

July 11, 2022

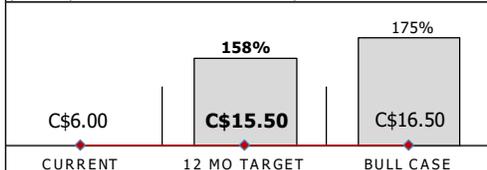
DUNDEE PRECIOUS METALS INC. (DPM – TSX, \$6.00)

Rating: BUY
Target Price: C\$15.50

Q2 PRODUCTION BEAT – PRODUCTION TO RAMP IN H2/22

DUNDEE PRECIOUS METALS INC. DPM

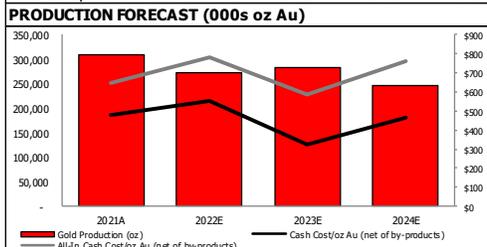
(Currency is US\$ unless noted otherwise)



Net Asset Value Per Share	\$11.05	
52 Week Low / High	C\$5.84 / C\$9.650	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	190.8	191.9
Market Capitalization (\$M)	\$1,145	\$1,151
Enterprise Value (\$M)	\$763	
Reported Cash Balance (\$M)	\$382.0	
Long Term Debt (\$M)	\$0.0	

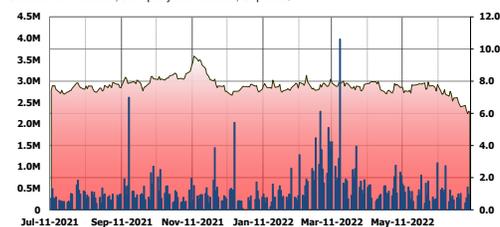
FYE: DEC 31	2021A	2022E	2023E
Gold Price (\$/oz)	\$1,791	\$1,819	\$1,800
Gold Produced (Koz)	310.0	272.9	282.8
Copper Produced (Mlbs)	34.7	33.9	36.0
Revenue (\$M)	\$641	\$666	\$772
Cash Costs (\$/oz)	\$479	\$528	\$337
AISC (\$/oz)	\$657	\$781	\$588
Operating CFPS	\$1.65	\$1.61	\$2.20
Cash At Year End (\$M)	\$334	\$518	\$845

RELATIVE VALUATION	P/NAV	P/CF
(Capital IQ Consensus)		
	FY2022E	FY2023E
DPM (M Partners)	0.42x	2.9x
Peer Group Mean	0.75x	3.9x



DISCLOSURE CODE: None
(Please refer to the applicable disclosures listed on the back page)

Source: M Partners, Company Information, CapitalIQ



DPM is a Canada-based gold & copper producer with two mines in Bulgaria: The Chelopech and the Ada Tepe mine. DPM also has The Tsumeb, a concentrate smelter in Namibia. It operates in stable, low-risk jurisdictions, generating revenues since 2004.

This morning, DPM released preliminary production results for Q2/22. Consolidated gold production came in at 72.9 Koz, beating our estimate of 68.5 Koz (Table 1), on the upper end of Company guidance. Copper production also beat our expectations, with DPM producing 8.8 Mlbs for the quarter vs. our estimate of 8.7 Mlbs. We anticipate production to continue to ramp as the Company previously iterated that the grade and production profile is expected to be stronger during the back half of the year.

At Chelopech, production during the quarter came in at 49.2 Koz compared to our estimate of 41.9 Koz and up ~19% from Q1, which came in at 41.5 Koz. Copper production came in at 8.8 Mlbs compared to our estimate of 8.7 Mlbs. Mill throughput for the quarter was 529.0 Kt, below our estimate of 540.0 Kt. The operation benefitted from higher gold grades and recoveries and the operation is on track to meet the upper end of annual guidance.

The Ada Tepe operation produced 23.7 Koz of Au, up ~11% from Q1 and slightly below our estimate of 26.5 Koz. Mill throughput for Q1 was 217.1 Kt, above our estimate of 188.0 Kt.

