Deliveries

Deliveries of copper concentrate during the fourth quarter of 2014 of 35,584 tonnes were 4% higher than the deliveries in the corresponding period in 2013 due primarily to an increase in concentrate produced, partially offset by a build-up of concentrate inventories due to the timing of shipments. Deliveries of copper concentrate during 2014 of 122,818 tonnes were 6% lower than the deliveries in the corresponding period in 2013 due primarily to a build-up of concentrate inventory in 2014, whereas in 2013, there was a drawdown of concentrate inventory.

In the fourth quarter of 2014, payable gold in copper concentrate sold increased by 19% to 35,926 ounces relative to the corresponding period in 2013, payable copper in copper concentrate sold increased by 2% to 11.7 million pounds and payable silver in copper concentrate sold increased by 3% to 49,703 ounces. These increases are generally consistent with Chelopech's increased metals production and concentrate deliveries.

In 2014, payable gold in copper concentrate sold decreased by 9% to 115,337 ounces relative to the corresponding period in 2013, payable copper in copper concentrate sold decreased by 8% to 40.6 million pounds and payable silver in copper concentrate sold decreased by 8% to 168,415 ounces. These decreases are generally consistent with Chelopech's decreased metals production as a result of lower recoveries.

Payable gold in pyrite concentrate sold in the fourth quarter and twelve months of 2014 was 11,801 ounces and 26,514 ounces, respectively, compared to 1,062 ounces and 4,886 ounces in the corresponding periods in 2013 reflecting the commissioning of the pyrite recovery circuits in the first quarter of 2014.

Inventory

Copper concentrate inventory totalled 9,142 tonnes at December 31, 2014, up from 6,212 tonnes at December 31, 2013, reflecting the timing of deliveries.

Financial Highlights – Chelopech

Net revenue

Net revenue of $52.7 million in the fourth quarter of 2014 was $1.7 million lower than the corresponding period in 2013 due primarily to lower metal prices and higher treatment charges, partially offset by higher volumes of payable gold and copper in concentrate sold. Net revenue in 2014 of $187.2 million was $44.7 million lower than the corresponding period in 2013 due primarily to lower volumes of payable metals in concentrate sold and lower metal prices, partially offset by lower treatment charges.

Included in revenue were unfavourable metal price adjustments of $1.8 million (2013 – $2.2 million) and $4.2 million (2013 – $6.3 million) on provisionally priced sales during the fourth quarter and twelve months of 2014, respectively. These adjustments were offset by hedge gains on cash settled derivative contracts entered to mitigate the majority of the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales. These hedge gains were recorded in other expense in the consolidated statements of (loss) earnings.

Cash cost measures

Cash cost per tonne of ore processed during the fourth quarter of 2014 of $37.97 was 6% lower than the corresponding cash cost in 2013 of $40.51 due primarily to higher volumes of ore mined and processed and a weaker Euro relative to the U.S dollar, partially offset by higher input costs for direct materials, higher employment costs and higher royalties as a result of higher volumes of ore mined and grades. Cash cost per tonne of ore processed during 2014 of $39.90 was slightly lower than the corresponding cash cost in 2013 of $40.08 due primarily to higher volumes of ore mined and processed and lower royalties as a result of lower metal prices. These favourable variances were largely offset by higher input costs for direct materials, increased maintenance activities and higher employment costs.

Cash cost of sales per ounce of gold sold, net of by-product credits, in the fourth quarter of 2014 was $205 compared to $202 in the fourth quarter of 2013. Lower realized copper prices and higher treatment charges offset higher volumes of payable metals in copper concentrate sold.

Cash cost of sales per ounce of gold sold, net of by-product credits, in 2014 was $293 compared to $230 in 2013. This increase was due primarily to lower volumes of payable metals in copper concentrate sold as a result of lower recoveries and lower realized copper prices, partially offset by lower treatment charges.

Gross profit

Gross profit of $25.3 million in the fourth quarter of 2014 was $0.8 million lower than the corresponding period in 2013 due primarily to lower metal prices and higher treatment charges, partially offset by higher volumes of payable metals in concentrate sold.

Gross profit of $71.1 million in 2014 was $40.3 million lower than the corresponding period in 2013 due primarily to lower volumes of payable metals in concentrate sold as a result of lower recoveries, lower metal prices and a higher cost per tonne of concentrate sold, partially offset by lower third party treatment charges.

Gross profit during the fourth quarter and twelve months of 2014 and 2013 was also impacted by unfavourable metal price adjustments that were offset by hedge gains recorded in other expense in the consolidated statements of (loss) earnings.

Adjusted EBITDA

Adjusted EBITDA in the fourth quarter of 2014 was $41.5 million compared to $37.8 million in the corresponding period in 2013 due primarily to the same factors affecting gross profit and higher realized gains on copper derivative contracts related to payable metals sold in the fourth quarter of 2014 of $3.2 million compared to $1.1 million in the corresponding period in 2013. Realized gains on gold derivative contracts related to the payable metals in pyrite concentrate sold in the fourth quarter of 2014 were $0.5 million. Unrealized gains of $3.7 million (2013 – $1.4 million) on copper and gold derivative contracts related to projected payable production, which were recognized in earnings before income taxes in the fourth quarter of 2014, were excluded from adjusted EBITDA. Impairment losses of $4.2 million (2013 – $5.7 million) in connection with an MPF that Chelopech no longer expects to use, which were recognized in earnings before income taxes in the fourth quarter 2014, were also excluded from adjusted EBITDA.

Adjusted EBITDA in 2014 was $118.3 million compared to $152.6 million in 2013 due primarily to the same factors affecting gross profit and higher realized gains on copper derivative contracts related to payable metals sold in 2014 of $8.3 million compared to $4.0 million in the corresponding period in 2013. Realized losses on gold derivative contracts related to the payable metals in pyrite concentrate sold in 2014 were $0.5 million. Unrealized gains of $16.5 million (2013 – unrealized losses of $5.0 million) on copper and gold derivative contracts related to projected payable production, which were recognized in earnings before income taxes in 2014, were excluded from adjusted EBITDA. Impairment losses of $11.0 million (2013 – $10.1 million) in connection with an MPF that Chelopech no longer expects to use, which were recognized in earnings before income taxes in 2014, were also excluded from adjusted EBITDA.

Adjusted earnings before income taxes

Adjusted earnings before income taxes in the fourth quarter of 2014 were $32.0 million compared to $28.9 million in the corresponding period in 2013. Unrealized gains of $3.7 million (2013 – $1.4 million) on copper and gold derivative contracts related to projected payable production and impairment losses of $4.2 million (2013 – $5.7 million) were excluded from adjusted earnings before income taxes.

Adjusted earnings before income taxes in 2014 were $83.0 million compared to $117.6 million in 2013. Unrealized gains of $16.5 million (2013 – unrealized losses of $5.0 million) on copper and gold derivative contracts related to projected payable production and impairment losses of $11.0 million (2013 – $10.1 million) were excluded from adjusted earnings before income taxes.

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

($ millions) **Ended December 31,**	**Three Months**	**Twelve Months**
Adjusted earnings before income taxes - 2013	**28.9**	**117.6**
Lower metal prices [(1)]	(3.3)	(20.3)
Higher (lower) volumes of metals sold	7.1	(17.6)
Lower (higher) cost/tonne of concentrate sold [(2)]	1.0	(1.6)
Other	(0.5)	(0.1)
(Higher) lower treatment charges	(2.9)	5.0
Weaker Euro	1.7	-
Adjusted earnings before income taxes - 2014	**32.0**	**83.0**

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

Capital expenditures

Capital expenditures during the fourth quarter and twelve months of 2014 of $5.6 million and $30.1 million, respectively, were $4.9 million and $12.2 million lower than the corresponding periods in 2013 due primarily to lower spending on the pyrite recovery project, which was completed in the first quarter of 2014, and lower spending on sustaining capital expenditures.

Kapan – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Operational Highlights				
Ore mined *(mt)*	**104,840**	95,618	**406,585**	455,920
Ore processed *(mt)*	**106,970**	112,770	**402,602**	465,894
Head grade / Recoveries *(ore milled)*				
Gold *(g/mt) / %*	**2.29 / 82.6**	2.02 / 85.9	**1.97 / 82.3**	1.85 / 88.0
Copper *(%) / %*	**0.28 / 87.2**	0.28 / 87.5	**0.28 / 85.9**	0.27 / 85.0
Zinc *(%) / %*	**1.43 / 87.0**	1.68 / 88.0	**1.54 / 87.9**	1.68 / 88.6
Silver (g/mt) / *%*	**44.65 / 83.9**	37.53 / 86.1	**39.47 / 83.7**	34.35 / 88.0
Concentrate produced *(mt)*				
Copper	**1,259**	1,362	**4,548**	5,650
Zinc	**2,249**	2,842	**9,082**	11,995
Metals contained in concentrate produced				
Gold *(ounces)*	**6,501**	6,303	**20,935**	24,360
Copper *(pounds)*	**583,210**	614,465	**2,149,756**	2,340,859
Zinc *(pounds)*	**2,938,655**	3,672,971	**12,048,683**	15,293,700
Silver *(ounces)*	**128,825**	117,169	**427,452**	452,773
Cash cost per tonne of ore processed ($)(1),(3),(4)	**87.58**	93.68	**85.15**	79.32
Cash cost per ounce of gold in concentrate produced ($)(1),(2),(3)	**699**	786	**735**	667
Cash cost per pound of copper in concentrate produced ($)(1),(2),(3)	**1.74**	2.00	**1.83**	1.60
Cash cost per pound of zinc in concentrate produced ($)(1),(2),(3)	**0.57**	0.53	**0.57**	0.41
Concentrate delivered *(mt)*				
Copper	**1,794**	1,507	**4,739**	5,961
Zinc	**1,806**	2,671	**8,983**	12,512
Payable metals in concentrate sold				
Gold *(ounces)*(5)	**7,483**	5,577	**18,883**	21,351
Copper *(pounds)*(5)	**825,485**	645,448	**2,141,204**	2,374,717
Zinc *(pounds)*(5)	**2,019,305**	2,927,338	**10,119,888**	13,544,751
Silver *(ounces)*(5)	**142,536**	99,705	**359,921**	369,920
Cash cost of sales per ounce of gold sold, net of by-product credits ($)(3),(6),(7)	**519**	1,255	**863**	964
Financial Highlights				
Net revenue(8),(9)	**13,477**	11,156	**38,810**	44,131
Gross profit (loss)	**1,058**	(3,048)	**(4,595)**	(2,692)
Adjusted earnings (loss) before interest, taxes, depreciation and amortization(3)	**3,084**	(1,443)	**1,614**	2,609
Adjusted earnings (loss) before income taxes(3)	**500**	(3,160)	**(6,587)**	(4,295)
Depreciation	**2,340**	1,489	**7,263**	6,047
Capital expenditures incurred				
Growth	**-**	1,562	**1,541**	8,722
Sustaining	**2,354**	2,841	**13,495**	8,518
Total capital expenditures	**2,354**	4,403	**15,036**	17,240

1) *Cash costs are reported in U.S. dollars, although the majority of costs incurred are denominated in non-U.S. dollars, and consist of all production related expenses including mining, processing, services, royalties and general and administrative.*
2) *Gold, copper and zinc are accounted for as co-products. Total cash costs are net of by-product silver sales revenue.*
3) *Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.*
4) *Cash cost per tonne of ore processed, excluding royalties, was $75.86 and $79.29 during the fourth quarter and twelve months of 2014, respectively, compared to $84.62 and $72.32 in the corresponding periods in 2013.*
5) *Represents payable metals in concentrate sold based on provisional invoices.*
6) *Cash cost of sales per ounce of gold sold, net of by-product credits, represents cost of sales, less depreciation, amortization and other non-cash expenses, plus treatment charges, penalties, transportation and other selling costs, less by-product zinc, copper and silver revenues, including realized gains on copper derivative contracts, divided by the payable gold in concentrate sold.*
7) *Includes realized gains on copper derivative contracts, entered to hedge a portion of projected payable production, of $0.1 million and $0.3 million during the fourth quarter and twelve months of 2014, respectively, compared to $nil in the corresponding periods in 2013.*
8) *Net revenue includes the value of payable metals sold, deductions for treatment charges, penalties, transportation and other selling costs, and mark-to-market adjustments and final settlements to reflect any physical and cost adjustments on provisionally priced sales. Net unfavourable mark-to-market adjustments and final settlements of $0.6 million and $2.3 million were recorded during the fourth quarter and twelve months of 2014, respectively, compared with net unfavourable adjustments of $0.4 million and $4.2 million in the corresponding periods in 2013. Deductions during the fourth quarter and twelve months of 2014 were $1.3 million and $5.2 million, respectively, compared to $2.4 million and $9.3 million in the corresponding periods in 2013.*
9) *Net revenue excludes realized and unrealized gains and losses on derivative commodity contracts entered to hedge the mark to market impacts associated with provisionally priced sales and future production. Under IFRS, these gains and losses are reported in other expense.*

Operational Highlights – Kapan

Ore mined

Ore mined during the fourth quarter of 2014 of 104,840 tonnes was 10% higher than the corresponding period in 2013.

Ore mined during 2014 of 406,585 tonnes was 11% lower than 2013 as a result of a three week suspension of operations following a fatality in the mine in the second quarter of 2014, and additional modifications made to its capital development and long-hole drilling practices to support increased development rates, the rebuilding of its development inventory and the return to expected production levels. Capital development rates at Kapan have improved by 50% from mid-2013 levels but are still marginally short of the required rates to achieve and maintain the targeted level of development inventory. The modifications to the capital development and long-hole drilling practices, together with additional mining equipment to support these changes, and increased development recovery rates in the second half of 2014 are expected to support a return to full production in late 2015.

Ore processed

Ore processed during the fourth quarter and twelve months of 2014 of 106,970 tonnes and 402,602 tonnes, respectively, decreased by 5% and 14% relative to the corresponding periods in 2013. These decreases were due to lower volumes of ore mined.

Concentrate and metal production

Copper concentrate production in the fourth quarter of 2014 of 1,259 tonnes was 8% lower than the corresponding period in 2013 due primarily to lower volumes of ore processed. Copper concentrate production of 4,548 tonnes in 2014 was 20% lower than 2013 due primarily to lower volumes of ore mined and processed, partially offset by higher copper grades and recoveries.

Zinc concentrate production in the fourth quarter and twelve months of 2014 of 2,249 tonnes and 9,082 tonnes, respectively, decreased by 21% and 24% over the corresponding periods in 2013. These decreases were due primarily to lower zinc grades and lower volumes of ore mined and processed.

Relative to the fourth quarter of 2013, gold contained in concentrate produced in the fourth quarter of 2014 increased by 3% to 6,501 ounces, copper contained in concentrate produced decreased by 5% to 0.6 million pounds, silver contained in concentrate produced increased by 10% to 128,825 ounces and zinc contained in concentrate produced decreased by 20% to 2.9 million pounds. The increases in gold and silver contained in concentrate produced were driven by higher grades, partially offset by lower recoveries and lower volumes of ore processed. The decreases in copper and zinc contained in concentrate produced were due primarily to lower volumes of ore processed and lower zinc grades and recoveries.

Relative to 2013, gold contained in concentrate produced in 2014 decreased by 14% to 20,935 ounces, copper contained in concentrate produced decreased by 8% to 2.2 million pounds, silver contained in concentrate produced decreased by 6% to 427,452 ounces and zinc contained in concentrate produced decreased by 21% to 12.0 million pounds. These decreases were due primarily to lower volumes of ore mined and processed, lower zinc grades and lower recoveries for gold, zinc and silver, partially offset by higher gold, copper and silver grades, and higher copper recoveries.

Deliveries

Deliveries of concentrate in the fourth quarter of 2014 of 3,600 tonnes were 14% lower than the corresponding period in 2013 due primarily to lower concentrate produced as a result of lower volumes of ore mined and processed and lower zinc grades. Deliveries of concentrate in 2014 of 13,722 tonnes were 26% lower than the corresponding period in 2013 due primarily to lower concentrate produced as a result of lower volumes of ore mined and processed.

Relative to the fourth quarter of 2013, payable gold in concentrate sold in the fourth quarter of 2014 increased by 34% to 7,483 ounces, payable copper in concentrate sold increased by 28% to 0.8 million pounds, payable silver in concentrate sold increased by 43% to 142,536 ounces and payable zinc in concentrate sold decreased by 31% to 2.0 million pounds. The increases in payable gold, copper and silver in concentrate sold were driven by higher copper concentrate deliveries in the fourth quarter of 2014 relative to the corresponding period in 2013 and higher gold and silver grades. The decrease in zinc payable in concentrate sold was consistent with lower zinc concentrate deliveries and production.

Relative to 2013, payable gold in concentrate sold in 2014 decreased by 12% to 18,883 ounces, payable copper in concentrate sold decreased by 10% to 2.1 million pounds, payable silver in concentrate sold decreased by 3% to 359,921 ounces and payable zinc in concentrate sold decreased by 25% to 10.1 million pounds. These decreases were driven by the decrease in concentrate produced, partially offset by higher gold, copper and silver grades.

Inventory

Inventory of concentrate totalled 1,300 tonnes at December 31, 2014, down slightly from 1,392 tonnes at December 31, 2013.

Financial Highlights – Kapan

Net revenue

Net revenue during the fourth quarter of 2014 of $13.5 million was $2.4 million higher than the corresponding period in 2013 due primarily to higher volumes of payable metals in concentrate sold as a result of higher grades, partially offset by lower metal prices. Net revenue during 2014 of $38.8 million was $5.3 million lower than the corresponding period in 2013 due primarily to lower volumes of payable metals in concentrate sold as a result of lower volumes of ore mined and processed and lower metal prices.

Included in revenue were unfavourable metal price adjustments of $0.1 million (2013 – $0.2 million) and $0.4 million (2013 – $0.8 million) on provisionally priced sales during the fourth quarter and twelve months of 2014, respectively. These adjustments were offset by hedge gains on cash settled derivative contracts entered to mitigate the majority of the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales. These hedge gains were recorded in other expense in the consolidated statements of (loss) earnings.

Cash cost measures

Cash cost per tonne of ore processed in the fourth quarter of 2014 of $87.58 was 7% lower than the corresponding period in 2013 due primarily to a weaker Dram relative to the U.S. dollar and higher volumes of ore mined, partially offset by higher royalties as a result of higher revenue, and higher spending on materials and employment costs. Cash cost per tonne of ore processed in 2014 of $85.15 was 7% higher than the corresponding period in 2013 due primarily to lower volumes of ore mined and processed, higher consulting fees incurred to support the achievement of higher targeted development rates, partially offset by a weaker Dram relative to the U.S. dollar.

Cash cost of sales per ounce of gold sold, net of by-product credits, in the fourth quarter of 2014 was $519 compared to a cash cost of $1,255 in the corresponding period in 2013. This decrease was due to higher volumes of payable metals in concentrate sold, partially offset by lower by-product prices. Cash cost of sales per ounce of gold sold, net of by-product credits, in 2014 of $863 was 10% lower than the corresponding period in 2013 due primarily to lower treatment charges and higher grades in concentrate sold, partially offset by lower by-product prices.

Gross profit (loss)

Gross profit in the fourth quarter of 2014 was $1.1 million compared to a gross loss of $3.1 million in the corresponding period in 2013. The increase in gross profit was due primarily to higher volumes of payable metals in concentrate sold, partially offset by lower metal prices and higher depreciation.

Gross loss in 2014 was $4.6 million compared to $2.7 million in the corresponding period in 2013. The increased loss was due primarily to lower metal prices, a higher cost per tonne of concentrate sold and higher depreciation, partially offset by higher grades in concentrate sold for all metals, except for zinc.

Gross profit (loss) during the fourth quarter and twelve months of 2014 and 2013 was also impacted by metal price adjustments that were offset by hedge gains or losses recorded in other expense in the consolidated statements of (loss) earnings.

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

Adjusted EBITDA in the fourth quarter of 2014 was $3.1 million compared to adjusted loss before interest, taxes, depreciation and amortization of $1.5 million in the corresponding period in 2013. Adjusted EBITDA in 2014 was $1.6 million compared to $2.6 million in the corresponding period in 2013. These variances were due to the same factors affecting gross profit, except for depreciation which is excluded from adjusted earnings (loss) before interest, taxes, depreciation and amortization

Unrealized gains of $0.6 million (2013 – unrealized losses of $0.5 million) and $2.1 million (2013 – unrealized losses of $0.6 million) on copper derivative contracts related to projected payable production, which were recognized in loss before income taxes in the fourth quarter and twelve months of 2014, respectively, were excluded from adjusted EBITDA. Impairment losses related to property, plant and equipment of $1.4 million and an impairment loss of $70.0 million related to exploration and evaluation assets, which were recognized in loss before income taxes in the fourth quarter and twelve months of 2014, respectively, were also excluded from adjusted EBITDA.

Adjusted earnings (loss) before income taxes

Adjusted earnings before income taxes in the fourth quarter of 2014 were $0.5 million compared to an adjusted loss before income taxes of $3.2 million in the corresponding period in 2013. Adjusted loss before income taxes in 2014 was $6.6 million compared to $4.3 million in the corresponding period in 2013.

Unrealized gains of $0.6 million (2013 – unrealized losses of $0.5 million) and $2.1 million (2013 – unrealized losses of $0.6 million) on copper derivative contracts related to projected payable production, which were recognized in loss before income taxes in the fourth quarter and twelve months of 2014, respectively, were excluded from adjusted earnings (loss) before income taxes. Impairment losses related to property, plant and equipment of $1.4 million and an impairment loss of $70.0 million related to exploration and evaluation were also excluded from adjusted earnings (loss) before income taxes.

The following table summarizes the key drivers affecting adjusted earnings (loss) before income taxes:

($ millions) **Ended December 31,**	**Three Months**	**Twelve Months**
Adjusted loss before income taxes - 2013	**(3.2)**	**(4.3)**
Lower (higher) cost/tonne of concentrate sold (1)	0.1	(8.0)
Lower metal prices (2)	(0.9)	(1.9)
Higher depreciation	(0.9)	(1.3)
Higher grades in concentrate sold (3)	5.0	7.6
Other	(0.1)	0.7
Stronger U.S. dollar	0.5	0.6
Adjusted earnings (loss) before income taxes - 2014	**0.5**	**(6.6)**

1) *Excludes impact of foreign exchange and depreciation.*
2) *Includes gains and losses on derivative commodity contracts, except unrealized gains and losses on derivative contracts related to projected payable production, and metal price adjustments on provisionally priced sales.*
3) *Higher grades in concentrate sold in 2014 relative to 2013 more than offset the decrease in concentrate deliveries.*

Capital expenditures

Capital expenditures in the fourth quarter of 2014 were $2.3 million compared to $4.4 million in the corresponding period in 2013. Included in the fourth quarter of 2014 capital expenditures was capitalized exploration of $nil compared to $1.6 million in the corresponding period in 2013.

Capital expenditures in 2014 were $15.0 million compared to $17.2 million in the corresponding period in 2013. Included in the 2014 capital expenditures was capitalized exploration of $1.2 million compared to $8.4 million in the corresponding period in 2013. Refer to the "Exploration" section of this MD&A for a more detailed discussion of Kapan's exploration programs.

Tsumeb – Key Operational and Financial Highlights

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Operational Highlights				
Concentrate smelted *(mt)*				
Chelopech	**18,712**	32,055	**101,031**	74,016
Third party	**35,070**	6,426	**97,315**	78,441
Total concentrate smelted	**53,782**	38,481	**198,346**	152,457
Cash cost per tonne of concentrate smelted ($)(1),(2)	**350**	401	**351**	433
Financial Highlights				
Net revenue	**23,138**	18,904	**97,950**	68,636
Gross loss	**(4,431)**	(3,069)	**(4,726)**	(18,948)
Earnings (loss) before interest, taxes, depreciation and amortization(2)	**1,469**	772	**18,463**	(6,998)
Loss before income taxes	**(5,542)**	(4,243)	**(9,004)**	(22,674)
Depreciation	**6,115**	4,452	**23,741**	13,243
Capital expenditures incurred				
Growth	**15,173**	24,760	**124,237**	130,528
Sustaining	**1,249**	2,048	**6,200**	9,281
Total capital expenditures	**16,422**	26,808	**130,437**	139,809

1) *Excludes transportation and related costs.*
2) *Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations of these non-GAAP measures.*

Operational Highlights – Tsumeb

Production

Concentrate smelted at Tsumeb during the fourth quarter and twelve months of 2014 of 53,782 tonnes and 198,346 tonnes, respectively, was 40% and 30% higher than the corresponding periods in 2013 supported by the introduction of a second oxygen plant in late January 2014 and the completion of several projects designed to capture fugitive emissions, which negatively impacted 2013 production due to the downtime associated with commissioning activities. In 2014, the smelter demonstrated the ability to treat the typical concentrate mix at an annualized rate of 240,000 tonnes. However, current treatment of concentrate with a higher copper content and the accumulation of in-process copper material (reverts), following the closure of the reverberatory furnace in August 2013, have constrained the complex concentrate treatment rates to an annualized rate of approximately 210,000 tonnes and will likely continue to do so until the new copper converters are in operation at the end of 2015.

With the production curtailment being lifted by the Namibian government in December 2013 and the commissioning of a second oxygen plant, the smelter has been able to increase production, subject to meeting on-going reporting and emission requirements, and satisfactory results from an occupational health survey that was completed in April 2014. The results of the health survey were made public during the third quarter of 2014. Aside from limited, expected and minor occupational conditions, only lifestyle related issues were reported. No significant occupational health issues or risks were identified during the survey. The report made a number of general recommendations on improving existing occupational health systems at the smelter and also around improving and monitoring the health and wellness of Tsumeb employees. These recommendations are being reviewed and evaluated by the smelter medical personnel and implemented, where appropriate. The smelter will also work closely with the Namibian government to further improve on existing employee wellness programs. The smelter remains in compliance with the Cabinet mandated emissions requirements.

Cash cost per tonne of concentrate smelted

Cash cost per tonne of concentrate smelted during the fourth quarter and twelve months of 2014 of $350 and $351, respectively, was 13% and 19% lower than the corresponding periods in 2013 due primarily to higher volumes of concentrate smelted and a weaker ZAR, partially offset by higher labour, training and maintenance costs, and higher rates for and consumption of electricity. In addition, there was a decrease in fuel consumption in 2014 relative to 2013 following the closure of the reverberatory furnace in the third quarter of 2013.

Financial Highlights - Tsumeb

Net revenue

Net revenue in the fourth quarter and twelve months of 2014 was $23.1 million and $97.9 million, respectively, compared to $18.9 million and $68.6 million in the corresponding periods in 2013. These increases were due primarily to higher volumes of concentrate smelted and higher toll rates reflecting the improved contract terms, partially offset by increased stockpile interest related to higher levels of in-process material following the closure of the reverberatory furnace in August 2013.

Gross loss

Gross loss in the fourth quarter of 2014 was $4.4 million compared to $3.0 million in the corresponding period in 2013. The higher loss was due to a higher proportion of third party concentrate smelted, which generated a lower gross margin than Chelopech concentrate, higher depreciation following the completion of several projects designed to capture fugitive emissions in December 2013, higher stockpile interest and higher local currency operating expenses, partially offset by a weaker ZAR.

Gross loss in 2014 was $4.7 million compared to $18.9 million in 2013. The reduced loss was due to higher volumes of concentrate smelted, higher toll rates reflecting improved contract terms and a weaker ZAR, partially offset by higher depreciation, higher local currency operating expenses and higher stockpile interest.

Earnings (loss) before interest, taxes, depreciation and amortization

EBITDA in the fourth quarter of 2014 was $1.5 million compared to $0.8 million in the corresponding period in 2013. EBITDA in 2014 was $18.5 million compared to a loss before interest, taxes, depreciation and amortization of $7.0 million in 2013. These changes were due primarily to the same factors affecting the gross loss, except for depreciation which is excluded from earnings (loss) before interest, taxes, depreciation and amortization. Also impacting EBITDA in 2014 was a $0.6 million (2013 - $2.0 million) write-down related to the closure of the reverberatory furnace, which was excluded from gross loss.

Loss before income taxes

Loss before income taxes during the fourth quarter and twelve months of 2014 was $5.5 million and $9.0 million, respectively, compared to $4.3 million and $22.7 million in the corresponding periods in 2013.

The following table summarizes the key drivers affecting (loss) earnings before income taxes:

($ millions) **Ended December 31,**	**Three Months**	**Twelve Months**
Loss before income taxes - 2013	**(4.3)**	**(22.7)**
Higher volumes of concentrate smelted	4.7	23.5
Weaker ZAR	1.8	9.3
Higher toll rates	0.6	8.6
Higher operating expenses(1)	(5.8)	(13.9)
Higher depreciation	(1.6)	(10.5)
Higher stockpile interest	(1.7)	(3.1)
Other	0.8	(0.2)
Loss before income taxes - 2014	**(5.5)**	**(9.0)**

1) *Excludes impact of foreign exchange and depreciation.*

Capital expenditures

Capital expenditures during the fourth quarter and twelve months of 2014 were $16.4 million and $130.4 million, respectively, compared to $26.8 million and $139.8 million in the corresponding periods in 2013. The quarter over quarter decrease was due primarily to the completion of several projects designed to capture fugitive emissions in December 2013 and a lower rate on spending for the acid plant. The year over year decrease was due primarily to the completion of several projects designed to capture fugitive emissions in December 2013 and lower spending on sustaining capital expenditures, partially offset by increased spending on the acid plant. Refer to the "Development and Other Major Projects" section of this MD&A for a more detailed discussion of Tsumeb's major capital projects.

REVIEW OF CORPORATE AND OTHER SEGMENT RESULTS

The corporate and other segment results include corporate administrative costs, exploration and development projects, and other income and cost items that do not pertain directly to an operating segment. The following table summarizes the Company's corporate and other segment results for the periods indicated:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Financial Highlights				
General and administrative expenses, excluding depreciation[1]	**(3,477)**	(4,037)	**(31,193)**	(28,106)
Exploration expenses[2]	**(1,265)**	(4,371)	**(7,153)**	(16,992)
Other (expense) income[3]	**(863)**	280	**(2,160)**	(309)
Adjusted loss before interest, taxes, depreciation and amortization	**(5,605)**	(8,128)	**(40,506)**	(45,407)

1) *Includes expenses related to Avala and Dunav of $0.3 million and $2.2 million (2013 - $0.6 million and $3.2 million) during the fourth quarter and twelve months of 2014, respectively.*
2) *Includes expenses related to Avala and Dunav of $0.7 million and $4.8 million (2013 - $3.4 million and $14.5 million) during the fourth quarter and twelve months of 2014, respectively.*
3) *Excludes impairment losses, net losses on Sabina special warrants, unrealized gains and losses on derivative contracts entered to hedge a portion of future production and gains on the Company's equity settled warrants.*

General and administrative expenses

General and administrative expenses, excluding depreciation, of $31.2 million during 2014 were $3.1 million higher than the corresponding period in 2013 due primarily to higher performance-based compensation.

