DUNDEE PRECIOUS METALS INC.

2009

OUR PLAN IS CLEAR

ANNUAL REPORT 2009

HIGHLIGHTS

2009 HIGHLIGHTS

- Remained focused on key projects and growth as a whole
- Obtained necessary permitting for and commenced construction of Chelopech mine/mill expansion
- Secured long-term processing of Chelopech concentrate at Tsumeb smelter in Namibia
- Restarted the permitting process for the Krumovgrad Gold Project in Bulgaria
- Recommenced Deno Gold operations and achieved profitability during last half of 2009

2010 FOCUS

- Advance Chelopech mine/mill expansion to 2 mtpa on budget and on schedule
- Expand Tsumeb smelter capacity from 120,000 to 240,000 tonnes per year
- Complete review of processing and tailings management at Krumovgrad by mid-2010
- Expand Deno Gold production from 400,000 to 600,000 tonnes of ore per year
- Continue to evaluate strategic opportunities to advance certain assets

ANNUAL GENERAL MEETING
Wednesday, May 5, 2010 at 3:30 pm EST
TSX Broadcast Centre – Gallery
The Exchange Tower
130 King Street West
Toronto, Ontario, Canada, M5X 1J2

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OUR PLAN IS CLEAR

LETTER FROM THE CHAIRMAN

William G. Wilson Chairman

DUNDEE, through turbulent financial markets, continued to focus on key projects which will benefit shareholders in the near and long term and raised necessary finances to ensure completion of these projects.

The turbulence in the financial markets which began late in 2008 continued into 2009. With commercial and sovereign risks continuing to be a significant concern, gold and gold securities have become even more desirable havens for investors.

Reacting to these changed conditions, your company reorganized its management structure, continued to focus on key projects which will benefit shareholders in the near and long term and raised necessary finances to ensure completion of these projects.

DPM employees continue to work diligently to improve productivity at all operations and to improve relations with governments at all levels.

During 2009, DPM's management team obtained the necessary permits for the Chelopech mine/mill expansion. Construction is underway and on schedule for completion in the second half of 2011. From a financial viewpoint, this project is extremely robust.

To assure an outlet for Chelopech concentrate, DPM contracted with a smelter in Namibia to process the entire mine's production. This association culminated in early 2010 with the purchase of the smelter.

In September 2009, the Bulgarian Ministry of Environment and Waters issued a Commercial Discovery Certificate for the Krumovgrad gold deposit. Following receipt of this certificate, DPM applied to the Government for conversion of the property into a mining concession.

DPM continues to pursue opportunities to realize value from its exploration and redevelopment assets located in Serbia and Armenia.

We were saddened by the death of Mr. Brian Steck in November 2009. Brian served as a director with distinction in the interests of shareholders. His counsel will be missed. Mr. R. Peter Gillin was appointed to serve out Brian's term.

Mr. John Lydall has advised the Board that he will not be standing for election at the next Annual Meeting. John's wise counsel contributed significantly to the deliberations of the Board. Mr. Donald Young has been proposed as a candidate for election to the Board at the next Annual Meeting.

We thank you for your continued support and look forward to an exciting year ahead for DPM and its shareholders.

W. G. Wilson

William G. Wilson Chairman   March 30, 2010

LETTER FROM
THE PRESIDENT & CEO

Jonathan Goodman President and Chief Executive Officer

OUR PLAN IS CLEAR

DUNDEE remains on track to meet its strategic objectives – to optimize current operations and advance the Krumovgrad gold development project.

While 2009 was a challenging year, due to the financial crisis which started in late 2008 and continued into 2009, we are pleased with the advances achieved on several fronts. The Chelopech mine/mill expansion project is presently being constructed and is on track to double mine output to two million tonnes of ore per year by the third quarter of 2011. Importantly, the processing of the Chelopech concentrate by Namibia Custom Smelter is now fully secured through DPM's recent purchase of the custom smelter from Weatherly International. The Deno Gold operation in Armenia is generating profits and further optimizing its operations through a mine/mill expansion to 600,000 tonnes of ore per year. We are nearing completion of the sale of our Serbian exploration interests to two TSX-V listed companies, in return for a substantive ownership interest in each of the companies and their commitments to advance exploration and development of the projects. The Company is on track to meet its strategic objectives – to optimize current operations and advance the Krumovgrad gold development project.

CHELOPECH

At the fully expanded production rate, Chelopech will produce 140,000 ounces of gold and close to 50 million pounds of copper annually at a unit cash cost, excluding royalty, of approximately US$30/tonne of ore compared to US$55/tonne of ore in 2009. As of December 31, 2009, there remains approximately US$94 million to be spent to complete the project. In addition, the success of our exploration drilling during 2009 has served to more than offset the amount mined. Further exploration drilling budgeted for 2010 will work towards delineating two new zones that were discovered in late 2009.

The Tsumeb smelter in Namibia is a specialty smelter that was originally constructed to treat specialty concentrates like those at Chelopech. The smelter is completing a plant expansion from 120,000 tonnes of concentrate per year to over 240,000 tonnes of concentrate per year, which is more than adequate to process the 140,000 to 150,000 tonnes of concentrate that Chelopech will produce once it has been fully expanded. In addition to processing Chelopech concentrate, expanded opportunities will exist for the smelter to source and process other complex concentrates, providing the Company with a competitive advantage.

KRUMOVGRAD

At Krumovgrad, we are carrying out a review of certain key aspects of the proposed open pit gold development, including the process technology and tailings facility to optimize the project's future profitability and ensure acceptance by the local community. Final test work is underway and a revised plan for the future development of this project will be completed by the second quarter of 2010.

ARMENIA

The year 2009 was a pivotal one for Deno Gold. During the shutdown, from November 2008 to the restart of operations in April 2009, we were able to identify areas of significant cost reduction and develop a more efficient mine plan. As a result, unit costs were reduced by over 30% and the mine generated profits in the last two quarters of the year. With some wind in our sails, in 2010, we are planning to expand the mine from about 400,000 to 600,000 tonnes per year to further enhance the operation and its profitability. It is anticipated that the majority of the expansion costs will be funded from internally generated cash flows.

Our plans for this year also include addressing certain land acquisition issues and the restart of definition drilling for the proposed open pit – paving the way for future expansions. We also continue to evaluate all strategic opportunities and partnerships which could enhance the value of this project.

SERBIA

As previously announced, we have made the decision to take our Serbian assets public through two transactions with TSX-V listed entities. The first transaction, with Rodeo Capital, involves the sale of DPM's Timok assets in return for equity and equity-linked consideration that includes a controlling interest in Rodeo upon completion of its announced equity offering. There are two very exciting projects in the Timok area that warrant further exploration drilling. The first is a porphyry gold/copper belt that has an initial resource and over seven drill ready targets. The second target is in a sediment hosted gold belt that extends over a distance of 25 kilometres. In 2009, two drill hole intersections at the Kraku Pestar anomaly returned significant widths of gold mineralization grading between 0.85 and 1.15 grams per tonne. The second transaction, with Queensland Minerals, involves the sale of DPM's molybdenum assets and a second porphyry copper/gold project in return for equity and equity-linked consideration that includes a 47.5% interest in Queensland upon completion of its announced C$10 million equity offering. These strategic decisions will provide greater transparency to our Serbian assets while leaving us with two exciting portfolio investments.

These two new equity positions, together with Sabina, go a long way toward rebuilding DPM's investment portfolio that was liquidated prior to the financial crisis. Since they acquired our Back River property in 2009, Sabina (15%-owned) has made two new discoveries and their stock has been performing well.

We are very excited about the direction the Company is taking and the opportunities it provides to grow our assets and increase overall profitability. We recently concluded an equity offering to raise gross proceeds of C$66 million which, together with continued strong gold prices and operating cash flow, is expected to assist the Company in meeting its nearer and medium term goals.

The onset of the financial crisis brought about many challenges and opportunities. To take advantage of those, we had to restructure our Company and asked an already committed management group to step up their game. I am very proud of the work that has been done by the DPM team and would like to thank them for the achievements that we have made. Thank you also to our shareholders for their patience and understanding during these difficult times.

Jonathan Goodman President and Chief Executive Officer


CHELOPECH MINE, BULGARIA

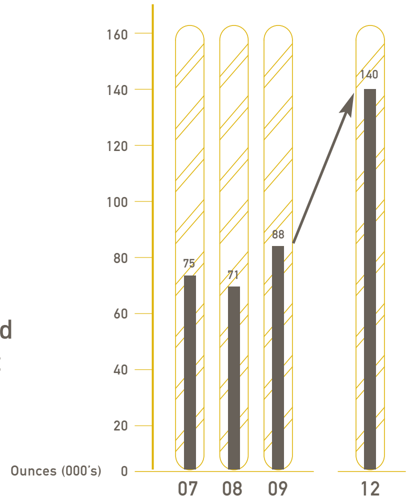
M&I Resources (at Sept. '08)	Gold (oz)	4,230,000
	Copper (lbs)	971,500,000
Reserves (at Oct. '09)	Gold (oz)	2,700,000
	Copper (lbs)	640,000,000

OUR PLAN IS CLEAR **WITH OUR MINE/MILL EXPANSION**

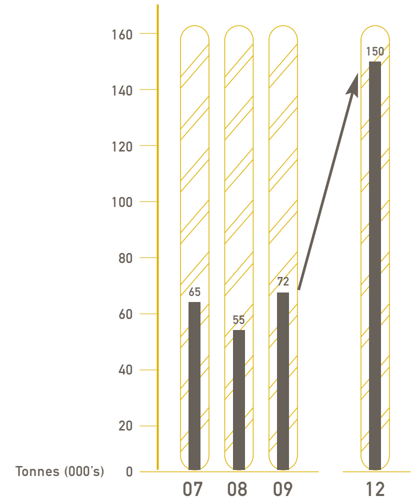
Located 75 kilometres east of Sofia, the Chelopech mine is DPM's flagship underground gold/copper mine and is the largest underground gold/copper mine in Europe. Chelopech is a consistent, low cost, long life cash flow producer. Concentrate sales and processing are secured for the life of mine through the acquisition of the Tsumeb smelter in Namibia.

2009 OVERVIEW

- Successfully permitted and commenced construction of the mine/mill expansion to 2 million tonnes per year.
- Secured long-term processing of Chelopech concentrate through Namibian Smelter.
- Processed 980,928 tonnes of ore and 88,433 oz of gold and 26 million lbs of copper in concentrate.
- The deeps and near-mine exploration programs at Chelopech resulted in two new zone discoveries and the success of exploration drilling more than offset the amount of ore mined in 2009.



Gold Production



Concentrate Production

2010 OBJECTIVES

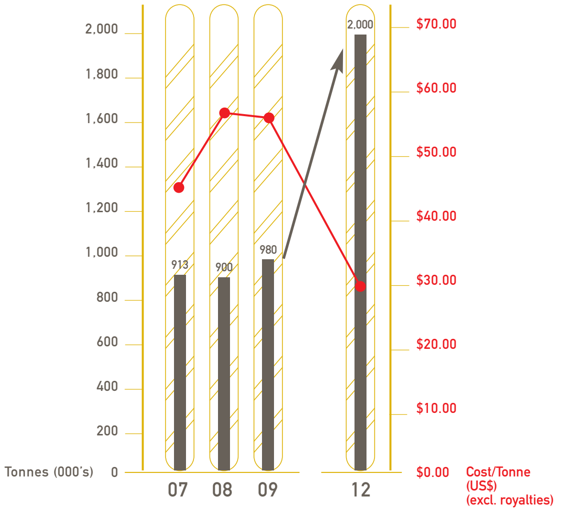
- Continue expansion of mine/mill to 2 million tonnes of ore per year, to result in annual production of 150,000 tonnes of concentrate, 140,000 oz of gold and 50 million lbs of copper by 2012.
- Main steps to Chelopech mine/mill expansion:

1 Installation of an underground crushing and conveying system and construction of paste fill plant

2 Installation of a new SAG mill

3 Modernization and upgrade of the existing concentrator

- Work to reduce cost/tonne from US$55.23 to US$29.40, excluding royalties, by 2012.
- Continue the deeps program, drilling of new discoveries and definition of new targets.



Ore Processed and Cost/Tonne

TSUMEB SMELTER, NAMIBIA

2009 Capacity	120,000 tonnes per year

OUR PLAN IS CLEAR

The processing of the Chelopech concentrate by the Namibian Custom Smelter is now fully secured through DPM's recent acquisition of the smelter from Weatherly International.

HIGHLIGHTS

In the first quarter of 2010, DPM completed the purchase of the Tsumeb smelter in Namibia providing the Company with a long term solution for the processing of Chelopech concentrate at the fully expanded rate of 2 million tonnes per year.

The Tsumeb smelter is one of only a few smelters in the world designed to treat complex concentrates like those found at Chelopech.

2010 OBJECTIVES

Complete the expansion of the smelter from 120,000 to 240,000 tonnes of concentrate per year following the commissioning of the oxygen plant.

Identify other opportunities to reduce costs and improve efficiencies.

KRUMOVGRAD GOLD PROJECT, BULGARIA

M&I Resources (oz gold at July 2005)	835,000
Inferred Resources (oz gold at July 2005)	11,000

HIGHLIGHTS

Located in southeast Bulgaria, Krumovgrad is a shallow, high grade gold deposit at feasibility stage.