Operational Results	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	QoQ %
Chelopech						
Tonnes processed (Kt)	535.6	558.0	562.0	540.9	529.0	-2.2%
Payable Metals Produced						
Gold (Koz)	52.6	38.4	49.0	41.5	49.2	18.6%
Copper (Mlbs)	10.0	8.3	9.2	7.7	8.8	14.3%
Payable Metals Sold						
Payable gold (Koz)	39.2	34.0	40.3	36.3	39.7	9.4%
Payable copper (Mlbs)	9.5	7.7	8.2	6.5	7.3	12.3%
Ada Tepe						
Tonnes processed (Kt)	207.0	220.6	219.3	213.7	217.1	1.6%
Payable Metals Produced						
Gold (Koz)	32.5	33.3	33.8	21.4	23.7	10.7%
Payable Metals Sold						
Gold (Koz)	31.2	32.2	33.3	21.1	23.0	9.0%

Table 1: Q1/22 Production Summary

The Tsumeb smelter processed 21.1 Kt of complex concentrate during Q2, well below the 47.0 Kt processed in Q1 and below our estimate. The significant drop in processed concentrate for the quarter is due to unplanned downtime due to water leaks that were resolved during the planned Ausmelt maintenance shutdown completed during the quarter. This 45-day shutdown included additional maintenance to the off-gas and baghouse systems, which is expected to improve operational performance going forward. DPM is reviewing its 2022 guidance for Tsumeb as concentrate is expected to be lower than guidance and cash cost is expected to increase because of the lower production.

Progress at Loma Larga: The Company provided an update on the Loma Larga project in Ecuador, stating the project received the technical viability certificate for the filtered tailings storage facility at the end of June. However, the Citizens Participation Process, part of the procedure to obtain the project's

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environmental license, was temporarily postponed due to national protests which occurred in the second half of June and are expected to resume towards the end of July. Work related to the revised feasibility study continues as planned. Despite the protests, we are pleased with the developments DPM has made since the acquisition of the project and we remind readers that the Company previously stated it received technical approval of the Environmental Impact Assessment which is a major milestone for the permitting process.

As previously announced, DPM maintained its quarterly dividend of US\$0.04/sh or a ~3.5% yield paid on July 15th, 2022.

The Company plans to release its Q2 2022 operating and financial results after market close on Thursday, July 28th, 2022 and will host a conference call on Friday, July 29th at 9 AM EST.

Valuation: We are maintaining our BUY rating and our 12-month target price of C\$15.50/share for DPM. With high margin operations in stable jurisdictions, a competitive ~3.5% dividend yield, and a bolstered \$382M cash position with no debt, DPM is well positioned to take advantage of the current gold and copper prices as its portfolio of development projects progress. Our valuation is based on a 1.1x NAV using a long-term gold and copper price of \$1,800/oz and \$3.50/lbs, respectively. DPM is trading at 0.42x our NAV estimate.

Net Asset Valuation	Discount	\$ Million	\$/Share	Target Derivation	\$/Share
Chelopech	5.0%	\$1,279	\$6.66	Project NAV	\$10.26
Ada Tepe	5.0%	\$323	\$1.68		
Tsumeb	10.0%	\$95	\$0.50		
Timok + Loma Larga & Expl.	10.0%	\$272	\$1.42	Multiple	1.10x
Project NAV		\$1,969	\$10.26		\$11.29
Corporate Adjustments	5.0%	(\$230)	(\$1.20)	Adjustments	\$0.79
Cash		\$382	\$1.99	Total Valuation (US\$)	\$12.08
ITM Warrants		\$0	\$0.00		
Adjusted NAV		\$2,121	\$11.05	USD:CAD	1.30
				Total Valuation (CAD\$)	\$15.74
Current Share Price			C\$6.00	12-Month Target	C\$15.50
P/Adjusted NAV			0.42x	Implied Return	158%

Figure 1: Valuation Summary

Disclosure Code: None

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Rating System	
Buy:	Price expected to rise
Speculative Buy:	Buy rating with increased risk
Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review (U/R):	Under review
Not Rated (N/R):	Not currently rated

Summary of Recommendations	
Buy	17
Speculative Buy	1
Hold	0
Sell	0
U/R	1
Total	19