Exploration expenses

Exploration expenses during the fourth quarter and twelve months of 2014 were lower than the corresponding periods in 2013 due primarily to decreased exploration activities in Serbia. Refer to the "Exploration" section of this MD&A for a more detailed discussion of the Company's exploration activities.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2014, the Company had cash and cash equivalents of $36.3 million, including Avala's cash of $2.4 million, and investments at fair value of $8.2 million.

The Company's liquidity is impacted by several factors which include, but are not limited to, gold, copper, zinc and silver market prices, production levels, capital expenditures, operating cash costs, interest rates and foreign exchange rates. These factors are monitored by the Company on a regular basis. At December 31, 2014, $165 million of the Company's $275 million committed long-term RCF was undrawn, which, together with cash currently being generated from operations and its cash and cash equivalents, continues to provide sufficient liquidity and cash resources to meet the Company's current operating requirements, as well as all contractual commitments, mandatory principal repayments and non-discretionary capital expenditures. The Company may, from time to time, raise additional capital to ensure it maintains its financial strength and has sufficient liquidity to support its discretionary growth capital projects and the overall needs of the business.

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

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Cash provided from operating activities, before changes in non-cash working capital	**39,029**	24,406	**85,648**	88,249
Changes in non-cash working capital	**8,658**	15,902	**12,431**	11,257
Cash provided from operating activities	**47,687**	40,308	**98,079**	99,506
Cash used in investing activities	**(22,819)**	(34,624)	**(173,654)**	(209,405)
Cash (used in) provided from financing activities	**(11,122)**	10,056	**63,000**	37,235
Increase (decrease) in cash and cash equivalents	**13,746**	15,740	**(12,575)**	(72,664)
Cash and cash equivalents at beginning of period	**22,546**	33,127	**48,867**	121,531
Cash and cash equivalents at end of period	**36,292**	48,867	**36,292**	48,867

Cash and cash equivalent balances as at December 31, 2014 of $36.3 million were $12.6 million lower than the corresponding period in 2013. The primary factors impacting these cash flow movements are summarized below.

Operating Activities

Cash provided from operating activities in the fourth quarter of 2014 of $47.7 million was $7.4 million higher than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and higher proceeds from the settlement of derivative commodity contracts, partially offset by an unfavourable change in non-cash working capital. Cash provided from operating activities in 2014 of $98.1 million was $1.4 million lower than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA, partially offset by lower income taxes paid and higher proceeds from the settlement of derivative commodity contracts.

The decrease in non-cash working capital in the fourth quarter of 2014 of $8.6 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers, partially offset by an increase in inventories due to the timing of shipments. The decrease in non-cash working capital in the fourth quarter of 2013 of $15.9 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and an increase in accounts payable as a result of the timing of payments.

The decrease in non-cash working capital in 2014 of $12.4 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts from customers and a decrease in inventories, partially offset by a decrease in accounts payable as a result of the timing of payments. The decrease in non-cash working capital in 2013 of $11.3 million was due primarily to a decrease in accounts receivable as a result of the timing of receipts and a decrease in concentrate inventories, partially offset by a decrease in accounts payable as a result of the timing of payments.

Cash provided from operating activities, before changes in non-cash working capital, during the fourth quarter of 2014 of $39.0 million was $14.6 million higher than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and higher proceeds from the settlement of derivative commodity contracts. Cash provided from operating activities, before changes in non-cash working capital, during 2014 of $85.6 million was $2.6 million lower than the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA, partially offset by lower income taxes paid and higher proceeds from the settlement of derivative commodity contracts.

Investing Activities

Cash used in investing activities in the fourth quarter and twelve months of 2014 of $22.8 million and $173.6 million, respectively, was $11.8 million and $35.7 million lower than the corresponding periods in 2013 due primarily to lower capital expenditures and lower proceeds from the sale of short-term investments in the fourth quarter of 2014 relative to the corresponding period in 2013.

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

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Chelopech	**4,262**	8,611	**25,503**	42,609
Kapan	**2,658**	5,622	**15,661**	17,096
Tsumeb	**14,337**	26,466	**125,187**	137,545
Krumovgrad	**1,673**	6,373	**8,519**	14,911
Other	**39**	163	**264**	812
Total cash capital expenditures	**22,969**	47,235	**175,134**	212,973

Cash outlays for capital expenditures in the fourth quarter of 2014 were lower than the corresponding period in 2013 due primarily to lower rates of spending on both the Krumovgrad project and the acid plant project at Tsumeb, and the completion in December 2013 of several projects designed to capture fugitive emissions at Tsumeb. Cash outlays for capital expenditures in 2014 were lower than 2013 due primarily to the completion in December 2013 of several projects designed to capture fugitive emissions at Tsumeb, a lower rate of spending on the Krumovgrad project and the completion in the first quarter of 2014 of the pyrite recovery project at Chelopech, partially offset by increased construction activities at Tsumeb related to the acid plant.

Proceeds from the sale of short-term investments in the fourth quarter of 2014 totalled $nil compared to $12.5 million in the fourth quarter of 2013. Proceeds from the sale of short-term investments in 2014 totalled $0.9 million compared to $0.8 million in 2013. Short-term investments include bankers' acceptances, guaranteed investment certificates and/or other highly rated money market instruments with original maturities between three months and one year at the time the investment is made.

During 2013, restricted cash posted as collateral decreased by $2.5 million as a result of reduced collateral requirements in connection with outstanding derivative contracts, partially offset by an increase of $1.8 million for collateral provided in connection with power consumption at Tsumeb.

Financing Activities

Net cash used in financing activities in the fourth quarter of 2014 was $11.1 million compared to net cash provided from financing activities of $10.0 million in the corresponding period in 2013 due primarily to the scheduled principal repayments related to the Term Loans. In the fourth quarter of 2014, there was no drawdown of the Company's RCF, whereas in the fourth quarter of 2013, $20.0 million was drawn under the RCF.

Cash provided from financing activities in 2014 was $63.0 million compared to $37.2 million in the corresponding period in 2013 due primarily to a drawdown of the Company's RCF, partially offset by scheduled principal repayments related to the Term Loans and Tsumeb loan. In 2014, $90.0 million was drawn under the RCF compared to $20.0 million in 2013.

Financing fees on debt of $0.1 million (2013 - $nil) and $2.8 million (2013 - $3.8 million) paid in the fourth quarter and twelve months of 2014, respectively, consisted of up-front fees, financial advisory, structuring and legal costs directly associated with the Company's financing activities, including the extension of and other amendments to the Term Loan (as defined herein) and RCF.

Interest paid of $2.4 million and $7.5 million during the fourth quarter and twelve months of 2014, respectively, compared to $1.4 million and $5.7 million in the corresponding periods in 2013. These increases were due primarily to increased debt levels in the fourth quarter and twelve months of 2014 relative to the corresponding periods in 2013.

Repayments of finance lease obligations totalled $0.5 million and $2.2 million during the fourth quarter and twelve months of 2014, respectively, and were comparable to the repayments made in the corresponding periods in 2013.

Repayments of debt totalled $8.1 million and $16.6 million during the fourth quarter and twelve months of 2014, respectively, compared to $8.5 million and $17.8 million in the corresponding periods in 2013.

On May 9, 2013, DPM shareholders and warrant holders approved a warrant incentive program to encourage early exercise. Under this incentive program, each whole warrant entitled the holder to purchase one common share at a reduced price of Cdn$2.85 during a period of 30 days commencing on

May 10, 2013. In the second quarter of 2013, 12.7 million of DPM's warrants were exercised during the early exercise period resulting in gross proceeds of $35.3 million.

Proceeds from shares issued by Avala and Dunav totalled $24.8 million in 2013, of which $11.2 million was issued to non-controlling interests.

Financial Position

$ thousands **As at,**	**December 31, 2014**	December 31, 2013	**Increase/ (Decrease)**
Cash and cash equivalents	**36,292**	48,867	**(12,575)**
Short-term investments	**-**	940	**(940)**
Inventories, accounts receivable and other current assets	**102,511**	112,976	**(10,465)**
Investments at fair value	**8,228**	17,779	**(9,551)**
Non-current assets, excluding investments at fair value	**833,121**	807,221	**25,900**
Total assets	**980,152**	987,783	**(7,631)**
Current liabilities	**63,604**	85,170	**(21,566)**
Non-current liabilities	**212,642**	151,135	**61,507**
Equity attributable to common shareholders	**702,010**	745,172	**(43,162)**
Non-controlling interests	**1,896**	6,306	**(4,410)**

Cash and cash equivalents decreased by $12.6 million to $36.3 million in 2014 due primarily to elevated growth capital expenditures at Tsumeb, lower volumes of payable metals in concentrate sold and lower metal prices, partially offset by higher volumes of concentrate smelted and toll rates at Tsumeb. Inventories, accounts receivable and other current assets decreased by $10.5 million to $102.5 million due primarily to a decrease in accounts receivable as a result of the timing of receipts, partially offset by an increase in other current assets related to the fair value gain on outstanding derivative commodity contracts. Investments at fair value decreased by $9.6 million to $8.2 million due to the decrease in the fair value of the Company's Sabina holdings. Non-current assets, excluding investments at fair value, increased by $25.9 million to $833.1 million due primarily to the capital investments made at Tsumeb, Chelopech, Kapan and Krumovgrad, partially offset by depreciation and impairment losses in respect of exploration and evaluation assets and property, plant and equipment recognized in 2014.

Current liabilities decreased by $21.6 million to $63.6 million in 2014 due primarily to a decrease in accounts payable related to the timing of payments and a decrease in equity settled warrants as a result of the year over year decrease in DPM's share price. Non-current liabilities increased by $61.5 million to $212.6 million due primarily to a drawdown of $90.0 million under the RCF in 2014, partially offset by mandatory debt repayments. Equity attributable to common shareholders decreased by $43.2 million to $702.0 million due primarily to the impairment losses recognized in 2014.

Contractual Obligations

The Company has the following minimum contractual obligations as at December 31, 2014:

$ thousands	**up to 1 year**	**1 – 5 years**	**over 5 years**	**Total**
Debt	16,250	142,500	-	**158,750**
Finance lease obligations	3,149	10,019	13,982	**27,150**
Capital commitments(1)	47,225	2,385	-	**49,610**
Purchase obligations	5,865	-	-	**5,865**
Operating lease obligations	1,981	1,949	2,352	**6,282**
Other obligations	202	32	24	**258**
Total contractual obligations	**74,672**	**156,885**	**16,358**	**247,915**

1) Includes capital commitments of $40.0 million related to the construction of a new acid plant at Tsumeb.

Debt

As at December 31, 2014, the Company's total debt was $158.8 million, of which $48.8 million related to the Company's Term Loans and $110.0 million to the Company's RCF. As at December 31, 2014, the Company's total debt, as a percentage of total capital, was 18% (December 31, 2013 – 10%). The Company's total debt, net of cash, cash equivalents and short-term investments, as a percentage of total capital, was 15% (December 31, 2013 – 4%). As at December 31, 2014, the Company was in compliance with all of its debt covenants.

Term Loans

On February 14, 2013, DPM repaid its $81.25 million of Chelopech term loans utilizing proceeds of equal value from its new secured term loans ("Term Loans") with the existing lenders of the Chelopech loans.

The Term Loans are repayable in 10 equal semi-annual installments, which commenced June 2013, and incurred interest at a rate equal to the three month U.S. Dollar LIBOR plus 3.25% prior to June 2013, when the completion of the Chelopech mine and mill expansion was certified, and bears interest at a rate equal to the three month U.S. Dollar LIBOR plus 2.80% thereafter until maturity. The Term Loans are supported by pledges of the Company's investments in Krumovgrad, Chelopech, Kapan and Tsumeb and by guarantees from each of these subsidiaries.

In February 2014, the Term Loans were amended to modify certain terms in anticipation of moving forward with the Krumovgrad Gold Project. The Term Loans contain financial covenants (the "Financial Covenants") that require the Company to maintain: (i) a debt leverage ratio (funded net debt to adjusted EBITDA, as defined in the Term Loans agreement) below 3.5:1 (below 4.0:1 during any period in which Krumovgrad construction is in progress), (ii) a current ratio (including the unutilized credit within the $150.0 million tranche of the RCF in current assets and excluding equity settled warrants from current liabilities) of greater than 1.5:1, and (iii) a minimum net worth of $500.0 million plus 50% of ongoing annual net earnings.

As at December 31, 2014, the Term Loans had an outstanding balance of $48.8 million.

Tsumeb Loan

Tsumeb had an unsecured loan from Louis Dreyfus Commodities Metals Suisse SA ("LDC") which bore interest at a rate equal to the three month U.S. Dollar LIBOR plus 4%. This loan was repayable in 12 equal quarterly installments commencing June 1, 2011. As at December 31, 2014, this loan had been fully repaid.

Credit Agreements and Guarantees

Chelopech

Chelopech has a $16.0 million multi-purpose credit facility that matures on November 30, 2015. 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 December 31, 2014, $4.0 million (December 31, 2013 – $5.0 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech also has a Euro 21.0 million ($25.5 million as at December 31, 2014 and $28.9 million as at December 31, 2013) bank issued letter of guarantee to support the Chelopech mine closure and rehabilitation plan, which is posted with the Bulgarian Ministry of Economy, Energy and Tourism. This letter of guarantee matures on November 15, 2015 and is guaranteed by DPM.

DPM

On February 15, 2013, DPM established a new $150.0 million RCF with a consortium of six banks.

In February 2014, the RCF was amended to extend its term by one year and to modify certain terms to align with amendments made to the Term Loans. In June 2014, DPM increased the RCF by $125.0 million to $275.0 million with the six original banks and one new lender. The expanded RCF is comprised of a $150.0 million (previously $125.0 million) tranche maturing in February 2017, a $45.0 million (previously $25.0 million) tranche maturing in February 2019, and a new $80.0 million tranche maturing in July 2019 that has quarterly reductions of $4.0 million beginning in the third quarter of 2016.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn upon and the Company's debt leverage ratio (funded net debt to adjusted EBITDA), as defined in the RCF agreement. The RCF contains the same financial covenants and shares in the same security package as the Term Loans. As at December 31, 2014, the Company was in compliance with all financial covenants and $110.0 million was drawn under the RCF.

Outstanding Share Data

DPM's common shares and share purchase warrants are traded on the TSX under the symbols DPM and DPM.WT.A, respectively. As at February 12, 2015, 140,575,783 common shares were issued and outstanding.

As at February 12, 2015, 7,733,664 warrants with an expiry date of November 20, 2015 were outstanding. Each whole warrant entitles the holder to purchase one common share at a price of Cdn$3.25.

DPM also has 5,977,802 stock options outstanding as of the date of this MD&A with exercise prices ranging from Cdn$3.05 to Cdn$10.33 per share (weighted average exercise price – Cdn$6.56 per share).

Other

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

FINANCIAL INSTRUMENTS

Investments at fair value

As at December 31, 2014, the Company's investments at fair value were $8.2 million, the vast majority of which related to the value of its investment in Sabina common shares and special warrants.

The fair value of the Sabina Series B special warrants, including significant assumptions, is detailed in note 6 (a) to DPM's consolidated financial statements for the year ended December 31, 2014.

As at December 31, 2014, DPM held: (i) 23,539,713 common shares of Sabina or 12.1% of the outstanding common shares (fair value of Cdn$12.7 million), of which 5,000,000 common shares were issued to DPM upon the automatic exercise of its 5,000,000 Series A special warrants on October 7, 2013, when Sabina made the decision to proceed with a feasibility study on all or part of the Back River project and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the project or upon the occurrence of certain other events. Each of the Series B special warrants is exercisable for a period of 35 years into one common share.

The Sabina common share purchase warrant component of the Series B special warrants and the 2,500,000 common share purchase warrants, which were issued to DPM upon the automatic exercise of its Series A special warrants on October 7, 2013, expired on June 9, 2014. As a result, the fair value of these common share purchase warrants was reduced to $nil.

As at December 31, 2014, the estimated fair value of the Series B special warrants was $1.2 million (2013 - $2.6 million). Refer to the "Risks and Uncertainties" section of the Company's MD&A for the year ended December 31, 2014 for a discussion on the risks related to the Company's investment portfolio.

For the three and twelve months ended December 31, 2014, the Company recognized unrealized losses on the Sabina warrants and special warrants of $0.7 million (2013 – $0.7 million) and $0.9 million (2013 – $19.2 million), respectively. The Company also recognized a loss of $0.5 million (2013 – $nil) on the expiration of the Sabina common share purchase warrants for the year ended December 31, 2014.

For the three and twelve months ended December 31, 2014, the Company recognized impairment losses of $4.5 million (2013 – $nil) and $19.3 million (2013 – $0.5 million), respectively, on its publicly traded securities, relating primarily to Sabina common shares, due to the significant and prolonged decline in the fair value of these publicly traded securities. A portion of these unrealized losses were previously recognized in accumulated other comprehensive loss and were transferred and recognized in other expense.

Derivative commodity contracts

The Company enters into cash settled derivative contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices in order to reduce the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales ("QP Hedges"). As at December 31, 2014, the Company had outstanding derivative contracts in respect of this exposure as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	27,180 ounces	$1,196.93/ounce
Payable copper	18,838,478 pounds	$3.00/pound
Payable silver	154,925 ounces	$16.31/ounce
Payable zinc	1,025,148 pounds	$0.96/pound

The Company also enters into cash settled derivative contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices in order to reduce its by-product metals price exposure ("Production Hedges"). As at December 31, 2014, the Company had outstanding derivative contracts in place to provide price protection on a portion of its 2015 projected payable copper production as summarized in the table below:

Year of projected payable copper production	Volume hedged (pounds)	Average fixed price of Production Hedges ($/pound)
2015	37,787,099	3.23

The Company also entered into cash settled derivative contracts to swap future contracted monthly average gold prices for fixed prices to hedge the payable gold in its pyrite concentrate production contracted to be sold in 2015 and 2016 ("Pyrite Production Hedges"). As at December 31, 2014, the Company had outstanding derivative contracts in respect of this exposure as summarized in the table below:

Year of projected payable gold production	Volume hedged (ounces)	Average fixed price of Pyrite Production Hedges ($/ounce)
2015	30,500	1,233.42
2016	5,000	1,218.13
	35,500	1,231.26

As at December 31, 2014, the fair value gain on all outstanding derivative commodity contracts was $19.1 million (December 31, 2013 – loss of $1.2 million), of which $19.0 million (December 31, 2013 – $3.8 million) was included in other current assets, $0.03 million (December 31, 2013 – $2.3 million) in accounts payable and accrued liabilities, $0.1 million (December 31, 2013 – $0.7 million) in other long-term assets and $nil (December 31, 2013 – $3.4 million) in other long-term liabilities.

Unrealized gains and losses on these contracts were calculated based on the corresponding LME forward copper and zinc prices and New York Commodity Exchange forward gold and silver prices. For the three and twelve months ended December 31, 2014, the Company reported unrealized gains on these contracts of $3.9 million (2013 – $2.6 million) and $20.3 million (2013 – unrealized losses of $2.9 million), respectively, in other expense. The Company also reported realized gains on the settlement of certain of these derivative contracts of $7.2 million (2013 – $1.8 million) and $12.1 million (2013 – $5.9 million) in other expense for the three and twelve months ended December 31, 2014, respectively.

Approximately 90% of the Company's expected copper production for 2015 has been hedged at an average price of $3.21 per pound. The Company's reported earnings are exposed to unrealized mark-to-market gains and losses from future price movements during the term of the forward sales contracts.

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

EXPLORATION

Chelopech

In 2014, an intensive underground exploration diamond drilling program of 44,350 metres was conducted, including 23,636 metres of grade control and 20,714 metres of capital drilling. The focus of this work was to replace and increase the Mineral Resources and Mineral Reserves. Key areas explored were Chelopech North, along strike of Block 19, down plunge of Block 151 and an area south of Block 149. These areas were systematically defined through geological review and identified as having the highest potential for delivering reserves to the life of mine plan. In doing so, new small economic discoveries were defined south of Block 149 and north of Block 19. A new mobile rig was bought in 2014 and reached its full capacity in the third quarter of 2014, resulting in the improvement of the grade control process on site.

Chelopech North exploration continued to focus on Block 19E area, where drilling to date indicates potential to extend existing economic mineralization to the northeast and northwest. An independent exploration drive has been developed from the 350 level to improve access to this area. 20,524 metres of drilling was conducted from three drilling positions in Block 19. Exploration drilling to the northeast and northwest of Block 19 defined extensions to the mining block. Further grade control drilling during 2014 has defined supplementary economic mineralization proximal to the current mining area.

A new small mineralized zone was discovered 180 metres to the north of the main high grade zone of Block 19, and consists of multiple high grade intersections with the best hole being EXT19E_200_09-13.5m@1.66%Cu, 34.58g/t Au. This target remains open above and below plunge with a current strike length of 50 metres, depth of 60 metres and width of 9 metres. Mineralization is structurally controlled, massive and comprising high grade copper and gold. Drilling will continue to the north in 2015 in order to define economic mineralization and to improve the ongoing development of the geological model in this area.

Block 151 drilling continued to define the extents of mineralization along strike. Earlier extensional drilling identified several high grade zones, most notably the area situated close to the southeast contact of the block (from 320 mRL to 220 mRL), on the northwest boundary of Block 151 (from 400 mRL to 320 mRL) and at depth under known economical mineralization in silica envelope (from 60 mRL to 0 mRL). Infill drilling of these areas confirmed and extended the extents of high grade mineralization. The silica alteration envelope and mineralized zone at depth were also redefined. Drilling continues to determine the continuity of mineralization and convert this discovery into Mineral Reserves. The mineralization of Block 151 is open in depth and drilling will continue with the planned “Deep Drilling Program” in 2015.

A new small economic discovery was defined to the south of Block 149. This mineralization, named Block 149 South, displays a typical Chelopech style of stockwork mineralization comprising of pyrite, enargite and luzonite, hosted within a silica envelope. The block currently remains open at depth to the east and west, extends 70 metres along strike, has an average width of 12 metres and down plunge extent of 100 metres. The drilling at Block 149 South will continue in 2015 to define the boundaries in more detail. Metallurgical evaluation of Block 149 South demonstrated it to be of economic significance under the current processing flow sheet.

The medium term mineral resource development strategy for Chelopech has been planned, with the focus being on drilling the northeast and northwest parts of the deposit footprint as well as the Block 151 Deep Drilling Program. Other key plans include:

- the exploration of the zone located to the northeast of Block 19, which is considered to have high potential for expanding the existing economic mineralization along strike;
- extensional drilling to the north of Block 19 in order to define a small mineralized zone, which was discovered during 2014. In doing so, the program will test the area for similar steeply dipping, structural controlled high grade mineralization and to improve the ongoing development of the geological model in this area;
- the “Deep Drilling Program” under Block 151, which remains open at depth, will commence in 2015 to define the extension of the mineralization below the existing mine level;
- during 2015, extensional drilling will focus on the area situated northwest of Block 151 and west of Blocks149/149 South. This area has been tested using a wide spaced drill

pattern to date. A single high grade intercept that aligns with known structural trends indicates this area may have untested mineralization; and

- the infill drilling of Block 149 South will continue in order to define the shape and size of the economic mineralization.

Significant intercepts (gold equivalent ("AuEq") cut-off grade of 3g/t) received during 2014:

Hole ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEQ (g/t)	Au (g/t)	Ag (g/t)	Cu (%)
EXT19E_200_09	6052	29816	202	3.8	-18.4	280.8	294.0	14.0	37.99	34.58	62.25	1.66
G19E_350_04	5916	29943	355	229.9	-23.5	55.5	70.5	15.0	4.05	1.94	10.46	1.02
G151_195_42	5424	29326	194	162.8	-28.2	39.0	64.5	25.5	4.25	2.42	5.76	0.89
G151_195_43	5425	29326	194	162.2	-15.6	42.0	67.4	30.0	9.53	6.67	7.18	1.38
G151_195_44	5424	29326	195	161.7	-3.5	69.0	76.5	7.5	3.08	1.81	5.79	0.95
EXT19E_200_22	6054	29814	202	55.1	-25.8	33.0	69.0	24.0	19.89	14.25	35.31	2.74
EXT19E_200_25	6053	29815	202	27.6	-22.2	97.5	124.5	26.5	10.63	21.52	25.58	2.82
EXT19E_200_27	6054	29814	202	35.9	-30.8	108.0	132.5	22.5	8.87	7.75	10.74	0.55
G19E_350_08	5916	29944	355	256.1	-20.7	114.0	157.5	45.0	4.54	4.04	8.43	0.24
G19E_350_09	5916	29944	355	256.3	-31.3	106.5	133.5	22.5	3.50	2.57	6.54	0.45
G19E_350_11	5915	29944	355	257.0	-11.3	115.5	178.5	60.0	7.63	5.42	6.88	1.08
EXT149_225_39	5516	29789	223	130.1	-9.8	35.3	48.0	12.5	3.56	2.22	4.79	0.65
EXT149_225_40	5516	29788	222	129.6	-31.3	57.0	100.5	38.0	5.43	3.78	4.44	0.80
EXT149_225_41	5516	29789	221	130.0	-47.3	168.0	186.0	14.0	4.55	3.75	17.83	0.48
G19E_290_05	6054	29781	289	304.5	-6.8	32.0	147.0	114.8	3.69	2.43	9.61	0.61
G151_55_01	5685	29304	58	138.9	-54.3	10.5	43.5	24.5	4.86	2.66	4.89	1.07
G151_55_02	5685	29304	58	137.3	-36.1	36.0	69.0	27.6	3.61	2.01	4.06	0.78
G151_300_20	5627	29198	301	251.6	-6.2	29.2	64.5	35.4	4.97	3.27	7.68	0.82
G151_300_22	5626	29198	300	251.4	-34.7	27.0	79.5	48.4	4.24	2.54	9.07	0.82
G151_400_20	5293	29330	394	99.0	-56.8	22.5	58.5	18.5	6.72	4.80	30.28	0.94
G151_400_21	5292	29329	394	130.3	-50.3	1.5	64.5	24.0	5.93	4.77	8.93	0.56
G151_300_27	5626	29199	302	262.5	7.9	39.0	115.5	75.0	3.67	2.35	6.19	0.64
G151_300_28	5626	29197	300	239.9	-35.6	24.0	57.0	30.0	5.40	3.70	9.42	0.83
G151_55_06	5685	29302	59	155.9	-30.7	3.0	58.5	37.0	3.86	2.02	5.33	0.89
EXT149_225_46	5516	29788	222	145.5	-32.0	57.0	114.0	33.0	6.29	0.95	4.33	7.92

1) *Significant intercepts are located within the Chelopech Mine Concession and proximal to the mine workings.*
2) *AuEq calculation is based on the following formula: (Au g/t + 2.06xCu%).*
3) *Minimum downhole width reported is 1.5 metres with a maximum internal dilution of 4.5 metres.*
4) *Drill holes with prefix G indicate grade control drilling which is performed using BQ diamond drill core. All other holes are drilled with NQ diamond core.*
5) *Coordinates are in mine-grid.*
6) *No factors of material effect have hindered the accuracy and reliability of the data presented above.*
7) *No upper cuts applied.*
8) *For detailed information on drilling, sampling and analytical methodologies refer to the NI 43-101 Technical Report entitled "Mineral Resource and Reserve Update Chelopech Project" filed on SEDAR at www.sedar.com on March 31, 2014.*

Sampling and Analysis

All drill cores are sampled in intervals up to a maximum of three metres, with 1.5 metre sample intervals being the common length within mineralized zones. The dimensions of the mineralized zones far exceed the standard sample length. Two sizes of core are drilled; NQ for exploration and BQ for development drilling. NQ core is cut by diamond saw, with half core samples submitted for assaying and the residual half core is retained in iron core trays. BQ core samples are submitted for analysis as a whole core. All drill cores are photographed prior to cutting and/or sampling. Following DPM exploration standard procedures, a full suite of field and laboratory duplicates and replicates along with internationally accredited standards are submitted with each batch of samples. Diamond drill core is prepared and assayed at the SGS managed laboratory at Chelopech in Bulgaria. Samples are routinely assayed for copper, gold, silver, sulphur, arsenic, lead and zinc.

Sample tickets are entered into the bags with a numbering system, which reconciles sample and assayed results in the acQuire database. The average core recovery within the modeled resource constraints is 98.5% and 92% in waste. The weight of a core sample varies between three and seven kilograms.

Brownfields Exploration - Chelopech Concession and Sveta Petka Exploration Licence

During the fourth quarter of 2014, approximately 4,260 metres of historical core was re-logged, bringing the total core re-logged in 2014 to over 41,000 metres. Interpretation and improvements to the understanding of stratigraphy, alteration and controls on mineralization are on-going. The re-logging program is expected to continue throughout 2015.

Surface diamond drilling, targeting both high sulphidation epithermal and porphyry targets, started in mid-December 2014. A total of 296 metres was drilled by the end of the year. Preparations for drilling are underway with the underground program expected to begin in March 2015.

Kapan

In 2014, the underground diamond drilling program at Shahumyan mine focused on mineral resource development in the southern, central and northern sections. The drilling was designed to replace and reclassify resources and reserves as well as extend known veins zones. A total of 10,405 metres and 42,054 metres of underground diamond drilling was completed in the fourth quarter and twelve months of 2014, respectively. In the fourth quarter of 2014, 18% of the drilled metres were from South Section, 38% were drilled in the central sections and 44% in the north section of the mine.

In the Central Shahumyan, section 21 holes were drilled by Rig08. 14 holes were drilled from level 748 crosscut #03N, testing veins 22, 37, 38, 102, 103, 104, 105, 106, 99 and 44. The remaining seven holes were drilled from level 775 connection crosscut testing veins 16, 57, 57_1 and western part of vein 22. The main target zones for this drilling campaign have been veins 22 and 37, which have been recognized by planning engineers as high priority targets for development. Drilling results to date have returned excellent grades over economic widths. Geologic continuity is good, making these veins attractive targets for the short term mine plan.

In the Northern Shahumyan section, 30 holes were drilled by Rig07. Twenty seven holes were drilled from level 740 cuddies to north and south, testing veins 35, 35a, 35b, 5n, 5n_2, 109, 110 and 111. Extension drilling in proximity to the vein 35 zone has extended the known strike length of veins 35a & 35b by approximately 100 metres. The extensions can be characterized as 0.5 metres to 2 metres wide polymetallic veins comprising of massive to semi-massive sulphide within a large zone of lower grade mineralization. The extension is significant to the short term mine plan as it is close to current development. Drilling in this zone will continue in the first quarter of 2015. Close-spaced resource definition drilling continues to delineate veins 109, 110 and 111, which were discovered in 2011 during surface drilling programs. To date, results confirm the mineralization continuity of these veins. This zone is still only partially explored with possible extensions to the east in the area around the central fault zone and to the west, proximal to the Barabatoom fault.

In the South Section of Shahumyan Mine, 14 holes were drilled. All were collared from level 703 crosscut #01. The targeted vein was 27, which is recognized as being a vein of economic significance located close to current development. Results to date from this program have been very encouraging, outlining the target vein as well as other parallel mineralized structures.