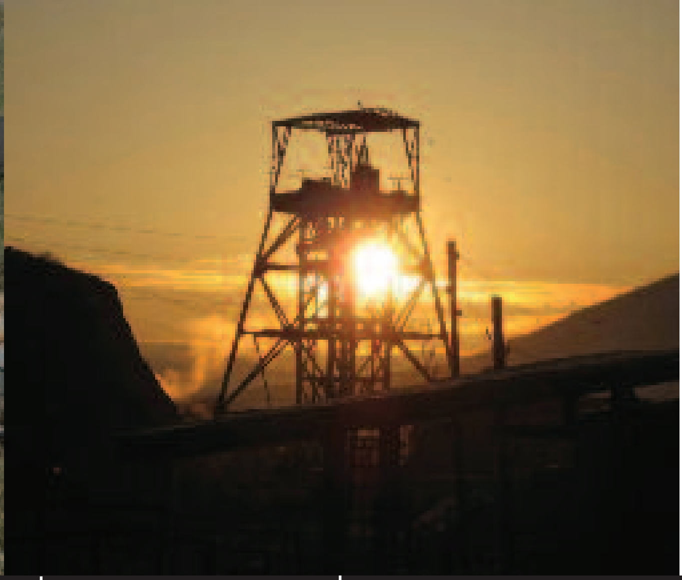
The Krumovgrad project includes construction of an open pit mining and processing facility that will produce 700,000 to 800,000 ounces of gold over the life of the mine.

2009 OVERVIEW

- The environmental permitting process was restarted.
- Natura 2000 compatibility assessment report was completed.
- Commenced review of process technology and tailings management.
- Obtained Commercial Discovery Certificate from Bulgarian Government.

2010 OBJECTIVES

Assess the proposed scope of the Krumovgrad gold project, complete a review of the process technology and tailing facilities to ensure the optimum plan is advanced for consideration and development by second quarter of 2010.



DENO GOLD MINE, ARMENIA	2009 Production (April – Dec)	Gold (oz)	14,837
		Copper (lbs)	1,527,200

OUR PLAN IS CLEAR

The DENO GOLD operation is generating profits and further optimizing its operations through a mine/mill expansion to 600,000 tonnes of ore per year.

HIGHLIGHTS

The DENO GOLD operations are situated in the town of Kapan, which is located approximately 320 kilometres south east of the capital city of Yerevan.

The facility consists of the Shahumyan underground mine which currently produces 400,000 tonnes of ore per year and a processing plant that produces a copper, gold, silver concentrate and a zinc concentrate.

2009 OVERVIEW

- Mining and milling operations were restarted in April 2009 with 30% reduction in costs and a new operating plan was implemented.
- Achieved profitability in last half of 2009.

2010 OBJECTIVES

Expansion of the underground mine and mill rate from 400,000 to 600,000 tonnes per year.

Evaluate all strategic opportunities for the potential open pit expansion.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

for the Financial Year Ended December 31, 2009
(All monetary figures are expressed in Canadian 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" or the "Company") for the financial year ended December 31, 2009. This discussion should be read in conjunction with DPM's audited consolidated financial statements for the year ended December 31, 2009 and the notes thereto. Additional Company information, including the Company's most recent Financial Statements and Annual Information Form, 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. Information contained on the Company's website is not incorporated by reference herein and does not form part of this MD&A.

This information is provided as at February 17, 2010.

OVERVIEW

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

DPM's business objectives are to identify, acquire, finance, develop and operate low-cost, long-life mining properties.

The Company's operating interests include its 100% ownership of Chelopech Mining EAD ("Chelopech"), a gold, copper, silver concentrates producer, owner of the Chelopech mine located approximately 70 kilometres east of Sofia, Bulgaria and a 95% interest in Vatrin Investment Limited ("Vatrin"), a private entity which holds 100% of Deno Gold Mining Company CJSC ("Deno Gold"), its principal asset being the Kapan mine, a gold, copper, zinc, silver concentrates producer located about 320 kilometres south east of the capital city of Yerevan in southern Armenia.

DPM's interests also include a 100% interest in the Krumovgrad development stage gold property located in south-eastern Bulgaria, near the town of Krumovgrad, through its wholly-owned subsidiary, Balkan Mineral and Mining EAD ("BMM") and numerous exploration properties in one of the larger gold-copper-silver mining regions in Serbia.

The Company is committed to creating shareholder value through a disciplined but opportunistic business model. The Company has assembled a pipeline of mining projects at various stages of development. The Company currently has projects in: (1) the operating and redevelopment stage; (2) the feasibility and development stage; (3) the scoping and advanced exploration stage; and (4) the early exploration stage. DPM intends to maximize the potential of and realize value through the exploration, development and operation of its existing properties.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" that involve a number of risks and uncertainties. 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 resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and timing and possible outcome of pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "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. 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. Such factors include, among others: the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; 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, fluctuations in metal prices, as well as those risk factors discussed or referred to in this MD&A under the heading "Risks and Uncertainties" and other documents filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available 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 opinions 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 other economic 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.**

SELECTED ANNUAL INFORMATION

The financial information has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain non-GAAP measures are discussed in this MD&A which are clearly disclosed as such.

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

$ thousands, except per share amounts

At December 31,	2009	2008	2007
Net revenue	**$ 154,530**	$ 105,053	$ 122,417
Investment and other income (expense)	**(3,395)**	(25,752)	38,947
Net earnings (loss)	**5,047**	(79,195)	15,375
Basic net earnings (loss) per share	**$ 0.05**	$ (1.20)	$ 0.27
Diluted net earnings (loss) per share	**$ 0.05**	$ (1.20)	$ 0.26
Total assets	**562,725**	568,634	538,468
Long-term debt, including current portion	**$ 18,862**	$ 26,025	$ 9,708

Key events, impacting the variation in results over this period include: (i) sale of the Back River exploration project in June 2009 to Sabina Gold & Silver Corp. ("Sabina") for cash payment of $7 million, 17 million Sabina common shares and 10 million Special Warrants, (ii) write-down of the carrying value of the Back River project to its estimated fair value in December 2008, (iii) 2008 equity offering for aggregate net proceeds of approximately $77.2 million (issuance of 35,556,000 common shares and 20,444,500 common share purchase warrants); (iv) 2007 equity offering for aggregate net proceeds of $77.5 million (issuance of 5,520,000 common shares, 2,760,000 common share purchase warrants and 1,955,000 flow-through common shares); (v) increased operating costs alongside improved operating practices (including environment, health and safety) and industry-wide cost increases; and (vi) a depreciating U.S. dollar compared to the Euro and the Canadian dollar in the years 2007 and 2008.

RESULTS OF OPERATIONS

Executive Summary and 2010 Outlook

DPM reported net earnings of $5.0 million in the twelve months ended December 31, 2009 compared to a net loss of $79.2 million in the twelve months ended December 31, 2008. Net earnings in the year ended December 31, 2009 were negatively impacted by $6.4 million of valuation allowances taken in the period due to uncertainty around the potential use of the future income tax assets against future Canadian taxable income. Year 2009 financial results, relative to the year 2008, benefited from an increase in gross profit from mining operations of $49.8 million resulting from higher deliveries of concentrates (28%), improved metal prices, improved operating performance at Chelopech and Deno Gold, and reduced exploration expense (80%) and administrative and other expenses (12%). Included in the 2008 annual results was a $47.0 million write-down in the carrying value of the Back River project to its estimated fair value.

Chelopech

Chelopech recorded a gross profit from mining operations of $46.9 million in the year ended December 31, 2009 compared to a gross profit from mining operations of $16.7 million for the corresponding prior year period. Improved mine ore grades and recovery rates contributed to a 31% increase, year over year, in concentrate production and a 33% increase, year over year, in concentrate deliveries to 75,542 tonnes.

Chelopech – Mine and Mill Expansion Project

Chelopech is presently expanding its mine and mill operations to approximately double its annual concentrate production capacity to 150,000 tonnes (the "Project"). The Project comprises: (i) the expansion of mine production capacity to 2.0 million tonnes of ore per year, including the installation of an underground crushing and conveying system, (ii) the installation of a new semi-autogenous grinding ("SAG") mill and (iii) the modernization and upgrade of the existing concentrator. It is expected that the Project will be completed in the second half of 2011. An updated life of mine plan, reflecting the expanded 2.0 million tonnes of ore per year mine rate, has been approved by the Ministries of Economy and Energy ("MoEE") and of Environment and Water ("MoEW"). The Company is in discussions with a number of financial institutions regarding debt financing for the Project.

Chelopech – Exploration Results

During the fourth quarter of 2009, a diamond drilling program focused on an unexplored silica zone and down dip extension of a narrow copper/gold stockwork system underneath the drift connecting the western and central sections of the Chelopech mine intersected a 15 to 20 metre (true width) wide normal stockwork system similar in mineralogy (energite-tennantite-pyrite) and orientation (strike NNW dipping steeply NE) to Blocks 151 and 103. Visual gold was observed in one of the four holes drilled. The magnitude of this ore zone, called Block 145, is yet to be defined. To date the zone is open in all directions. Drilling is scheduled to recommence in March 2010. In addition, nine underground drill holes in the area north of Block 149 intersected massive sulphides. This new ore zone is open in all directions with widths of 5 to 10 metres, a 50 metre strike length and a 150 metre down-dip extension. Assay results show copper grades ranging from 0.02% to 1.7% and gold grades ranging from 2.05g/t to 68.8g/t. Diamond drilling will continue on a 25 by 25 metre grid to determine its true dimensions.

Underground exploration efforts at the Chelopech mine during the year 2009 contributed 1.43 million tonnes of Measured and Indicated Resources grading 0.97%Cu and 3.53g/t Au to its mineral resource inventory, using a 4 g/t AuEq cut-off. This volume of material is not yet reflected in the Company's current statement of Mineral Resources as set out on page 24.

Metals Processing Facility ("MPF") Project

In September 2009 and January 2010, respectively, the MoEW issued the Integrated Pollution Prevention and Control ("IPPC") and the Seveso (working with hazardous substances) permits for the MPF that is proposed to be constructed at the site of the Chelopech mine. The IPPC and Seveso permits are prerequisites for the issuance of the MPF construction permit. In November 2009, however, the Bulgarian Supreme Administrative Court (the "Court") revoked the Environmental Impact Assessment ("EIA") resolution issued by the MoEE in July 2008 and returned the EIA administrative file to the MoEW for another review. This decision does not impact on the Chelopech mine/mill expansion project. The Company considers the Court's reasons for its decision to be unsubstantiated and without merit and has appealed this decision. A hearing before a five-member panel is scheduled for March 11, 2010. On January 28, 2010, Chelopech received an appeal claim against the IPPC permit from a group of non-governmental organizations ("NGOs"). The first hearing under the IPPC appeal is scheduled for May 19, 2010. No appeal of the Seveso permit was filed within the statutory time limit. Pending the receipt of all necessary permits to commence construction of the MPF and satisfactory resolution of all appeals related to such permits and the EIA, the Company will limit its activities with respect to the advancement of the MPF project.

Deno Gold

In response to the very positive regulatory and operational advances made by Deno Gold in the period leading up to and the five month period during which it was on temporary care and maintenance, DPM restarted the mining and milling operations in April 2009.

Deno Gold recorded a gross loss from mining operations of $1.7 million in the year ended December 31, 2009 compared to a gross loss from mining operations of $21.3 million in the year ended December 31, 2008. Operating improvements, including reductions in headcount and external contractors, tighter inventory and cost controls, and a 19% devaluation of the Armenian dram to U.S. dollar exchange rate contributed to a 34% reduction, year over year, in cash cost per tonne of ore processed[1], to US$72.27. Deliveries of concentrate in the year 2009 totalled 10,633 tonnes.

[1] A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the years 2009 and 2008 is shown in the table entitled "Non-GAAP Financial Measures."

Krumovgrad

In September 2009, the MoEW issued a Commercial Discovery Certificate (the "Certificate") for DPM's Krumovgrad gold deposit. The Certificate is the final requirement for conversion of the property to a mining concession, the application for which has been filed with the Bulgarian government.

Acquisition of Tsumeb Smelter Assets and Related Business

On January 14, 2010, DPM entered into a binding letter of intent (the "LOI") with Weatherly International plc ("WTI") for the purchase of WTI's Tsumeb smelter assets and related business. The acquisition includes all land, plant and other assets used by or in connection with or which benefit or pertain to WTI's smelter business (the "Namibian Transaction"). The consideration to be provided to WTI by DPM upon completion of the Namibian Transaction will be: (i) US$33 million consisting of US$18 million in cash and the issuance of approximately 4,446,420 fully paid common shares of DPM and (ii) the assumption by DPM of all third party obligations of Namibia Custom Smelters (Pty) Limited ("NCS"), a subsidiary of WTI.

Subject to contract and completion of the Namibian Transaction, DPM has agreed, in principle, with Louis Dreyfus Commodities Metals Suisse SA ("LDC"), the smelter tolling agent, to settle approximately US$11.4 million of metals exposure and debt, through the payment of US$2 million in cash and US$9.4 million in common shares of DPM, based on a deemed price of Cdn$3.50 per share. LDC will continue to have exclusive rights to source the balance of the concentrate for the Tsumeb smelter through to and including 2020, other than the Chelopech long-term supply contract. The LOI is conditional upon a number of conditions being satisfied by February 28, 2010 or such other date as the parties may agree.

Sale of the Back River Exploration Project

On June 9, 2009, DPM completed the sale of the Back River exploration project in Nunavut to Sabina. Pursuant to the transaction, the Company received in exchange for the Back River project a cash payment of $7 million, 17 million Sabina common shares and 10 million Special Warrants, each exercisable for one common share and one-half of one common share purchase warrant upon Sabina achieving certain exploration and production milestones or upon the occurrence of certain other events.

Sale of Serbian Assets

On January 25, 2010, DPM entered into a letter of intent with PJV Resources Inc. ("PJV"), a private company, and Rodeo Capital Corp. ("Rodeo"), a capital pool corporation listed on the TSX Venture Exchange ("TSXV"), for the sale of its Timok gold project through the sale of DPM's Serbian subsidiary, Dundee Plemeniti Metali d.o.o. ("Metali"). As consideration for the sale, DPM will receive a number of units ("Vendor Units") in the capital of PJV, such that, upon the completion of the Business Combination (as defined below) component of the Timok Transaction (as defined below), DPM will hold 60% of the issued and outstanding capital of the issuer resulting from the Business Combination (the "Resulting Issuer"), on a non-diluted basis. The initial financing of PJV will generate gross proceeds of a minimum of $25 million ("Minimum Financing") with respect to which PJV has entered into an engagement letter with Dundee Securities Corporation. Each Vendor Unit will be comprised of one PJV common share and one half of a warrant. Each whole warrant will be exercisable for one common share for a period of not less than two years and at an exercise price not greater than $0.40 per warrant. In addition, upon completion of a feasibility study (as defined in National Instrument 43-101) on all or part of the Timok project, DPM shall be issued 25 million common shares in the capital of the Resulting Issuer, and an additional 25 million common shares of the Resulting Issuer upon a positive decision being made by the Resulting Issuer to bring all or any part of the Timok project into production (a total of 50 million common shares if the Resulting Issuer proceeds directly to a mining decision without a feasibility study).

The PJV acquisition of Metali will be a component of a wider transaction (the "Timok Transaction") whereby, as a subsequent step to the acquisition, a three-cornered amalgamation ("Business Combination") will be effected pursuant to which PJV (as financing and acquisition corporation) will amalgamate with a wholly-owned subsidiary of Rodeo, and all the securities of PJV (including those issued to DPM as part of the sale of its Timok project), will be exchanged for securities of Rodeo. The Timok Transaction will constitute a Qualifying Transaction (as defined in the policies of the TSXV) for Rodeo.

The Timok Transaction is subject to various conditions, including among other things, approval of the Serbian government, entering into definitive agreements, all applicable regulatory approvals and completion of the Minimum Financing. The letter of intent will terminate at the earlier of: (i) April 30, 2010 or (ii) the date of execution of a definitive agreement in respect of the Timok Transaction.

2010 Outlook

For the year 2010, the Company currently plans to invest approximately US$90.0 million at Chelopech of which US$67.0 million is related to the mine and mill expansion. Concentrate production at Chelopech is expected to range between 75,000 tonnes and 80,000 tonnes in the year 2010.

The Company also plans to invest approximately US$14.0 million at Deno Gold in the year 2010 for sustaining capital and to increase the mill throughput to 600,000 tonnes per year. Completion of the mill expansion is expected in the third quarter of 2010.

Market Trends

Commodity prices are one of the principal determinants of DPM's results of operations and financial condition. Fluctuations in exchange rates between the U.S. dollar relative to the Euro, the Armenian dram and the Canadian dollar may also impact DPM's results of operations and financial condition.

The following table illustrates the Company's metal price exposures based on its key reference prices for the three months and twelve months ending December 31, 2009 and 2008.

Metal Prices (US$, Average)

	Three Months			Twelve Months		
Ended December 31,	**2009**	2008	% Change	**2009**	2008	% Change
London Bullion gold ($/oz)	$ 1,102	$ 796	38%	$ 973	$ 872	12%
LME settlement copper ($/lb)	**$ 3.02**	$ 1.77	71%	**$ 2.34**	$ 3.16	(26)%
LME settlement SHG zinc ($/lb)	**$ 1.00**	$ 0.54	85%	**$ 0.75**	$ 0.85	(12)%
LBM spot silver ($/oz)	**$ 17.58**	$ 10.20	72%	**$ 14.65**	$ 15.02	(3)%

The following table sets out the average exchange rates between the U.S. dollar relative to the Euro, the Armenian dram and the Canadian dollar for the three months and twelve months ending December 31, 2009 and 2008.

Average Exchange Rates

	Three Months			Twelve Months		
Ended December 31,	**2009**	2008	% Change	**2009**	2008	% Change
US$/Cdn$	**$ 1.0572**	$ 1.2122	(13)%	**$ 1.1415**	$ 1.0671	7%
Euro/US$	**$ 1.4772**	$ 1.3185	12%	**$ 1.3940**	$ 1.4707	(5)%
US$/Armenian dram	**$ 384**	$ 306	25%	**$ 363**	$ 306	19%

The following table sets out the closing exchange rates between the U.S. dollar relative to the Euro, the Armenian dram and the Canadian dollar at December 31, 2009 and 2008.

Closing Exchange Rates

December 31,	**2009**	2008	% Change
US$/Cdn$	**$ 1.0510**	$ 1.2180	(14)%
Euro/US$	**$ 1.4333**	$ 1.4097	2%
US$/Armenian dram	**$ 378**	$ 307	23%

Summary of Net Earnings

The following table summarizes the Company's consolidated net earnings for the periods indicated:

Condensed Income Statement (Unaudited)

$ thousands, except per share amounts **Ended December 31,**	Three Months		Twelve Months	
	2009	2008	**2009**	2008
Net revenue	**$ 44,485**	$ 15,868	**$ 154,530**	$ 105,053
Cost of sales	**31,181**	35,075	**109,262**	109,620
Gross profit (loss) from mining operations	**13,304**	(19,207)	**45,268**	(4,567)
Property impairment provisions	**(316)**	(48,705)	**(4,836)**	(48,780)
Investment and other income (expense)	**431**	(5,933)	**1,441**	23,028
Earnings (loss) before the undernoted	**13,419**	(73,845)	**41,873**	(30,319)
Exploration expense	**1,379**	5,351	**5,492**	26,811
Administrative and other expenses	**4,810**	4,315	**17,377**	19,859
Other expenses	**365**	5,243	**9,612**	6,972
Total expenses – net	**6,554**	14,909	**32,481**	53,642
Income tax expense (recovery)	**3,135**	(8,712)	**4,345**	(4,766)
Net earnings (loss)	**$ 3,730**	$ (80,042)	**$ 5,047**	$ (79,195)
Net earnings (loss) per share				
– basic	**$ 0.04**	$ (1.03)	**$ 0.05**	$ (1.20)
– diluted	**$ 0.04**	$ (1.03)	**$ 0.05**	$ (1.20)

Net earnings in the fourth quarter of 2009 were $3.7 million compared to a net loss of $80.0 million in the corresponding prior year period. The increase in net earnings, period over period, was primarily due to higher gross profit from mining operations, lower property impairment provisions and reduced exploration expense. Included in the fourth quarter of 2008 results was a $47.0 million write-down in the carrying value of the Back River project to its estimated fair value. The increase in gross profit from mining operations, period over period, was due primarily to a 38% increase in gold prices, a 71% increase in copper prices, a 12% increase in deliveries of concentrates and lower production costs at Deno Gold.

Net earnings in the twelve months of 2009 were $5.0 million compared to a net loss of $79.2 million in the corresponding prior year period. Net earnings in the twelve months of 2009 were negatively impacted by $6.4 million of valuation allowances taken in the period due to uncertainty around the potential use of the future income tax assets against future Canadian taxable income. The increase in net earnings, period over period, was due primarily to higher gross profit from mining operations, lower property impairment provisions and reduced exploration and administrative expenses partially offset by lower investment and other income. The year 2008 results included a $47.0 million write-down in the carrying value of the Back River project to its estimated fair value and a $27.2 million gain on the sale of the Company's holdings in Eldorado Gold Corporation. The increase in gross profit from mining operations was due primarily to a 28% increase in deliveries of concentrates, a 12% increase in gold prices and lower production costs at Chelopech and Deno Gold. These positive variances were partially offset by a 26% decrease in copper prices, period over period.

Earnings (Loss) before Expenses

Net Revenue

Net revenue from the sale of concentrates of $44.5 million in the fourth quarter of 2009 was $28.6 million higher than the corresponding prior year period net revenue of $15.9 million due to a 38% increase in gold prices, a 71% increase in copper prices, net favourable mark-to-market adjustments and final settlements and a 12% increase in deliveries of concentrates. Deliveries of concentrates produced at Chelopech of 17,791 tonnes in the fourth quarter of 2009 were 11% higher than fourth quarter of 2008 deliveries of 15,964 tonnes. Deliveries of concentrates produced at Deno Gold of 5,218 tonnes in the fourth quarter of 2009 were 15% higher than fourth quarter of 2008 deliveries of concentrates of 4,528 tonnes. Net favourable mark-to-market adjustments and final settlements of $0.4 million, related to the open positions of provisionally priced concentrate sales, were recorded in the fourth quarter of 2009 compared to net unfavourable mark-to-market adjustments and final settlements of $11.3 million in the fourth quarter of 2008. In the fourth quarter of 2009, DPM recorded net losses on its copper derivatives of $0.7 million.

Net revenue from the sale of concentrates of $154.5 million in the twelve months of 2009 was $49.5 million or 47% higher than the corresponding prior year period due primarily to a 28% increase in deliveries of concentrates, net favourable mark-to-market adjustments and final settlements, the favourable impact of a weaker Canadian to U.S. dollar exchange rate and a 12% increase in gold prices partially offset by a 26% decrease in copper prices and net losses related to the copper derivatives. The weakening of the Canadian dollar relative to the U.S. dollar, period over period, increased revenue by $13.2 million in 2009.

Deliveries of concentrates produced at Chelopech of 75,542 tonnes in the twelve months of 2009 were 33% higher than the corresponding prior year period deliveries of concentrates of 56,760 tonnes due to increased production in 2009 and a drawdown of concentrate inventories. Deliveries of concentrates produced at Deno Gold of 10,633 tonnes in the twelve months of 2009 were slightly lower than the corresponding prior year period deliveries of concentrates of 10,777 tonnes. Deno Gold was on care and maintenance in the first quarter of 2009. Net favourable mark-to-market adjustments and final settlements of $7.9 million, related to the open positions of provisionally priced concentrate sales, were recorded in the year 2009 compared to net unfavourable mark-to-market adjustments and final settlements of $12.8 million recorded in the corresponding prior year period. Offsetting the net favourable mark-to-market adjustments and final settlements recorded in the year 2009 were net realized losses related to the copper derivatives of $5.1 million and net unrealized losses of $0.08 million. The copper derivative contracts were entered into to mitigate substantially all of the copper price exposure and associated earnings volatility the Company is exposed to as a result of the time lag between the receipt of provisional sales revenue from concentrate deliveries and its specified final pricing period.

Cost of Sales

Cost of sales of $31.2 million in the fourth quarter of 2009 was $3.9 million or 11% lower than the corresponding prior year period due primarily to lower production costs at Deno Gold partially offset by higher deliveries of concentrates produced at Chelopech and Deno Gold. Deliveries of concentrates produced at Chelopech and Deno Gold totalled 23,009 tonnes in the fourth quarter of 2009 compared to 20,492 tonnes in the corresponding prior year period.

Cost of sales of $109.3 million in the twelve months of 2009 was comparable to the corresponding prior year period due primarily to higher deliveries of concentrates produced at Chelopech and the unfavourable impact of a weaker Canadian to U.S. dollar exchange rate offset by lower production costs at Chelopech and Deno Gold. Deliveries of concentrates produced at Chelopech and Deno Gold totalled 86,175 tonnes in the twelve months of 2009 compared to 67,537 tonnes in the corresponding prior year period. A weaker Canadian dollar to U.S. dollar exchange rate in the twelve months of 2009, compared to the corresponding prior year period, increased cost of sales by $7.8 million in 2009.

Cash cost per tonne of ore processed[1], excluding royalties, at Chelopech in the fourth quarter of 2009 of US$65.26 was 28% higher than the corresponding prior year period cash cost per tonne of ore processed[1], excluding royalties, of US$50.92 due primarily to the unfavourable impact of a 12% appreciation of the average Euro to U.S. foreign exchange rate, period over period, cost of living pay increases and performance related bonuses. Cash cost per tonne of ore processed[1], including royalties, in the fourth quarter of 2009 of US$71.61 was 31% higher than fourth quarter of 2008 cash cost per tonne of ore processed[1], including royalties, of US$54.52.

[1] A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the years 2009 and 2008 is shown in the table entitled "Non-GAAP Financial Measures."

Cash cost per tonne of ore processed[1], excluding royalties, at Chelopech in the twelve months of 2009 of US$55.23 was 5% lower than the corresponding prior year period cash cost per tonne of ore processed[1], excluding royalties, of US$57.87 due to the favourable impact of a 5% devaluation of the average Euro to U.S. foreign exchange rate, year over year, higher volume of material processed and reduced spending on services partially offset by higher volumes of backfill placed in stopes in the first half of 2009 and higher prices for and usage of materials and supplies. Cash cost per tonne of ore processed[1], including royalties, in the twelve months of 2009 of US$61.00 was slightly lower than the corresponding prior year period cash cost per tonne of ore processed[1], including royalties, of US$61.38.

Cash cost per tonne of ore processed[1] at Deno Gold in the fourth quarter and twelve months of 2009 of US$72.01 and US$72.27 were, respectively, 33% and 34% lower than the corresponding prior year periods due primarily to the favourable impact of a weaker Armenian dram relative to the U.S. dollar, improved operating performance, tighter inventory and cost controls and reductions in headcount and external contractors.