The next six months of drilling have been planned and scheduled, with the focus being on infill drilling of vein zones 35a, 35b, 48, 109, 110, 111 in North section, vein zones 16, 34, 62, 40 in Central section and vein zones 27, 28 in South section. Other priority targets for resource development drilling include:

- V17, V20 below L640, V46, V50 drilling. These veins' extensions still remain open and follow-up drilling is required; and

- Wider spaced drilling to confirm the continuity on the flanks of veins 35b, 37 and 22. These areas are thought to have good potential for defining ore zones based on results received from infill drilling in the central part of these ore bodies.

Significant intercepts (AuEq cut-off grade of 3.5 g/t, minimum interval 2 m, maximum internal dilution 1 m) received during 2014:

HOLE ID	EAST	NORTH	RL	AZ	DIP	FROM	TO	True Width (m)	AuEQ (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
E703CW013	8623821	4343345	702	346.9	-26.0	44.0	46.0	1.90	4.42	2.56	35.48	0.62	1.19
E703CW016	8623822	4343345	702	353.1	-60.8	119.0	121.0	1.75	4.81	2.17	36.62	0.91	2.38
E703V2011	8623907	4342920	702	213.9	-21.0	137.0	139.0	1.80	10.77	7.35	133.00	0.39	0.86
E712DW034	8623803	4343171	713	152.7	-31.2	120.7	123.0	2.20	15.72	15.07	8.43	0.30	0.36
E712DW042	8623800	4343171	713	187.0	-51.7	119.0	121.0	1.00	6.52	4.83	82.55	0.02	0.05
E712DW050	8623802	4343172	715	215.6	-41.8	50.0	52.0	1.70	7.15	5.66	61.15	0.01	0.73
E712DW057	8623799	4343172	713	236.7	-45.4	139.0	142.0	2.20	18.92	14.77	181.30	0.20	0.83
E712DW059	8623799	4343172	713	243.0	-20.7	134.0	138.0	3.50	24.81	20.13	187.70	0.19	2.06
E712DW059	8623799	4343172	713	243.0	-20.7	141.0	143.0	1.90	4.00	3.04	30.25	0.03	0.94
E712DW060	8623799	4343172	713	243.0	-30.3	132.7	135.9	3.20	42.53	31.31	395.20	0.89	6.61
E740DC2004	8623152	4344536	740	45.0	-38.3	42.0	45.0	3.00	4.64	1.41	73.50	0.71	2.66
E740DC2S002	8623149	4344520	741	171.9	11.2	42.0	45.7	3.20	10.10	5.43	163.95	0.54	2.18
E740DC2S004	8623149	4344523	739	169.7	-20.2	88.0	90.0	1.20	4.45	2.37	84.55	0.28	0.17
E740DC2S013	8623151	4344523	742	152.0	14.0	45.0	47.0	1.80	6.06	2.66	122.45	0.08	2.50
E740DC2S014	8623151	4344522	741	152.8	-11.7	51.0	53.0	1.00	7.68	4.75	107.96	0.29	1.25
E740DC2S015	8623151	4344522	741	149.3	-26.7	201.6	204.5	1.00	7.72	4.42	102.93	0.54	1.76
E748CC03011	8623639	4343911	761	2.1	-0.5	60.0	62.5	2.50	22.01	13.81	223.48	0.92	7.72
E748CC03018	8623637	4343911	761	350.8	-11.7	70.0	73.0	3.00	18.10	8.74	325.96	1.79	2.05
E748CC03019	8623638	4343910	760	349.2	-41.7	284.0	286.0	1.88	10.71	6.77	114.34	0.67	2.50
E748CC03025	8623641	4343909	761	58.7	-2.4	62.0	64.0	1.90	25.13	18.22	250.10	0.29	4.60
E748CC03029	8623641	4343909	761	67.5	-14.9	43.0	45.0	2.00	8.45	6.32	56.52	0.49	1.23
E748CC03031	8623636	4343907	761	325.0	-12.1	156.3	159.0	0.90	11.63	3.90	40.16	4.45	4.65
E748V32005	8623201	4344417	740	167.9	-0.8	7.0	9.0	0.50	12.71	8.01	225.90	0.03	0.42
E748V32025	8623199	4344417	739	177.5	-50.5	94.0	96.4	0.40	20.88	10.57	214.21	1.75	11.54
E748V32025	8623199	4344417	739	177.5	-50.5	101.9	104.7	0.50	7.51	4.99	83.39	0.15	1.97
E748V32028	8623200	4344417	739	152.3	-37.8	189.5	193.0	0.90	4.77	2.88	75.39	0.19	0.45
E775V16001	8623498	4343989	774	148.8	-1.1	55.0	57.5	2.30	85.78	75.09	435.66	1.25	1.41
G703V27001	8623926	4343347	703	41.0	25.0	67.0	69.0	0.52	4.51	1.63	61.70	0.06	4.63
G748V30003	8623924	4343612	750	2.3	-23.5	46.0	48.0	1.00	5.63	2.34	106.55	0.77	0.72
G748V30004	8623924	4343612	749	1.3	-48.0	81.5	84.0	1.90	5.87	2.76	86.24	0.80	1.26

1) *Significant intercepts are located within the Shahumyan Mine Concession and proximal to the mine workings.*
2) *AuEq calculation is based on the formula: Au g/t + 0.02xAg g/t + 1.20xCu% + 0.34xZn%.*
3) *Minimum downhole width reported is two metres with a maximum internal dilution of one metre.*
4) *All holes reported are NQ and BQ diamond core.*
5) *Co-ordinates are in Kapan exploration-grid.*
6) *No factor of material effect has hindered the accuracy and reliability of the data presented above.*
7) *No upper cuts applied.*
8) *For detailed information on drilling, sampling and analytical methodologies refer to "NI 43-101 Technical Report – Shahumyan Project Kapan, Republic of Armenia" filed on SEDAR at www.sedar.com on October 8, 2014.*

Sampling and Analysis

All undifferentiated drill core is sampled at a one metre sample interval. Changes in sample intervals are permitted at contacts of veins/mineralized structures with a minimum allowed sample length of 25 centimetres and the maximum of one metre. For veins over one metre, veins are split into equal length samples. After transport to a secure core facility, all cores are marked up systematically for cutting by a diamond saw. HQ and NQ core are cut with care to retain the orientation line. BQ core is sampled whole, while HQ and NQ is routinely sampled on the right hand side with core samples submitted to the SGS managed laboratory facility at Kapan for assaying and the residual half core retained in plastic core trays. Samples are routinely assayed for copper, gold, silver, zinc, lead, sulphur, bismuth, molybdenum, cadmium, antimony and arsenic. All drill cores are photographed wet and dry. Blanked crush and pulp duplicates along with internationally certified standards representing 5% for each sample type, are submitted with each batch of samples. In addition, SGS submits and reports its own standards, blanks and control samples under the C-Class system. Bulk density samples are taken every 20 metres with additional detailed sampling undertaken from within veins and surrounding wallrocks. Point load testing is carried out every five metres.

Near Mine and Regional Exploration

During the first quarter of 2014, near mine diamond drilling tested down-plunge extensions of several high grade gold veins, as well as two conceptual targets based on new structural interpretations. The program consisted of 12 holes totaling 6,011 metres. Significant intersections included 5.00 metres of 12.79 g/t AuEq (Hole SHDDE007 316.00-321.00m; true width estimated to be 3.10 metres) and three one metre intersections with >60 g/t Au Eq (Holes SHDDE002, 003 and 006; further details can be found in the MD&A for the first quarter of 2014).

During the field season, exploration activities included geological mapping, stream sediment sampling, regional soil sampling, trenching and rock sampling. Several new zones of alteration and mineralization were identified, including the Antarashat prospect, a zone of quartz-sericite-pyrite alteration that was mapped along a stream for approximately 150 metres. Channel samples of a gossanous zone, exposed in a nearby road-cut, averaged 1.7 g/t gold over eight metres and is open in both directions.

Follow-up mapping, trenching and scout drilling are planned for 2015. A proposal to drill test the possible western extension of the Shahumyan vein system is being reviewed.

Avala

Given Avala's limited financial resources, minimal field work was conducted in 2014. Efforts during the initial six months of the year were focused on providing support towards the completion by independent consultants of a PEA and an updated Mineral Resource for Avala's 100% owned Timok Gold Project. Refer to Avala's June 20, 2014 press release for details on the PEA results and the updated Mineral Resource estimate, as well as the independent NI 43-101 technical report in support of the PEA and the updated Mineral Resource estimate which were filed on SEDAR on July 15, 2014. Avala also announced in April 2014 an initial Mineral Resource estimate for the Korkan East deposit, part of the Timok Gold Project, which was not included in its PEA.

The Timok Gold Project, a north-trending sediment-hosted gold mineralized belt is located along the western margin of the Timok Magmatic Complex in eastern Serbia. Avala holds a dominant land position in this sediment-hosted gold region. The Timok Gold Project comprises several gold deposits, including Bigar Hill, Korkan, Korkan East and Kraku Pester. To date, Avala has defined gold over a strike length in excess of 30 kilometres.

As a result of the business arrangement with Dunav, whereby Avala acquired 100% of Dunav, Avala has acquired title to the Tulare Copper/Gold Porphyry Project and a number of early stage exploration projects. The Tulare Project comprises several porphyry copper-gold targets including the Kiseljak and Yellow Creek deposits as well as the Bakrenjaca carbonate-base metal gold epithermal vein system. On June 23, 2014, Dunav announced an updated Mineral Resource for the Kiseljak deposit and an initial Mineral Resource for the Yellow Creek deposit. On July 25, 2014, Dunav filed an independent NI 43-101 technical report in support of the updated Mineral Resource estimate for the Kiseljak deposit and the initial Mineral Resource estimate for the Yellow Creek deposit.

During the fourth quarter of 2014, Avala implemented cost reduction measures in Serbia, which included closing one of its two exploration offices and reducing its total workforce to 10 employees. Avala has also undertaken a comprehensive review of all of its mineral projects with a view to develop a near-term work plan. This review has taken into account various factors including the results of all the exploration work conducted to date, Avala's current financial resources and economic conditions for exploration companies. The near-term work plan will include identifying new targets in areas in close proximity to Avala's key properties and evaluating various alternatives for financing exploration activities on one or more of its exploration properties.

Business acquisition

On October 2, 2014, Avala and Dunav completed their plan of arrangement ("Arrangement") whereby Avala acquired Dunav and, as a result, all the outstanding shares and warrants of Dunav were exchanged for Avala shares and warrants, and Dunav became a wholly-owned subsidiary of Avala. Pursuant to the Arrangement, former holders of Dunav common shares received 1.0457 of a common share of Avala for every one Dunav common share held. The outstanding share purchase warrants were exchanged for Avala warrants (the "Replacement Warrants"), adjusted on the basis of the same exchange ratio and otherwise on the same terms and conditions as the original Dunav warrants. To give effect to the Arrangement, Avala issued 181,449,270 common shares and 61,203,803 Replacement Warrants (before the share consolidation described below). The common shares of Dunav were de-listed from the TSXV on October 2, 2014. The common shares of Avala continue to be listed under the symbol AVZ.

On October 9, 2014, following receipt of all necessary consents and approvals, outstanding securities of Avala were consolidated on a 10 pre-consolidation for one post-consolidation basis resulting in 43,594,149 issued and outstanding common shares and 9,863,915 warrants. As at December 31, 2014, DPM held an aggregate of 21,859,120 common shares and 4,939,973 common share purchase warrants of Avala, which represented a 50.1% ownership interest in Avala.

Other

Throughout 2014 DPM continued early stage exploration for epithermal gold-silver and porphyry-related copper-gold deposits on a number of 100% owned licences held by DPM subsidiaries in Bulgaria. These programs involve detailed data reviews, field traverses and systematic rock-chip and channel sampling of all properties, trenching and, in some cases, exploration diamond drilling. Exploration was ongoing at the end of December 2014. In addition, DPM conducted reviews of projects and prospective belts in other parts of the world.

DEVELOPMENT AND OTHER MAJOR PROJECTS

Chelopech - Pyrite Project

The Pyrite Project was implemented to recover up to 400,000 tonnes of pyrite concentrate per year from the mill feed as a separate concentrate product, in addition to the copper concentrate already produced, and was structured to be implemented in two stages. The first stage, Pyrite Recovery, included a new flotation, thickening and filtration installation in the existing mill facility. This stage, which required modest capital expenditure, generates a pyrite concentrate for sale. Commissioning of the circuits was finalized in March 2014 and design throughput tonnages and grades are being met. The Company invested $13.5 million in the Pyrite Recovery project.

The original project scope of the Pyrite Recovery project included the concentrate handling and storage facilities which are now regarded as a separate project. The project cost for the concentrate handling and storage facilities is estimated at $3.7 million, of which $0.4 million has been spent as at December 31, 2014 and $3.3 million is expected to be spent in 2015.

The engineering for the concentrate handling and storage facilities was completed during the second quarter of 2014 and construction and commissioning of the concentrate conveying and train load out facility were completed during the third quarter of 2014. The remaining project implementation will be completed in two phases: (i) facilities for the copper concentrate are expected to be completed in the second quarter of 2015; and (ii) facilities for the pyrite concentrate are expected to be completed in the fourth quarter of 2015. Procurement, fabrication and construction works related to the copper concentrate facilities commenced in the third quarter of 2014 and are ongoing. Civil works commenced during the fourth quarter of 2014 and steel erecting is to commence in early 2015.

The second stage of the Pyrite Project contemplated was the construction of a pressure oxidation process facility ("Pyrite Treatment") to process the pyrite concentrate on-site. Based on the results of the work completed in 2013 to assess the feasibility of the Pyrite Treatment facility, the Company concluded that the estimated return from the Pyrite Treatment component of the Pyrite Project is not sufficiently robust based on estimated capital costs and current market conditions. The Company has therefore deferred the Pyrite Treatment project until market conditions improve or a more favourable capital plan can be developed.

Krumovgrad

The proposed mine site is located at Ada Tepe, approximately three kilometres south of the town of Krumovgrad in southeastern Bulgaria. The project plan contemplates the construction of an open-pit mining operation comprised of a process plant, which will employ conventional crushing, grinding and flotation processing for gold extraction, and the disposal of thickened tailings, together with mine rock waste, in an integrated mine waste facility ("IMWF"). An updated capital cost estimate and optimized mine plan, completed in March 2014, continue to support the construction and operation of this project. The plant is designed to treat up to a maximum of 840,000 tonnes of ore per annum over an eight year mine life, including processing stockpiled low grade ore at the end of the project. The treatment rate is consistent with existing permitting applications and environmental submissions. The "NI 43-101 Technical Report, Ada Tepe Deposit, Krumovgrad Project, Bulgaria" was filed on SEDAR at www.sedar.com on March 28, 2014.

The March 2014 capital cost, excluding sunk costs, was estimated at $164.1 million (stated in 2013 U.S. dollars) and is scheduled to be updated in the second quarter of 2015. Sustaining capital over the life of mine ("LOM") was estimated at $12.5 million. Average annual concentrate production over the LOM is anticipated to be 4,100 tonnes, containing, on average, 85,700 ounces of gold and 38,700 ounces of silver. The average annual gold produced in the first three years is 103,000 ounces. Based on these estimated capital costs and production and assumed gold and silver prices used for financial modelling, of $1,250 per ounce and $23.00 per ounce, respectively, the project has an estimated internal rate of return of 26.3%, and an estimated payback period from start of production of approximately 2.5 years. The average cash cost per ounce of AuEq is estimated at $389 and the average annual EBITDA is estimated to be $65 million.

This capital cost was based on an engineering, procurement and construction management ("EPCM") implementation strategy. An international consultant is currently involved in the delivery of the "EP" component, and DPM's experience in Bulgaria is being used to optimize the detailed engineering, permitting and execution planning of the construction component of the project. The contract for the detailed engineering of the process plant was awarded to AMEC of Perth, Australia, and the contract for the detailed engineering of the IMWF was awarded to Golder, UK.

The European Bank for Reconstruction and Development ("EBRD") acts as environmental agent with respect to the Company's RCF. According to the EBRD's Environmental and Social Policy (2008), and its associated Performance Requirements ("PRs"), a project of this type and scale requires a full Environmental and Social Impact Assessment ("ESIA"). The project underwent a national environmental impact assessment ("EIA") in 2010 and an environmental permit No. 18-8, 11/2011 was issued and entered to force in March 2013. Following an independent review of the EIA reports, the EBRD required a number of supplementary environmental and social studies and documents to meet the EBRD PRs and international good practices. In addition to the EBRD PRs, certain lenders participating in the consortium refer to the Equator Principles and therefore the project also references the International Finance Corporation ("IFC") Performance Standards (2012). The final package of supplementary environmental and social documents was subject to a 60-day disclosure and stakeholder's consultation that ended on February 9, 2015, and is expected to be considered by EBRD's Board in March.

After approval of the terms of reference ("ToR") submitted by the Company in preparation of a detailed development plan ("DDP") on July 7, 2014 by the Krumovgrad Municipal Council ("KMC"), DPM proceeded with the preparation of the DDP.

In August 2014, the draft of the main DDP was submitted to the municipality for public announcement and to the relevant authorities for coordination and preliminary approval. The Company has subsequently received 11 positive coordination letters from the relevant authorities, including the Ministry of Culture.

Part of the project area is currently designated as an Archaeological Immovable Cultural Asset ("AICA"), and the Company is currently in dialogue with the Ministry of Culture for cancellation and removal of this AICA status from the project area. Cancellation of the AICA status is required to allow the Executive

Forestry Agency to approve the re-designation of the land from forestry land to industrial land. This is a critical step in the local land use, land acquisition and construction permitting process and is a prerequisite to allowing construction of the Krumovgrad project to proceed. It is anticipated that the cancellation of the AICA status will occur in the first quarter of 2015.

The ToR of the DDP for the abstraction well was approved by the KMC on November 11, 2014. The draft DDP was submitted to the Municipality for announcement and to the related authorities for coordination. The Company has subsequently received all positive coordination letters from the relevant authorities and a final draft DDP will be submitted to KMC for final approval in the first quarter of 2015.

The Company continues to maintain active dialogue with the municipality, government and other stakeholders to build relationships and work towards securing the required permits to allow construction to proceed. The Company remains confident that the established active dialogue with the KMC will continue through the DDP approval process for the mine site, access road, discharge pipeline and abstraction well, which in turn is expected to facilitate obtaining the remaining local permits and approvals allowing the Krumovgrad project to move forward to construction.

Given the delays previously experienced, DPM has taken steps to limit spending to only those activities necessary to secure the construction permit in the second half of 2015. It is currently anticipated that the Company should be in a position to commence construction within nine to twelve months, with commissioning and the hand-over to operations in the second half of 2017 and commencement of production in the first quarter of 2018.

The project execution plan is based on a phased approach, which requires that specific milestones be achieved before committing funds to subsequent phases, including an updated execution schedule and associated capital cost estimate, all of which are expected to be completed in the first half of 2015, prior to requesting board approval for full project release in the second half of 2015.

Kapan – Mine Expansion

The PEA for the potential underground expansion project was completed in October 2014 and confirmed the favourable technical results for a potential expansion to one Mtpa of ore mined and processed, based on the December 31, 2013 Indicated and Inferred Mineral Resources. The potential mine expansion is comprised of the refurbishment of existing mill equipment plus additional capital to restore the mill to its prior 1 Mtpa operating rate, and the increase of the mobile fleet to accommodate the additional development and production demands.

The mine is currently producing run of mine material at an average rate of 1,200 tonnes per day. The PEA supporting the LOM mineral inventory estimate contemplates ramping up production during years one and two to attain a production rate of 1 Mtpa from year three. The potential expansion is expected to be achieved through increased development and production rates, by increasing the mining equipment fleet currently in use in the operation, at an estimated upfront capital cost of $10.6 million.

The original infrastructure that processed up to 1 Mtpa through the 1990's is being utilized for current operations. Following conventional two-stage crushing of run of mine material, one of the original grinding circuits (rod mill/ball mill) provides the feed to the first of two sequential flotation circuits. These produce copper and zinc concentrates, both of which contain substantial precious metal credits. Currently, the milling and flotation circuits are capable of processing at the annual rate of approximately 750,000 tonnes. The additional capacity required for the expansion in throughput is expected to be achieved by refurbishing the currently idle second grinding line, while the capacity of the flotation and downstream circuits is expected to be supplemented, as required, to achieve the 1 Mtpa throughput rate, at an estimated capital cost of $6.1 million.

The current tailings facility is capable of storing the LOM mineral inventory, however, a substantial upgrade of the facility is required, which has been considered in the project capital estimates at $13.4 million. This upgrade is required regardless of whether the expansion proceeds, although the expansion would accelerate the timing. As part of the ramp up, an options study is underway to compare the introduction of dense media separation to reduce the volume of material being processed, without significantly impacting metal recoveries and the upgrade of the existing processing facility, for the increased throughput.

The LOM in the PEA was estimated at nine years, considering a mined/milled mineral inventory of 7.6 Mt as at December, 31 2013. Assumed gold, silver, copper and zinc prices used for financial modelling, of $1,300 per ounce, $20 per ounce, $3.00 per pound, and $1.00 per pound, respectively, produced an estimated cash cost per ounce of gold sold, net of by-product credits, of $336 and an estimated average annual EBITDA of $52.1 million. The net present value of the project was estimated at $141.7 million, using a real discount rate of 5.0%. Total initial and sustaining capital costs were estimated at $30.1 million and $165.0 million, respectively. Total LOM capital, inclusive of closure and rehabilitation costs, was estimated at $207.2 million.

It is important to note that a PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Tsumeb - Capital Projects

Fugitive Emissions

The fugitive dust management improvement projects were aimed at improving off-gas capture and workplace conditions to better comply with national standards. Key components included:

- completion of a landfill facility for the safe disposal of baghouse dust and other waste from the smelting process;
- projects to reduce dust emissions from the reverberatory and convertor furnace section, which include increasing baghouse capacity, upgrading the taphole fume extraction systems, and improving ducting and fugitive fume collection;
- projects to reduce emissions from the top submerged lance (Ausmelt) smelting furnace, which include installing new baghouse dust collection equipment including dust-removal, installing new ducting and other gas handling equipment; and
- construction of a new dust transfer system, upgraded roasting and fume management facilities, enclosed storage area, bag-filling station and extraction system at the arsenic plant, all aimed at reducing the dispersal of dust.

The refurbished used oxygen plant, which was purchased in 2011, commenced commissioning in December 2013, eight months later than anticipated due to construction delays, and commissioning was substantially completed in January 2014. This oxygen plant commenced production supply to the Ausmelt at the end of January 2014. With this second oxygen plant operational, the smelter has commenced ramping up the smelting capacity of the Ausmelt furnace to 240,000 tonnes per year ("tpy"), which it expects to achieve on a sustainable basis once the new copper converters are in operation at the end of 2015.

The Company incurred $110.2 million on this project.

Sulphuric Acid Plant

As part of its long-term strategy to bring the smelter to internationally accepted environmental standards and consistent with the directives issued by the Namibian government in April 2012, DPM entered into a lump sum turnkey ("LSTK") contract with Outotec for the engineering, supply, construction and commissioning of a sulphuric acid plant.

Construction of the acid plant is currently targeted to be substantially completed in the first quarter of 2015. Commissioning of the acid plant and commercial acid production from the Ausmelt furnace off-gas, which accounts for approximately 70% of total sulphur emissions, are expected to occur in the second and third quarters of 2015, respectively. At the end of 2014, construction of the acid plant was 85% complete.

New converters, together with their associated off-gas system and tie-ins to the acid plant, which are being constructed in conjunction with the acid plant and form part of the scope of this project, are currently scheduled to be completed and commissioned in the third and fourth quarters of 2015 with all off-gas being fed to the acid plant in the fourth quarter of 2015. First production of saleable acid is currently anticipated in the third quarter of 2015. This is based on Outotec's current detailed project execution schedule and the Company is closely monitoring Outotec's progress and maintains an ongoing dialogue with the Government to ensure it is aware of any potential delays and the mitigating steps being taken.

Engineering design was substantially completed in January 2014. The final review of the plant control system by the owner's project team is in progress and will be completed in the first quarter of 2015. All long lead items have been purchased and delivered to site, and the earthworks component of the construction completed. Civil construction in the acid plant area is complete and mechanical erection and installation is well advanced. The independent ESIA for the acid plant was approved in February 2014. No significant environmental issues have emerged and the public participation process undertaken as part of the ESIA was very positive.

Based on the current configuration of the smelter and forecasted concentrate supply, the plant will produce between 230,000 and 280,000 tpy of sulphuric acid. In July 2013, Tsumeb entered into a definitive supply agreement with Rössing Uranium Limited ("Rössing") for the annual purchase of 225,000 tonnes of sulphuric acid to be produced by Tsumeb. Rössing currently imports sulphuric acid for processing at its uranium mine in Namibia.

Pricing on the Rössing contract is based on a market-linked pricing formula, which operates within a relatively narrow market range, providing price certainty to both parties. The supply agreement is for a term of five years and provides Rössing with an option to purchase additional tonnes, up to 85% of total production, subject to agreement on commercial terms.

Tsumeb also signed an agreement with Weatherly International ("WTI") during the first quarter of 2014 for the supply of acid to WTI's Tschudi copper project. The agreement with Rössing and WTI enabled Tsumeb to sell all its acid envisaged to be produced during the first few years of acid production.

During the first quarter of 2014, Tsumeb also concluded an agreement with Protea Chemicals (Pty) Limited, a leading industrial chemicals company with significant presence in Sub-Saharan Africa, to provide acid transport logistics management as well as marketing services for the sale of any remaining acid, where required.

Tsumeb has also entered into a memorandum of understanding with TransNamib, the national operator of the rail system of Namibia, with regards to the shipment of the acid by rail directly to Rössing from Tsumeb. Contract negotiations are well advanced and TransNamib is concurrently advancing the required business and financing arrangements to support its obligations under a contemplated Rail Transportation Agreement ("RTA"). The RTA is expected to be executed in the first quarter of 2015 and TransNamib continues to indicate it will be in position to support acid shipments to Rössing in accordance with the existing acid shipment schedule.

The capital cost for the construction of the acid plant and converter project is estimated at approximately $243 million, relatively unchanged from the previous estimate of $240 million.

As at December 31, 2014, the Company had incurred $206.0 million on this project.

Holding Furnace

The Company is currently assessing opportunities to further optimize its smelter operation, including the installation of a holding furnace which would provide surge capacity between the Ausmelt furnace and converters to potentially increase the throughput of complex concentrate in order to further leverage the fixed cost structure of the facility. Internal scoping level studies are nearly complete and, subject to management stage-gate approval, a pre-feasibility study is expected to be completed by the end of 2015. The Company would not anticipate proceeding with an expansion without adequate commercial and financial partners in place.

OFF BALANCE SHEET ARRANGEMENTS

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

MANAGEMENT CHANGES

In April 2014, John Lindsay joined DPM as Senior Vice President Projects. Mr. Lindsay brings over 30 years of experience in the mining industry. He has held a variety of senior roles with Barrick Gold, SNC Lavalin Group Inc., AMEC Americas Limited and De Beers Consolidated Mines Ltd.

At the end of December 2014, Adrian Goldstone, DPM's Executive Vice President of Sustainable Business Development, left the Company to return to his home in New Zealand after a number of years abroad.

In November 2014, Nikolay Hristov assumed the role of Senior Vice President of Sustainable Business Development. Mr. Hristov joined Chelopech in 2004 and held various leadership positions in the mill up to 2011, when he was promoted to General Manager of the Chelopech Operation.

SELECTED QUARTERLY AND ANNUAL INFORMATION

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

$ millions	**2014**				2013			
except per share amounts	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Net revenue	**89.3**	60.3	98.0	76.4	84.4	92.0	80.2	88.0
Net earnings (loss)	**21.0**	(11.8)	(80.6)	8.7	17.1	(15.5)	13.1	(1.5)
Net earnings (loss) attributable to:								
• Non-controlling interest	**(0.5)**	(1.1)	(0.9)	(1.3)	(2.1)	(2.2)	(2.8)	(2.2)
• Common shareholders	**21.5**	(10.7)	(79.7)	10.0	19.2	(13.3)	15.9	0.7
Net earnings (loss) per share								
• Basic	**0.15**	(0.08)	(0.57)	0.07	0.14	(0.10)	0.12	0.01
• Diluted	**0.07**	(0.10)	(0.57)	0.07	-	(0.10)	(0.01)	0.01
Adjusted net earnings (loss)	**16.3**	(9.5)	9.3	(2.3)	10.5	10.1	3.6	6.6
Adjusted basic earnings (loss) per share	**0.12**	(0.07)	0.07	(0.02)	0.08	0.07	0.03	0.05

The variations in the Company's quarterly results were driven largely by fluctuations in gold, copper, silver and zinc prices as well as foreign exchange rates, fluctuations in ore mined, grades and recoveries, a production curtailment at Tsumeb in 2013, delays in the construction and commissioning of several projects designed to capture fugitive emissions and the introduction of a second oxygen plant at Tsumeb in late January 2014, realized and unrealized gains and losses on the Company's equity settled warrants, net gains and losses related to Sabina special warrants, unrealized and realized gains and losses on derivative commodity contracts related to hedging the Company's metal price exposures, and impairment losses on exploration and evaluation assets, property, plant and equipment and publicly traded securities.

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

	2014				2013			
Average	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
London Bullion gold ($/oz)	**1,200**	1,283	1,277	1,293	1,262	1,327	1,414	1,631
LME settlement copper ($/lb)	**3.00**	3.17	3.08	3.19	3.24	3.21	3.24	3.60
LME settlement SHG zinc ($/lb)	**1.01**	1.05	0.94	0.92	0.87	0.84	0.83	0.92
LBMA spot silver ($/oz)	**16.47**	19.74	19.62	20.49	20.76	21.37	23.11	30.08

The following is a summary of selected annual information for the Company's last three fiscal years.