Gross Profit (Loss) from Mining Operations

The following table shows the breakdown of gross profit (loss) from mining operations by location:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2009**	2008	**2009**	2008
Chelopech	**$ 10,260**	$ (11,378)	**$ 46,961**	$ 16,743
Deno Gold	**3,044**	(7,829)	**(1,693)**	(21,310)
Total gross profit (loss)	**$ 13,304**	$ (19,207)	**$ 45,268**	$ (4,567)

Chelopech recorded a gross profit from mining operations of $10.3 million in the fourth quarter of 2009 compared to a gross loss from mining operations of $11.4 million in the fourth quarter of 2008. The increase in gross profit from mining operations, period over period, of $21.7 million was due to a 38% increase in gold prices, a 71% increase in copper prices and an 11% increase in deliveries of concentrates. Net favourable mark-to-market adjustments and final settlements of $0.4 million, related to the open positions of provisionally priced concentrate sales, were recorded in the fourth quarter of 2009 compared to net unfavourable mark-to-market adjustments and final settlements of $8.2 million in the fourth quarter of 2008. Net losses of $0.6 million related to the copper derivatives were recorded in the fourth quarter of 2009.

Chelopech recorded a gross profit from mining operations of $46.9 million in the twelve months of 2009 compared to a gross profit from mining operations of $16.7 million in the corresponding prior year period. The increase in gross profit from mining operations, period over period, of $30.2 million was primarily due to a 33% increase in deliveries of concentrates, higher gold and copper contained in concentrate produced due to higher metal grades and recovery rates, a 12% increase in gold prices and lower production costs partially offset by a 26% decrease in copper prices. Net favourable mark-to-market adjustments and final settlements of $7.3 million, related to the open positions of provisionally priced concentrate sales, were recorded in the twelve months of 2009 compared to net unfavourable mark-to-market adjustments and final settlements of $8.5 million in the twelve months of 2008. Offsetting the net favourable mark-to-market adjustments and final settlements recorded in the year 2009 were net losses related to the copper derivatives of $5.1 million.

Deno Gold recorded a gross profit from mining operations of $3.0 million in the fourth quarter of 2009 compared to a gross loss from mining operations of $7.8 million in the corresponding prior year period. The operations were on care and maintenance in November and December 2008. The increase in gross profit from mining operations was due primarily to a 15% increase in deliveries of concentrates, a 33% decrease in production costs and improved metal prices. Net favourable mark-to-market adjustments and final settlements of $0.04 million, related to the open positions of provisionally priced concentrate sales, were recorded in the fourth quarter of 2009 compared to net unfavourable mark-to-market adjustments and final settlements of $3.1 million in the fourth quarter of 2008.

Deno Gold recorded a gross loss from mining operations of $1.7 million in the twelve months of 2009 compared to a gross loss from mining operations of $21.3 million in the twelve months of 2008. The operations were on care and maintenance in the first quarter of 2009. Improved metal prices in the second half of 2009, relative to the corresponding prior year period, and a 34% decrease in production costs, year over year, also contributed to the lower operating loss. Net favourable mark-to-market adjustments and final settlements of $0.6 million, related to the open positions of provisionally priced concentrate sales, were recorded in the twelve months of 2009 compared to net unfavourable adjustments and final settlements of $4.3 million in the corresponding prior year period.

[1] A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the years 2009 and 2008 is shown in the table entitled "Non-GAAP Financial Measures."

Property Impairment Provisions

Property impairment provisions totalled $4.8 million in the twelve months ended December 2009. Scope changes following a comprehensive review of the Chelopech mine and mill expansion project resulted in a write-down of fixed assets of $4.1 million (US$3.5 million) in the third quarter of 2009.

Property impairment provisions totalled $48.8 million in the twelve months ended December 2008. A property impairment provision of $47.0 million to write-down the carrying value of the Back River project to its estimated fair value was recorded in the fourth quarter of 2008.

Investment and Other Income

Investment and other income totalled $1.4 million in the twelve months of 2009 compared to investment and other income of $23.0 million in the corresponding prior year period. Included in the twelve months of 2008 results was a gain of $27.2 million on the sale of the Company's holdings in Eldorado Gold Corporation.

Administrative and Other Expenses

Administrative and other expenses were $4.8 million and $17.4 million in the fourth quarter and twelve months of 2009 compared to $4.3 million and $19.9 million in the corresponding prior year periods, respectively. The decrease in administrative and other expenses in the year 2009, relative to the corresponding prior year period, was primarily due to lower employment costs and associated expenses and lower spending on outside services as a result of the cost savings initiatives introduced in the first quarter of 2009 partially offset by provisions for royalties and other taxes.

Exploration Expense

The following table shows the breakdown of exploration expense by country:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2009**	2008	**2009**	2008
Serbia	**$ 1,127**	$ 4,476	**$ 3,610**	$ 23,840
Canada	**5**	459	**749**	1,591
Bulgaria	**219**	416	**976**	1,380
Armenia	**28**	–	**157**	–
Total exploration expense	**$ 1,379**	$ 5,351	**$ 5,492**	$ 26,811

DPM expenses all early stage exploration costs until the date it can be established that a property has mineral resources which have the potential of being economically recoverable, at which time, all such expenditures are capitalized. The decrease in exploration expense in the fourth quarter and twelve months of 2009, relative to the corresponding prior year periods, was due primarily to a decrease in the level of exploration activities in Serbia.

Other Expenses

Stock Based Compensation Expense

Stock based compensation expenses were $0.5 million and $2.2 million in the fourth quarter and twelve months of 2009, respectively, compared to recoveries of $1.0 million and $0.9 million in the corresponding prior year periods. Stock based compensation expense includes costs associated with granting stock options and costs related to the Company's employee and director deferred share unit ("DSU") plans.

The Company granted 20,000 and 2,535,000 stock options in the fourth quarter and twelve months of 2009, respectively. During the three months and twelve months ended December 31, 2009, $0.3 million and $1.0 million, respectively, were charged to stock option expense compared to $0.3 million and $1.5 million in the corresponding prior year periods.

The DSUs vest immediately and the associated compensation expense is recognized at the time of grant. During the year 2009, 23,771 Director DSUs were granted (2008 – 24,000) and 8,383 DSUs were redeemed (2008 – 9,090). During the fourth quarter and twelve months ended December 31, 2009 minor amounts were charged to compensation expense for the issuance of DSUs. The outstanding liability is marked-to-market each quarter. In the fourth quarter and twelve months of 2009, favourable mark-to-market adjustments of $0.1 million and $1.0 million were charged to compensation expense as a result of the increase in the Company's stock price compared to unfavourable mark-to-market of $1.3 million and $2.6 million in the corresponding prior year periods, which were credited to compensation expense.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rates, whereas non-monetary assets and liabilities and related expenses denominated in foreign currencies are translated at the exchange rate in effect at the transaction date. Income and expense items are translated at the exchange rate in effect on the date of the transaction. Exchange gains and losses resulting from the translation of these amounts are included in the consolidated statement of earnings. In the fourth quarter of 2009, DPM recorded foreign exchange gains of $1.2 million compared with foreign exchange losses of $2.3 million in the corresponding prior year period. In the year 2009, DPM recorded foreign exchange losses of $3.3 million compared with foreign exchange losses of $3.9 million in the corresponding prior year period.

Income Tax Expense

DPM's effective tax rate of 46% for the twelve months of 2009 was higher than the Canadian statutory rate of 33.0% due primarily to an increase in the valuation allowance on investments and property, the unrecognized tax benefit relating to foreign and Canadian losses and the decrease in future tax rates which resulted in a decrease in the deferred tax assets partially offset by the benefit of profits earned in jurisdictions having a lower tax rate, primarily in Bulgaria, and the reversal of the flow-through shares liability of $6.0 million, which was recognized as a recovery following the sale of the Back River project.

Valuation allowances of $6.4 million were recorded in the twelve months ended December 31, 2009 due to the uncertainty around the potential use of the future income tax assets against future Canadian taxable income. The future income tax assets are still available to be used for tax purposes against future Canadian taxable income.

SUMMARY OF OPERATING CASH FLOW, INVESTING AND FINANCING ACTIVITIES

Operating Cash Flow (Shortfall)

The following table summarizes the Company's cash flow (shortfall) from operating activities for the periods indicated:

$ thousands	Three Months		Twelve Months	
Ended December 31,	**2009**	2008	**2009**	2008
Net earnings (loss)	**$ 3,730**	$ (80,042)	**$ 5,047**	$ (79,195)
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	**6,054**	4,968	**20,229**	16,424
Net gains on sale of investments	**–**	(64)	**(160)**	(28,069)
Property impairment provisions	**316**	48,705	**4,836**	48,780
Write-downs of investments to market value	**–**	6,009	**1,130**	7,532
Other	**1,945**	(1,208)	**(338)**	(590)
Total non-cash charges to earnings	**8,315**	58,410	**25,697**	44,077
Decrease (increase) in non-cash working capital	**8,220**	10,718	**(13,739)**	28,086
Net cash provided by (used in) operating activities	**$ 20,265**	$ (10,914)	**$ 17,005**	$ (7,032)

Cash provided by operating activities in the fourth quarter of 2009 was $20.3 million compared with cash used in operating activities of $10.9 million in the fourth quarter of 2008. The increase in cash provided by operating activities in the fourth quarter of 2009, relative to the corresponding prior year period, was due primarily to higher gross profit from mining operations and lower exploration expense.

Cash provided by operating activities in the twelve months of 2009 was $17.0 million compared with cash used by operating activities of $7.0 million in the twelve months of 2008. The increase in cash provided by operating activities in the twelve months of 2009, relative to the corresponding prior year period, was due primarily to higher gross profit from mining operations and reductions in administrative and exploration expenses partially offset by an increase in working capital requirements. The non-cash working capital requirements of $13.7 million in the twelve months of 2009 was due primarily to a decrease in accounts payable and a decrease in deferred revenue.

Investing Activities

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

$ thousands Ended December 31,	Three Months		Twelve Months	
	2009	2008	**2009**	2008
Proceeds on sale of exploration property	**$ –**	$ –	**$ 7,000**	$ –
Proceeds on sale of investments at fair value	**–**	1,631	**2,612**	61,869
Purchases of investments at fair value	**–**	(3,872)	**(2,152)**	(3,872)
Proceeds on sale (purchase) of short-term investments	**(8,455)**	(52,662)	**5,581**	(52,662)
Loan advances	**–**	(3,654)	**(4,887)**	(3,654)
Capital expenditures	**(13,123)**	(15,479)	**(39,057)**	(82,160)
Other	**4**	18	**171**	732
Net cash used in investing activities	**$ (21,574)**	$ (74,018)	**$ (30,732)**	$ (79,747)

Refer to the "Investments at Fair Value" section of this MD&A for a discussion on the investment activities for the period.

In the second quarter of 2009, DPM completed the sale of the Back River exploration project to Sabina. Total proceeds from the transaction were $35.0 million, including $7.0 million in cash, resulting in a gain on sale of exploration property of $0.8 million and associated future income tax recovery of $6.0 million. In August 2009, DPM purchased 40.5 million ordinary shares of WTI for $2.2 million (US$2.0 million), which by agreement, was advanced by WTI to its subsidiary, NCS, to cover the costs of certain capital improvements being made to its Tsumeb copper smelter and for working capital purposes.

In 2009, DPM advanced $4.9 million (US$4.0 million) to NCS, a subsidiary of WTI, in accordance with the agreement DPM signed with NCS in December 2008 to advance up to US$7.0 million of loans to NCS. As at June 30, 2009, the total commitment of US$7.0 million had been advanced.

In the twelve months ended December 31, 2008, DPM realized pre- and after-tax cash proceeds of $61.9 million on the disposition of certain shareholdings, including the sale of its holdings in Eldorado Gold Corporation for cash proceeds of $41.0 million.

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

$ thousands Ended December 31,	Three Months		Twelve Months	
	2009	2008	**2009**	2008
Chelopech	**$ (10,051)**	$ (7,745)	**$ (30,664)**	$ (41,129)
Deno Gold	**(1,962)**	(6,677)	**(6,931)**	(26,560)
Back River	**–**	(531)	**–**	(12,196)
Other	**(1,110)**	(526)	**(1,462)**	(2,275)
Total capital expenditures	**$ (13,123)**	$ (15,479)	**$ (39,057)**	$ (82,160)

Capital expenditures at Chelopech in the fourth quarter of 2009 were 30% higher than the corresponding prior year period due to the ramp-up of the mine and mill expansion project in the period. Capital expenditures at Chelopech in the twelve months of 2009 were 25% lower than the corresponding prior year period due to a reduction in non-critical expenditures, including those related to the mine and mill expansion project and the MPF project in the first nine months of 2009. Capital expenditures at Deno Gold in the fourth quarter and twelve months of 2009 were, respectively, 71% and 74% lower than the corresponding prior year periods due primarily to the suspension of exploration activities in the fourth quarter of 2008.

As at December 31, 2009, the Company had capitalized the following amounts:

Property, Plant and Equipment

$ millions	Acquisition Cost	Project Cost	Total Cost
Chelopech (Bulgaria)	$ 20.3	$ 243.8	$ 264.1
Krumovgrad (Bulgaria)	30.1	14.7	44.8
Serbia	0.1	8.5	8.6
Deno Gold (Armenia)	36.5	63.0	99.5
Corporate	–	2.5	2.5
Total	$ 87.0	$ 332.5	$ 419.5

An oxygen plant owned by Chelopech, which is currently being marketed for sale, has been reclassified to long-term asset held from sale. The carrying value of the oxygen plant was $16.6 million at December 31, 2009.

In the second quarter of 2009, DPM completed the sale of the Back River exploration project to Sabina. Total proceeds received from the transaction were $35.0 million, including $7.0 million of cash, resulting in a gain on sale of exploration property of $0.8 million and associated future income tax recovery of $6.0 million.

Financing Activities

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

$ thousands	**Three Months**		**Twelve Months**	
Ended December 31,	**2009**	2008	**2009**	2008
Redemption of deferred share units	**$ (29)**	$ –	**$ (29)**	$ (58)
Net proceeds of equity financing	**–**	77,175	**–**	77,175
Proceeds of debt financing	**–**	–	**–**	15,821
Repayment of debt	**(1,320)**	(1,543)	**(4,049)**	(3,972)
Repayment of leases	**(373)**	–	**(1,219)**	–
Net cash provided by (used in) financing activities	**$ (1,722)**	$ 75,632	**$ (5,297)**	$ 88,966

MINING ACTIVITIES

Chelopech Gold/Copper Mine, Bulgaria

The Chelopech mineral deposit lies in the northern part of the Panagyurishte mining district where a number of copper-bearing massive sulphide and porphyry copper deposits exist. Chelopech's Mining License covers an area of 266 hectares and includes the area of the Chelopech mining operation and the immediate surrounds. The Company owns the land upon which the facilities are constructed and operates under a concession agreement that was granted by the Republic of Bulgaria in 1999 for a period of 30 years.

In July 2008, DPM agreed the following amendments to its Mining Concession Contract with the Bulgarian Government:

(i) Chelopech will pay a higher royalty in accordance with the Bulgarian Ordinance on Royalty Computation for all the metals that can be mined economically from the Chelopech deposit. The royalty will be calculated on a sliding scale of 2% to 8% at a profitability ratio of 10% to 60%. The new royalty, which came into effect on July 31, 2008, replaced the 1.5% fixed rate royalty entered into in 2004. The royalty in excess of 1.5% is being accrued but is payable only after construction of the MPF commences.

(ii) Chelopech will provide a financial guarantee for environmental and rehabilitation costs for the Chelopech mine and facilities. The Company will prepare and submit a closure and rehabilitation plan for approval to the MoEE and MoEW.

Chelopech is presently expanding its mine and mill operations to approximately double its annual concentrate production capacity to 150,000 tonnes. The Project comprises: (i) the expansion of mine production capacity to 2.0 million tonnes of ore per year, including the installation of an underground crushing and conveying system and construction of a paste fill plant, (ii) the installation of a new SAG mill and (iii) the modernization and upgrade of the existing concentrator. It is expected that the Project will be completed in the second half of 2011. An updated life of mine plan, reflecting the expanded 2.0 million tonnes of ore per year mine rate, has been approved by the MoEE and MoEW.

On January 14, 2010, DPM entered into an LOI with WTI for the purchase of WTI's Tsumeb smelter assets and related business. The acquisition includes all land, plant and other assets used by or in connection with or which benefit or pertain to WTI's smelter business.

In December 2008, Chelopech contracted with NCS, a subsidiary of WTI, for the sale of all or substantially all of its concentrate production through the year 2013. In August 2009, this arrangement was extended from 2014 to, and including, the year 2020 giving Chelopech the right to sell up to 140,000 tonnes of concentrate per year to NCS. See the "Risks and Uncertainties" section of this MD&A for information on counterparty risk.

In December 2008, Chelopech also signed a long-term US$7.0 million loan agreement with NCS to assist in the funding of certain capital requirements related to improvements at NCS's Tsumeb smelter and for working capital purposes. As at June 30, 2009, the total commitment of US$7 million had been advanced.

Exploration Activities

During the fourth quarter of 2009, a diamond drilling program focused on an unexplored silica zone and down dip extension of a narrow copper/gold stockwork system underneath the drift connecting the western and central sections of the mine intersected a 15 to 20 metre (true width) wide normal stockwork system similar in mineralogy (energite-tennantite-pyrite) and orientation (strike NNW dipping steeply NE) to Blocks 151 and 103. Visual gold was observed in one of the four holes drilled. The magnitude of this ore zone, called Block 145, is yet to be defined. To date the zone is open in all directions. Drilling is scheduled to recommence in March 2010.

In addition, nine underground drill holes in the area north of Block 149 intersected massive sulphides. The mineralogy, geometry and grade of the new discovery (Block 147) are similar to Block 149. Block 147 consists of a narrow vuggy quartz silica envelope 15 to 20 metre thick hosting ore-bearing massive pyrite and minor sulphur salts (e.g. energite & tennantite-luzonite). The new ore zone is open in all directions with widths of 5 to 10 metres, a 50 metre strike length and a 150 metre down-dip extension. Assay results show copper grades ranging from 0.02% to 1.7% and gold grades ranging from 2.05g/t to 68.8g/t. Diamond drilling will continue on a 25 by 25 metre grid to determine its true dimensions.

Blocks 145 and 147 – Significant Intercepts

					Grades	
Block	**Hole ID**	**From** *(m)*	**To** *(m)*	**Interval** *(m)*	**Cu** *(%)*	**Au** *(g/t)*
145	EXT149_225_02	40.40	70.5	30.1	1.57	9.77
145	EXT149_225_07	46.42	81	34.58	0.94	3.61
147	149_225_54	206	216.2	10.2	0.64	8.45
147	149_225_55	220.4	232.5	12.1	0.19	14.44
147	149_225_59	196.5	200.2	3.7	0.56	6.39
147	149_225_60	220.5	223.5	3	1.44	24.45

Underground exploration efforts at the Chelopech mine during the year 2009 contributed 1.43 million tonnes of Measured and Indicated Resources grading 0.97%Cu and 3.53g/tAu to its mineral resource inventory, using a 4 g/t AuEq cut-off. This volume of material is not yet reflected in the Company's current statement of Mineral Resources as set out below.

Mineral Reserves and Resources

The Chelopech Mineral Resources, as of September 2008, are set out below.

Mineral Resources

		Gold		Silver		Copper	
	Tonnes *(million)*	Grade *(g/t)*	Ounces *(M)*	Grade *(g/t)*	Ounces *(M)*	Grade *(%)*	Lbs *(M)*
Measured	15.70	4.1	2.07	10.8	5.45	1.5	508.9
Indicated	19.08	3.5	2.16	7.4	4.55	1.1	462.6
Measured and Indicated	34.78	3.8	4.23	8.9	10.00	1.3	971.5
Inferred	9.79	2.7	0.86	11.4	3.60	0.9	187.8

(1) The rounding of tonnage and grade figures has resulted in some columns showing relatively minor discrepancies in sum totals.

(2) All Mineral Resource Estimates have been determined and reported in accordance with NI 43-101 and the classification adopted by the CIM Council in August 2000.

(3) Cut-off Grade @ 3.2g/t Gold Equivalent is based on the following formula: (Au g/t + 2.5xCu%). The mineral resource has been depleted as of September 30, 2008. Resource estimates are based on various other assumptions and key parameters and are subject to risks as more fully described in the supporting technical report (see note 4).

(4) The "Mine/Mill Expansion Project, Bulgaria, Technical Report for the Chelopech Project" was prepared by Brian R. Wolfe and Peter Wade from Coffey Mining Pty Ltd. ("Coffey"), Gary Jobson from MacroMet, David Morgan from Knight Piésold Pty Ltd. ("KPP") and J. Fergus Anckorn from AMEC Earth and Environmental UK Ltd. ("AMEC"), all of whom are Qualified Persons under NI 43-101 and all of whom are independent of the Company, and was filed on Sedar at www.sedar.com on January 22, 2010.

(5) The information in the above table has been reviewed by Dr. Julian Barnes, Executive Vice President of DPM and a Qualified Person within the meaning of NI 43-101.

The Chelopech Mineral Reserves, as of October 2009, are set out below.

Mineral Reserves

		Gold		Copper	
	Tonnes *(million)*	Grade *(g/t)*	Ounces *(M)*	Grade *(%)*	Lbs *(M)*
Proven	10.9	3.8	1.3	1.4	340
Probable	12.2	3.4	1.3	1.1	300
Total Reserves	23.1	3.6	2.7	1.2	640

(1) All Mineral Reserve Estimates have been determined and reported in accordance with NI 43-101 and the classifications adopted by the CIM Council in August 2000.

(2) All Mineral Reserves are completely included within the quoted Mineral Resources.

(3) Cut-off Grade @ 3.2g/t Equivalent Gold; the average sulphur content in mill feed is 14.0%; Mineral Reserves are based on metal prices of US$800/oz gold and copper prices of US$1.75/pound; overall metallurgical recoveries, copper @ 81.0%, gold @ 55.3%, silver @ 1.7%. Reserve estimates are based on various other assumptions and key parameters and are subject to risks as more fully described in the supporting technical report (see note 4).

(4) The "Mine/Mill Expansion Project, Bulgaria, Technical Report for the Chelopech Project" was prepared by Brian R. Wolfe and Peter Wade from Coffey, Gary Jobson from MacroMet, David Morgan from KKP and J. Fergus Anckorn from AMEC, all of whom are Qualified Persons under NI 43-101 and all of whom are independent of the Company, and was filed on Sedar at www.sedar.com on January 22, 2010.

(5) The information in the above table has been reviewed by Dr. Julian Barnes, Executive Vice President of DPM and a Qualified Person within the meaning of NI 43-101.

CHELOPECH – PRODUCTION, COSTS, DELIVERIES AND NET REVENUE

	Three Months		Twelve Months	
Ended December 31,	**2009**	2008	**2009**	2008
Ore mined *(mt)*	**227,725**	254,132	**957,043**	911,381
Ore processed *(mt)*	**239,947**	240,486	**980,928**	900,563
Head grade *(ore milled)*				
Copper *(%)*	**1.26**	1.22	**1.39**	1.17
Gold *(g/mt)*	**3.62**	4.56	**4.34**	4.04
Silver *(g/mt)*	**8.75**	9.01	**7.87**	7.52
Concentrate produced *(mt)*	**15,634**	14,931	**71,657**	54,669
Metals contained in concentrate produced				
Copper *(lbs)*	**5,685,837**	5,429,511	**26,155,662**	19,909,524
Copper *(% recovered)*	**85.1**	83.6	**87.2**	86.0
Gold *(ounces)*	**14,509**	19,883	**88,433**	71,472
Gold *(% recovered)*	**52.0**	56.3	**64.6**	61.2
Silver *(ounces)*	**24,892**	29,065	**118,073**	103,487
Silver *(% recovered)*	**36.9**	41.7	**47.6**	47.5
Cash cost per tonne of ore processed:				
including royalties, *(US$)* (1),(3)	**$ 71.61**	$ 54.52	**$ 61.00**	$ 61.38
excluding royalties, *(US$)* (1),(3)	**$ 65.26**	$ 50.92	**$ 55.23**	$ 57.87
Cash cost per pound of copper in concentrate produced *(US$)* (1),(2),(3)	**$ 1.56**	$ 0.91	**$ 0.95**	$ 1.34
Cash cost per ounce of gold in concentrate produced *(US$)* (1),(2),(3)	**$ 543**	$ 395	**$ 375**	$ 377
Value of payable metals sold *(US$000)* (6)	**$ 39,718**	$ 22,470	**$ 153,884**	$ 120,824
Net Revenue				
US$000 (4),(5)	**$ 30,001**	$ 8,621	**$ 118,401**	$ 85,573
Cdn$000 (4),(5)	**$ 31,721**	$ 10,591	**$ 134,078**	$ 88,169
Deliveries				
Concentrate *(dmt)*	**17,791**	15,964	**75,542**	56,760
Copper in concentrate *(lbs)* (7)	**6,063,419**	5,358,145	**25,974,972**	19,216,492
Gold in concentrate *(ounces)* (7)	**18,833**	15,956	**93,081**	70,878
Silver in concentrate *(ounces)* (7)	**26,492**	24,158	**122,358**	92,154

(1) Costs are reported in U.S. dollars for the purpose of comparing costs to revenues, though the majority of costs incurred are denominated in non-U.S. dollars. Cash costs consist of all production related expenses including mining, processing, services, royalties (paid and accrued) and general and administrative costs.

(2) Gold and copper are accounted for as co-products. Copper units are converted into gold units using the ratio of the average gold value to the average copper value for the period. Total cash costs are net of by-product silver sales revenue.

(3) A reconciliation of these non-GAAP measures is shown in the table entitled "Reconciliation of Non-GAAP Measures to Canadian GAAP Cost of Sales" under "Non-GAAP Financial Measures" below.

(4) Deductions from the value of payable metals sold are made for treatment charges, penalties, transportation and other selling costs to arrive at the value received for concentrate sold.

(5) Included in net revenue are mark-to-market adjustments and final settlements related to provisionally priced sales. Net favourable adjustments and final settlements of US$0.4 million and US$6.0 million were recorded in the fourth quarter and twelve months of 2009, respectively, compared with net unfavourable adjustments and final settlements of US$6.7 million and US$8.3 million recorded in the fourth quarter and twelve months of 2008, respectively. Partially offsetting the net amounts recorded in 2009 were net losses of US$0.3 million and US$3.1 million related to the copper derivatives entered into by Chelopech recorded in the fourth quarter and twelve months of 2009, respectively. Excludes net losses on copper derivatives entered into by DPM on behalf of Chelopech of US$0.2 million and US$1.2 million in the fourth quarter and twelve months of 2009, respectively.

(6) Excludes mark-to-market adjustments and final settlements related to provisionally priced sales and gain or loss on copper derivatives.