$ thousands, except per share amounts **At December 31,**	**2014**	2013	2012
Net revenue	**323,980**	344,654	384,685
Gross profit	**61,753**	89,767	157,044
Net (loss) earnings attributable to common shareholders	**(58,922)**	22,506	54,376
Net (loss) earnings	**(62,710)**	13,181	29,831
Adjusted net earnings	**13,841**	30,839	80,941
Basic net (loss) earnings per share	**(0.42)**	0.17	0.43
Diluted net (loss) earnings per share	**(0.47)**	0.00	0.39
Adjusted net earnings per share	**0.10**	0.23	0.65
Total assets	**980,152**	987,783	972,185
Long-term debt, including current portion	**157,773**	83,788	81,767

Key events impacting the Company's financial results over the period 2012 to 2014 include:

(i) decline in gold, copper, zinc and silver market prices in 2014 relative to 2013 and 2012;

(ii) lower metal production and deliveries of concentrate due to lower ore mined and processed at Kapan and lower recoveries at Chelopech in 2014, increased production and deliveries of concentrate in 2013 and 2012 resulting from the mine and mill expansion at Chelopech;

(iii) increased production at Tsumeb in 2014 supported by the introduction of a second oxygen plant, a production curtailment in 2013 and 2012 and delays in commissioning several projects designed to capture fugitive emission and a second oxygen plant in 2013;

(iv) impairment losses on exploration and evaluation assets of $70.0 million in 2014;

(v) impairment losses on publicly traded securities of $19.2 million in 2014;

(vi) impairment losses on property, plant and equipment and intangible assets of $13.1 million in 2014, $12.6 million in 2013 and $4.6 million in 2012;

(vii) net losses related to Company's holdings in Sabina in 2014, 2013 and 2012;

(viii) realized and unrealized gains and losses related to commodity derivative contracts in 2014, 2013 and 2012; and

(ix) increased level of capital expenditures primarily related to Tsumeb's acid plant, new converters and fugitive emission projects in 2014, 2013 and 2012, and the mine and mill expansion at Chelopech in 2012.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the Company's 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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 following is a list of the most critical accounting estimates made by the Company:

(i) Mineral exploration and evaluation expenditures

Exploration and evaluation activities involve the search for Mineral Resources and Mineral Reserves, the assessment of technical and operational feasibility and the determination of an identified Mineral Resource or Reserve's commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures are expensed as incurred until economic production is probable. Exploration expenditures in areas where there is a reasonable expectation to convert existing estimated Mineral Resources to estimated Mineral Reserves or to add additional Mineral Resources with additional drilling and evaluations in areas near existing Mineral Resources or Mineral Reserves and existing or planned production facilities, are capitalized.

Exploration properties that contain estimated Proven and Probable Mineral Reserves, but for which a development decision has not yet been made, are subject to periodic review for impairment when events or changes in circumstances indicate the project's carrying value may not be recoverable.

Exploration and evaluation assets are reclassified to "Mine Properties - Mines under construction" when the technical feasibility and commercial viability of extracting the Mineral Resources or Mineral Reserves are demonstrable and construction has commenced or a decision to construct has been made. Exploration and evaluation assets are assessed for impairment before reclassification to "Mines under construction", and the impairment loss, if any, is recognized through net (loss) earnings.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits will be generated from the exploitation of an exploration and evaluation asset when activities have not yet reached a stage where a reasonable assessment of the existence of reserves can be determined. The estimation of Mineral Resources is a complex process and requires significant assumptions and estimates regarding economic and geological data and these assumptions and estimates impact the decision to either expense or capitalize exploration and evaluation expenditures. Management is required to make certain estimates and assumptions about future events and circumstances in order to determine if an economically viable extraction operation can be established. Any revision to any of these assumptions and estimates could result in the impairment of the capitalized exploration costs. If new information becomes available after expenditures have been capitalized that the recovery of these expenditures is no longer probable, the expenditures capitalized are written down to the recoverable amount and charged to net (loss) earnings in the period the new information becomes available. As a result, there could be a material impact on the asset balance and results of operations.

(ii) Mine Properties

Mine Properties - Mines under construction

All expenditures undertaken in the development, construction, installation and/or completion of mine production facilities are capitalized and initially classified as "Mines under construction". Upon the commencement of production at the expected capacity level, all related assets included in "Mines under construction" are reclassified to "Mine Properties - Producing mines" or "Property, plant and equipment".

All expenditures related to the construction of mine declines and ore body access, including mine shafts and ventilation raises, are considered to be underground capital development and are capitalized. Expenses incurred after reaching the ore body are regarded as operating development costs and are included in the cost of ore hoisted.

Mine Properties - Producing mines

All assets reclassified from "Mines under construction" to "Producing mines" are stated at cost less accumulated depletion and accumulated impairment losses. Costs incurred for the acquisition of land are stated at cost.

The initial cost of a producing mine comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into production, the capitalization of certain mine construction costs ceases, and from that point on, costs are either regarded as inventory costs or expensed as cost of sales, except for costs related to mine additions or improvements, mine development or mineable reserve development, which qualify for capitalization.

Depletion

The depletion of a producing mine asset is based on the unit-of-production method over the estimated economic life of the related deposit.

Mineral Resources and Mineral Reserves estimates

The estimation of Mineral Resources and Mineral Reserves, as defined under NI 43-101, is a complex process and requires significant assumptions and estimates. The Company prepares its Mineral Resources and Mineral Reserves estimates based on information related to the geological data on the size, depth and shape of the ore body which is compiled by appropriately qualified persons. The estimation of Mineral Resources and Mineral Reserves is based upon factors such as estimates of expected life of mines, metal prices, capital requirements, production costs, foreign exchange rates, geotechnical and geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the Mineral Resources or Mineral Reserves estimates may impact the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, depletion and depreciation charges, rehabilitation provisions and deferred income tax assets.

(iii) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The capitalized value of a finance lease is also included in property, plant and equipment.

Depreciation

The depreciation of property, plant and equipment related to a mine is based on the unit-of-production method over the estimated economic life of the related deposit, except in the case of an asset whose estimated useful life is less than the life of the deposit, in which case the depreciation is based on the straight-line method. For all other property, plant and equipment, depreciation is based on the estimated useful life of the asset on a straight-line basis. Depreciation of property, plant and equipment used in a capitalized exploration or development project is capitalized to the project.

Depreciation of property, plant and equipment, which are depreciated on a straight line basis over their estimated useful lives, is as follows:

Asset Category	Estimated useful life (Years)
Buildings	20-25
Machinery and Equipment	1-20
Vehicles	5
Computer Hardware	1-5
Office Equipment	5-7

Construction work-in-progress includes property, plant and equipment in the course of construction and is carried at cost less any recognized impairment loss. These assets are reclassified to the appropriate category of property, plant and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

An item of property, plant and equipment, including any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net (loss) earnings when the asset is derecognized.

The residual values, useful lives and methods of depreciation of all assets are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Depreciation of mine specific assets is based on the unit-of-production method. The life of these assets is assessed annually with regard to both their anticipated useful life and the present assessments of the economically recoverable reserves of the mine property where these assets are located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Any changes to these calculations based on new information are accounted for prospectively.

Exploration and evaluation assets, mine properties, property, plant and equipment and intangible assets balances could be materially impacted if other assumptions and estimates had been used. In addition, future operating results could be impacted if different assumptions and estimates are applied in future periods.

(iv) Intangible assets

Intangible assets include software, exploration and software licenses and long-term customer contracts. Intangible assets acquired separately are measured upon initial recognition at cost, which comprises the purchase price plus any costs directly attributable to the preparation of the asset for its intended use. Intangible assets acquired through business combinations are initially recognized at fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization of intangible assets, which are amortized on a straight-line basis over their estimated useful lives, is as follows:

Asset Category	Estimated useful life (Years)
Computer Software	2-10
Exploration and Software Licenses	1-10
Long-term Customer Contract	11

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets require the use of estimates and assumptions and are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense attributable to an intangible asset is recognized in the consolidated statements of (loss) earnings in the expense category consistent with the function of the intangible asset.

The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in net (loss) earnings when the asset is derecognized.

(v) Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures, mine properties, intangible assets and property, plant and equipment are assessed for impairment whenever indicators of impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the FVLCD and its value in use. This is determined on an asset-by-asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If this is the case, individual assets are grouped together into a Cash Generating Unit ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount with the corresponding impairment being charged to earnings in the period of impairment. Impairment losses related to continuing operations are recognized in the consolidated statements of (loss) earnings in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication of impairment or a change in events or circumstances relating to a previously recognized impairment. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset or CGU is increased to its newly determined recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset or CGU in prior years.

The assessment of impairment is based, in part, on certain factors that may be partially or totally outside of the Company's control, and requires the use of estimates and assumptions related to future value drivers, such as commodity prices, discount rates, foreign exchange rates and operating and capital costs. These estimates and assumptions, some of which may be subjective, require that management make decisions based on the best available information at each reporting period. It is possible that the actual recoverable amount could be significantly different than those estimates. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves, resources, and exploration potential, and/or adverse market conditions can result in a write-down of the carrying amounts of the Company's assets. Fair value is determined as the net amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is based on estimated future cash flows discounted to their present value using a current pre-tax discount rate that is consistent with the risks specific to the asset. Management has assessed its CGUs as being an individual mine or processing site.

(vi) Rehabilitation Provisions

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes a liability for its rehabilitation obligations in the period when a legal and/or constructive obligation is identified. The liability is measured at the present value of the estimated costs required to rehabilitate operating locations based on the risk free nominal discount rates that are specific to the countries in which the operations are located. A corresponding increase to the carrying amount of the related asset is recorded and depreciated in the same manner as the related asset.

The nature of these restoration and rehabilitation activities includes: i) dismantling and removing structures; ii) rehabilitating mines and tailing dams; iii) dismantling operating facilities; iv) closure of plant and waste sites; and v) restoration, reclamation and re-vegetation of affected areas. Other environmental costs incurred at the operating sites, such as environmental monitoring, water management and waste management costs, are charged to net (loss) earnings when incurred.

The liability is accreted over time to its expected future settlement value. The accretion expense is recognized in finance cost in the consolidated statements of (loss) earnings.

The Company assesses its rehabilitation provisions at each reporting date. The rehabilitation liability and related assets are adjusted at each reporting date for changes in the discount rates and in the estimated amount, timing and cost of the work to be carried out. Any reduction in the rehabilitation liability and therefore any deduction in the related rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately credited to net (loss) earnings.

Significant estimates and assumptions are made by management in determining the nature and costs associated with the rehabilitation liability. The estimates and assumptions required include estimates of the timing, extent and costs of rehabilitation activities, technology changes, regulatory changes, and changes in the discount and inflation rates. These uncertainties may result in future expenditures being different from the amounts currently provided.

Changes in the underlying assumptions used to estimate the rehabilitation liability as well as changes to environmental laws and regulations could cause material changes in the expected cost and expected future settlement value.

At December 31, 2014, the undiscounted future cost for the rehabilitation obligations before inflation was estimated to be $79.0 million. The carrying value of the rehabilitation liability was $53.8 million at December 31, 2014 and $56.6 million at December 31, 2013.

(vii) Income Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable loss or income for the period. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be generated in future periods to utilize these deductible temporary differences.

The following temporary differences do not result in deferred income tax assets or liabilities:

- The initial recognition of assets or liabilities, not arising from a business combination, that does not affect accounting or taxable profit;
- Initial recognition of goodwill, if any; and
- Investments in subsidiaries, associates and jointly controlled entities where the timing of the reversal of temporary differences can be controlled and reversal in the foreseeable future is not probable.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be generated to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be generated to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred income taxes related to items recognized directly in equity are recognized in equity and not in net (loss) earnings. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Judgment is required in determining whether deferred income tax assets are recognized on the consolidated statements of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in order to utilize the deferred income tax assets. Estimates of future taxable income are based on forecasted cash flows from operations or other activities and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded on the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could impact tax deductions in future periods and the value of its deferred income tax assets and liabilities.

(viii) Inventories

Inventories of gold, copper, zinc and silver concentrates are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrates in the ordinary course of business based on the prevailing metal prices on the reporting date, less estimated costs to complete production and to bring the concentrates to sale. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour, other direct costs (including external services and depreciation, depletion and amortization), production related overheads and royalties. A significant decrease in the selling prices of the metals produced and sold by the Company may result in a non-cash write-down of inventory if the net realizable value of the concentrate inventories is lower than the average production cost at the end of an accounting period.

Other materials and supplies inventories are valued at the lower of average cost and net realizable value. Obsolete, redundant and slow moving inventories are identified at each reporting date and written down to their net realizable values.

(ix) Revenue recognition

Revenue from the sale of concentrates containing gold, copper, zinc and silver is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when products have been delivered to the location specified in the sales contract and the risk of loss has been transferred to the buyer. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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

Any adjustments to the amount receivable for each shipment on the settlement date, caused by final assay results, are adjusted through revenue at the time of determination. A decrease in the selling prices of the metals produced and sold by the Company may result in unfavourable mark-to-market adjustments and a reduction in net revenue. Conversely, an increase in the selling prices of the metals produced and sold by the Company may result in favourable mark-to-market adjustments and an increase in net revenue.

Revenue from the smelter is recognized when concentrate has been smelted. Under the toll agreement between Tsumeb and LDC, Tsumeb incurs a carrying charge in respect of the concentrate it processes until blister copper is delivered. This charge is recorded as a reduction of revenue.

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

(x) Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition & Measurement,* are classified as "financial assets at fair value through profit or loss", "loans and receivables", or "available-for-sale financial assets", as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

Subsequent measurement – Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if management intends to sell the financial assets in the near term. This category includes any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship under IAS 39. Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in other expense in the consolidated statements of (loss) earnings. The Company's investment in Sabina warrants and special warrants and the derivative commodity contracts entered to economically hedge a portion of its provisionally priced sales and projected production are classified as financial assets at fair value through profit or loss. Quoted prices are not available for the fair value of the Sabina special warrants and the fair value is determined using valuation models that require the use of assumptions, including future stock price volatility and probability of exercise. Changes in the underlying assumptions could materially impact the Company's investments at fair value. The fair value of the derivative commodity contracts is based on market prices quoted from major commodity exchanges.

Derivatives are recognized initially at fair value and all attributable transaction costs are recognized in other expense in the consolidated statements of (loss) earnings, as incurred. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts. Host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated statements of (loss) earnings. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would have otherwise been required.

Subsequent measurement – Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include cash and cash equivalents, restricted cash, accounts receivables, loans receivable and short-term investments. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statements of (loss) earnings. The losses arising from impairment, if any, are recognized as finance cost.

Subsequent measurement – Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's portfolio investments in publicly traded equity securities are classified as available-for-sale financial assets.

After initial measurement, available-for-sale investments are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the investment is sold or impaired, the cumulative gain or loss is removed from accumulated other comprehensive loss and recognized in other expense in the consolidated statements of (loss) earnings.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and the loss has an impact on the estimated cash flows of the financial asset or group of assets that can be reliably estimated.

For financial assets carried at amortized cost, the Company considers evidence of impairment at both a specific asset and collective level. Objective evidence could include the default or delinquency of a debtor or restructuring of an amount due to the Company on terms that the Company would not consider otherwise. All individually significant financial assets are assessed for specific impairment. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the consolidated statements of (loss) earnings and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not yet been incurred. If, in a subsequent period, the estimated impairment loss decreases because of an event, any reversal would be credited to net (loss) earnings.

For available-for-sale investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its original cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in net (loss) earnings, is removed from accumulated other comprehensive loss and recognized in other expense in the consolidated statements of (loss) earnings. Impairment losses on equity investments are not reversed through net (loss) earnings; and increases in their fair value after impairment are recognized directly in other comprehensive income (loss).

The assessment for impairment in respect of available-for-sale investments requires judgment, where management evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(xi) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as "financial liabilities at fair value through profit or loss", or "other financial liabilities". The Company's financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments, where applicable.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement – Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if management intends to settle the financial liabilities in the near term. This category includes any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship under IAS 39. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in other expense in the consolidated statements of (loss) earnings. The equity settled warrants issued by the Company and the derivative commodity contracts entered to economically hedge a portion of its provisionally priced sales and projected production are, where applicable, classified as financial liabilities at fair value through profit or loss and the estimated fair value of the liabilities is based on market prices quoted from major stock and commodity exchanges.

Subsequent measurement – Other financial liabilities

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

Derecognition

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

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2014, the Company adopted the following new standards and amendments to existing standards. These changes were made in accordance with the applicable transitional provisions.

IAS 32, *Financial Instruments: Presentation*
In December 2011, the International Accounting Standards Board ("IASB") published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 1, 2014 and have been applied retrospectively. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

International Financial Reporting Interpretation Committee ("IFRIC") 21, *Levies*
IFRIC 21, issued in May 2013, is an interpretation on IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and has been applied retrospectively. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

IAS 36, *Impairment of Assets*
In May 2013, the IASB published amendments to the disclosures required by IAS 36, when the recoverable amount is determined based on FVLCD. The amendments are effective for annual periods beginning on or after January 1, 2014 and have been applied retrospectively. The adoption of these amendments resulted in additional disclosures on the Company's consolidated financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards, interpretations and amendments to existing standards are not yet effective for the year ending December 31, 2014, and have not been applied when preparing the Company's consolidated financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, *Financial Instruments*
IRFS 9, published in July 2014, replaces IAS 39. 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. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company continues to assess the full impact of this standard.

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 disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently assessing the impact of this standard.

NON-GAAP FINANCIAL MEASURES

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

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

Cash cost per tonne of ore processed, cash cost per pound of copper in concentrate produced, cash cost per ounce of gold in concentrate produced, cash cost per pound of zinc in concentrate produced, cash cost of sales per ounce of gold sold, net of by-product credits, cash cost per ounce of gold sold in pyrite concentrate and cash cost per tonne of concentrate smelted capture the important components of the Company's production and related costs. Management utilizes these metrics as an important tool to monitor cost performance at the Company's operations.

Effective 2014, the Company is reporting its all-in sustaining cost per ounce of gold, a measure which was established by the World Gold Council, and which attempts to represent the total sustaining cost of producing gold ounces from current mining operations. This measure is used by management and investors as one of several costs metrics to measure cost performance. All-in sustaining cost per ounce of gold is a non-GAAP measure, has no standardized meanings under IFRS and may not be comparable to similar measures presented by other companies.

The following table provides, for the periods indicated, a reconciliation of the Company's cash cost per tonne of ore processed and cash cost per tonne of concentrate smelted to its cost of sales:

$ thousands, unless otherwise indicated **For the quarter ended December 31, 2014**	**Chelopech**	**Kapan**	**Tsumeb**	**Total**
Ore processed *(mt)*	**549,988**	**106,970**	**-**	
Metals contained in copper and zinc concentrates produced:				
Gold *(ounces)*	**42,622**	**6,501**	**-**	
Copper *(pounds)*	**14,294,003**	**583,210**	**-**	
Zinc *(pounds)*	**-**	**2,938,655**	**-**	
Concentrate smelted *(mt)*	**-**	**-**	**53,782**	
Cost of sales	**27,418**	**12,419**	**27,569**	**67,406**
Add/(deduct):				
Depreciation, amortization & other non-cash costs	**(8,864)**	**(3,090)**	**(6,094)**	
Transportation and related costs	**-**	**-**	**(2,655)**	
Change in concentrate inventory	**2,330**	**39**	**-**	
Total cash cost of production before by-product credits	**20,884**	**9,368**	**18,820**	
Silver by-product credits	**(1,144)**	**(2,137)**	**-**	
Total cash cost of production after silver by-product credits	**19,740**	**7,231**	**18,820**	
Cash cost per tonne ore processed *($)*	**37.97**	**87.58**	**-**	
Cash cost per pound copper produced *($)*(1)	**0.63**	**1.74**	**-**	
Cash cost per ounce gold produced *($)*(1)	**253**	**699**	**-**	
Cash cost per pound zinc produced *($)*(1)	**-**	**0.57**	**-**	
Cash cost per tonne of concentrate smelted *($)*	**-**	**-**	**350**	

$ thousands, unless otherwise indicated **For the quarter ended December 31, 2013**	**Chelopech**	**Kapan**	**Tsumeb**	**Total**
Ore processed *(mt)*	500,599	112,770	-	
Metals contained in copper and zinc concentrates produced:				
Gold *(ounces)*	32,495	6,303	-	
Copper *(pounds)*	12,441,481	614,465	-	
Zinc *(pounds)*	-	3,672,971	-	
Concentrate smelted *(mt)*	-	-	38,481	
Cost of sales	28,268	14,204	21,973	64,445
Add/(deduct):				
Depreciation, amortization & other non-cash costs	(8,533)	(2,900)	(4,453)	
Transportation and related costs	-	-	(2,093)	
Change in concentrate inventory	546	(740)	-	
Total cash cost of production before by-product Credits	20,281	10,564	15,427	
Silver by-product credits	(1,182)	(2,440)	-	
Total cash cost of production after silver by-product credits	19,099	8,124	15,427	
Cash cost per tonne ore processed *($)*	40.51	93.68	-	
Cash cost per pound copper produced *($)*(1)	0.76	2.00	-	
Cash cost per ounce gold produced *($)*(1)	296	786	-	
Cash cost per pound zinc produced *($)*(1)	-	0.53	-	
Cash cost per tonne of concentrate smelted *($)*	-	-	401	

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

$ thousands, unless otherwise indicated **For the twelve months ended December 31, 2014**	**Chelopech**	**Kapan**	**Tsumeb**	**Total**
Ore processed *(mt)*	**2,076,112**	**402,602**	**-**	
Metals contained in copper and zinc concentrates produced:				
Gold *(ounces)*	**124,371**	**20,935**	**-**	
Copper *(pounds)*	**44,306,730**	**2,149,756**	**-**	
Zinc *(pounds)*	**-**	**12,048,683**	**-**	
Concentrate smelted *(mt)*	**-**	**-**	**198,346**	
Cost of sales	**116,146**	**43,405**	**102,676**	**262,227**
Add/(deduct):				
Depreciation, amortization & other non-cash costs	**(34,006)**	**(9,115)**	**(23,650)**	
Transportation and related costs	**-**	**-**	**(9,348)**	
Change in concentrate inventory	**688**	**(7)**	**-**	
Total cash cost of production before by-product credits	**82,828**	**34,283**	**69,678**	
Silver by-product credits	**(4,449)**	**(8,048)**	**-**	
Total cash cost of production after silver by-product credits	**78,379**	**26,235**	**69,678**	
Cash cost per tonne ore processed *($)*	**39.90**	**85.15**	**-**	
Cash cost per pound copper produced *($)*[(1)]	**0.83**	**1.83**	**-**	
Cash cost per ounce gold produced *($)*[(1)]	**334**	**735**	**-**	
Cash cost per pound zinc produced *($)*[(1)]	**-**	**0.57**	**-**	
Cash cost per tonne of concentrate smelted *($)*	**-**	**-**	**351**	

$ thousands, unless otherwise indicated **For the twelve months ended December 31, 2013**	**Chelopech**	**Kapan**	**Tsumeb**	**Total**
Ore processed (mt)	2,032,002	465,894	-	
Metals contained in copper and zinc concentrates produced:				
Gold *(ounces)*	131,825	24,360	-	
Copper *(pounds)*	45,598,598	2,340,859	-	
Zinc *(pounds)*	-	15,293,700	-	
Concentrate smelted *(mt)*	-	-	152,457	
Cost of sales	120,480	46,823	87,584	254,887
Add/(deduct):				
Depreciation, amortization & other non-cash costs	(32,905)	(7,459)	(13,158)	
Transportation and related costs	-	-	(8,388)	
Change in concentrate inventory	(6,135)	(2,407)	-	
Total cash cost of production before by-product credits	81,440	36,957	66,038	
Silver by-product credits	(5,255)	(10,623)	-	
Total cash cost of production after silver by-product credits	76,185	26,334	66,038	
Cash cost per tonne ore processed *($)*	40.08	79.32	-	
Cash cost per pound copper produced *($)*[(1)]	0.76	1.60	-	
Cash cost per ounce gold produced *($)*[(1)]	317	667	-	
Cash cost per pound zinc produced *($)*[(1)]	-	0.41	-	
Cash cost per tonne of concentrate smelted *($)*	-	-	433	

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

The following table provides, for the periods indicated, a reconciliation of Chelopech cash cost of sales per ounce of gold sold, net of by-product credits, to its cost of sales:

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013(4)	**2014**	2013(4)
Cost of sales	**27,418**	28,268	**116,146**	120,480
Add/(deduct):				
Depreciation, amortization & other	**(8,864)**	(8,533)	**(34,006)**	(32,905)
Other charges, including freight(1)	**26,710**	24,507	**87,330**	93,839
By-product credits(2)	**(37,902)**	(38,123)	**(135,713)**	(152,148)
Cash cost of sales, net of by-product credits	**7,362**	6,119	**33,757**	29,266
Payable gold in concentrate sold (ounces)(3)	**35,926**	30,231	**115,337**	127,037
Cash cost of sales per ounce of gold sold, net of by-product credits *($)*	**205**	202	**293**	230

1) Excludes treatment charges, transportation and other selling costs related to the sale of pyrite concentrate in the three and twelve months ended December 31, 2014 and 2013.
2) Includes realized gains on copper derivative contracts, entered to hedge a portion of projected payable production, of $3.2 million and $8.3 million during the fourth quarter and twelve months of 2014, respectively, compared to $1.1 million and $4.0 million in the corresponding periods in 2013.
3) Excludes payable gold in pyrite concentrate sold in the three and twelve months ended December 31, 2014 and 2013.
4) 2013 cash cost per ounce of gold sold, net of by-product credits, was amended to exclude treatment charges, transportation and other selling costs related to pyrite concentrate sold, and payable gold in pyrite concentrate sold, each of which are shown separately below.

The following table provides, for the periods indicated, a reconciliation of Kapan cash cost of sales per ounce of gold sold, net of by-product credits, to its cost of sales:

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Cost of sales	**12,419**	14,204	**43,405**	46,823
Add/(deduct):				
Depreciation, amortization & other	**(3,090)**	(2,900)	**(9,115)**	(7,459)
Other charges, including freight	**1,368**	2,415	**5,215**	9,268
By-product credits(1)	**(6,814)**	(6,719)	**(23,213)**	(28,046)
Cash cost of sales, net of by-product credits	**3,883**	7,000	**16,292**	20,586
Payable gold in concentrate sold (ounces)	**7,483**	5,577	**18,883**	21,351
Cash cost of sales per ounce of gold sold, net of by-product credits *($)*	**519**	1,255	**863**	964

1) Includes realized gains on copper derivative contracts, entered to hedge a portion of projected payable production, of $0.1 million and $0.3 million during the fourth quarter and twelve months of 2014, respectively, compared to $nil in the corresponding periods in 2013.

DPM's all-in sustaining cost per ounce of gold calculation is set out in the following table:

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Cash cost of sales, net of by-product credits(1)	**11,245**	13,119	**50,049**	49,852
Accretion expenses(1)	**460**	498	**1,867**	1,874
General and administrative expenses(2)	**2,175**	2,677	**18,871**	19,419
Cash outlays for sustaining capital(1)	**4,303**	6,170	**21,761**	21,727
All-in sustaining costs	**18,183**	22,464	**92,548**	92,872
Payable gold in copper and zinc concentrates sold (ounces)	**43,409**	35,808	**134,220**	148,388
All-in sustaining cost per ounce of gold *($)*	**419**	627	**690**	626

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

Chelopech cash cost per ounce of gold sold in pyrite concentrate calculation is set out in the following table:

$ thousands, unless otherwise indicated	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Treatment charges and refining costs	**5,642**	-	**13,377**	-
Transportation costs	**5,719**	56	**12,409**	582
Cash cost of sales related to pyrite concentrate sold	**11,361**	56	**25,786**	582
Payable gold in pyrite concentrate sold (ounces)	**11,801**	1,062	**26,514**	4,886
Cash cost of sales per ounce of gold sold in pyrite concentrate *($)*	**963**	53	**973**	119

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

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

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

- impairment provisions or reversals thereof,
- unrealized gains or losses on derivative contracts related to projected payable production,
- unrealized and realized gains or losses related to equity settled warrants,
- unrealized and realized gains or losses related to investments carried at fair value,
- significant tax adjustments not related to current period earnings (loss), and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides, for the periods indicated, a reconciliation of adjusted net earnings to net earnings (loss) attributable to common shareholders:

$ thousands, except per share amounts	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Net earnings (loss) attributable to common shareholders	**21,461**	19,223	**(58,922)**	22,506
Add/(deduct) after-tax adjustments:				
Unrealized (gains) losses on derivative commodity contracts	**(3,749)**	(885)	**(16,565)**	5,014
Net losses related to Sabina warrants and special warrants	**585**	624	**1,214**	16,634
Net gains on equity settled warrants	**(11,262)**	(13,561)	**(7,734)**	(22,383)
Impairment losses on publicly traded securities	**4,470**	-	**19,084**	-
Impairment losses on exploration and evaluation assets	**-**	-	**65,791**	-
Impairment losses on property, plant & equipment	**4,836**	5,130	**10,973**	9,068
Adjusted net earnings	**16,341**	10,531	**13,841**	30,839
Basic earnings (loss) per share	**0.15**	0.14	**(0.42)**	0.17
Adjusted basic earnings per share	**0.12**	0.08	**0.10**	0.23

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

- impairment provisions or reversals thereof,
- unrealized gains or losses on derivative contracts related to projected payable production,

- unrealized and realized gains or losses related to equity settled warrants,
- unrealized and realized gains or losses related to investments carried at fair value, and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides, for the periods indicated, a reconciliation of adjusted earnings before income taxes to earnings (loss) before income taxes:

$ thousands, except per share amounts	**Three Months**		**Twelve Months**	
Ended December 31,	**2014**	2013	**2014**	2013
Earnings (loss) before income taxes	**24,511**	19,686	**(55,380)**	26,859
Add/(deduct) adjustments:				
Unrealized (gains) losses on derivative commodity contracts	**(4,225)**	(931)	**(18,638)**	5,639
Net losses related to Sabina warrants and special warrants	**675**	720	**1,400**	19,175
Net gains on equity settled warrants	**(11,262)**	(13,561)	**(7,734)**	(22,383)
Impairment losses on publicly traded securities	**4,470**	-	**19,084**	-
Impairment losses on exploration and evaluation assets	**-**	-	**70,001**	-
Impairment losses on property, plant & equipment	**5,524**	5,701	**12,343**	10,076
Adjusted earnings before income taxes	**19,693**	11,615	**21,076**	39,366

Adjusted EBITDA

Adjusted EBITDA is used by management and investors to measure the underlying operating performance of the Company's operating segments. Adjusted EBITDA excludes the following from earnings (loss) before income tax:

- depreciation and amortization,
- interest income,
- finance cost,
- impairment provisions or reversals thereof,
- unrealized gains or losses on derivative contracts related to projected payable production,
- unrealized and realized gains or losses related to equity settled warrants,
- unrealized and realized gains or losses related to investments carried at fair value, and
- non-recurring or unusual income or expenses that are either not related to the Company's operating segments or unlikely to occur on a regular basis.

The following table provides, for the periods indicated, a reconciliation of adjusted EBITDA to earnings (loss) before income tax:

$ thousands	**Three Months**		**Twelve Months**	
Ended December 31,	**2014**	2013	**2014**	2013
Earnings (loss) before income taxes	**24,511**	19,686	**(55,380)**	26,859
Add/(deduct):				
Depreciation and amortization	**17,900**	14,902	**65,864**	53,594
Finance cost	**2,941**	2,622	**11,259**	10,323
Interest income	**(80)**	(115)	**(281)**	(492)
Net losses related to Sabina warrants and special warrants	**675**	720	**1,400**	19,175
Unrealized (gains) losses on derivative commodity contracts	**(4,225)**	(931)	**(18,638)**	5,639
Net gains on equity settled warrants	**(11,262)**	(13,561)	**(7,734)**	(22,383)
Impairment losses on publicly traded securities	**4,470**	-	**19,084**	-
Impairment losses on exploration and evaluation assets	**-**	-	**70,001**	-
Impairment losses on property, plant & equipment	**5,524**	5,701	**12,343**	10,076
Adjusted EBITDA	**40,454**	29,024	**97,918**	102,791

Free cash flow

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

The following table provides, for the periods indicated, a reconciliation of free cash flow:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2014**	2013	**2014**	2013
Cash provided from operating activities, before changes in non-cash working capital	**39,029**	24,406	**85,648**	88,249
Cash outlays for sustaining capital	**(5,673)**	(8,877)	**(30,645)**	(30,990)
Mandatory principal repayments related to debt	**(8,125)**	(8,517)	**(16,643)**	(17,821)
Principal repayments related to finance leases	**(490)**	(557)	**(2,208)**	(2,561)
Interest payments	**(2,416)**	(1,358)	**(7,539)**	(5,691)
Free cash flow	**22,325**	5,097	**28,613**	31,186

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

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

Growth Capital Expenditures

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

Sustaining Capital Expenditures

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

RISKS AND UNCERTAINTIES

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

Metal Prices

The Company sells its products at prices that are effectively determined based on major commodity exchanges, in particular the London Metal Exchange and London Bullion Market. The prices of gold, copper, zinc and silver are major factors influencing the Company's business, results of operations and financial condition, and, in turn, the price for its common shares and common share purchase warrants.