(7) Represents payable metals in concentrate sold based on provisional invoices.

Production

Total tonnes of ore mined in the fourth quarter of 2009 of 227,725 tonnes were 10% lower than the corresponding prior year period as the operations concentrated on waste development and cemented rock backfill. Total tonnes of ore mined in the twelve months of 2009 of 957,043 tonnes were 5% higher than the corresponding prior year period due to increased availability of working stopes in the first nine months of 2009, which resulted in higher utilization of labour and equipment, a change in shift arrangements allowing a reduction in re-entry time after blasting and increased productivity.

Total tonnes of ore processed in the fourth quarter of 2009 of 239,947 tonnes were comparable to the ore processed in the corresponding prior year period. Total tonnes of ore processed in the twelve months of 2009 of 980,928 tonnes were 9% higher than the corresponding prior year period due to higher process plant utilization and a drawdown of unprocessed ore stock piles.

Copper grades in the fourth quarter and twelve months of 2009 were, respectively, 3% and 19% higher than the corresponding prior year periods due to mining of higher grade ores in 2009. Gold grades in the fourth quarter of 2009 were 21% lower than the corresponding prior year period as a result of high grade stopes mined in the fourth quarter of 2008. Gold grades in the twelve months of 2009 were 7% higher than the corresponding period in 2008 due to mining of higher grade ores in the first nine months of 2009.

Concentrate production in the fourth quarter of 2009 was 5% higher than the corresponding prior year period due to higher copper grades and recoveries. Concentrate production in the twelve months of 2009 was 31% higher than the corresponding prior year period due to increased ore mined and higher copper grades and recoveries.

Copper contained in concentrate produced in the fourth quarter and twelve months of 2009 of 5.7 million pounds and 26.2 million pounds were, respectively, 5% and 31% higher than the corresponding prior year periods due to higher grades and recoveries. Gold contained in concentrate produced in the fourth quarter of 2009 of 14,509 ounces was 27% lower than the corresponding prior year period due to lower grades and recoveries. Gold recoveries in the fourth quarter of 2009 were negatively impacted by the processing of high sulphur to copper ratio mineralization. Gold contained in concentrate produced in the twelve months of 2009 of 88,433 ounces was 24% higher than the corresponding prior year period due to higher grades and recoveries. Silver contained in concentrate produced in the fourth quarter of 2009 of 24,892 ounces was 14% lower than the corresponding prior year period. Silver contained in concentrate produced in the twelve months of 2009 of 118,073 ounces was 14% higher than the corresponding prior year period.

Unprocessed ore stock piles at surface totalled 7,176 tonnes at December 31, 2009, down from 31,061 tonnes at December 31, 2008. Inventory of concentrates totalled 5,032 tonnes at December 31, 2009, down from 8,917 tonnes at December 31, 2008.

Cash Cost per Tonne of Ore Processed

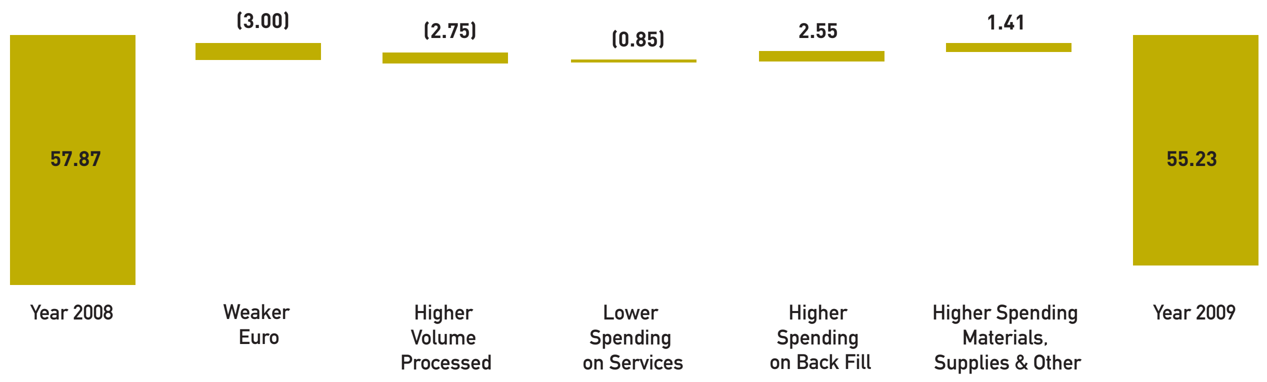
Cash cost per tonne of ore processed[1], excluding royalties, at Chelopech in the fourth quarter of 2009 of US$65.26 was 28% higher than the corresponding prior year period cash cost per tonne of ore processed[1], excluding royalties, of US$50.92 due to the unfavourable impact of a 12% appreciation of the average Euro to U.S. foreign exchange rate, period over period, cost of living pay increases and performance related bonuses. Cash cost per tonne of ore processed[1], including royalties, in the fourth quarter of 2009 of US$71.61 was 31% higher than fourth quarter of 2008 cash cost per tonne of ore processed[1], including royalties, of US$54.52.

Cash cost per tonne of ore processed[1], excluding royalties, at Chelopech in the twelve months of 2009 of US$55.23 was 5% lower than the corresponding prior year period cash cost per tonne of ore processed[1], excluding royalties, of US$57.87 due to a 5% devaluation of the average Euro to U.S. foreign exchange rate, year over year, higher volume of material processed and reduced spending on services partially offset by higher volumes of backfill placed in stopes in the first half of 2009 and higher prices for and usage of materials and supplies. Cash cost per tonne of ore processed[1], including royalties, in the twelve months of 2009 of US$61.00 was slightly lower than the corresponding prior year period cash cost per tonne of ore processed[1], including royalties, of US$61.38.

[1] A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the years 2009 and 2008 is shown in the table entitled "Non-GAAP Financial Measures."

Principal factors affecting the year 2009 unit cash cost per tonne of ore processed[1], excluding royalties, in comparison with the year 2008:

US$ per Tonne
Increase (decrease)



A reconciliation of this non-GAAP measure is shown in the table entitled "Reconciliation of Non-GAAP Measures to Canadian GAAP Cost of Sales" under "Non-GAAP Financial Measures".

Project Developments

Mine/Mill Expansion Project

Chelopech is presently expanding its mine and mill operations to approximately double its annual concentrate production capacity to 150,000 tonnes. The Project comprises: (i) the expansion of mine production capacity to 2.0 million tonnes of ore per year, including the installation of an underground crushing and conveying system and construction of a paste fill plant, (ii) the installation of a new SAG mill and (iii) the modernization and upgrade of the existing concentrator. It is expected that the Project will be completed in the second half of 2011. An updated life of mine plan, reflecting the expanded 2.0 million tonnes of ore per year mine rate, has been approved by the MoEE.

The estimated cost to complete the Project is US$94.3 million of which US$67.0 million is projected to be spent in 2010. As of December 31, 2009, the Company had invested US$47.4 million in the Project including expenditures of US$7.6 million in 2009. The capital cost includes owner's costs and contingency and excludes special projects associated with ongoing operations and sustaining capital. Following commissioning, the unit operating cost for the expanded facility is expected to decrease to approximately US$29.40 per tonne of ore processed, excluding royalties (approximately US$34.27 per tonne of ore processed, including royalties).

Activities related to the mine and mill expansion steadily progressed throughout 2009. During the year 2009, preliminary work related to the upgrade of the concentrator and the construction of the paste fill plant, including demolition, excavation and preparation for foundations, was completed. The construction and commissioning of the paste fill plant is expected by the end of the second quarter of 2010 and completion of the SAG mill and flotation circuit upgrade by the end of the fourth quarter of 2010.

Works related to the tailings management facility ("TMF") completed in the year 2009 included upgrades of the seepage pump station at the base of the dam and the first phase of the buttressing of the dam wall. Modifications to the process circuit to allow tailings reclaim and to increase the rate of placement of hydraulic backfill were successfully completed in 2009.

The implementation of the mine and mill expansion comprises four main phases: (i) pre-construction, (ii) construction, (iii) pre-operation, and (iv) operations. The endorsements, approvals, permits and/or licenses required for each of the four phases are detailed in the NI 43-101 Technical Report for the Chelopech Project dated January 22, 2010 which has been filed on Sedar.

Pursuant to its agreement with the Bulgarian government, DPM will provide an environmental reclamation bond covering the estimated closure and rehabilitation costs associated with the ultimate closure of the Chelopech mine. The bond is not a legal requirement and will be the first of its kind in Europe. The mine closure plan is expected to be submitted for approval to the MoEE and MoEW in March 2010.

[1] *A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the years 2009 and 2008 is shown in the table entitled "Non-GAAP Financial Measures."*

MPF Project

In July 2008, the Company received Bulgarian Government approval of the EIA for the Chelopech Project, including the expansion of the mine and mill, the installation of an MPF that uses pressure oxidation ("POX"), carbon in leach ("CIL") cyanidation and solvent extraction and electrowinning ("SX/EW") to treat the copper/gold concentrate and produce copper cathode and gold doré and construction of a new facility for storage of the POX-CIL tailings (the "POX TMF"). Pursuant to a Memorandum of Understanding with the Bulgarian Government, the Bulgarian Government has the right to acquire a 25% interest in a yet to be formed joint stock company that will construct, own and operate the MPF.

The permitting process for the construction of the MPF involves various ministries and government agencies. The environmental permits, such as the EIA, the IPPC and Seveso are prerequisites for issuance of the construction permit. The TMFs are being permitted under the European Mine Waste Directive as it is applied in Bulgaria. The IPPC permit was issued by the MoEW in September 2009 and the Seveso permit was issued in January 2010. The MPF Project is fully compliant with all European safety and environmental directives and industry Best Available Techniques requirements, as determined by IPPC. The MPF Project engineering has passed through a rigorous audit and been certified by the International Cyanide Management Institute as being compliant with the International Cyanide Management Code. Other permits required for construction of various components of the facility are either in hand or in process.

In November 2009, the Court revoked the EIA resolution issued by the MoEE in July 2008 and returned the EIA administrative file to the MoEW for another review. The principal reasons for the decision include: (i) the two and a half year period between the date of review of the EIA by the Supreme Expert Environmental Council (March 10, 2006) and the date of the EIA resolution (July 30, 2008), (ii) the MoEW did not provide justification for deeming Chelopech and Chavdar the only affected municipalities, and (iii) the proposed POX-CIL technology cannot be considered best available technology if it has not been used on similar types of copper-arsenic concentrates and at the same scale as the proposed operation. The Company considers the Court's reasons for its decision to be unsubstantiated and without merit and has appealed this decision. A hearing before a five-member panel is scheduled for March 11, 2010.

On January 28, 2010, Chelopech officially received an appeal claim against the IPPC permit for the MPF from a group of NGOs. The appellants claim procedural violations (violations of the right of access to public information) and material violations (violations of available techniques and use of cyanide substances for which legislation does not set permissible levels, as well as violations of the procedure for reduction of the hygiene protection zones). DPM maintains that all arguments raised by the appellants are unsubstantiated. The first hearing under the IPPC appeal is scheduled for May 19, 2010. No appeal of the Seveso permit was filed within the statutory time limit.

Pending the receipt of all necessary permits to commence construction of the MPF and satisfactory resolution of all appeals related to such permits and the EIA, the Company will limit its activities with respect to the advancement of the MPF Project. For the year 2010, the Company plans to spend approximately US$3.0 million to finalize certain outstanding contracts related to the MPF Project. As of December 31, 2009, the Company had invested US$71.8 million in the MPF Project, including an oxygen plant that is being marketed for sale.

Deno Gold Copper/Gold/Zinc Mine, Armenia

The Deno Gold operations are situated in the town of Kapan, which is located approximately 320 kilometres south east of Yerevan, the capital city of the Republic of Armenia ("RA").

Deno Gold's underground mining operation is located on the Shahumyan concession. The complex includes two primary crushing stations, a processing plant (which historically processed in excess of one million tonnes of ore per year) and various infrastructure facilities that were built to support the operation. The processing plant produces two concentrates, a copper, gold, silver concentrate and a zinc concentrate, by staged flotation. Both concentrates are transported by road to the town of Ararat (60 kilometres south of Yerevan) where they are offloaded onto a rail system for transport to the Black Sea via Georgia. The Shahumyan deposit does not contain material quantities of deleterious elements which would incur penalties in the treatment of concentrate.

Deno Gold operates the Shahumyan mine under a 25 year license agreement, in effect since 1995. Initially, under the license agreement, Deno Gold was given the right to develop and mine the Shahumyan and Centralni mine concessions until 2010 and 2017, respectively. However, in an agreement reached on January 15, 2009 between Deno Gold and the RA's Ministry, amongst other things, it was agreed:

(i) In accordance with the requirements of RA Law on Concessions, Deno Gold's Shahumyan mine license will be extended for an additional 12 years to 2032 and the license agreement will be extended to the full extent of the mining license,

(ii) The annual mine production schedule, as defined by the license agreement, will be reduced to 300,000 tonnes (subject to automatic adjustment in the event of unusual economic hardship including exceptionally low metal prices), and

(iii) The Centralni licence would be terminated and all contractual responsibility of Deno Gold, in its entirety, with respect to such license would be waived with the exception of certain very limited reclamation/re-cultivation works and the preparation and implementation of a mine underground closure and conservation plan, all in compliance with RA legislation. The Centralni license was returned to the Armenian government in March 2009.

Deno Gold has agreed commercial terms for the sale of all its zinc concentrate production for 2010 and 2011. Deno Gold is currently negotiating the commercial terms for the sales of its copper/gold concentrates production for 2010.