Gold, copper, zinc and silver prices can fluctuate widely and are affected by numerous factors beyond the Company's control, including the sale or purchase of gold and silver by various central banks, financial institutions and Exchange Traded Funds; interest rates; foreign exchange rates; inflation or deflation; global and regional supply and demand; and the political and economic conditions of major gold, silver, zinc and copper-producing countries throughout the world. If gold, silver, zinc and copper prices were to decline significantly from current levels, there can be no assurance that cash flow from operations, together with cash on hand and undrawn lines of credit, will be sufficient to meet the Company's operating and capital requirements, including its contractual commitments and mandatory debt repayments, and the Company could be forced to discontinue production and/or could lose its interest in, or be forced to sell, some of its properties. In addition, a significant commodity price decline could adversely impact the value of one or more of the Company's CGUs and result in an impairment of the carrying value of certain assets, including exploration and evaluation assets, mine properties, and property, plant and equipment.

In accordance with established risk management policies, from time to time, the Company enters into derivative contracts to hedge a portion of its metals price exposure associated with the time lag between the provisional and final determination of concentrate sales as well as its by-product metals price exposure on future sales. Currently approximately 90% of the Company's expected copper production for 2015 has been hedged at an average price of $3.21 per pound. The Company also entered into cash settled derivative contracts to fix the prices it receives for the gold contained in Chelopech's pyrite concentrate production to be sold in 2015 and 2016. As at December 31, 2014, all of the Company's expected gold production from pyrite concentrate, representing an estimated 30,500 ounces for 2015 and 5,000 ounces in 2016, had been hedged at an average price of $1,233.42 per ounce and $1,218.13 per ounce, respectively. These hedges introduce earnings volatility as a result of potential unrealized mark-to-market gains or losses as they are deemed not to be hedges for accounting purposes, notwithstanding that they are effective from an economic perspective.

Financing and Liquidity

The Company relies on the cash flows generated from its operations, including provisional payments received from its customers, retained cash balances, its RCF, and its ability to raise debt and equity from the capital markets to fund its operating, investment and liquidity needs. The cyclical nature of the Company's businesses and the volatility of capital markets are such that conditions could change dramatically, affecting the Company's cash flow generating capability, its ability to maintain its RCF or the existing terms under its concentrate sales or smelting agreements, as well as its liquidity, cost of capital and its ability to access capital, which could adversely affect the Company's earnings and cash flows and, in turn, could affect total shareholder returns. To reduce these risks, the Company: (i) prepares regular cash flow forecasts to monitor its capital requirements; (ii) maintains a prudent capital structure that is comprised primarily of equity financing as well as long-term amortizing debt and a long-term committed RCF; and (iii) maintains surplus cash balances and short-term investments to avoid having to raise additional capital at times when the costs or terms would be regarded as unfavourable.

As at December 31, 2014, the Company's total debt was $158.8 million, of which $48.8 million related to the Company's Term Loans and $110.0 million to the Company's RCF. As at December 31, 2014, the Company's total debt, as a percentage of total capital, was 18% (December 31, 2013 – 10%) and the total debt, net of cash, cash equivalents and short-term investments, as a percentage of total capital, was 15% (December 31, 2013 – 4%). As at December 31, 2014, the Company was in compliance with all of its debt covenants.

The Term Loans are repayable in 10 equal semi-annual installments, which commenced June 2013, and incurred interest at a rate equal to the three month U.S. Dollar LIBOR plus 3.25% prior to June 2013, when the completion of the Chelopech mine and mill expansion was certified, and bears interest at a rate equal to the three month U.S. Dollar LIBOR plus 2.80% thereafter until maturity. The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn upon and the Company's debt leverage ratio (funded net debt to adjusted EBITDA), as defined in the RCF agreement. The RCF is comprised of a $150.0 million tranche maturing in February 2017, a $45.0 million tranche maturing in February 2019 and an $80.0 million tranche maturing in July 2019 that has quarterly reductions of $4.0 million beginning in the third quarter of 2016. As at December 31, 2014, $110.0 million was drawn under the RCF.

There can be no assurance that the Company's operations will remain profitable or that the Company will be able to raise capital on terms that it considers reasonable. Adverse commodity market and capital market conditions could result in a delay or the indefinite postponement of development or construction projects and could adversely impact the Company's financial condition, results of operations and share price.

Foreign Exchange

By virtue of its international operations, the Company incurs costs and expenses in a number of foreign currencies. The revenue received by the Company is denominated in U.S. dollars since the prices of the metals that it produces are referenced in U.S. dollars, while the majority of operating and capital expenditures are denominated in Bulgarian leva, which is pegged to the Euro, the Namibian dollar, which is tied to the ZAR, the Armenian dram and the Canadian dollar. Fluctuations in these foreign exchange rates give rise to foreign exchange exposures, either favourable or unfavourable, which could have a material impact on the Company's results of operations and financial condition.

Counterparty Risk

The Company is exposed to counterparty risk, including market pricing and credit-related risk in the event any counterparty, whether a customer, debtor or financial intermediary, is unable or unwilling to fulfill their contractual obligations to the Company or where such agreements are otherwise terminated and not replaced with agreements on substantially the same terms.

The Company's trade credit exposure was limited to seven counterparties in 2014. Under the terms of the Company's existing concentrate sales contracts, the risk to these counterparties is mitigated, in part, through required provisional payments that range between 70% and 90% of the provisional value of each lot at the time title of the concentrate transfers. A final adjusting payment, reflecting the actual metal prices for the specified quotational period, is made when final weights and assays are established. All contractual commitments are subject to force majeure clauses which, if implemented, could have a significant impact on revenue. Approximately 58% of the Company's aggregate projected sales of copper and zinc concentrates in 2015 are to one customer.

While there can be no assurance that the Company will not experience a material loss for non-performance by any counterparty with whom it has a commercial relationship, the Company has established policies to manage its credit exposure, that include assessing financial strength, limiting aggregate exposure to new and existing counterparties, and using contractual arrangements, including provisional payments and the use of International Swaps and Derivatives Association ("ISDA") master netting agreements that permit netting of exposures associated with a single counterparty. Should any such losses arise, they could adversely affect the Company's business, financial condition and results of operations.

Environmental, Health and Safety

The Company's operations are subject to extensive environmental, health and safety regulations in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards, land rehabilitation, and safety and work environment standards. They also set forth limitations on the generation, transportation, storage and disposal of various wastes. Environmental, health and safety legislation continues to evolve and, while the Company takes active steps to monitor this legislation, it could result in stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The Company has active environmental management systems at its operational sites that are based primarily on ISO 14000 and subject to ongoing monitoring and development. Considerable gains have been made across all our operations in terms of health and safety performance, and the steady and consistent movement towards uniform, world class standards for our operations can be seen in examples such as reduced occupational exposures at Tsumeb and safety improvements at Chelopech and Kapan. 2015 will bring further development and completion of key safety, health and environmental systems at all our sites which will consolidate and improve existing risk reduction measures.

However, there can be no assurance that future changes in environmental, health and safety regulations, if any, will not adversely affect the Company's operations and business. Environmental hazards may exist on the properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining and processing operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining and processing activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, production costs or future rehabilitation costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

On April 30, 2012, the Namibian Minister of Environment and Tourism (the "Minister") issued a letter to the Company relating to the operation of its custom smelter owned by Tsumeb. The letter contained several directives emanating from the government's report on the environmental, health and safety audit (the "Report") commissioned by the Minister, which during 2013 limited Tsumeb's production to 75% of its operating capacity and required it to advance the installation of a sulphuric acid plant.

During the fourth quarter of 2013, the Technical Committee representing the Namibian government conducted initial testing to verify that the modifications made to the off-gas and dust handling systems were delivering the expected decrease in emissions. The results of this testing were subsequently confirmed to be satisfactory and in the latter part of December 2013 the Namibian government formally advised the Company that the smelter could return to full production, subject to regulatory reporting and emission requirements, and a further occupational health survey in April 2014. The acid plant, the construction of which is expected to be completed in the first quarter of 2015, will reduce the plant's SO_2 emissions and complete the Company's major capital programs directed at modernizing the environmental equipment being utilized at the smelter. Failure of these new systems to achieve the expected environmental outcomes or to start-up the sulphuric acid plant in a manner consistent with the Minister's timelines could impact future production and adversely affect the Company's business, financial condition and results of operations.

The Company recognizes a liability for its asset retirement obligations ("ARO") when a legal and/or constructive obligation is identified. The liability is measured at the present value of estimated costs required to rehabilitate the operating locations based on the risk free nominal discount rates applicable to the countries in which the operations are located. The carrying value of the ARO liability was $53.8 million and $56.6 million at December 31, 2014 and 2013, respectively. Changes in the underlying assumptions used to estimate the AROs as well as changes to environmental laws and regulations could cause material changes in the expected cost and the fair value of the AROs and these changes could have a material adverse impact on the Company's results of operations and financial condition.

Operations

Mining operations and related processing and infrastructure facilities are subject to risks normally encountered in the mining and metals industry. Such risks include, without limitation, environmental hazards, industrial accidents, disruptions in the supply of critical materials and supplies, labour disputes, changes in laws, technical difficulties or failures, equipment failure, failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material. Such risks could result in damage to, or destruction of, mines and other processing facilities, damage to life or property, environmental damage, delays in mining and processing, losses and possible legal liability. Any prolonged downtime or shutdowns at the Company's mining and processing facilities could materially affect the Company's business, financial condition and results of operations.

Success of the Company's operations also depends on adequate public infrastructure. Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs. Natural events, such as seismic events and severe climatic conditions, as well as sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's business, financial condition and results of operations.

Production, Operating and Shipping Costs

Many unforeseen factors can impact the Company's future production and total cash costs of production, such as the raw cost of inputs; cost of fuel; energy, supplies; labour and equipment; availability of suitable high value complex concentrates to be processed at the Tsumeb smelter; metal recoveries at the Tsumeb smelter; regulatory factors; royalties and taxes; foreign exchange rates; adverse climatic conditions and natural phenomena; and industrial accidents can impact the accuracy of these projections. As such, there can be no assurance that production and production cost estimates will be achieved. Failure to achieve production or total cash cost estimates could have an adverse impact on the Company's business, financial condition and results of operations.

The metals recoveries at the Tsumeb smelter are subject to estimation, including the amounts of metals contained in concentrate received, material in-process and blister delivered. These estimates are based on the Company's process knowledge and multiple assay results, the final results of which could differ materially from initial estimates and could have an adverse impact on the Company's business, financial condition and results of operations as any over or under recovery of metals is recorded in revenue.

The Company contracts for the shipment of its concentrates to its customers on varying terms and conditions, all subject to the prevailing rates, availability and general circumstances surrounding this market. Adverse changes to the shipping markets and/or the terms and conditions of shipping contracts could have a material adverse impact on the Company's business, financial condition and results of operations.

Mineral Resources and Mineral Reserves

The Mineral Resources and Mineral Reserves disclosed by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that gold, silver, zinc or copper recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuations in gold, copper, zinc and silver prices, results of drilling, change in cut-off grades, metallurgical testing, production and the evaluation of mine plans subsequent to the date of any estimates may require revision of such estimates. The volume and grade of Mineral Reserves mined and processed, and the recovery rates achieved may not be the same as currently anticipated. Any material reduction in the estimated Mineral Resources and Mineral Reserves could have a material adverse effect on the Company's business, financial condition and results of operations. A significant decrease in the reserve and resource estimates could adversely impact the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, depletion and depreciation charges and rehabilitation provisions and could result in an impairment of the carrying value.

Inferred Mineral Resources

Inferred Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty which may attach to Inferred Mineral Resources, there can be no assurance that Inferred Mineral Resources will be upgraded to Proven and Probable Mineral Reserves as a result of continued exploration.

Need for Mineral Reserves

As mines have limited lives based on Proven and Probable Mineral Reserves, the Company must continually develop, replace and expand its Mineral Reserves as its mines produce gold, silver, zinc and copper concentrates. The Company's ability to maintain or increase its annual production of gold, silver, zinc and copper concentrates and its aggregate Mineral Reserves will be significantly dependent on its ability to expand Mineral Reserves both at its existing mines and new mines it intends to bring into production in the future.

Exploration

Exploration is speculative and involves many risks that even a combination of careful evaluation, experience and knowledge utilized by the Company may not eliminate. Once a site with gold or other precious metal mineralization is discovered, it may take several years from the initial phases of drilling until production is possible. Substantial expenditures are normally required to locate and establish Mineral Reserves and to permit and construct mining and processing facilities. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

Foreign Country and Political

The majority of the Company's operations and business are outside of Canada, primarily in Eastern Europe, Eurasia and southern Africa, and as such, the Company's operations are exposed to various political and other risks and uncertainties.

These risks and uncertainties vary from country to country and include, but are not limited to, terrorism; corruption; crime; hostage taking or detainment of personnel; military repression; extreme fluctuations in foreign currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; absence of reliable rule of law, regulatory and judiciary processes; illegal mining; changes in taxation or royalty policies; restrictions on foreign exchange and movements of capital; changing political conditions; and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any changes in mining or investment policies or shifts in political attitude in the countries in which the Company conducts its business and operations may adversely affect the Company's business, results of operations and financial condition.

In addition, authorities and court systems in the countries in which the Company conducts its business and operations may be unpredictable. Challenges to foreign asset ownership, operations and regulatory compliance may be brought by government authorities for reasons that cannot be predicted and that may not be motivated by substantive law. It is also not unusual, in the context of a dispute resolution, for a party in these foreign jurisdictions to use the uncertainty of the legal environment as leverage in its business negotiations.

Failure to comply with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements.

Development Projects

As part of the Company's growth strategy, it expects to invest in the development, design, construction, operation and optimization of existing and new facilities to enhance operations and increase future production. In developing these new projects, the Company may be required to incur significant preliminary engineering, environmental, permitting and legal-related expenditures prior to determining whether a project is technically feasible and economically viable. The commercial viability of development projects is based on many factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; government regulations; capital and operating costs of such projects; and foreign currency exchange rates. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits, subsequent appeals of such permits, including favourable EIA decisions, and the acquisition of satisfactory surface or other land rights.

All projects are approved for development on a project-by-project basis after considering its strategic fit, inherent risks, and expected financial returns. This approach, which incorporates a gated project governance model, and combined with an experienced management team, staff and contract personnel, helps to minimize the risks associated with development projects. However, there can be no assurance that there will not be delays in obtaining the necessary permits or that the development or construction of any one or more projects will be completed on time, on budget or at all, or that the ultimate operating cost of the operation will not be higher than originally envisaged. In addition, to secure long lead times required for ordering equipment, the Company may place orders for equipment and make deposits thereon or advance projects before obtaining all requisite permits and licenses. Such actions are taken only when the Company reasonably believes such licenses or permits will be forthcoming prior to the requirement to expend the full amount of the purchase price. In the event a project, which was deemed economically viable, is not completed or does not operate at anticipated performance levels, the Company may be unable to fully recover its investment and be required to record a write-down. This, in turn, may adversely affect the Company's business, results of operations and financial condition.

Despite the achievements and progress made to date, there is still risk and uncertainty around obtaining all the remaining local approvals and permits necessary to advance the Krumovgrad Gold Project. If the required permits and approvals are not obtained in accordance with the project schedule, an impairment of the project carrying value may be required. Management continues to take steps to advance this project and remains committed to its future development. As of December 31, 2014, the net book value of the Krumovgrad Gold Project was $93.3 million.

Insurance and Uninsured Risks

The Company's business is subject to numerous risks and hazards, including severe climatic conditions, industrial accidents, equipment failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and other natural events such as earthquakes. Such occurrences could result in damage to mineral properties or processing facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining and processing, monetary losses and possible legal liability.

In order to eliminate or reduce certain risks, the Company purchases and maintains insurance coverage, subject to limits and deductibles that are considered reasonable and prudent. This insurance coverage does not cover all potential risks because of customary exclusions and/or limited availability, and in some instances, the Company's view that the cost of certain insurance coverage is excessive in relation to the risk or risks being covered. Further, there can be no assurance that insurance coverage will continue to be available on commercially reasonable terms, that such coverage will ultimately be sufficient, or that insurers will be able to fulfill their obligations should a claim be made. Losses arising from any such events that are not fully insured may cause the Company to incur significant costs that could have a material adverse effect on its business, financial condition and results of operations.

Value of Investment Portfolio

The value of the Company's investment portfolio of securities will vary based on the underlying value of the securities acquired by the Company. The business activities of issuers in the resource industry ("Resource Issuers") are speculative and may be adversely affected by factors outside the control of those issuers. Resource Issuers may not hold or discover commercial quantities of precious metals or minerals, have limited access to capital, and profitability may be affected by adverse fluctuations in commodity prices, demand for commodities, general economic conditions and cycles, unanticipated depletion of reserves or resources, native land claims, liability for environmental damage, competition, imposition of tariffs, duties or other taxes and government regulations, as applicable. Because the Company has and may continue to invest primarily in securities issued by Resource Issuers engaged in the mining industry or related resource businesses (including junior issuers), the value of the Company's investment portfolio of securities may be more volatile than portfolios with a more diversified investment focus. In some cases, the value of securities owned by the Company may also be affected by such factors as investor demand, specified rights or restrictions associated with the security, general market trends or regulatory restrictions. Fluctuations in the market values of such securities may occur for a number of reasons beyond the control of the Company, and there can be no assurance that an adequate liquid market will exist for securities or that quoted market prices at any given time will properly reflect the value at which the Company could monetize these securities.

Government Laws and Regulations

The activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, archaeological discovery and other matters. Although the Company currently carries out its operations and business in accordance with all applicable laws, rules and regulations, no assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be changed or be applied in a manner which could limit or curtail production or development. Furthermore, amendments to current laws and regulations governing operations and activities of mining, milling and processing or more stringent implementation thereof could cause costs and delays that will have a material adverse impact on the results of operations and financial condition of the Company.

The Company's current and future operations and development activities are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company currently has the required permits for its current operations, there can be no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for planned new operations or changes to existing operations.

Labour Relations

While the Company has good relations with both its unionized and non-unionized employees, there can be no assurance that it will be able to maintain positive relationships with its employees or that new collective agreements will be entered into without work interruptions. In addition, relations between the Company and its employees may be impacted by regulatory or governmental changes introduced by the relevant authorities in whose jurisdictions the Company carries on business. Adverse changes in such legislations or in the relationship between the Company and its employees could have a material adverse impact on the Company's business, results of operations and financial condition.

A two-year collective agreement with the Company's unionized employees at Chelopech is in force from July 1, 2013 to July 1, 2015. An agreement was also reached with the Company's unionized employees at Tsumeb and is in force until March 2016. There is no formal collective agreement in place at Kapan.

Income Tax

The Company operates in Canada and several foreign jurisdictions, through a number of subsidiary intermediary entities, and in some instances may utilize inter-company interest-bearing and non-interest bearing debt. As a result, it is subject to potential changes in tax laws, judicial interpretations in respect thereof, and the administrative and/or assessing practices of tax authorities in each jurisdiction. While these tax risks are proactively managed and monitored by senior management and outside tax experts, there can be no assurance that there will not be tax changes or rulings that could adversely affect the Company's business, financial condition and results of operations.

The Company believes that it is not currently a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes and it does not anticipate becoming a PFIC in the foreseeable future. However, the PFIC rules are complex, and, as a Canadian company publicly listed on the TSX, the Company does not operate its business in a manner specifically intended to avoid being classified as a PFIC. Accordingly, there can be no assurance that the Company will not be considered a PFIC. The Company also has not and does not expect to provide any shareholder with information that will enable a U.S. shareholder to make a qualified electing fund election in respect of the Company. To the extent that the Company is a PFIC in respect of any taxable year, its status as such would have adverse tax consequences for taxable U.S. investors. U.S. investors should consult their own tax advisors regarding the PFIC rules and the potential adverse U.S. Federal income tax consequences to which they may be subject in respect of an investment in the Company's common shares.

Future Plans

As part of its overall business strategy, the Company examines, from time to time, opportunities to acquire and/or develop new mineral projects and businesses. A number of risks and uncertainties are associated with these potential transactions and DPM may not realize all of the anticipated benefits. The acquisition and the development of new projects and businesses are subject to numerous risks, including political, regulatory, design, construction, labour, operating, technical, and technological risks, as well as uncertainties relating to the availability and cost of capital, future metal prices and foreign currency rates. Failure to successfully realize the anticipated benefits associated with one or more of these initiatives successfully could have an adverse effect on the Company's business, financial condition and results of operations.

Land Title

Although the title to the properties owned by the Company were reviewed by or on behalf of the Company, no formal title opinions were delivered to the Company and, consequently, no assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and the Company's ability to ensure that it has obtained a secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt.

Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

Competition

The Company faces competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals, as well as the ultimate sale of its production. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, there can be no assurance that the Company will be able to acquire or maintain attractive operations or sell its production on economically acceptable terms. Consequently, the Company's business, results of operations and financial condition could be adversely affected.

Market Price of Common Shares

The Company's common shares are listed on the TSX. The price of these and other shares making up the mining sector have historically experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, including those impacting the price of commodities, interest rates, market perceptions concerning equity securities generally and the precious and base metal sectors in particular, and factors that may be specific to the Company.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value, which in turn could impact the ability of the Company to raise equity or raise equity on terms considered to be acceptable. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources and have an adverse effect on the Company's business, financial condition and results of operations.

Dilution to Common Shares

During the life of the Company's outstanding common share purchase warrants as well as stock options granted under its share based compensation plans, the holders are given an opportunity to profit from an increase in the market price of the common shares with a resulting dilution in the interest of shareholders. The holders of common share purchase warrants and stock options may exercise such securities at a time when the Company may have been able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights. The increase in the number of common shares in the market, if all or part of these outstanding rights were exercised, and the possibility of sales of these additional shares may have a depressive effect on the price of the common shares.

Anti-Corruption Laws

The Company's operations are governed by, and involve interactions with, many levels of government in numerous countries. The Company is required to comply with anti-corruption and anti-bribery laws, including the *Criminal Code*, the Canadian *Corruption of Foreign Public Officials Act* and the U.S. *Foreign Corrupt Practices Act*, as well as similar laws in the countries in which the Corporation conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third party agents. Although the Company has adopted steps to mitigate such risks, including the implementation of training programs, internal monitoring, reviews and audits, and policies to ensure compliance with such laws, such measures may not always be effective in ensuring that the Company, its employees, contractors or third party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation, business, financial condition and results of operations.

Information Systems Security Threats

DPM has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. DPM's operations depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation, business, financial condition and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that DPM will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Interest Rate

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and cash equivalents, short-term investments, loans receivable, floating rate denominated long-term debt, revolver line of credit and finance lease obligations, the majority of which have associated cash flows based on floating interest rates.

Foreign Subsidiaries

The Company conducts its operations through foreign subsidiaries and substantially all of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between or among DPM and such entities, could restrict or impact the Company's ability to fund its operations. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's business, financial condition and results of operations.

Key Executives and Senior Personnel

The Company is dependent on the services of key executives, including its President and Chief Executive Officer and a number of highly skilled and experienced executives and senior personnel. The loss of these persons or the Company's inability to attract and retain additional highly skilled employees could adversely affect its business and future operations.

Conflicts of Interest

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development or investment in or provide services to natural resource companies and consequently there exists the possibility for such directors and officers to be in a position of conflict. The Company expects that any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the CBCA and other applicable laws.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

Management, under the supervision of the CEO and CFO, conducted an assessment of the effectiveness of DC&P and ICFR in place as of December 31, 2014 and concluded that such procedures and controls are adequate and effective to ensure accurate and complete disclosures in annual filings. The board of directors also assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

INTERNAL CONTROL EVALUATION

Management evaluated the design and operating effectiveness of the DC&P and ICFR as defined by NI 52-109 as of December 31, 2014. This evaluation was performed under the supervision of, and with the participation of, the CEO and CFO. Based on the evaluation of the design and operating effectiveness of the Company's ICFR and DC&P, management, the CEO and CFO concluded that the Company's DC&P and ICFR were effective as of December 31, 2014. ICFR was designed using the Internal Control – Integrated Framework (2013) developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to the internal controls in the year ended December 31, 2014.

Only reasonable, rather than absolute assurance, that misstatements are prevented or detected on a timely basis by ICFR can be provided due to the inherent limitations of the ICFR system. Such limitations also apply to the effectiveness of ICFR as it is also possible that controls may become inadequate because of changes in conditions or deterioration in compliance with policies and procedures.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements and other information included in this MD&A and our other disclosure documents constitute "forward looking information" or "forward looking statements" within the meaning of applicable securities legislation, which we refer to collectively hereinafter as "forward looking statements". Our forward looking statements include, but are not limited to, statements with respect to the future price of gold, copper, zinc and silver, the estimation of Mineral Reserves and Mineral Resources, the realization of such mineral estimates, the timing and amount of estimated future production and output, LOM, costs of production, capital expenditures, costs and timing of the development of new deposits, the results of PEA, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, success of permitting activities, environmental risks, reclamation expenses, the potential or anticipated outcome of title disputes or claims and timing and possible outcome of pending litigation. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "outlook", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Without limitation to the foregoing, the following section outlines certain specific forward looking statements contained in the "2015 Guidance" of this MD&A, unless otherwise noted, and provides certain material assumptions used to develop such forward looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements (which are provided without limitation to the additional general risk factors discussed herein):

Ore mined/milled: assumes Chelopech and Kapan mines perform at planned levels. Subject to a number of risks, the more significant of which are: failure of plant, equipment or processes to operate as anticipated; and rebuilding of development inventory at Kapan not progressing as anticipated.

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

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

Consolidated cash cost per ounce of gold sold, net of by-product credits: assumes metals contained in concentrate produced and consolidated cash cost per tonne of ore processed are each in line with the guidance provided; copper, zinc and silver prices remain at or around the levels specified in the section entitled "2015 Guidance"; and concentrate deliveries are consistent with DPM's current expectations. Subject to a number of risks, the more significant of which are: lower than anticipated metals contained in concentrate produced, concentrate deliveries and metal prices; and higher than anticipated consolidated cash cost per tonne of ore processed.

All-in sustaining costs: assumes that metals contained in concentrate produced, consolidated cash cost per ounce of gold sold, net of by-product credits, and sustaining capital expenditures are consistent with the guidance provided. Subject to a number of risks, the more significant of which are: lower than anticipated metals contained in concentrate produced, concentrate deliveries and metal prices; and higher than anticipated consolidated cash cost per tonne of ore processed, sustaining capital expenditures and general and administrative expenses.

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

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

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

Liquidity (see comments contained in "2015 Guidance" and "Liquidity and Capital Resources" sections): assumes the operating and cost performance at Chelopech, Kapan and Tsumeb are consistent with current expectations; metal prices and foreign exchange rates remain at or around current levels; concentrate sales agreements and smelter toll terms are consistent with current terms and/or forecast levels; progress of capital projects is consistent with current expectations; and DPM's RCF remains in place. Subject to a number of risks, the more significant of which are: lower than anticipated metals production at Chelopech and Kapan, concentrate throughput at Tsumeb, deliveries of concentrate and metal prices; weaker U.S. dollar relative to local operating currencies; changes in contractual sales and/or toll terms; changes to project parameters, schedule and/or costs; and the inability to draw down on DPM's RCF due to a breach or potential breach of one of its covenants.

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the forward looking statements. In addition to factors already discussed in this document, such factors include, among others: the uncertainties with respect to actual results of current exploration activities, actual results of current reclamation activities, conclusions of economic evaluations and the PEA; changes in project parameters as plans continue to be refined; future prices of gold, copper, zinc and silver; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company's activities; fluctuations in metal prices; unanticipated title disputes; claims or litigation; limitation on insurance coverage; as well as those risk factors discussed or referred to in any other documents (including without limitation the Company's most recent AIF) filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Unless required by securities laws, the Company undertakes no obligation to update forward looking statements if circumstances or management's estimates or opinion should change. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

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

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

The accompanying consolidated financial statements of Dundee Precious Metals Inc. (the “Company”) and all information in this financial report are the responsibility of management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments. Management has reviewed the financial information presented throughout this report and has ensured it is consistent with the consolidated financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Board of Directors appoints the Audit Committee, and all of its members are independent directors. The Audit Committee meets periodically with management and the auditors to review internal controls, audit results, accounting principles and related matters. The Board of Directors approves the consolidated financial statements on recommendation from the Audit Committee.

PricewaterhouseCoopers LLP, an independent firm of Chartered Professional Accountants, was appointed by the shareholders at the last annual meeting to examine the consolidated financial statements and provide an independent professional opinion. PricewaterhouseCoopers LLP has full and free access to the Audit Committee.

(Signed) “Richard Howes”

Richard Howes
President and Chief Executive Officer

(Signed) “Hume Kyle”

Hume Kyle
Executive Vice President and
Chief Financial Officer

February 12, 2015

February 12, 2015

Independent Auditor's Report

To the Shareholders of
Dundee Precious Metals Inc.

We have audited the accompanying consolidated financial statements of Dundee Precious Metals Inc., which comprise the consolidated statement of financial position as at December 31, 2014 and 2013 and the consolidated statements of (loss) earnings, comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dundee Precious Metals Inc. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2014 and 2013 (in thousands of U.S. dollars)

	Notes	December 31, 2014	December 31, 2013
ASSETS			
Current Assets			
Cash and cash equivalents		**36,292**	48,867
Short-term investments		**-**	940
Inventories	*4*	**46,120**	48,106
Accounts receivable	*5*	**36,166**	59,055
Other current assets	*6(c)*	**20,225**	5,815
		138,803	162,783
Non-Current Assets			
Investments at fair value	*6(a),6(b)*	**8,228**	17,779
Exploration and evaluation assets	*7*	**87,564**	148,926
Mine properties	*8*	**130,548**	129,825
Property, plant & equipment	*9*	**581,009**	492,746
Intangible assets	*10*	**26,104**	26,232
Deferred income tax assets	*20*	**2,595**	4,387
Other long-term assets	*11*	**5,301**	5,105
		841,349	825,000
TOTAL ASSETS		**980,152**	987,783
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	*12*	**40,503**	53,739
Income tax liabilities		**1,744**	1,121
Equity settled warrants	*24(a)*	**3,100**	10,834
Current portion of long-term debt	*13*	**16,250**	16,643
Current portion of long-term liabilities	*15*	**2,007**	2,833
		63,604	85,170
Non-Current Liabilities			
Long-term debt	*13*	**141,523**	67,145
Rehabilitation provisions	*14*	**53,785**	56,563
Share based compensation plans	*16*	**2,657**	2,532
Deferred income tax liabilities	*20*	**65**	5,456
Other long-term liabilities	*15*	**14,612**	19,439
		212,642	151,135
TOTAL LIABILITIES		**276,246**	236,305
EQUITY			
Share capital		**439,736**	436,762
Contributed surplus		**7,723**	5,775
Retained earnings		**255,439**	314,361
Accumulated other comprehensive loss		**(888)**	(11,726)
Equity attributable to common shareholders of the Company		**702,010**	745,172
Non-controlling interests		**1,896**	6,306
TOTAL EQUITY		**703,906**	751,478
TOTAL LIABILITIES AND EQUITY		**980,152**	987,783

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

Signed on behalf of the Board of Directors

(Signed) "Richard Howes"
Richard Howes, Director

(Signed) "Donald Young"
Donald Young, Director

CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, except per share amounts)

	Notes	2014	2013
Revenue		**323,980**	344,654
Cost of sales	*17*	**262,227**	254,887
Gross profit		**61,753**	89,767
General and administrative expenses	*17*	**32,248**	29,564
Exploration expenses	*17*	**8,294**	17,684
Finance cost	*18*	**11,259**	10,323
Interest income		**(281)**	(492)
Other expense	*19*	**65,613**	5,829
(Loss) earnings before income taxes		**(55,380)**	26,859
Current income tax expense	*20*	**11,162**	12,227
Deferred income tax (recovery) expense	*20*	**(3,832)**	1,451
Net (loss) earnings		**(62,710)**	13,181
Net (loss) earnings attributable to:			
Common shareholders of the Company		**(58,922)**	22,506
Non-controlling interests		**(3,788)**	(9,325)
Net (loss) earnings		**(62,710)**	13,181
(Loss) earnings per share attributable to common shareholders of the Company			
- Basic	*21*	**(0.42)**	0.17
- Diluted	*21*	**(0.47)**	0.00

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars)

	2014	2013
Net (loss) earnings	**(62,710)**	13,181
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Unrealized losses on publicly traded securities, net of income tax recovery of $nil (2013 - $3,668)	**(8,152)**	(34,990)
Impairment losses on publicly traded securities transferred to net (loss) earnings, net of income tax recovery of $nil (2013 - $64)	**19,247**	416
Currency translation adjustments	**(649)**	(696)
	10,446	(35,270)
Comprehensive loss, net of income taxes	**(52,264)**	(22,089)
Comprehensive loss attributable to:		
Common shareholders of the Company	**(48,084)**	(12,158)
Non-controlling interests	**(4,180)**	(9,931)
Comprehensive loss, net of income taxes	**(52,264)**	(22,089)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars)

	Notes	2014	2013
OPERATING ACTIVITIES			
(Loss) earnings before income taxes		**(55,380)**	26,859
Items not affecting cash and other adjustments	23(a)	**142,131**	73,380
Changes in non-cash working capital	23(b)	**12,431**	11,257
Proceeds from settlement of derivative commodity contracts		**9,749**	5,411
Income taxes paid		**(10,852)**	(17,401)
Cash provided from operating activities		**98,079**	99,506
INVESTING ACTIVITIES			
Proceeds from sale of short-term investments		**905**	764
Proceeds from disposal of mine properties and property, plant and equipment		**575**	298
Expenditures on exploration and evaluation assets		**(7,525)**	(20,588)
Expenditures on mine properties		**(12,901)**	(10,739)
Expenditures on property, plant and equipment		**(150,318)**	(180,557)
Expenditures on intangible assets		**(4,390)**	(1,089)
Decrease in restricted cash		**-**	2,506
Cash used in investing activities		**(173,654)**	(209,405)
FINANCING ACTIVITIES			
Proceeds from shares issued		**2,192**	36,756
Share issuance costs		**-**	(836)
Proceeds from subsidiary shares issued	3	**-**	11,189
Drawdown under revolving credit facility	13(b)	**90,000**	20,000
Financing fees on debt		**(2,802)**	(3,801)
Repayments of debt		**(16,643)**	(17,821)
Repayments of finance lease obligation		**(2,208)**	(2,561)
Interest paid		**(7,539)**	(5,691)
Cash provided from financing activities		**63,000**	37,235
Decrease in cash and cash equivalents		**(12,575)**	(72,664)
Cash and cash equivalents, beginning of year		**48,867**	121,531
Cash and cash equivalents, end of year		**36,292**	48,867

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, except for number of shares and warrants)

	December 31, 2014		December 31, 2013	
	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 year	**139,188,847**	**436,762**	125,633,545	374,810
Shares issued on exercise of warrants *(note 24(a))*	**-**	**-**	12,705,836	35,298
Share issuance costs	**-**	**-**	-	(836)
Shares issued on exercise of stock options *(note 16)*	**1,386,936**	**2,147**	849,466	1,502
Transferred from equity settled warrants on exercise of warrants *(note 24(a))*	**-**	**-**	-	25,455
Transferred from contributed surplus on exercise of stock options	**-**	**827**	-	533
Balance at end of year	**140,575,783**	**439,736**	139,188,847	436,762
Warrants *(note 24(a))*				
Balance at beginning of year	**-**	**-**	20,439,500	9,618
Reclassed to equity settled warrants on modification of warrants	**-**	**-**	(20,439,500)	(9,618)
Balance at end of year	**-**	**-**	-	-
Contributed surplus				
Balance at beginning of year		**5,775**		37,865
Fair value adjustment on modification of warrants *(note 24(a))*		**-**		(38,807)
Share based compensation expense		**2,657**		5,290
Transferred to share capital on exercise of stock options		**(827)**		(533)
Other changes in contributed surplus		**118**		1,960
Balance at end of year		**7,723**		5,775
Retained earnings				
Balance at beginning of year		**314,361**		302,102
Fair value adjustment on modification of warrants *(note 24(a))*		**-**		(10,247)
Net (loss) earnings attributable to common shareholders of the Company		**(58,922)**		22,506
Balance at end of year		**255,439**		314,361
Accumulated other comprehensive (loss) income *(note (24(b))*				
Balance at beginning of year		**(11,726)**		22,938
Other comprehensive income (loss)		**10,838**		(34,664)
Balance at end of year		**(888)**		(11,726)
Total equity attributable to common shareholders of the Company		**702,010**		745,172
Non-controlling interests				
Balance at beginning of year		**6,306**		7,008
Net loss attributable to non-controlling interests		**(3,788)**		(9,325)
Other comprehensive loss attributable to non-controlling interests		**(392)**		(606)
Shares issued by subsidiaries *(note 3)*		**-**		11,189
Other changes in non-controlling interests		**(230)**		(1,960)
Balance at end of year		**1,896**		6,306
Total equity at end of year		**703,906**		751,478

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013 (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 and share purchase warrants 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 December 31, 2014, DPM's 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 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;
- 100% of Dundee Precious Metals Krumovgrad EAD ("Krumovgrad"), which is focused on the development of a gold property located in south eastern Bulgaria, near the town of Krumovgrad;
- 100% of Dundee Precious Metals Tsumeb (Proprietary) Limited ("Tsumeb"), which owns and operates a custom smelter located in Tsumeb, Namibia; and
- 50.1% of Avala Resources Ltd. ("Avala"), a TSX Venture Exchange ("TSXV") listed company (TSXV: AVZ) incorporated in Canada and focused on the exploration and development of the Timok gold project, the Tulare copper and gold project and other early stage projects in Serbia (*note 3*).

2.1 BASIS OF PREPARATION

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") 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. These consolidated financial statements were approved by the Board of Directors on February 12, 2015.

These consolidated financial statements have been prepared on a historical cost basis except for held for trading and available-for-sale financial instruments *(note 6)* that are measured at fair value.

The Company's significant accounting policies are set out below.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company uses the acquisition method of accounting to account for business combinations. The fair value of the acquisition of a subsidiary is based on the fair value of the assets acquired, the liabilities assumed, and the fair value of the consideration. The fair value of the assets acquired and liabilities assumed includes any contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess, if any, of the consideration and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. In the case of a bargain purchase, where the total consideration and the non-controlling interest recognized are less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of (loss) earnings.

Subsidiaries are fully consolidated from the date on which control is acquired by the Company and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All inter-company balances, revenues and expenses and earnings and losses resulting from inter-company transactions are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original business combination plus the non-controlling interests' share of changes in equity since the date of acquisition.

Significant judgments are required by management to determine whether the Company controls an entity when it holds less than one half of the entity's voting rights. As at December 31, 2013, DPM had a 45.5% ownership interest in Dunav Resources Ltd. ("Dunav"). The remaining equity and voting rights were held by numerous other shareholders, none individually holding a significant percentage of the voting rights. Given the level of shareholder participation and the size and dispersion of shareholdings, DPM concluded that its ownership interest in Dunav was sufficient to control Dunav. On October 2, 2014, Dunav was acquired by Avala *(note 3)*.

(b) Critical accounting estimates and judgments

The preparation of the Company's 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously 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.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The significant areas of estimation and/or judgment considered by management in preparing the consolidated financial statements include, but are not limited to:

- basis of consolidation *(note 2.2(a))*;
- inventories *(note 2.2(g))*;
- fair value of financial instruments *(note 2.2(j))*;
- mineral exploration and evaluation expenditures *(note 2.2(k))*;
- mine properties *(note 2.2(l))*;
- property, plant and equipment *(note 2.2(m))*;
- intangible assets *(note 2.2(n))*;
- impairment of assets *(note 2.2(h) and 2.2(p))*;
- rehabilitation provisions *(note 2.2(q))*;
- revenue recognition *(note 2.2(s))*; and
- deferred income tax assets and liabilities *(note 2.2(v))*.

(c) Presentation and functional currency

The Company's presentation currency is the U.S. dollar and the functional currency of DPM and its wholly-owned operations is the U.S. dollar as it was assessed by management as being the primary currency of the economic environment in which the Company operates.

(d) Foreign currency

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates on the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the exchange rates on the dates that their fair values are determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at the exchange rates on the dates of the transactions. Income and expense items are translated at the exchange rate on the dates of the transactions. Exchange gains and losses resulting from the translation of these amounts are included in net (loss) earnings, except those arising on the translation of available-for-sale equity instruments that are recorded in other comprehensive income (loss).

Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into U.S. dollars at exchange rates on the reporting date. The income and expenses of foreign operations are translated into U.S. dollars at exchange rates on the dates of the transactions. Foreign currency differences are recognized as currency translation adjustments in other comprehensive income (loss). Avala and Dunav (prior to being acquired by Avala *(note 3)*) are the only foreign operations of the Company with a functional currency being the Canadian dollar rather than the U.S. dollar and principal subsidiaries with functional currencies denominated in the Serbian dinar.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash deposits, guaranteed investment certificates and/or other highly rated and liquid securities with an original maturity of less than three months.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Short-term investments

Short-term investments include guaranteed investment certificates and/or other highly rated and liquid securities with original maturities between three months and less than one year at the time the investment is made. Short-term investments are recorded at amortized cost.

(g) Inventories

Inventories of gold, copper, zinc and silver concentrates are measured and valued at the lower of average production cost and net realizable value. Net realizable value is the estimated selling price of the concentrates in the ordinary course of business based on the prevailing metal prices on the reporting date, less estimated costs to complete production and to bring the concentrates to sale. Production costs that are inventoried include the costs directly related to bringing the inventory to its current condition and location, such as materials, labour, other direct costs (including external services and depreciation, depletion and amortization), production related overheads and royalties. Other materials and supplies inventories are valued at the lower of average cost and net realizable value. Obsolete, redundant and slow moving inventories are identified at each reporting date and written down to their net realizable values.

(h) Financial assets and liabilities

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition & Measurement,* are classified as "financial assets at fair value through profit or loss", "loans and receivables", or "available-for-sale financial assets", as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

Subsequent measurement - Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if management intends to sell the financial assets in the near term. This category includes any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship under IAS 39. Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in other expense in the consolidated statements of (loss) earnings. The Company's investment in Sabina Gold & Silver Corp. ("Sabina") warrants and special warrants and the derivative commodity contracts entered to economically hedge a portion of its provisionally priced sales and projected production are classified as financial assets at fair value through profit or loss.

Derivatives are recognized initially at fair value and all attributable transaction costs are recognized in other expense in the consolidated statements of (loss) earnings, as incurred. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts. Host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated statements of (loss) earnings. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would have otherwise been required.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Subsequent measurement - Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These include cash and cash equivalents, restricted cash, accounts receivables, loans receivable and short-term investments. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (“EIR”) method less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the consolidated statements of (loss) earnings. The losses arising from impairment, if any, are recognized as finance cost.

Subsequent measurement - Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company’s portfolio investments in publicly traded equity securities are classified as available-for-sale financial assets.

After initial measurement, available-for-sale investments are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss). When the investment is sold or impaired, the cumulative gain or loss is removed from accumulated other comprehensive loss and recognized in other expense in the consolidated statements of (loss) earnings.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers substantially all the risks and rewards of ownership of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and the loss has an impact on the estimated cash flows of the financial asset or group of assets that can be reliably estimated.

For financial assets carried at amortized cost, the Company considers evidence of impairment at both a specific asset and collective level. Objective evidence could include the default or delinquency of a debtor or restructuring of an amount due to the Company on terms that the Company would not consider otherwise. All individually significant financial assets are assessed for specific impairment. Financial assets that are not individually significant are collectively assessed for impairment by grouping together financial assets with similar risk characteristics. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized in the consolidated statements of (loss) earnings and is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not yet been incurred. If, in a subsequent period, the estimated impairment loss decreases because of an event, any reversal would be credited to net (loss) earnings.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

For available-for-sale investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its original cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in net (loss) earnings, is removed from accumulated other comprehensive loss and recognized in other expense in the consolidated statements of (loss) earnings. Impairment losses on equity investments are not reversed through net (loss) earnings; and increases in their fair value after impairment are recognized directly in other comprehensive income (loss).

The assessment for impairment in respect of available-for-sale investments requires judgment, where management evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as “financial liabilities at fair value through profit or loss”, or “other financial liabilities”. The Company’s financial liabilities include trade and other payables, loans and borrowings, and derivative financial instruments, where applicable.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if management intends to settle the financial liabilities in the near term. This category includes any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship under IAS 39. Financial liabilities at fair value through profit or loss are carried at fair value with changes in fair value recognized in other expense in the consolidated statements of (loss) earnings. The equity settled warrants issued by the Company and the derivative commodity contracts entered to economically hedge a portion of its provisionally priced sales and projected production are, where applicable, classified as financial liabilities at fair value through profit or loss.

Subsequent measurement - Other financial liabilities

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

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Derecognition

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

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

(j) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. These valuation models require the use of assumptions, including future stock price volatility and probability of exercise.

Changes in the underlying assumptions could materially impact the Company's investments at fair value through profit or loss. Further details on measurement of the fair values of financial instruments are provided in *note 6*.

(k) Mineral exploration and evaluation expenditures

Exploration and evaluation activities involve the search for Mineral Resources and Mineral Reserves, the assessment of technical and operational feasibility and the determination of an identified Mineral Resource or Reserve's commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures are expensed as incurred until economic production is probable. Exploration expenditures in areas where there is a reasonable expectation to convert existing estimated Mineral Resources to estimated Mineral Reserves or to add additional Mineral Resources with additional drilling and evaluations in areas near existing Mineral Resources or Mineral Reserves and existing or planned production facilities, are capitalized.

Exploration properties that contain estimated Proven and Probable Mineral Reserves, but for which a development decision has not yet been made, are subject to periodic review for impairment when events or changes in circumstances indicate the project's carrying value may not be recoverable.

Exploration and evaluation assets are reclassified to "Mine Properties - Mines under construction" when the technical feasibility and commercial viability of extracting the Mineral Resources or Mineral Reserves are demonstrable and construction has commenced or a decision to construct has been made. Exploration and evaluation assets are assessed for impairment before reclassification to "Mines under construction", and the impairment loss, if any, is recognized through net (loss) earnings.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is probable that future economic benefits will be generated from the exploitation of an exploration and evaluation asset when activities have not yet reached a stage where a reasonable assessment of the existence of reserves can be determined. The estimation of Mineral Resources is a complex process and requires significant assumptions and estimates regarding economic and geological data and these assumptions and estimates impact the decision to either expense or capitalize exploration and evaluation expenditures. Management is required to make certain estimates and assumptions about future events and circumstances in order to determine if an economically viable extraction operation can be established. Any revision to any of these assumptions and estimates could result in the impairment of the capitalized exploration costs. If new information becomes available after expenditures have been capitalized that the recovery of these expenditures is no longer probable, the expenditures capitalized are written down to the recoverable amount and charged to net (loss) earnings in the period the new information becomes available.

(I) Mine properties

Mine Properties - Mines under construction

All expenditures undertaken in the development, construction, installation and/or completion of mine production facilities are capitalized and initially classified as "Mines under construction". Upon the commencement of production at the expected capacity level, all related assets included in "Mines under construction" are reclassified to "Mine Properties - Producing mines" or "Property, plant and equipment".

All expenditures related to the construction of mine declines and ore body access, including mine shafts and ventilation raises, are considered to be underground capital development and are capitalized. Expenses incurred after reaching the ore body are regarded as operating development costs and are included in the cost of ore hoisted.

Mine Properties – Producing mines

All assets reclassified from "Mines under construction" to "Producing mines" are stated at cost less accumulated depletion and accumulated impairment losses. Costs incurred for the acquisition of land are stated at cost.

The initial cost of a producing mine comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset.

When a mine construction project moves into production, the capitalization of certain mine construction costs ceases, and from that point on, costs are either regarded as inventory costs or expensed as cost of sales, except for costs related to mine additions or improvements, mine development or mineable reserve development, which qualify for capitalization.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Depletion

The depletion of a producing mine asset is based on the unit-of-production method over the estimated economic life of the related deposit.

Mineral Resources and Mineral Reserves estimates

The estimation of Mineral Resources and Mineral Reserves, as defined under National Instrument 43-101, *Standards of Disclosure for Mine Projects* ("NI 43-101"), is a complex process and requires significant assumptions and estimates. The Company prepares its Mineral Resources and Mineral Reserves estimates based on information related to the geological data on the size, depth and shape of the ore body which is compiled by appropriately qualified persons. The estimation of Mineral Resources and Mineral Reserves is based upon factors such as estimates of expected life of mines, metal prices, capital requirements, production costs, foreign exchange rates, geotechnical and geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the Mineral Resources or Mineral Reserves estimates may impact the carrying value of exploration and evaluation assets *(note 2.2(k))*, mine properties, property, plant and equipment *(note 2.2(m)),* depletion and depreciation charges *(note 2.2(m)),* rehabilitation provisions *(note 2.2(q)),* and deferred income tax assets *(note 2.2(v)).*

(m) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing it to a working condition for its intended use, the initial estimate of the rehabilitation costs, and for qualifying assets, applicable borrowing costs during construction. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The capitalized value of a finance lease is also included in property, plant and equipment.

Depreciation

The depreciation of property, plant and equipment related to a mine is based on the unit-of-production method over the estimated economic life of the related deposit, except in the case of an asset whose estimated useful life is less than the life of the deposit, in which case the depreciation is based on the straight-line method. For all other property, plant and equipment, depreciation is based on the estimated useful life of the asset on a straight-line basis. Depreciation of property, plant and equipment used in a capitalized exploration or development project is capitalized to the project.

Depreciation for property, plant and equipment, which are depreciated on a straight-line basis over their estimated useful lives, is as follows:

Asset Category	Estimated useful life (Years)
Buildings	20-25
Machinery and Equipment	1-20
Vehicles	5
Computer Hardware	1-5
Office Equipment	5-7

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Construction work-in-progress includes property, plant and equipment in the course of construction and is carried at cost less any recognized impairment loss. These assets are reclassified to the appropriate category of property, plant and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

An item of property, plant and equipment, including any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net (loss) earnings when the asset is derecognized.

The residual values, useful lives and methods of depreciation of all assets are reviewed at each financial year end and are adjusted prospectively, if appropriate.

Depreciation of mine specific assets is based on the unit-of-production method. The life of these assets is assessed annually with regard to both their anticipated useful life and the present assessments of the economically recoverable reserves of the mine property where these assets are located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves. Any changes to these calculations based on new information are accounted for prospectively.

Major maintenance and repairs

Expenditures on major maintenance include the cost of replacing part of an asset and overhaul costs. When part of an asset is being replaced and it is probable that future economic benefits associated with the replacement or overhauled item will flow to the Company through an extended life, the expenditure is capitalized as a separate asset and the carrying amount of the replaced part is written off.

(n) Intangible assets

Intangible assets include software, exploration and software licenses and long-term customer contracts. Intangible assets acquired separately are measured upon initial recognition at cost, which comprises the purchase price plus any costs directly attributable to the preparation of the asset for its intended use. Intangible assets acquired through business combinations are initially recognized at fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization for intangible assets, which are amortized on a straight-line basis over their estimated useful lives, is as follows:

Asset Category	Estimated useful life (Years)
Computer Software	2-10
Exploration and Software Licenses	1-10
Long-term Customer Contract	11

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets require the use of estimates and assumptions and are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense attributable to an intangible asset is recognized in the consolidated statements of (loss) earnings in the expense category consistent with the function of the intangible asset.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in net (loss) earnings when the asset is derecognized.

(o) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before being classified as held for sale, the assets are re-measured in accordance with the Company's accounting policies relevant to the assets. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in net (loss) earnings. The reversal of any previously recognized impairment loss cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset held for sale.

The measurement of assets held for sale requires the use of estimates and assumptions related to the carrying value and its recoverability through sale. The actual sale proceeds may materially differ from the carrying value.

(p) Impairment of non-financial assets

The carrying values of capitalized exploration and evaluation expenditures, mine properties, intangible assets and property, plant and equipment are assessed for impairment whenever indicators of impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. The recoverable amount is determined as the higher of the fair value less costs of disposal ("FVLCD") and its value in use. This is determined on an asset-by-asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets. If this is the case, individual assets are grouped together into a Cash Generating Unit ("CGU") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or groups of assets.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount with the corresponding impairment being charged to earnings in the period of impairment. Impairment losses related to continuing operations are recognized in the consolidated statements of (loss) earnings in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication of impairment or a change in events or circumstances relating to a previously recognized impairment. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset or CGU is increased to its newly determined recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset or CGU in prior years.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The assessment of impairment is based, in part, on certain factors that may be partially or totally outside of the Company's control, and requires the use of estimates and assumptions related to future value drivers, such as commodity prices, discount rates, foreign exchange rates and operating and capital costs. These estimates and assumptions, some of which may be subjective, require that management make decisions based on the best available information at each reporting period. It is possible that the actual recoverable amount could be significantly different than those estimates. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable reserves, resources and exploration potential, and/or adverse market conditions can result in a write-down of the carrying amounts of the Company's assets. Fair value is determined as the net amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Value in use is based on estimated future cash flows discounted to their present value using a current pre-tax discount rate that is consistent with the risks specific to the asset. Management has assessed its CGUs as being an individual mine or processing site.

(q) Provisions

General

Provisions are recognized when: a) the Company has a present obligation (legal or constructive) as a result of a past event; and b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement shall be treated as a separate asset. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision as a result of the passage of time is recognized in finance cost in the consolidated statements of (loss) earnings.

A contingent liability is not recognized in the case where no reliable estimate can be made; however, disclosure is required unless the possibility of an outflow of resources embodying economic benefits is remote. By its nature, a contingent liability will only be resolved when one or more future events occur or fail to occur. The assessment of a contingent liability inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Rehabilitation provisions

Mining, processing, development and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes a liability for its rehabilitation obligations in the period when a legal and/or constructive obligation is identified. The liability is measured at the present value of the estimated costs required to rehabilitate operating locations based on the risk free nominal discount rates that are specific to the countries in which the operations are located. A corresponding increase to the carrying amount of the related asset is recorded and depreciated in the same manner as the related asset.

The nature of these restoration and rehabilitation activities includes: i) dismantling and removing structures; ii) rehabilitating mines and tailing dams; iii) dismantling operating facilities; iv) closure of plant and waste sites; and v) restoration, reclamation and re-vegetation of affected areas. Other environmental costs incurred at the operating sites, such as environmental monitoring, water management and waste management costs, are charged to net (loss) earnings when incurred.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The liability is accreted over time to its expected future settlement value. The accretion expense is recognized in finance cost in the consolidated statements of (loss) earnings.

The Company assesses its rehabilitation provisions at each reporting date. The rehabilitation liability and related assets are adjusted at each reporting date for changes in the discount rates and in the estimated amount, timing and cost of the work to be carried out. Any reduction in the rehabilitation liability and therefore any deduction in the related rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately credited to net (loss) earnings.

Significant estimates and assumptions are made by management in determining the nature and costs associated with the rehabilitation liability. The estimates and assumptions required include estimates of the timing, extent and costs of rehabilitation activities, technology changes, regulatory changes, and changes in the discount and inflation rates. These uncertainties may result in future expenditures being different from the amounts currently provided.

(r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement on the inception date.

Finance leases

Finance leases which transfer substantially all the risks and rewards incidental to ownership of the leased item to the Company as a lessee, are capitalized at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and the reduction of the lease liability. Finance charges are recognized in finance cost in the consolidated statements of (loss) earnings.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the term of the lease.

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership to the Company as a lessee are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of (loss) earnings on a straight-line basis over the lease term.

(s) Revenue recognition

Revenue from the sale of concentrates containing gold, copper, zinc and silver is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when products have been delivered to the location specified in the sales contract and the risk of loss has been transferred to the buyer. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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

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

Revenue from the smelter is recognized when concentrate has been smelted. Under the toll agreement between Tsumeb and Louis Dreyfus Commodities Metals Suisse SA (“LDC”), Tsumeb incurs a carrying charge in respect of the concentrate it processes until blister copper is delivered. This charge is recorded as a reduction of revenue.

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

(t) Borrowing costs

Borrowing costs directly related to the acquisition and the construction of a qualifying capital asset are capitalized and added to the cost of the asset until such time as the asset is considered substantially ready for its intended use. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where funds used to finance a project form part of general borrowings, the amount capitalized is calculated using the weighted average cost applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in net (loss) earnings in the period in which they are incurred.

(u) Share based compensation transactions

Equity-settled transactions

Stock options are granted to directors and selected employees to buy common shares of the Company. Options vest equally over a three-year period and expire five years from the date of grant. Grants of stock options are based on the closing price of the common shares on the TSX the day before the effective grant date and reflect the Company’s estimate of the number of awards that will ultimately vest. The stock options are measured on the date of grant by reference to the fair value determined using a Black-Scholes valuation model, further details of which are given in *note 16*. The value is recognized as a general and administrative expense in the consolidated statements of (loss) earnings and an increase to contributed surplus in the consolidated statements of changes in shareholders’ equity over the period in which the performance and/or service conditions are fulfilled.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Cash-settled transactions

A Deferred Share Unit ("DSU") Plan was established for directors and certain employees in lieu of cash compensation. The DSUs are paid in cash based on the five-day volume weighted average price ("Market Price") of DPM's publicly traded common shares on the date the director ceases to be a director or the employee ceases to be employed by DPM or a subsidiary thereof. The cost of the DSUs is measured initially at fair value based on the closing price of DPM's common shares preceding the day the DSUs are granted. The cost of the DSUs is recognized as a liability under share based compensation plans in the consolidated statements of financial position and as a general and administrative expense in the consolidated statements of (loss) earnings. The liability is remeasured to fair value based on the Market Price of DPM's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in general and administrative expenses in the consolidated statements of (loss) earnings.

A Restricted Share Unit ("RSU") Plan was established for directors, certain employees and eligible contractors of DPM and its wholly-owned subsidiaries in consideration of past services to the Company. The RSUs vest equally over a three year period and are paid in cash based on the Market Price of DPM's publicly traded common shares on the entitlement date or dates. The cost of the RSUs is measured initially at fair value on the authorization date based on the Market Price of DPM's common shares preceding the day the RSUs are authorized by the Board of Directors. The cost of RSUs is recognized as a liability under share based compensation plans, with the current portion recognized in accounts payable and accrued liabilities, in the consolidated statements of financial position and as a general and administrative expense in the consolidated statements of (loss) earnings over the vesting period. The liability is remeasured to fair value based on the Market Price of DPM's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in general and administrative expenses.

(v) Income taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable loss or income for the period. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred income tax

Deferred income tax is provided using the balance sheet method on temporary differences on the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be generated in future periods to utilize these deductible temporary differences.

The following temporary differences do not result in deferred income tax assets or liabilities:

- The initial recognition of assets or liabilities, not arising from a business combination, that does not affect accounting or taxable profit;
- Initial recognition of goodwill, if any; and
- Investments in subsidiaries, associates and jointly controlled entities where the timing of the reversal of temporary differences can be controlled and reversal in the foreseeable future is not probable.

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2.2 SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be generated to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be generated to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current and deferred income taxes related to items recognized directly in equity are recognized in equity and not in net (loss) earnings. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Judgment is required in determining whether deferred income tax assets are recognized on the consolidated statements of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in order to utilize the deferred income tax assets. Estimates of future taxable income are based on forecasted cash flows from operations or other activities and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded on the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could impact tax deductions in future periods and the value of its deferred income tax assets and liabilities.

(w) Earnings per share

Basic earnings per share is computed by dividing the net earnings available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. The number of additional shares for inclusion in diluted earnings per share is determined using the treasury stock method, whereby stock options and warrants, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised at the beginning of the period with proceeds based on the average market price for the period. The incremental number of common shares issued under stock options and warrants is included in the calculation of diluted earnings per share.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

2.3 CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2014, the Company adopted the following new standards and amendments to existing standards. These changes were made in accordance with the applicable transitional provisions.

IAS 32, *Financial Instruments: Presentation*
In December 2011, the IASB published amendments to IAS 32 to provide clarifications on the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 1, 2014 and have been applied retrospectively. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

IFRIC 21, *Levies*
IFRIC 21, issued in May 2013, is an interpretation on IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and has been applied retrospectively. The adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

IAS 36, *Impairment of Assets*
In May 2013, the IASB published amendments to the disclosures required by IAS 36, when the recoverable amount is determined based on FVLCD. The amendments are effective for annual periods beginning on or after January 1, 2014 and have been applied retrospectively. The adoption of these amendments resulted in additional disclosures on the Company's consolidated financial statements *(note 7)*.

2.4 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following new standards, interpretations and amendments to existing standards are not yet effective for the year ending December 31, 2014, and have not been applied when preparing these consolidated financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, *Financial Instruments*
IFRS 9, published in July 2014, replaces IAS 39. 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. This standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company continues to assess the full impact of this standard.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

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 disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company is currently assessing the impact of this standard.