DENO GOLD – PRODUCTION, COSTS, DELIVERIES AND NET REVENUE

	Three Months		Twelve Months	
Ended December 31,	**2009**	2008	**2009**	2008
Ore mined *(mt)*	**84,342**	34,287	**220,599**	259,902
Ore processed *(mt)*	**83,982**	36,108	**218,235**	269,033
Head grade *(ore milled)*				
Copper *(%)*	**0.35**	0.45	**0.35**	0.39
Gold *(g/mt)*	**2.25**	2.53	**2.36**	1.70
Zinc *(%)*	**2.12**	2.77	**2.08**	1.84
Silver *(g/mt)*	**38.55**	97.51	**47.03**	41.63
Concentrate produced *(mt)*	**3,999**	2,409	**10,144**	11,606
Metals contained in concentrate produced				
Copper *(lbs)*	**587,426**	324,558	**1,527,200**	1,999,068
Copper *(% recovered)*	**90.7**	90.2	**90.6**	86.4
Gold *(ounces)*	**5,557**	2,514	**14,837**	12,236
Gold *(% recovered)*	**91.6**	85.5	**89.6**	83.1
Zinc *(lbs)*	**3,603,542**	1,966,496	**9,166,316**	8,833,762
Zinc *(% recovered)*	**91.8**	89.1	**91.5**	80.9
Silver *(ounces)*	**95,040**	96,302	**289,700**	296,320
Silver *(% recovered)*	**91.3**	85.1	**87.8**	82.3
Cash cost per tonne of ore processed *(US$)* (1),(3)	**$ 72.01**	$ 108.03	**$ 72.27**	$ 109.40
Cash cost per pound of copper in concentrate produced *(US$)* (1),(2),(3)	**$ 1.13**	$ 1.83	**$ 1.13**	$ 3.43
Cash cost per ounce of gold in concentrate produced *(US$)* (1),(2),(3)	**$ 415**	$ 457	**$ 426**	$ 870
Cash cost per pound of zinc in concentrate produced *(US$)* (1),(2),(3)	**$ 0.39**	$ 0.60	**$ 0.36**	$ 0.87
Value of payable metals sold *(US$000)* (6)	**$ 14,883**	$ 7,421	**$ 24,993**	$ 22,981
Net Revenue				
US$000 (4),(5)	**$ 12,336**	$ 4,279	**$ 20,381**	$ 15,683
Cdn$000 (4),(5)	**$ 13,030**	$ 5,277	**$ 21,839**	$ 16,884
Deliveries				
Concentrate *(dmt)*	**5,218**	4,528	**10,633**	10,777
Copper in concentrate *(lbs)* (7)	**758,231**	851,218	**1,195,472**	2,132,575
Gold in concentrate *(ounces)* (7)	**6,707**	4,734	**11,233**	11,388
Zinc in concentrate *(lbs)* (7)	**3,889,493**	2,762,953	**8,793,685**	6,536,694
Silver in concentrate *(ounces)* (7)	**101,434**	123,420	**185,886**	245,842

(1) Costs are reported in U.S. dollars for the purpose of comparing costs to revenues, though the majority of costs incurred are denominated in non-U.S. dollars. Cash costs consist of all production related expenses including mining, processing, services, royalties and general and administrative costs.

(2) Gold, copper and zinc are accounted for as co-products. Copper and zinc units are converted into gold units using the ratio of the average gold value to the average copper and zinc values for the period. Total cash costs are net of by-product silver sales revenue.

(3) A reconciliation of these non-GAAP measures is shown in the table entitled "Reconciliation of Non-GAAP Measures to Canadian GAAP Cost of Sales" under "Non-GAAP Financial Measures" below.

(4) Deductions from the value of payable metals sold are made for treatment charges, penalties, transportation and other selling costs to arrive at the value received for concentrate sold.

(5) Included in net revenue are mark-to-market adjustments and final settlements related to provisionally priced sales. Net favourable adjustments and final settlements of US$0.04 million were recorded in the fourth quarter of 2009 compared with net unfavourable adjustments and final settlements of US$2.5 million in the fourth quarter of 2008. Net favourable adjustments and final settlements of US$0.5 million were recorded in the twelve months of 2009 compared with net unfavourable adjustments and final settlements of US$4.0 million in the twelve months of 2008.

(6) Excludes mark-to-market adjustments and final settlements related to provisionally priced sales.

(7) Represents payable metals in concentrate sold based on provisional invoices.

Production

Ore mined in the fourth quarter of 2009 of 84,342 tonnes was 146% higher than the corresponding prior year period. Ore processed in the fourth quarter of 2009 of 83,982 tonnes was 133% higher than the corresponding prior year period. Deno Gold was placed on care and maintenance as of November 2008.

Ore mined in the twelve months of 2009 of 220,599 tonnes was 15% lower than the corresponding prior year period. Ore processed in the twelve months of 2009 of 218,235 tonnes was 19% lower than the corresponding prior year period. Deno Gold was on care and maintenance in the first quarter of 2009. Mining and milling operations restarted in April 2009.

Grades for gold and silver in the twelve months of 2009 were, respectively, 39% and 13% higher than the corresponding periods in 2008 due to improvements in the mining methods used. Grades for copper in the twelve months of 2009 were 10% lower than the corresponding prior year period. Grades for zinc in the twelve months of 2009 were 13% higher than the corresponding prior year period. Average metal recoveries for all metals in twelve months of 2009 were higher than the corresponding prior year period.

Concentrate production in the fourth quarter of 2009 of 3,999 tonnes was 66% higher than the corresponding prior year period due primarily to an increase in ore mined and higher recoveries partially offset by lower grades for copper and zinc. Concentrate production in the twelve months of 2009 of 10,144 tonnes was 13% lower than the corresponding prior year period due primarily to lower ore mined partially offset by higher recoveries and higher zinc grades.

Copper contained in concentrate produced in the fourth quarter of 2009 of 0.6 million pounds was 81% higher than the corresponding prior year period due to an increase in ore mined partially offset by lower grades. Gold contained in concentrate produced in the fourth quarter of 2009 of 5,557 ounces was 121% higher than the corresponding prior year period due to an increase in ore mined and higher recoveries partially offset by lower grades. Zinc contained in concentrate produced in the fourth quarter of 2009 of 3.6 million pounds was 83% higher than the corresponding prior year period due to an increase in ore mined and higher recoveries partially offset by lower grades.

Copper contained in concentrate produced in the twelve months of 2009 of 1.5 million pounds was 24% lower than the corresponding prior year period due to lower ore mined and lower grades partially offset by higher recoveries. Zinc contained in concentrate produced in the twelve months of 2009 of 9.2 million pounds was 4% higher than the corresponding prior year period due to higher grades and recoveries partially offset by lower ore mined. Gold contained in concentrate produced in the twelve months of 2009 of 14,837 ounces was 21% higher than the corresponding prior year period due to higher grades and recoveries partially offset by a decrease in ore mined. Silver contained in concentrate produced in the fourth quarter and twelve months of 2009 of 95,040 ounces and 289,700 ounces were, respectively, 1% and 2% lower than the corresponding prior year periods.

Unprocessed ore stock piles at surface totalled 2,523 tonnes at December 31, 2009, up from 159 tonnes at December 31, 2008. Inventory of concentrates totalled 1,353 tonnes at December 31, 2009, down from 1,842 tonnes at December 31, 2008.

Cash Cost per Tonne of Ore Processed

Cash cost per tonne of ore processed [1] at Deno Gold in the fourth quarter and twelve months of 2009 of US$72.01 and US$72.27 were, respectively, 33% and 34% lower than the corresponding prior year periods primarily due to the favourable impact of a weaker Armenian dram relative to the U.S. dollar, improved operating performance, tighter inventory and cost controls, and reductions in headcount and external contractors.

A reconciliation of this non-GAAP measure is shown in the table entitled "Reconciliation of Non-GAAP Measures to Canadian GAAP Cost of Sales" under "Non-GAAP Financial Measures."

Project Development

In the fourth quarter of 2008, the Company received an updated mineral resource estimate for the Shahumyan Deposit from Coffey. The mineral resource estimate was prepared using an historical database containing approximately 291 kilometres of historical diamond drilling, 18 kilometres of development channel sampling, 40 kilometres of vein channel sampling and 6 kilometres of more recent non-DPM small diameter diamond drilling. In addition, 12,833 metres of diamond drilling, completed and supervised by DPM, was used as a reference data set in statistical analysis during the resource estimate. Coffey used a series of estimation constraints including an initial mineralization indicator kriging estimation pass to identify blocks containing mineralization, followed by 'cutting' of 'outlier' grade samples (7% Cu, 25g/t Au, 20% Zn and 300g/t Ag) and a multi pass estimation process wherein the higher grade population (defined as greater than 3.5% Cu, 10g/t Au, 10% Zn and 120g/t Ag) was omitted from all but the initial close range estimation pass. The grade estimate was classified as a Mineral Resource in accordance with the Canadian Institute of Mining ("CIM") guidelines and reported in accordance with NI 43-101. The Coffey resource estimate shows that a very significant open pit polymetallic resource exists at Shahumyan.

[1] A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the years 2009 and 2008 is shown in the table entitled "Non-GAAP Financial Measures."

Shahumyan Deposit
Inferred Mineral Resource – Ordinary Kriging Estimate as of September 2008

10mE x 10mN x 10mRL Block Size – 5m Capped Input Composite Data

Cutoff *(AuEq – g/t)*	Tonnage *(Mt)*	Gold Equiv. *(g/t)*	Copper *(%)*	Gold *(g/t)*	Silver *(g/t)*	Zinc *(%)*
0.50	335.8	1.19	0.11	0.48	8.39	0.41
0.75	226.5	1.47	0.13	0.61	10.32	0.49
1.00	147.1	1.80	0.15	0.79	12.62	0.57
1.25	98.3	2.14	0.17	0.99	14.99	0.65
1.50	69.8	2.45	0.18	1.19	17.00	0.72
1.75	49.2	2.80	0.19	1.43	19.14	0.78
2.00	36.3	3.13	0.19	1.68	20.87	0.83

Note: AuEq US$ price assumptions: Cu $5,511.6/t, Au $850/oz, Ag $16/oz and Zn $2,204.6/t. The resource estimate is based on various assumptions and key parameters and are subject to risks as more fully described in the supporting technical report (see note 1).

(1) The "Technical Report for the Shahumyan Deposit" prepared by Coffey, in accordance with NI 43-101, was filed on SEDAR on March 31, 2009.

(2) The information in the above table has been prepared under the supervision of Dr. Julian Barnes, Executive Vice President of DPM and a Qualified Person within the meaning of NI 43-101.

DPM reviews the safety and environmental risks at Deno Gold on a periodic basis and manages the risks accordingly. While progress in both areas has been made since acquiring Deno Gold, there are still some risks that must be continually managed in order to progress toward an acceptable level of mitigation. This is an ongoing process and, although considerable improvements have already been made, management expects that its long term goals and targets will be met over a period of two to three years.

The Geghanush TMF is being operated with the restart of the mining and milling operations in April 2009 and will continue to be managed as a temporary facility. Work on the planned replacement of the TMF with a best practice facility continues and will be an integral part of any new development project.

EXPLORATION

Krumovgrad Gold Project, Bulgaria

The Krumovgrad gold project (the "Gold Project") has a proven and probable Mineral Reserve of approximately 4.86 million tonnes of ore grading 5.08 grams of gold per tonne (cut-off grade of 1.3 g/t gold) as of August 2004 as disclosed in a technical report which was amended and restated on January 5, 2007. The resource estimate was included in the definitive feasibility study of the Gold Project and was prepared by Brett Gossage, John Hearne, Michael Davis, Christopher Hogg and John Fergus Anckorn, Qualified Persons as defined in NI 43-101 and independent of the Company.

On September 8, 2009, the MoEW issued a Certificate for the Gold Project to BMM. The Certificate is the final requirement for conversion of the property to a mining concession, the application for which has been filed with the MoEE by BMM.

On December 1, 2008, DPM received a letter from the MoEW requesting that DPM prepare a Compatibility Assessment Report (the "Report") for the Gold Project and provide an update of the Gold Project's EIA in accordance with the findings of the Report. The Report is to assess the compatibility of the Gold Project within the scope and purpose of Natura 2000, the European network of protected sites, and is a prerequisite for the issuance of a decision on the EIA. The letter stated that following the submission of an assessment of compatibility with the Natura conservation objectives of the protected zone the project lies within (the "Compatibility Assessment") and an addendum to the EIA based on the requirements of the compatibility assessment (the "EIA addendum"), both the EIA addendum and the Compatibility Assessment will be submitted for consideration by the Supreme Expert Environmental Council at the MoEW ("SEEC"). As the compatibility assessment and the EIA procedures are aligned, the MoEW should issue a single final resolution for the Gold Project based on the findings of both procedures following the review by the SEEC.

The compatibility assessment work was undertaken by independent experts and initially indicated that there would be Natura 2000 compatibility concerns with the TMF and waste rock locations proposed in the EIA but that the open pit, plant, and infrastructure areas did not present any problems. Follow-up discussions were held with the independent experts and an alternative TMF and waste location, upstream from the original proposal, was proposed by the Company and found to be satisfactory to all parties. A final compatibility assessment report, which reached a positive conclusion on the compatibility of the project, was issued in June 2009 based on the new project footprint.

At present, the Company is carrying out a wider assessment of the proposed scope of the Gold Project, including a review of the process technology and tailings facilities to ensure the optimum plan is advanced for consideration and development. It is currently anticipated that the final test work, plans and decisions surrounding the future development of the Gold Project will be completed by the second quarter of 2010.