3. SIGNIFICANT TRANSACTIONS

Avala

On January 17, 2013, Avala closed an equity financing for gross proceeds of $8.0 million. Avala issued a total of 40,000,000 units at Cdn$0.20 per unit, with 25,000,000 units issued to DPM and 15,000,000 units issued to non-controlling interests. Each unit is comprised of one common share of Avala and one share purchase warrant. Each warrant is exercisable for a period of 24 months from closing, at an exercise price of Cdn$0.30, to acquire one common share of Avala. Avala's cash proceeds from the units issued to DPM were eliminated upon consolidation. The cash proceeds from the units issued to non-controlling interests of $2.5 million for the year ended December 31, 2013 were reported in cash provided from financing activities in the consolidated statements of cash flows.

On October 2, 2014, Avala and Dunav completed their plan of arrangement whereby Avala acquired Dunav and, as a result, all of the outstanding shares and warrants of Dunav were exchanged for Avala shares and warrants, and Dunav became a wholly-owned subsidiary of Avala. DPM was issued an additional 83,435,171 common shares and 24,399,736 common share purchase warrants of Avala in exchange for its ownership interest in Dunav. On October 9, 2014, the outstanding securities of Avala were consolidated on a ten pre-consolidation for one post-consolidation basis.

As at December 31, 2014, DPM held an aggregate of 21,859,120 common shares and 4,939,973 common share purchase warrants of Avala, which represented a 50.1% (December 31, 2013 – 53.1%) ownership interest in Avala. The non-controlling interests' share of Avala's net loss resulting from its exploration activities for the year ended December 31, 2014 was $2.2 million (2013 - $4.0 million). The non-controlling interests' share of Avala's net assets as at December 31, 2014 was $1.9 million (December 31, 2013 - $1.7 million).

Dunav

On March 6, 2013, Dunav closed an equity financing for gross proceeds of $16.8 million. Dunav issued a total of 56,076,500 units at Cdn$0.30 per unit, with 23,333,400 units issued to DPM and 32,743,100 units issued to non-controlling interests. Each unit is comprised of one common share of Dunav and one share purchase warrant. Each warrant is exercisable for a period of 36 months from closing, at an exercise price of Cdn$0.50, to acquire one common share of Dunav. Dunav's cash proceeds from the units issued to DPM were eliminated upon consolidation. The cash proceeds from the units issued to non-controlling interests of $8.7 million for the year ended December 31, 2013 were reported in cash provided from financing activities in the consolidated statements of cash flows.

Prior to Avala's acquisition of Dunav on October 2, 2014, DPM had a 45.5% (December 31, 2013 – 45.5%) ownership interest in Dunav. The non-controlling interests' share of Dunav's net loss resulting from its exploration activities was $1.6 million for the nine months ended September 30, 2014 and $5.3 million for the year ended December 31, 2013. The non-controlling interests' share of Dunav's net assets as at December 31, 2013 was $4.6 million.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

Set out below is summarized financial information reported by Avala and Dunav that have been consolidated into these financial statements, with the exception of comprehensive loss attributable to non-controlling interests, which represents the Company's share of their loss. All financial information is presented before any intercompany eliminations.

The following table summarizes the financial position for Avala and Dunav as at December 31, 2014 and 2013:

	Avala		**Dunav**	
	December 31, 2014	December 31, 2013	**December 31, 2014 *(i)***	December 31, 2013
Current				
Assets	**2,597**	3,231	**-**	8,300
Liabilities	**(236)**	(1,107)	**-**	(780)
Total current net assets	**2,361**	2,124	**-**	7,520
Non-current				
Assets	**1,362**	1,822	**-**	598
Total non-current net assets	**1,362**	1,822	**-**	598
Net assets	**3,723**	3,946	**-**	8,118

The following table summarizes the comprehensive loss for Avala and Dunav for the years ended December 31, 2014 and 2013:

	Avala		**Dunav**	
	2014	2013	**2014 *(i)***	2013
Net loss	**(4,429)**	(8,578)	**(3,189)**	(9,673)
Currency translation adjustments	**(280)**	(462)	**(369)**	(234)
Comprehensive loss, net of income taxes	**(4,709)**	(9,040)	**(3,558)**	(9,907)
Comprehensive loss attributable to non-controlling interests	**(2,406)**	(4,825)	**(1,774)**	(5,106)

The following table summarizes the cash flow information for Avala and Dunav for the years ended December 31, 2014 and 2013:

	Avala		**Dunav**	
	2014	2013	**2014 *(i)***	2013
Cash used in operating activities	**(4,864)**	(8,055)	**(3,325)**	(8,018)
Cash provided from (used in) investing activities	**4,758**	(16)	**(10)**	(414)
Cash provided from financing activities	**-**	7,614	**-**	15,440
(Decrease) increase in cash and cash equivalents	**(106)**	(457)	**(3,335)**	7,008
Cash and cash equivalents, beginning of year	**2,491**	2,948	**7,972**	964
Cash and cash equivalents, end of year	**2,385**	2,491	**4,637**	7,972

(i) The financial position of Dunav has been consolidated into Avala as at December 31, 2014. The comprehensive loss and cash flow information for Dunav reflect the nine-month period ended September 30, 2014 prior to Avala's acquisition of Dunav.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

4. Inventories

	December 31, 2014	December 31, 2013
Gold/Copper/Zinc/Silver ore and concentrates	**9,220**	8,975
Spare parts and supplies	**36,900**	39,131
	46,120	48,106

For the year ended December 31, 2014, the cost of inventories recognized as an expense and included in cost of sales was $153.8 million (2013 - $170.4 million).

5. Accounts receivable

	December 31, 2014	December 31, 2013
Accounts receivable	**20,876**	35,958
Value added tax recoverable	**6,533**	13,450
Supplier advances and other prepaids	**8,757**	9,647
	36,166	59,055

6. 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 consolidated statements of financial position:

		Carrying Amount	
	Financial instrument classification	**December 31, 2014**	December 31, 2013
Financial assets			
Cash and cash equivalents	Loans and receivables	**36,292**	48,867
Short-term investments	Loans and receivables	**-**	940
Accounts receivable *(note 5)*	Loans and receivables	**36,166**	59,055
Restricted cash	Loans and receivables	**2,508**	2,710
Sabina warrants and special warrants *(a)*	Held for trading	**1,173**	2,573
Publicly traded securities *(b)*	Available for sale	**7,055**	15,206
Derivative commodity contracts *(c)*	Held for trading	**19,129**	4,513
Financial liabilities			
Accounts payable and accrued liabilities *(note 12)*	Other financial liabilities	**40,503**	53,739
Debt *(note 13)*	Other financial liabilities	**157,773**	83,788
Derivative commodity contracts *(c)*	Held for trading	**34**	5,713
Equity settled warrants *(note 24(a))*	Held for trading	**3,100**	10,834

The carrying values of all the financial assets and liabilities approximate their fair values as at December 31, 2014 and 2013.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

(a) Sabina warrants and special warrants

As at December 31, 2014, DPM held: (i) 23,539,713 common shares of Sabina, of which 5,000,000 common shares were issued to DPM upon the automatic exercise of its 5,000,000 Series A special warrants on October 7, 2013, when Sabina made the decision to proceed with a feasibility study on all or part of the Back River project; and (ii) 5,000,000 Series B special warrants, which will be automatically exercised upon a positive production decision with respect to the project or upon the occurrence of certain other events. Each of the special warrants is exercisable for a period of 35 years into one common share and one-half of a common share purchase warrant of Sabina. Each common share purchase warrant, if issued, was exercisable until June 9, 2014.

The fair value of the special warrants was based on the fair value of the Sabina common shares and the warrants. The fair value of the Sabina common shares was determined based on the closing bid prices as at December 31, 2014 and 2013. The fair value of the common share purchase warrants was estimated using the closing bid price of Sabina's common shares in the Black-Scholes pricing model with the following assumptions:

	December 31, 2014 *(i)*	December 31, 2013
Sabina Series A Warrants		
Risk free interest rate	-	1.1%
Expected exercise period in years	-	0.5
Expected volatility	-	92.3%
Dividends per share	-	-
Discount rate	-	3.5%

(i) In June 2014, 2,500,000 common share purchase warrants, which were issued to DPM upon the automatic exercise of its Series A special warrants on October 7, 2013, expired. As a result, the fair value of these common share purchase warrants was reduced to $nil.

As at December 31, 2012, the Company no longer assumed that a positive production decision is likely to occur prior to June 9, 2014, being the expiry date of the warrant portion of the Sabina Series B special warrants. As a result, the fair value of the warrant portion of the Sabina Series B special warrants was valued at $nil.

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

For the year ended December 31, 2014, the Company recorded unrealized losses on the Sabina warrants and special warrants of $0.9 million (2013 – $19.2 million) in other expense *(note 19)* in the consolidated statements of (loss) earnings. The Company also recognized a loss of $0.5 million (2013 – $nil) on the expiration of the Sabina common share purchase warrants for the year ended December 31, 2014 in other expense *(note 19)* in the consolidated statements of (loss) earnings.

(b) Publicly traded securities

Publicly traded securities include a portfolio of equity investments in publicly traded mining and exploration companies, comprised primarily of Sabina common shares. These investments are measured at fair value with unrealized gains or losses recognized in other comprehensive income (loss) in the consolidated statements of comprehensive loss. When the investment is sold or considered to be impaired, the cumulative gain or loss is removed from accumulated other comprehensive loss and recognized in other expense in the consolidated statements of (loss) earnings.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

For the year ended December 31, 2014, the Company recognized unrealized losses on these publicly traded securities of $8.2 million (2013 – $38.7 million) in other comprehensive income (loss). These losses, together with the cumulative loss previously recognized in accumulated other comprehensive loss, which in aggregate amounted to $19.2 million (2013 – $0.5 million) were transferred to other expense *(note 19)* as an impairment charge due to the significant and prolonged decline in the fair value of these publicly traded securities.

(c) Derivative commodity contracts

The Company enters into cash settled derivative contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to mitigate a portion of the metal price exposure associated with the time lag between the provisional and final determination of concentrate sales ("QP Hedges"). As at December 31, 2014, the Company had outstanding derivative contracts in respect of this exposure as summarized in the table below:

Commodity hedged	Volume hedged	Average fixed price of QP Hedges
Payable gold	27,180 ounces	$1,196.93/ounce
Payable copper	18,838,478 pounds	$3.00/pound
Payable silver	154,925 ounces	$16.31/ounce
Payable zinc	1,025,148 pounds	$0.96/pound

The Company also enters into cash settled derivative contracts from time to time to swap future contracted monthly average metal prices for fixed metal prices to mitigate a portion of its by-product metals price exposure. As at December 31, 2014, the Company had outstanding derivative contracts in place to provide price protection on 37,787,099 pounds of its 2015 projected payable copper production at an average fixed price of $3.23 per pound.

The Company also entered into cash settled derivative contracts to swap future contracted monthly average gold prices for fixed prices to hedge the payable gold contained in its pyrite concentrate production contracted to be sold in 2015 and 2016 ("Pyrite Production Hedges"). As at December 31, 2014, the Company had outstanding derivative contracts in respect of this exposure as summarized in the table below:

Year of projected payable gold production	Volume hedged (ounces)	Average fixed price of Pyrite Production Hedges ($/ounce)
2015	30,500	1,233.42
2016	5,000	1,218.13
	35,500	**1,231.26**

As at December 31, 2014, the fair value gain (loss) on all outstanding derivative commodity contracts was $19.1 million (December 31, 2013 – ($1.2 million)), of which $19.0 million (December 31, 2013 – $3.8 million) was included in other current assets, $0.03 million (December 31, 2013 – $2.3 million) in accounts payable and accrued liabilities, $0.1 million (December 31, 2013 – $0.7 million) in other long-term assets and $nil (December 31, 2013 – $3.4 million) in other long-term liabilities.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

Some of the derivative commodity contracts are subject to master netting agreements. As at December 31, 2014 and 2013, there was no cash collateral pledged in connection with any of the derivative commodity contracts. The following table summarizes those assets and liabilities subject to set-off, which were included in the assets and liabilities presented net in the consolidated statements of financial position.

	As at December 31, 2014		
	Gross assets	**Gross liabilities**	**Net assets**
Derivative commodity contract assets	**2,381**	**(73)**	**2,308**

	As at December 31, 2013		
	Gross assets	Gross liabilities	Net assets (liabilities)
Derivative commodity contract assets	2,885	-	2,885
Derivative commodity contract liabilities	1,833	(3,276)	(1,443)
Total	4,718	(3,276)	1,442

Unrealized gains and losses on these contracts were calculated based on the corresponding London Metal Exchange forward copper and zinc prices and New York Commodity Exchange forward gold and silver prices. For the year ended December 31, 2014, the Company reported unrealized gains on these contracts of $20.3 million (2013 – unrealized losses of $2.9 million). The Company also reported realized gains on the settlement of certain of these derivative commodity contracts of $12.1 million (2013 – $5.9 million) in other expense *(note 19)* for the year ended December 31, 2014.

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.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2014 and 2013:

			As at December 31, 2014	
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Sabina warrants and special warrants	**-**	**-**	**1,173**	**1,173**
Publicly traded securities	**7,055**	**-**	**-**	**7,055**
Derivative commodity contracts	**-**	**19,129**	**-**	**19,129**
Financial liabilities				
Derivative commodity contracts	**-**	**34**	**-**	**34**
Equity settled warrants	**3,100**	**-**	**-**	**3,100**

			As at December 31, 2013	
	Level 1	Level 2	Level 3	Total
Financial assets				
Sabina warrants and special warrants	-	-	2,573	2,573
Publicly traded securities	15,206	-	-	15,206
Derivative commodity contracts	-	4,513	-	4,513
Financial liabilities				
Derivative commodity contracts	-	5,713	-	5,713
Equity settled warrants	10,834	-	-	10,834

During the years ended December 31, 2014 and 2013, 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, 2013 to December 31, 2014:

	December 31, 2014	December 31, 2013
Balance at beginning of year	**2,573**	26,121
Unrealized losses included in net (loss) earnings *(note 19)*	**(905)**	(19,175)
Realized loss on expiration of Sabina common share purchase warrants *(note 19)*	**(495)**	-
Exercise of Sabina Series A special warrants common share component	**-**	(4,373)
Balance at end of year	**1,173**	2,573

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

7. EXPLORATION AND EVALUATION ASSETS

	December 31, 2014	December 31, 2013
Balance at beginning of year	**148,926**	126,326
Additions	**7,882**	21,498
Capitalized depreciation	**757**	1,102
Impairment charge *(a)*	**(70,001)**	-
Balance at end of year	**87,564**	148,926

(a) As at June 30, 2014, Kapan's exploration and evaluation assets were reduced by $70.0 million, with the resulting impairment charge recognized through other expense *(note 19)*. This impairment loss reflects management's determination that these capitalized exploration and evaluation costs, incurred primarily to support an open pit expansion, initially the preferred option, should be written off based on the work being conducted to support a potential underground expansion at Kapan, which was completed in October 2014.

Kapan's recoverable amount of $91 million was determined using FVLCD, based on the expected future after tax cash flow projections utilizing the latest information available and management estimates, including metal prices, available mineral resources, ore mined, grades, recoveries, operating costs, capital expenditures and foreign exchange rates. These projected cash flows were prepared in current dollars and discounted using a real discount rate of 9% representing the estimated after tax weighted average cost of capital. This rate was estimated based on the Capital Asset Pricing Model where the cost of equity and debt were built up based on estimated risk free interest rates, market returns on equity, share volatility, and debt-to-equity ratios and risks specific to Kapan.

Management's estimate of the FVLCD in respect of Kapan is classified as level 3 in the fair value hierarchy. The assumed metal prices used to determine Kapan's estimated FVLCD, were as follows:

Metal	Price
Gold ($/ounce)	1,200 – 1,300
Copper ($/pound)	2.85 – 3.18
Silver ($/ounce)	20.00 – 21.50
Zinc ($/pound)	0.97 – 1.08

The tax rates applied to the projections were based on the current tax rates in effect or expected to be in effect in Armenia based on existing law.

Sensitivities

The projected cash flows and estimated FVLCD can be affected by any one or more changes in the estimates used. Changes in metal prices and discount rates have the greatest impact on value, where a 1% change in the real discount rate used would change FVLCD by $6 million, and a 5% change to metal prices would change the FVLCD by $24 million.

Exploration and evaluation expenditures expensed directly to net (loss) earnings amounted to $8.3 million (2013 - $ 17.7 million) for the year ended December 31, 2014.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

8. MINE PROPERTIES

	December 31, 2014	December 31, 2013
Cost:		
Balance at beginning of year	**175,331**	164,194
Additions	**13,751**	10,352
Capitalized depreciation	**1,896**	960
Change in rehabilitation provisions	**(1,831)**	(175)
Disposals	**(113)**	-
Balance at end of year	**189,034**	175,331
Accumulated depletion:		
Balance at beginning of year	**45,506**	32,040
Depletion	**12,980**	13,466
Balance at end of year	**58,486**	45,506
Net book value:		
At beginning of year	**129,825**	132,154
At end of year	**130,548**	129,825

All mine properties are related to producing mines. The depletion expense for mine properties has been fully charged to cost of sales in the consolidated statements of (loss) earnings for the years ended December 31, 2014 and 2013.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Construction Work-in-Progress	Total
Cost:				
Balance as at January 1, 2013	36,759	301,978	115,807	454,544
Additions	2,411	12,433	167,688	182,532
Currency translation adjustment	38	71	-	109
Disposals	(891)	(1,754)	-	(2,645)
Impairment charge *(a)*	(802)	(15,641)	(23)	(16,466)
Change in rehabilitation provisions	(71)	11,185	-	11,114
Transfers	207	71,837	(72,044)	-
Balance as at December 31, 2013	37,651	380,109	211,428	629,188
Additions *(b)*	**1,110**	**16,919**	**140,239**	**158,268**
Currency translation adjustment	**(228)**	**(453)**	**-**	**(681)**
Disposals	**(41)**	**(10,384)**	**(175)**	**(10,600)**
Impairment charge *(a)*	**(11)**	**(8,495)**	**(5,329)**	**(13,835)**
Change in rehabilitation provisions	**(1,515)**	**(3,346)**	**-**	**(4,861)**
Transfers	**11,775**	**100,867**	**(112,642)**	**-**
Balance as at December 31, 2014	**48,741**	**475,217**	**233,521**	**757,479**
Accumulated depreciation and impairment:				
Balance as at January 1, 2013	11,916	91,899	-	103,815
Depreciation expense	1,801	34,354	-	36,155
Capitalized depreciation	24	1,946	-	1,970
Currency translation adjustment	47	1	-	48
Depreciation relating to disposals	(110)	(1,546)	-	(1,656)
Impairment charge *(a)*	(110)	(3,780)	-	(3,890)
Balance as at December 31, 2013	13,568	122,874	-	136,442
Depreciation expense	**1,798**	**46,974**	**-**	**48,772**
Capitalized depreciation	**56**	**2,328**	**-**	**2,384**
Currency translation adjustment	**(77)**	**(323)**	**-**	**(400)**
Depreciation relating to disposals	**(85)**	**(9,867)**	**-**	**(9,952)**
Impairment charge *(a)*	**(2)**	**(774)**	**-**	**(776)**
Balance as at December 31, 2014	**15,258**	**161,212**	**-**	**176,470**
Net book value:				
As at December 31, 2013	24,083	257,235	211,428	492,746
As at December 31, 2014	**33,483**	**314,005**	**233,521**	**581,009**

(a) Included in the impairment charge for the year ended December 31, 2014 was an $11.0 million (2013 – $10.1 million) impairment loss on assets related to a metals processing facility that Chelopech no longer expects to use. As at December 31, 2014, the carrying values of these assets represented their estimated residual values. These impairment losses were included in other expense *(note 19)* in the consolidated statements of (loss) earnings.

(b) Included in additions were capitalized borrowing costs amounting to $3.1 million for the year ended December 31, 2014, at a weighted average interest rate of 3.79%.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

Of the total depreciation expense, $47.7 million (2013 - $35.1 million) was charged to cost of sales, $0.9 million (2013 – $1.1 million) was charged to general and administrative expenses, and $0.2 million (2013 – $nil) was charged to exploration expenses for the year ended December 31, 2014.

The carrying value of equipment held under finance leases as at December 31, 2014 was $13.0 million (December 31, 2013 – $16.0 million). Leased assets are pledged as security for the related finance lease obligations.

10. INTANGIBLE ASSETS

	December 31, 2014	December 31, 2013
Cost:		
Balance at beginning of year	**41,781**	40,197
Additions	**4,339**	1,618
Currency translation adjustment	**(110)**	36
Disposals and impairment charge	**(188)**	(70)
Balance at end of year	**45,822**	41,781
Accumulated amortization and impairment:		
Balance at beginning of year	**15,549**	11,507
Amortization	**4,112**	3,973
Capitalized amortization	**269**	92
Currency translation adjustment	**(75)**	36
Amortization relating to disposals and impairment charge	**(137)**	(59)
Balance at end of year	**19,718**	15,549
Net book value:		
At beginning of year	**26,232**	28,690
At end of year	**26,104**	26,232

As at December 31, 2014, intangible assets included $20.0 million (December 31, 2013 - $23.2 million) related to a toll processing contract with LDC acquired as part of the Company’s 2010 acquisition of Tsumeb. For the year ended December 31, 2014, the Company recorded a $3.2 million (2013 - $3.2 million) amortization expense on this intangible asset. The remaining useful life of this intangible asset is expected to be six years from the reporting date.

Of the total intangible asset amortization expense, $3.9 million (2013 - $3.6 million) was charged to cost of sales and $0.2 million (2013 - $0.4 million) was charged to general and administrative expenses for the year ended December 31, 2014.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

11. OTHER LONG-TERM ASSETS

	December 31, 2014	December 31, 2013
Restricted cash	**1,905**	2,108
Derivative commodity contracts *(note 6(c))*	**148**	731
Value added tax recoverable	**382**	448
Other	**2,866**	1,818
	5,301	5,105

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2014	December 31, 2013
Accounts payable	**18,427**	26,925
Accrued liabilities	**20,914**	23,017
Derivative commodity contracts *(note 6(c))*	**34**	2,325
Other payables	**1,128**	1,472
	40,503	53,739

13. DEBT

	December 31, 2014	December 31, 2013
Current portion of debt		
Term loans *(a)*	**16,250**	16,250
Tsumeb loan *(a)*	**-**	393
	16,250	16,643
Long-term portion of debt		
Term loans *(a)*	**31,523**	47,145
Revolving credit facility *(b)*	**110,000**	20,000
	141,523	67,145
Total debt	**157,773**	83,788

(a) Loans

Term Loans

On February 14, 2013, DPM repaid its $81.25 million of Chelopech term loans utilizing proceeds of equal value from its new secured term loans ("Term Loans") with the existing lenders of the Chelopech loans.

The Term Loans are repayable in 10 equal semi-annual instalments, which commenced in June 2013, incurred interest at a rate equal to the three month U.S. Dollar LIBOR plus 3.25% prior to June 2013, when the completion of the Chelopech mine and mill expansion was certified, and bear interest at a rate equal to the three month U.S. Dollar LIBOR plus 2.80% thereafter until maturity. The Term Loans are supported by pledges of the Company's investments in Krumovgrad, Chelopech, Kapan and Tsumeb and by guarantees from each of these subsidiaries.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

In February 2014, the Term Loans were amended to modify certain terms in anticipation of moving forward with the Krumovgrad gold project. The Term Loans contain financial covenants that require the Company to maintain: (i) a debt leverage ratio (funded net debt to adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined in the Term Loans agreement) below 3.5:1 (below 4.0:1 during any period in which Krumovgrad construction is in progress), (ii) a current ratio (including the unutilized credit within the $150.0 million tranche of the committed revolving credit facility ("RCF") in current assets and excluding equity settled warrants from current liabilities) of greater than 1.5:1, and (iii) a minimum net worth of $500.0 million plus 50% of ongoing annual net earnings.

As at December 31, 2014, the Term Loans had an outstanding balance of $48.75 million and the Company was in compliance with all financial covenants.

Tsumeb Loan

Tsumeb had an unsecured loan from LDC which bore interest at a rate equal to the three month U.S. Dollar LIBOR plus 4%. This loan was repayable in 12 equal quarterly instalments commencing June 1, 2011. As at December 31, 2014, this loan had been fully paid.

(b) Credit Agreements and Guarantees

Chelopech

Chelopech has a $16.0 million multi-purpose credit facility that matures on November 30, 2015. 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 December 31, 2014, $4.0 million (December 31, 2013 – $5.0 million) had been utilized against the multi-purpose revolving facility in the form of letters of credit and letters of guarantee.

Chelopech also has a Euro 21.0 million ($25.5 million as at December 31, 2014 and $28.9 million as at December 31, 2013) bank issued letter of guarantee to support the Chelopech mine closure and rehabilitation plan, which is posted with the Bulgarian Ministry of Economy, Energy and Tourism. This letter of guarantee matures on November 15, 2015 and is guaranteed by DPM.

DPM

On February 15, 2013, DPM established a new $150.0 million RCF with a consortium of six banks.

In February 2014, the RCF was amended to extend its term by one year and to modify certain terms to align with amendments made to the Term Loans. In June 2014, DPM increased the RCF by $125.0 million to $275.0 million with the six original banks and one new lender. The expanded RCF is comprised of a $150.0 million (previously $125.0 million) tranche maturing in February 2017, a $45.0 million (previously $25.0 million) tranche maturing in February 2019, and a new $80.0 million tranche maturing in July 2019 that has quarterly reductions of $4.0 million beginning in the third quarter of 2016.

The RCF bears interest at a spread above LIBOR, which varies between 2.75% and 5.50% depending upon the tranche being drawn upon and the Company's debt leverage ratio (funded net debt to adjusted EBITDA), as defined in the RCF agreement. The RCF contains the same financial covenants and shares in the same security package as the Term Loans. As at December 31, 2014, the Company was in compliance with all financial covenants and $110.0 million was drawn under the RCF.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

Scheduled debt repayments under these debt arrangements are presented in the table below:

	Payments Due by Period		
	up to 1 year	**1 - 5 years**	**Total**
Term loans	16,250	32,500	**48,750**
Revolving credit facility	-	110,000	**110,000**
	16,250	**142,500**	**158,750**
Unamortized deferred financing costs			**(977)**
Total debt			**157,773**

14. REHABILITATION PROVISIONS

The rehabilitation provisions represent the present value of rehabilitation costs relating to the Chelopech, Kapan and Tsumeb sites, which are expected to be incurred between 2016 and 2039.

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

	December 31, 2014	December 31, 2013
Discount period		
Chelopech	**2025 - 2028**	2023 - 2026
Kapan	**2025 - 2027**	2015 - 2018
Tsumeb	**2016 - 2039**	2016 - 2039
Local discount rate		
Chelopech	**3.0%**	3.4%
Kapan	**13.9%**	15.0%
Tsumeb	**9.1%**	9.7%
Local inflation rate		
Chelopech	**2.0%**	2.5%
Kapan	**4.0%**	4.0%
Tsumeb	**5.5%**	5.5%

Changes to rehabilitation provisions were as follows:

	Chelopech	**Kapan**	**Tsumeb**	**Total**
Balance as at January 1, 2013	28,452	5,363	9,427	43,242
Change in cost estimate *(a)*	-	-	14,775	14,775
Remeasurement of provisions *(b)*	(851)	104	(3,089)	(3,836)
Accretion expense *(note 18)*	1,013	862	507	2,382
Balance as at December 31, 2013	28,614	6,329	21,620	56,563
Change in cost estimate *(a)*	**(392)**	**1,272**	**-**	**880**
Remeasurement of provisions *(b)*	**(4,194)**	**(2,650)**	**(728)**	**(7,572)**
Accretion expense *(note 18)*	**925**	**942**	**2,047**	**3,914**
Balance as at December 31, 2014	**24,953**	**5,893**	**22,939**	**53,785**

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

(a) During the year ended December 31, 2014, the estimated economic life of the Chelopech mine was extended from 2023 to 2025 based on updated Mineral Resource and Mineral Reserve estimates and correspondingly, the estimated time during which the rehabilitation costs are expected to be incurred is now between 2025 and 2028.

During the year ended December 31, 2014, the estimated economic life of the Kapan mine was extended from 2015 to 2026 based on the updated Mineral Resource estimate and correspondingly, the estimated time during which the rehabilitation costs are expected to be incurred is now between 2025 and 2027. Kapan also increased its estimated rehabilitation costs based on its current activities, and updated closure plans and closure obligations.

During the year ended December 31, 2013, the estimated economic life of the Tsumeb custom smelter was extended from 2023 to 2038. This change reflects the estimated useful life of Tsumeb's assets and the expectation that third party concentrates will be processed beyond the current estimated life of the Chelopech mine, which previously was the key determinant for this estimate. Tsumeb also increased its estimated rehabilitation costs based on its current activities, and updated closure plans and closure obligations.

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

15. OTHER LONG-TERM LIABILITIES

	December 31, 2014	December 31, 2013
Finance leases *(a)*	**15,759**	17,828
Environmental commitment	**602**	602
Derivative commodity contracts *(note 6(c))*	**-**	3,387
Other liabilities	**258**	455
	16,619	22,272
Less: Current portion	**(2,007)**	(2,833)
	14,612	19,439

(a) Tsumeb has a long-term lease agreement with Air Liquide Namibia (Pty) Ltd. for the supply of oxygen. The initial term of the lease was 15 years extending to 2025, payable on a monthly basis. The lease payments were discounted at a rate of 12.5%.

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

	Payments Due by Period			
	up to 1 year	**1 - 5 years**	**over 5 years**	**Total**
Minimum lease payments	1,404	4,104	10,251	**15,759**
Finance charges	1,745	5,915	3,731	**11,391**
Present value of minimum lease payments	**3,149**	**10,019**	**13,982**	**27,150**

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16. SHARE BASED COMPENSATION PLANS

RSU plan

DPM has an RSU plan for directors, certain employees and eligible contractors of DPM and its wholly-owned subsidiaries in consideration of past services to the Company. The Board of Directors administers the RSU plan and determines the grants. The RSUs vest equally over a three year period and are paid in cash based on the Market Price of DPM's publicly traded common shares on the entitlement date or dates, which should not be later than December 31 of the year that is three years after the year of service for which the RSUs are granted, as determined by the Board of Directors in its sole discretion.

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

	Number of RSUs	Amount
Balance as at January 1, 2013	450,125	1,613
RSUs granted	719,475	3,586
RSUs redeemed	(152,451)	(1,084)
RSUs forfeited	(56,436)	(147)
Mark-to-market adjustments	-	(2,551)
Balance as at December 31, 2013	960,713	1,417
RSUs granted	**1,331,811**	**4,157**
RSUs redeemed	**(355,197)**	**(1,493)**
RSUs forfeited	**(175,853)**	**(322)**
Mark-to-market adjustments	**-**	**(1,658)**
Balance as at December 31, 2014	**1,761,474**	**2,101**

As at December 31, 2014, there was $3.3 million (December 31, 2013 – $3.1 million) of RSU expenses remaining to be charged to net (loss) earnings in future periods relating to the RSU plan.

DSU plan

DPM has a DSU plan for directors and certain employees.

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

Under the director DSU plan, directors may receive a portion of their annual compensation in the form of DSUs. The DSUs are redeemable in cash based on the Market Price of DPM's publicly traded common shares on the date the director ceases to be a director of DPM or a subsidiary thereof.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

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

	Number of DSUs	Amount
Balance as at January 1, 2013	605,154	4,944
DSUs granted	103,763	466
Mark-to-market adjustments		(3,491)
Balance as at December 31, 2013	708,917	1,919
DSUs granted	**174,652**	**607**
DSUs redeemed	**(57,158)**	**(196)**
Mark-to-market adjustments		**(480)**
Balance as at December 31, 2014	**826,411**	**1,850**

Stock option plans

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 closing price of DPM's common shares on the trading date preceding the day the option is granted. 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 year ended December 31, 2014, the Company granted 1,549,900 (2013 – 891,050) stock options with a fair value of $2.6 million (2013 – $3.1 million). The estimated value of the options granted will be recognized as an expense in the consolidated statements of (loss) earnings and an addition to contributed surplus in the consolidated statements of changes in shareholders' equity over the vesting period. The Company recorded stock option expenses of $2.6 million (2013 – $4.0 million) for the year ended December 31, 2014 under the DPM stock option plan.

As at December 31, 2014, there was $1.7 million (December 31, 2013 – $2.4 million) of share based compensation cost remaining to be charged to net (loss) 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:

	2014	2013
Five year risk free interest rate	**1.4% -1.5%**	1.3% - 1.5%
Expected life in years	**4.75**	4.75
Expected volatility	**55.0% - 55.2%**	53.3% - 57.0%
Dividends per share	**-**	-

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

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

	Number of options	Weighted average exercise price per share (Cdn$)
Balance as at January 1, 2013	6,425,832	5.46
Options granted	891,050	7.81
Options exercised	(849,466)	1.81
Options forfeited	(116,271)	8.86
Options expired	(90,663)	8.61
Balance as at December 31, 2013	6,260,482	6.18
Options granted	**1,549,900**	**3.89**
Options exercised	**(1,386,936)**	**1.70**
Options forfeited	**(272,236)**	**6.42**
Options expired	**(173,408)**	**7.71**
Balance as at December 31, 2014	**5,977,802**	**6.56**

The following lists the options outstanding and exercisable as at December 31, 2014:

	Options outstanding			Options exercisable	
Range of exercise prices per share (Cdn$)	Number of options outstanding	Weighted average remaining years	Weighted average exercise price per share (Cdn$)	Number of options exercisable	Weighted average exercise price per share (Cdn$)
3.05 - 4.27	2,605,486	2.51	3.92	1,173,119	3.97
6.56 - 7.84	835,083	2.98	7.78	350,534	7.72
8.09 - 10.33	2,537,233	1.61	8.88	2,253,642	8.87
3.05 - 10.33	**5,977,802**	**2.19**	**6.56**	**3,777,295**	**7.24**

Avala stock option plan

Avala has an incentive stock option plan for directors, officers, employees and consultants. The stock option expense in respect of this plan was $0.1 million (2013 - $1.0 million) for the year ended December 31, 2014.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

17. EXPENSES BY NATURE

The operating costs, including cost of sales, general and administrative expenses and exploration expenses, as reported in the consolidated statements of (loss) earnings, have been regrouped by the nature of the expenses as follows:

	2014	2013
Raw materials, consumables and spare parts	**114,966**	119,336
Staff costs	**65,711**	66,021
Service costs	**28,665**	26,543
Royalties	**9,665**	11,028
Share based compensation expense	**4,572**	3,650
Insurance	**3,206**	3,499
Drilling, assaying and other exploration expenses	**3,055**	9,187
Depletion of mine properties *(note 8)*	**12,980**	13,466
Depreciation of property, plant and equipment *(note 9)*	**48,772**	36,155
Amortization of intangible assets *(note 10)*	**4,112**	3,973
Other costs	**7,065**	9,277
Total operating costs	**302,769**	302,135

18. FINANCE COST

	2014	2013
Interest on borrowings *(a)*	**5,468**	5,914
Finance charges under finance leases	**1,877**	2,027
Accretion expense related to rehabilitation provisions *(note 14)*	**3,914**	2,382
	11,259	10,323

(a) Interest on borrowings for the year ended December 31, 2014 was net of interest capitalized to property, plant and equipment *(note 9(b))*.

19. OTHER EXPENSE

	2014	2013
Net losses on Sabina warrants and special warrants *(note 6(a))*	**(1,400)**	(19,175)
Net gains on derivative commodity contracts *(note 6(c))*	**32,417**	3,042
Net gains on equity settled warrants *(note 24(a))*	**7,734**	22,383
Impairment losses on publicly traded securities *(note 6(b))*	**(19,247)**	(480)
Impairment losses on exploration and evaluation assets *(note 7(a))*	**(70,001)**	-
Impairment losses on property, plant & equipment *(note 9(a))*	**(13,059)**	(12,576)
Net foreign exchange (losses) gains	**(1,640)**	1,224
Other expense, net	**(417)**	(247)
	(65,613)	(5,829)

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

20. INCOME TAXES

The major components of income tax expense recognized in net (loss) earnings were as follows:

	2014	2013
Current income tax expense on earnings	**11,162**	12,227
Deferred income tax (recovery) expense related to origination and reversal of temporary differences	**(3,832)**	1,451
Income tax expense	**7,330**	13,678

The reconciliation of the combined Canadian federal and provincial government statutory income tax rates to the effective tax rate was as follows:

	2014	2013
(Loss) earnings before income taxes	**(55,380)**	26,859
Combined Canadian federal and provincial statutory income tax rates	**26.5%**	26.5%
Expected income tax (recovery) expense	**(14,676)**	7,118
Lower rates on foreign earnings	**(8,351)**	(7,629)
Unrecognized tax benefits relating to losses	**29,071**	16,243
Non-deductible write-down of investments	**2,550**	64
Non-taxable gains on equity settled warrants	**(2,050)**	(5,931)
Non-deductible portion of capital losses	**186**	2,541
Non-deductible share based compensation expense	**676**	1,049
Other, net	**(76)**	223
Income tax expense	**7,330**	13,678

The income tax credited to other comprehensive income (loss) for the year ended December 31, 2013 was $3.6 million relating to the deferred income tax recovery on losses on publicly traded securities.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

The significant components of the Company's deferred income taxes as at December 31, 2014 and 2013 were as follows:

	December 31, 2014	December 31, 2013
Deferred income tax assets		
Non-capital losses	**37,086**	32,447
Cumulative Canadian exploration expenses	**1,700**	1,700
Investments	**4,031**	3,002
Depreciable property, plant and equipment	**3,993**	3,150
Rehabilitation provisions	**3,107**	3,498
Share based compensation expense	**704**	671
Financing costs	**575**	880
Other	**3,243**	3,483
Gross deferred income tax assets	**54,439**	48,831
Unrecognized tax benefit relating to tax losses	**(47,755)**	(41,970)
Total deferred income tax assets	**6,684**	6,861
Deferred income tax liabilities		
Investments	**2,093**	-
Depreciable property, plant and equipment	**2,011**	2,527
Deferred exploration	**-**	4,310
Other	**50**	1,093
Total deferred income tax liabilities	**4,154**	7,930
Net deferred income tax assets (liabilities)	**2,530**	(1,069)

As at December 31, 2014, the Company had $2.6 million (December 31, 2013 - $4.4 million) deferred income tax assets and $0.1 million (December 31, 2013 - $5.5 million) deferred income tax liabilities in its consolidated statements of financial position after offsetting deferred income tax assets and liabilities incurred by the same legal entities in the same jurisdictions.

As at December 31, 2014, the Company had Canadian non-capital losses of $90.0 million (December 31, 2013 - $64.6 million) expiring between 2026 and 2034, Serbian non-capital losses of $85.1 million (December 31, 2013 - $98.7 million) expiring between 2015 and 2019, and Bulgarian non-capital losses of $2.8 million (December 31, 2013 - $1.1 million) expiring between 2015 and 2019, for which no deferred income tax assets had been recognized.

Of the total deferred income tax assets recognized in 2014, $6.4 million (2013 – $6.4 million) is expected to be recovered after more than 12 months. Of the total deferred income tax liabilities recognized in 2014, $2.0 million (2013 – $7.8 million) is expected to be payable after more than 12 months.

The Company is subject to assessments by various taxation authorities which may interpret tax legislation and tax filing positions differently than the Company. Such differences are provided for when it is probable that the Company's filing position will not be upheld and the amount of the tax exposure can be reasonably estimated. As at December 31, 2014 and 2013, no provisions have been made in the consolidated financial statements for potential tax liabilities relating to such assessments and interpretations.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

21. (LOSS) EARNINGS PER SHARE

	2014	2013
Net (loss) earnings attributable to common shareholders		
Basic (loss) earnings	**(58,922)**	22,506
Net gains on equity settled warrants *(note 24(a))*	**(7,734)**	(22,383)
Diluted (loss) earnings	**(66,656)**	123
Basic weighted average number of common shares outstanding	**140,196,691**	133,589,806
Effect of warrants	**1,870,537**	6,514,362
Effect of stock options	**-**	1,360,115
Diluted weighted average number of common shares	**142,067,228**	141,464,283
Basic (loss) earnings per share	**(0.42)**	0.17
Diluted (loss) earnings per share	**(0.47)**	0.00

22. 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 consolidated statements of (loss) earnings for the years ended December 31, 2014 and 2013 was as follows:

	2014	2013
Salaries, management bonuses and director fees	**5,566**	5,199
Other benefits	**90**	127
Share based compensation	**3,131**	(4)
Total remuneration	**8,787**	5,322

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

23. SUPPLEMENTARY CASH FLOW INFORMATION

(a) Items not affecting cash and other adjustments:

	2014	2013
Depreciation and amortization	**65,864**	53,594
Net interest expense	**7,064**	7,450
Accretion expense related to rehabilitation provisions	**3,914**	2,382
Share based compensation expense	**2,657**	5,290
Net losses on Sabina warrants and special warrants	**1,400**	19,175
Net gains on derivative commodity contracts	**(32,417)**	(3,042)
Net gains on equity settled warrants	**(7,734)**	(22,383)
Impairment losses on publicly traded securities	**19,247**	480
Impairment losses on exploration and evaluation assets	**70,001**	-
Impairment losses on property, plant & equipment	**13,059**	12,576
Other, net	**(924)**	(2,142)
Items not affecting cash and other adjustments	**142,131**	73,380

(b) Changes in non-cash working capital:

	2014	2013
Decrease in accounts receivable and other assets	**27,781**	10,984
Decrease in inventories	**1,986**	7,006
Decrease in accounts payable and accrued liabilities	**(17,408)**	(4,345)
Increase (decrease) in other liabilities	**72**	(2,388)
Changes in non-cash working capital	**12,431**	11,257

24. SUPPLEMENTARY SHAREHOLDERS' EQUITY AND WARRANTS INFORMATION

(a) Warrants

On May 9, 2013, DPM shareholders and warrant holders approved a warrant incentive program to encourage early exercise. Under this incentive program, each whole warrant entitled the holder to purchase one DPM common share at a reduced price of Cdn$2.85 during a period of 30 days commencing on May 10, 2013 ("Early Exercise Period"). Each warrant not exercised during the Early Exercise Period continues to entitle the holder to purchase one common share at the original exercise price of Cdn$3.25 ($2.80) until November 20, 2015.

The modification of the exercise price under the warrant incentive program triggered a reassessment of the accounting treatment for the warrants, which in 2008 were classified as equity since both the warrants and the Company's functional currency were then denominated in Canadian dollars. Under IAS 32, *Financial Instruments: Presentation*, a financial instrument settled by an entity delivering a fixed number of its own shares in exchange for a fixed amount of cash is considered to be an equity instrument. With the modification of the exercise price and DPM changing its functional currency to the U.S. dollar in 2010, such that the warrants are now denominated in a foreign currency, the warrants must now be reclassified as a financial liability and marked to market as they no longer meet the requirements of being an equity instrument, notwithstanding the fact that under no circumstances will the Company incur any cash expenditure to satisfy this liability. Instead, this liability will be settled upon the exercise or expiry of the warrants, where-upon the then fair value will be reclassified and reported as either shareholders' equity or other income.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

As a result, on May 9, 2013, the effective date of the modification to the warrants, a liability was established in the amount of $58.7 million recorded as equity settled warrants in the consolidated statements of financial position, representing the fair value of the warrants based on the TSX closing price with corresponding reductions in shareholders' equity of $38.8 million to contributed surplus, $10.3 million to opening retained earnings and $9.6 million to warrants. During the Early Exercise Period, 12.7 million warrants were exercised for gross proceeds of $35.3 million, which together with the corresponding $25.5 million reduction in the value of the warrants, represented the gross value attributable to the 12.7 million shares issued by the Company. The equity settled warrants are subsequently adjusted for changes in fair value and are reduced as holders exercise their warrants, with any gains or losses recognized in other expense *(note 19)* in the consolidated statements of (loss) earnings.

The following is a continuity of the equity settled warrants for the year indicated:

	Number of	**Amount**
Opening balance on modification of warrants as at May 9, 2013	20,439,500	58,672
Transferred to share capital on exercise of warrants	(12,705,836)	(25,455)
Realized gains on exercise of warrants *(note 19)*		(11,018)
Unrealized gains on outstanding warrants *(note 19)*		(11,365)
Balance as at December 31, 2013	7,733,664	10,834
Unrealized gains on outstanding warrants *(note 19)*		**(7,734)**
Balance as at December 31, 2014	**7,733,664**	**3,100**

(b) Changes in accumulated other comprehensive loss

	2014	2013
Unrealized gains (losses) on publicly traded securities		
Balance at beginning of year	**(11,060)**	23,514
Unrealized losses on publicly traded securities, net of income taxes	**(8,152)**	(34,990)
Impairment loss on publicly traded securities transferred to net (loss) earnings, net of income taxes	**19,247**	416
Balance at end of year	**35**	(11,060)
Accumulated currency translation adjustments		
Balance at beginning of year	**(666)**	(576)
Currency translation adjustments	**(257)**	(90)
Balance at end of year	**(923)**	(666)
Accumulated other comprehensive loss	**(888)**	(11,726)

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25. COMMITMENTS AND OTHER CONTINGENCIES

(a) Contractual obligations

The Company had the following minimum future contractual obligations as at December 31, 2014:

	up to 1 year	1 - 5 years	over 5 years	Total
Debt *(note 13)*	16,250	142,500	-	**158,750**
Finance lease obligations *(note 15)*	3,149	10,019	13,982	**27,150**
Capital commitments	47,225	2,385	-	**49,610**
Purchase obligations	5,865	-	-	**5,865**
Operating lease obligations	1,981	1,949	2,352	**6,282**
Other obligations	202	32	24	**258**
Total contractual obligations	**74,672**	**156,885**	**16,358**	**247,915**

(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.

26. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise accounts payable and accrued liabilities and long-term debt. The main purpose of these financial instruments is to assist with the management of the Company's short term and long term cash flow requirements. The Company has various financial assets such as cash and cash equivalents, accounts receivable and short-term investments, which arise directly from its operations.

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are market risk (which includes commodity price risk, interest rate risk and foreign currency risk), liquidity risk and credit risk. Management reviews each of these risks and establishes policies for managing them as summarized below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and the impact on net (loss) earnings and shareholders' equity, where applicable. Financial instruments affected by market risk include cash and cash equivalents, accounts receivable, investments at fair value, derivative commodity contracts, long-term debt, accounts payable and accrued liabilities. The sensitivity has been prepared using financial assets and liabilities held as at the reporting dates. The derivative commodity contracts that the Company has entered do not meet existing IFRS criteria for hedge accounting and therefore do not receive hedge accounting treatment notwithstanding the fact that they serve as effective economic hedges.

The Company has established risk management policies to identify and analyze the risks of the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees involved in risk management activities understand their roles and obligations.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

Market risk

Market risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and foreign currency risk. The impact of each of these components is discussed below.

Commodity price risk

The Company is subject to price risk associated with fluctuations in the market prices for metals. The Company sells its products at prices that are effectively determined by reference to the traded prices on the London Metal Exchange and London Bullion Market. The prices of gold, copper, zinc and silver are major factors influencing the Company's business, results of operations and financial condition. The Company regularly enters into derivative contracts to reduce the price exposure associated with the time lag between the provisional and final determination of its concentrate sales. In addition, the Company periodically enters into derivative commodity contracts to reduce the price exposure associated with the projected payable copper production. In 2013, the Company also entered into derivative commodity contracts to reduce its price exposure applicable to the projected payable gold contained in Chelopech's 2014 and 2015 pyrite concentrate production, which is subject to a firm sales arrangement.

As at December 31, 2014, a 5% increase or decrease in the metal prices impacting the Company's accounts receivables and outstanding derivative commodity contracts, with all other variables held constant, would decrease or increase earnings before income taxes by $11.3 million (2013 - $17.9 million). The impact on equity is the same as the impact on net earnings.

The following table demonstrates the effect on 2014 and 2013 earnings before income taxes of a 5% change in commodity prices on its sales, excluding the impact of any hedges and with all other variables held constant. The impact on equity is the same as the impact on net earnings.

Effect of a 5% increase in metal prices on earnings before income taxes

	2014	2013
Gold	**10,051**	10,711
Copper	**6,532**	7,640
Zinc	**494**	588
Silver	**484**	638
Total increase on earnings before income taxes	**17,561**	19,577

The effect of a 5% decrease in metal prices would decrease earnings before income taxes by an equivalent amount.

Interest rate risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and cash equivalents, short-term investments, loan receivable, floating rate denominated long-term debt and finance lease obligations, the majority of which have associated cash flows based on floating interest rates. For the year ended December 31, 2014, a 100 basis point increase or decrease in interest rates across the yield curve, with all other variables held constant, would increase or decrease earnings by $0.1 million (2013 - $0.3 million), excluding a $1.1 million (2013 - $nil) increase or decrease related to capitalized interest. The impact on equity is the same as the impact on net earnings.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

Foreign currency risk

The Company's foreign currency exposures arise primarily from a significant portion of its operating and capital costs being denominated in currencies other than the U.S. dollar, the Company's functional currency. The Company periodically undertakes to purchase, in advance, a portion of its foreign denominated cash flow requirements on a spot or forward basis to reduce this exposure.

The following table demonstrates the effect on 2014 and 2013 earnings before income taxes of a 5% change in the key foreign exchange rates impacting the Company's outstanding financial assets and liabilities denominated in foreign currencies, with all other variables held constant. The impact on equity is the same as the impact on net earnings.

Effect of a 5% appreciation of the U.S. dollar on earnings before income taxes

	2014	2013
Euro	**810**	789
Namibian Dollar	**576**	898
Canadian Dollar	**228**	661
Armenian Dram	**(247)**	(480)
Total increase on earnings before income taxes	**1,367**	1,868

The effect of a 5% depreciation of the U.S. dollar would decrease earnings before income taxes by an equivalent amount.

Credit risk

The exposure to credit risk arises through the potential failure of a customer or another third party to meet its contractual obligations to the Company. During 2014, the Company had contracts with seven customers for the sale of its concentrate production. Approximately 43% (2013 - 77%) of the total concentrate sales for the year ended December 31, 2014 were to one customer.

Under the terms of the Company's concentrate sales contracts, the purchasers make an initial advance payment equal to 70% to 90% of the provisional value of each lot at the time title transfers. This serves to mitigate a portion of the Company's credit risk.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, short-term investments, equity investments and derivative financial assets, the Company's maximum exposure is equal to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing with highly rated counterparties, issuers that are subject to minimum credit ratings, and/or maximum prescribed exposures.

Liquidity risk

The Company relies on the cash flows generated from its operations, including provisional payments received from its customers, retained cash balances, its RCF and its ability to raise debt and equity from the capital markets to fund its operating, investment and liquidity needs. The cyclical nature of the Company's businesses and the volatility of capital markets are such that conditions could change dramatically, affecting the Company's cash flow generating capability, its ability to maintain its RCF or the existing terms under its concentrate sales and/or smelting agreements, as well as its liquidity, cost of capital and its ability to access capital, which could adversely affect the Company's earnings and cash flows and, in turn, could affect total shareholder returns. To reduce these risks, the Company: (i) prepares regular cash flow forecasts to monitor its capital requirements; (ii) targets a prudent capital structure that is comprised primarily of equity financing as well as long-term amortizing debt and a long-term committed RCF; and (iii) targets a minimum level of liquidity in the forms of surplus cash balances, short-term investments and/or undrawn committed lines of credit to avoid having to raise additional capital at times when the costs or terms would be regarded as unfavourable.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

				As at December 31, 2014
	up to 1 year	**1 - 5 years**	**over 5 years**	**Total**
Accounts payable and accrued liabilities	**40,469**	**-**	**-**	**40,469**
Derivative commodity contract	**34**	**-**	**-**	**34**
Long term debt	**16,250**	**142,500**	**-**	**158,750**
Finance lease obligations	**3,149**	**10,019**	**13,982**	**27,150**
Other obligations	**202**	**32**	**24**	**258**
	60,104	**152,551**	**14,006**	**226,661**

				As at December 31, 2013
	up to 1 year	1 - 5 years	over 5 years	Total
Accounts payable and accrued liabilities	51,414	-	-	51,414
Derivative commodity contract	2,325	3,388	-	5,713
Long term debt	16,643	68,750	-	85,393
Finance lease obligations	4,146	10,494	16,492	31,132
Other obligations	408	26	19	453
	74,936	82,658	16,511	174,105

Capital management

The Company's objective for capital management is to: (i) maintain sufficient levels of liquidity to fund and support its exploration, development and operating activities; (ii) maintain a strong financial position to ensure it has ready access to debt and equity markets to supplement free cash flow being invested in its growth projects; and (iii) comply with all financial covenants set out in its credit agreements and guarantees. See *note 13* for discussion on the Company's compliance with these requirements. The Company monitors its financial position and the potential impact of adverse market conditions on an ongoing basis. The Company manages its capital structure and makes adjustments to it based on prevailing market conditions and according to its business plan. The Company's long-term funding strategy is to maintain a capital structure comprised primarily of equity sourced from equity offerings and net earnings generated from its businesses and as a result, the targeted level of debt making up the Company's capital base is relatively low. Given the long term nature of the assets being funded and the U.S. dollar denominated revenue stream generated therefrom, the Company's general strategy around any debt financing is to raise long-term U.S. dollar denominated debt to supplement these equity financings.

Overall financial leverage is monitored based upon a number of non-financial and financial factors, including a number of credit related ratios contained in DPM's loan agreements and net debt (defined as total debt less cash and cash equivalents and short-term investments) as a percentage of total capital (defined as total equity plus net debt). As of December 31, 2014, the Company was in compliance with all loan covenants and its net debt as a percentage of total capital was 15% (December 31, 2013 – 4%).

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

27. 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 three operating segments – Chelopech in Bulgaria, Kapan in Armenia 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.

The accounting policies of the segments are the same as those described in *note 2.2, Significant Accounting Policies*. There are no significant inter-segment transactions that have not been eliminated on consolidation. Segment performance is evaluated based on several operating and financial measures, including net (loss) earnings, which is measured consistently with net (loss) earnings in the consolidated financial statements.

The following table summarizes the net earnings (loss) and other relevant information by segment for the years ended December 31, 2014 and 2013:

	Year ended December 31, 2014				
	Chelopech	Kapan	Tsumeb	Corporate & Other	Total
Revenue *(a)*	187,220	38,810	97,950	-	323,980
Cost of sales	116,146	43,405	102,676	-	262,227
Gross profit (loss)	71,074	(4,595)	(4,726)	-	61,753
General and administrative expenses	-	-	-	32,248	32,248
Exploration expenses	368	773	-	7,153	8,294
Finance cost	1,559	942	3,894	4,864	11,259
Interest income	(17)	(5)	(168)	(91)	(281)
Other (income) expense	(19,390)	69,541	552	14,910	65,613
Earnings (loss) before income taxes	88,554	(75,846)	(9,004)	(59,084)	(55,380)
Income tax expense (recovery)	8,294	(3,691)	-	2,727	7,330
Net earnings (loss)	80,260	(72,155)	(9,004)	(61,811)	(62,710)
Other disclosures					
Depreciation and amortization	33,804	7,263	23,741	1,056	65,864
Impairment losses *(b)*	10,990	71,367	627	19,323	102,307
Capital expenditures *(c)*	30,117	15,036	130,437	8,650	184,240

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

	Year ended December 31, 2013				
	Chelopech	Kapan	Tsumeb	Corporate & Other	Total
Revenue *(a)*	231,887	44,131	68,636	-	344,654
Cost of sales	120,480	46,823	87,584	-	254,887
Gross profit (loss)	111,407	(2,692)	(18,948)	-	89,767
General and administrative expenses	-	-	-	29,564	29,564
Exploration expenses	-	692	-	16,992	17,684
Finance cost	2,179	862	2,547	4,735	10,323
Interest income	(34)	(5)	(114)	(339)	(492)
Other expense (income)	6,750	685	1,293	(2,899)	5,829
Earnings (loss) before income taxes	102,512	(4,926)	(22,674)	(48,053)	26,859
Income tax expense	9,320	393	-	3,965	13,678
Net earnings (loss)	93,192	(5,319)	(22,674)	(52,018)	13,181
Other disclosures					
Depreciation and amortization	32,846	6,047	13,243	1,458	53,594
Impairment losses *(b)*	10,196	111	2,269	480	13,056
Capital expenditures *(c)*	42,294	17,240	139,809	16,657	216,000

(a) Chelopech and Kapan's revenues were generated from the sale of concentrate and Tsumeb's revenue was generated from metals smelting. For the year ended December 31, 2014, revenue from the sale of concentrate of $96.6 million or 43% (2013 - $211.5 million or 77%) and all revenue from metals smelting were derived from a single external customer. Revenue from the sale of concentrate of $87.7 million or 39% (2013 - $59.0 million or 21%) was derived from another single external customer.

(b) Included in the impairment losses were the impairment losses on exploration and evaluation assets, property, plant & equipment, and publicly traded securities recognized in other expense *(note 19)* for the years ended December 31, 2014 and 2013.

(c) Capital expenditures represent cash and non-cash additions to exploration and evaluation assets *(note 7)*, mine properties *(note 8)*, property, plant and equipment *(note 9)* and intangible assets *(note 10)*.

For the years ended December 31, 2014 and 2013 (in thousands of U.S. dollars, unless otherwise indicated)

The following table summarizes the total assets and total liabilities by segment as at December 31, 2014 and 2013:

					As at December 31, 2014
	Chelopech	**Kapan**	**Tsumeb**	**Corporate & Other**	**Total**
Total current assets	**75,234**	**37,621**	**7,377**	**18,571**	**138,803**
Total non-current assets	**276,543**	**58,808**	**399,414**	**106,584**	**841,349**
Total assets	**351,777**	**96,429**	**406,791**	**125,155**	**980,152**
Total liabilities	**45,253**	**9,091**	**50,554**	**171,348**	**276,246**

					As at December 31, 2013
	Chelopech	Kapan	Tsumeb	Corporate & Other	Total
Total current assets	74,530	44,010	15,051	29,192	162,783
Total non-current assets	298,037	124,248	294,799	107,916	825,000
Total assets	372,567	168,258	309,850	137,108	987,783
Total liabilities	54,067	9,904	60,640	111,694	236,305

DPM is domiciled in Canada. Revenues by geographic location are based on the location in which the revenues originate. Revenues by geographic location for the years ended December 31, 2014 and 2013 are summarized below:

					Year ended December 31, 2014
	Canada	**Europe**	**Armenia**	**Namibia**	**Total**
Revenue	**-**	**187,220**	**38,810**	**97,950**	**323,980**

					Year ended December 31, 2013
	Canada	Europe	Armenia	Namibia	Total
Revenue	-	231,887	44,131	68,636	344,654

Assets by geographic location as at December 31, 2014 and 2013 are summarized below:

					As at December 31, 2014
	Canada	**Europe**	**Armenia**	**Namibia**	**Total**
Total current assets	**11,972**	**81,833**	**37,621**	**7,377**	**138,803**
Financial assets	**8,376**	**-**	**-**	**1,905**	**10,281**
Deferred income tax assets	**-**	**1,308**	**1,287**	**-**	**2,595**
Other non-current assets	**3,272**	**370,171**	**57,521**	**397,509**	**828,473**
Total assets	**23,620**	**453,312**	**96,429**	**406,791**	**980,152**

					As at December 31, 2013
	Canada	Europe	Armenia	Namibia	Total
Total current assets	14,251	89,471	44,010	15,051	162,783
Financial assets	18,510	-	-	2,108	20,618
Deferred income tax assets	-	2,759	1,628	-	4,387
Other non-current assets	1,931	382,753	122,620	292,691	799,995
Total assets	34,692	474,983	168,258	309,850	987,783

CORPORATE INFORMATION

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

Officers

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Executive Chairman

Richard Howes
President and Chief Executive Officer

Hume Kyle
Executive Vice President and Chief Financial Officer

David Rae
Executive Vice President and Chief Operating Officer

Lori E. Beak
Senior Vice President, Investor and Regulatory Affairs, and Corporate Secretary

Michael Dorfman
Senior Vice President, Corporate Development

Richard Gosse
Senior Vice President, Exploration

Nikolay Hristov
Senior Vice President, Sustainable Business Development

John Lindsay
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Sofia 1000, Bulgaria
Tel: +359-2-9301500
Fax: +359-2-9301595

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

Yerevan
Dundee Precious Metals
Kapan CJSC
18 Vardanants Street
0010 Yerevan, Armenia
Tel: +374-285-59000

Operations

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

Kapan Mine
Dundee Precious Metals
Kapan CJSC
4 Gortsaranayin Street
Kapan, Syunik Region 377810, Armenia
Tel: +374-285-6-2040
Fax: +374-102-8-3671

Krumovgrad Project
Dundee Precious Metals
Krumovgrad EAD
6900, Krumovgrad, Bulgaria
24 Saedinenie Street
Tel: +359-0-3641-6803
Fax: +359-0-3641-7093

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

Stock Listing and Symbols

The Toronto Stock Exchange
DPM - Common Shares
DPM.WT.A - 2015 Warrants

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

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario, Canada M5J 2Y1
Tel: 514-982-7555 (International direct dial)
Tel: (toll-free): 800-564-6253 (North America)
Fax: 416-263-9394 (International)
Fax: (toll-free): 888-453-0330 (North America)
Website: www.computershare.com
Email: service@computershare.com

2014 Corporate Sustainability Report

In May, the Company will publish its fourth annual Corporate Sustainability Report. It will highlight, in detail, DPM's core values at work and the many tangible key performance indicators that support our strategic imperative of creating stakeholder value and demonstrating social and environmental responsibility.

Visit us online
www.dundeeprecious.com

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