See the "Risks and Uncertainties" section of this MD&A for a discussion on the risks related to the Krumovgrad Gold Project.

Serbia

DPM has been exploring in Serbia since 2004 and is the largest holder of mineral exploration licenses in the country. Exploration targets within the licenses include porphyry copper-gold and molybdenum deposits, skarn-hosted base metal and gold, sediment-hosted epithermal gold, low sulphidation epithermal gold-silver and high sulphidation epithermal gold-silver-copper mineralization. The DPM exploration tenements are located within several significant mining districts in Serbia including the Timok Magmatic Complex (hosting the Bor and Majdanpek deposits), the Lece Magmatic Complex (hosting the Lece mine) and the Besna Kobila-Osgovo Metallogenic Belt (hosting the historic Mackatica molybdenum mine).

In response to the economic slowdown and the significant decrease in metal prices in the second half of 2008, DPM undertook very limited exploration and drilling activities on its Serbian properties in 2009.

On September 10, 2009, DPM announced that exploration within the Coka Kuruga Concession, in the Bor District of eastern Serbia, had confirmed two new gold discoveries in the Timok Magmatic Complex and along its western margin. Initial diamond drilling has confirmed wide mineralized intercepts at the Coka Rakita porphyry gold target and on the Kraku Pestar hosted gold target area.

On January 25, 2010, DPM entered into a letter of intent with PJV, a private company, and Rodeo, a capital pool corporation listed on the TSXV, for the sale of its Timok gold project through the sale of DPM's Serbian subsidiary, Metali. As consideration for the sale, DPM will receive a number of Vendor Units in the capital of PJV, such that, upon the completion of the Business Combination component of the Timok Transaction, DPM will hold 60% of the issued and outstanding capital of the issuer resulting from the Business Combination, on a non-diluted basis. The initial financing of PJV will generate gross proceeds of a minimum of $25 million with respect to which PJV has entered into an engagement letter with Dundee Securities Corporation. Each Vendor Unit will be comprised of one PJV common share and one half of a warrant. Each whole warrant will be exercisable for one common share for a period of not less than two years and at an exercise price not greater than $0.40 per warrant. In addition, upon completion of a feasibility study (as defined in NI 43-101) on all or part of the Timok project, DPM shall be issued 25 million common shares in the capital of the Resulting Issuer, and an additional 25 million common shares of the Resulting Issuer upon a positive decision being made by the Resulting Issuer to bring all or any part of the Timok project into production (a total of 50 million common shares if the Resulting Issuer proceeds directly to a mining decision without a feasibility study).

The PJV acquisition of Metali will be a component of the Timok Transaction whereby, as a subsequent step to the acquisition, a Business Combination will be effected pursuant to which PJV (as financing and acquisition corporation) will amalgamate with a wholly-owned subsidiary of Rodeo, and all the securities of PJV (including those issued to DPM as part of the sale of its Timok project), will be exchanged for securities of Rodeo. The Timok Transaction will constitute a Qualifying Transaction (as defined in the policies of the TSXV) for Rodeo.

The Timok Transaction is subject to various conditions, including among other things, approval of the Serbian government, entering into definitive agreements, all applicable regulatory approvals and completion of the Minimum Financing. The letter of intent will terminate at the earlier of: (i) April 30, 2010 or (ii) the date of execution of a definitive agreement in respect of the Timok Transaction.

INVESTMENTS AT FAIR VALUE

As at December 31, 2009, the Company's investments had a fair value of $36.2 million compared with $4.5 million at December 31, 2008.

In August 2009, DPM purchased 40.5 million common shares of WTI for $2.2 million (US$2.0 million), which by agreement, was advanced by WTI to its subsidiary, NCS, to cover the costs of certain capital improvements being made to its Tsumeb copper smelter and for working capital purposes. As of December 31, 2009, DPM held 9.1% of the issued and outstanding shares of WTI.

Following the completion of the sale of the Back River exploration project to Sabina on June 9, 2009, the Company presently held (i) 17,000,000 common shares of Sabina, (ii) 5,000,000 Series A Special Warrants, which will be automatically exercised upon a decision to proceed to a feasibility study or proceed to production on the Back River project or upon the occurrence of certain other events and (iii) 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 one common share and one-half of one common share purchase warrant ("Warrant") of Sabina. Each whole Warrant, if issued, will be exercisable for five years from the date of closing, at the discretion of DPM, for one Sabina common share at a price of $1.07 per Sabina common share.

As of December 31, 2009, the Company held 14.9% of the issued and outstanding common shares of Sabina. The fair value of DPM's investment in Sabina, as of December 31, 2009 was $31.5 million, of which $20.7 million related to Sabina common shares and $10.8 million to Sabina Special Warrants. As of December 31, 2009, the Sabina investment represented 87% of DPM's total investments at fair value.

QUARTERLY INFORMATION

The financial results for the last eight quarters are shown in the table below:

(Unaudited)

Cdn$ millions,	2009				2008			
Except per share amounts	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net revenue	**$ 44.5**	$ 50.3	$ 32.7	$ 27.0	$ 15.9	$ 16.7	$ 32.7	$ 39.8
Cost of sales	**31.2**	31.5	23.2	23.4	35.1	23.8	28.8	21.9
Gross profit (loss)	**13.3**	18.8	9.5	3.6	(19.2)	(7.1)	3.9	17.9
Investment income (expense)	**0.1**	(3.7)	1.1	(0.9)	(54.6)	27.9	(1.4)	2.4
Earnings (loss) before undernoted	**13.4**	15.1	10.6	2.7	(73.8)	20.8	2.5	20.3
Expenses	**(6.6)**	(9.5)	(6.9)	(9.5)	(14.9)	(11.0)	(16.7)	(11.1)
Income tax recovery (expense)	**(3.1)**	(1.5)	(0.4)	0.7	8.7	(3.3)	0.1	(0.8)
Net earnings (loss)	**$ 3.7**	$ 4.1	$ 3.3	$ (6.1)	$ (80.0)	$ 6.5	$ (14.1)	$ 8.4
Net earnings (loss) per share								
– Basic	**$ 0.04**	$ 0.04	$ 0.03	$ (0.06)	$ (1.03)	$ 0.11	$ (0.23)	$ 0.14
– Diluted	**$ 0.04**	$ 0.04	$ 0.03	$ (0.06)	$ (1.03)	$ 0.11	$ (0.23)	$ 0.14

The following table, summarizing the quarterly average metal prices for the London Bullion Market Association ("LBM") gold, LME copper Grade A, LME special high grade ("SHG") zinc and LBM silver prices, is used to illustrate the Company's average metal price exposures based on its key reference prices for the last eight quarters of concentrate sales activity.

	2009				2008			
US$, Average	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
London Bullion gold ($/oz)	**$ 1,102**	$ 960	$ 922	$ 908	$ 796	$ 869	$ 896	$ 927
LME settlement copper ($/lb)	**3.02**	2.66	2.12	1.55	1.77	3.48	3.83	3.54
LME settlement SHG zinc ($/lb)	**1.00**	0.80	0.67	0.53	0.54	0.80	0.96	1.10
LBM spot silver ($/oz)	**$ 17.58**	$ 14.70	$ 13.73	$ 12.61	$ 10.20	$ 15.03	$ 17.17	$ 17.68

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2009, the Company had cash, cash equivalents and short term investments totalling $79.4 million and investments at fair value of $36.2 million. The Company's excess cash is invested in bankers' acceptances and treasury bills.

On January 14, 2010, DPM entered into an LOI with WTI for the purchase of WTI's Tsumeb smelter assets and related business. The acquisition includes all land, plant and other assets used by or in connection with or which benefit or pertain to WTI's smelter business. The consideration to be provided to WTI by DPM upon completion of the Namibian Transaction will be: (i) US$33 million consisting of US$18 million in cash less any amounts drawn under a US$2 million working capital loan to be provided to WTI as described below and the issuance of approximately 4,446,420 fully paid common shares of DPM and (ii) the assumption by DPM of all third party obligations of NCS, a subsidiary of WTI.

Subject to contract and completion of the Namibian Transaction, DPM has agreed, in principle, with LDC, the smelter tolling agent, to settle approximately US$11.4 million of metals exposure and debt, through the payment of US$2 million in cash and US$9.4 million in common shares of DPM, based on a deemed price of Cdn$3.50 per share. LDC will continue to have exclusive rights to source the balance of the concentrate for the Tsumeb smelter through to and including 2020, other than the Chelopech long-term supply contract. Under the LOI, DPM will (subject to any necessary control consents being obtained) provide: (i) a working capital loan facility to WTI of up to US$2 million, and (ii) a working capital loan facility to NCS of up to US$4 million. The loans will be made on the same terms as the current loan agreement between Chelopech and NCS. The LOI is conditional upon a number of conditions being satisfied by February 28, 2010 or such other date as the parties may agree. In the event that the Namibian Transaction is not completed by June 30, 2010, any amounts drawn under the loan to NCS will become due to DPM on demand.

As of the date of this MD&A, US$2 million had been advanced to WTI under its working capital loan facility with DPM and US$2 million had been advanced to NCS under its working capital loan facility with Chelopech.

In August 2009, DPM purchased 40.5 million ordinary shares of WTI for $2.2 million (US$2.0 million), which by agreement, was advanced by WTI to its subsidiary, NCS, to cover the costs of certain capital improvements being made to its Tsumeb copper smelter and for working capital purposes. If required by WTI on or before July 31, 2010, the Company will subscribe for up to an additional US$5.0 million worth of WTI ordinary shares based on the then prevailing market price but in no event, except in certain circumstances, less than GBP0.03 per share.

On June 9, 2009, DPM completed the sale of the Back River exploration project in Nunavut to Sabina. Pursuant to the transaction, the Company received in exchange for the Back River project a cash payment of $7.0 million, 17 million Sabina common shares and 10 million Special Warrants. As of December 31, 2009, the fair value of DPM's investment in Sabina was $31.5 million, of which $20.7 million related to Sabina common shares and $10.8 million to Sabina Special Warrants.

In December 2008, Chelopech signed a facility agreement with NCS, a subsidiary of WTI, committing to advance NCS up to US$7.0 million of loans ("Facility Agreement"). The total commitment of US$7.0 million was advanced as at June 30, 2009. The loan is to be repaid in 12 equal quarterly instalments, commencing on June 1, 2011 and bears interest at U.S. dollar LIBOR plus 4.0%. By way of separate agreement, no amounts of principal or interest shall become due and payable under the terms of the Facility Agreement until the earlier of the date on which all amounts due and payable by WTI on certain of its indebtedness (maturity date of May 8, 2011) is repaid or the date falling 30 days after May 8, 2011. During this period, all interest that would otherwise become due and payable will be capitalized as part of the loan amount and bears interest in accordance with the terms of the Facility Agreement.

For the year 2010, the Company currently plans to invest approximately US$90.0 million at Chelopech of which: (i) US$67.0 million is related to the mine and mill expansion; (ii) US$3.0 million is related to the completion of certain outstanding commitments for the MPF project; and (iii) US$20.0 million for sustaining capital and special projects. The permits required to commence construction of the mine and mill expansion have been received and work is progressing. The Company is currently evaluating various debt funding alternatives to assist in the financing of the Chelopech mine and mill expansion project.

The Company also plans to invest approximately US$14.0 million at Deno Gold in the year 2010 for sustaining capital and to increase the mill throughput to 600,000 tonnes per year. Completion of the mill expansion is expected in the third quarter of 2010.

It is presently anticipated that the Company's current level of cash, cash equivalents and short-term investments at December 31, 2009 will enable DPM to meet its next twelve months operating and capital requirements, including its contractual commitments and mandatory debt repayments, subject to current levels of metal prices and concentrate production at Chelopech and Deno Gold. DPM may access the debt and/or equity market to assist in the financing of such activities. There can be no assurance that additional capital or other types of financing will be available, if needed.

DPM's liquidity is affected by a number of key factors and risks. Reference is made to the "Risks and Uncertainties" section of this MD&A for a discussion of these factors and their impact on the Company's liquidity.

Contractual Obligations, Long-term Debt and Capital Leases

The Company has contractual obligations due within the next five years as follows:

CONTRACTUAL OBLIGATIONS

	Payments Due by Period				
$ thousands	Total	Up to 1 year	1–3 years	4–5 years	Over 5 years
Total long-term debt	$ 19,575	$ 5,386	$ 6,306	$ 6,306	$ 1,577
Capital lease obligations	7,933	3,245	4,659	29	–
Operating lease obligations	1,796	941	663	19	173
Purchase obligations	18,620	16,886	1,734	–	–
Other long-term obligations	294	85	103	106	–
Total contractual obligations	$ 48,218	$ 26,543	$ 13,465	$ 6,460	$ 1,750

Total long-term debt includes US$17.5 million owed by Chelopech and US$1.1 million owed by Deno Gold.

Included in the purchase obligations above are $9.6 million for Chelopech's Project purchase commitments, $6.2 million for Deno Gold, $2.7 million for Chelopech's site capital projects and operating expenditures and $0.1 million for Serbia.

In December 2009, Chelopech entered into long-term lease agreements for the purchase of mobile equipment. The lease amounts are payable in 26 to 36 variable monthly instalments and with maturities ranging from July 31, 2012 to February 28, 2013. The aggregate amount of minimum lease payments over the terms of the lease is Euro 3.0 million (Cdn$4.7 million) based on an interest rate of 5.93%.

In 2009, DPM entered into long-term leases for the purchase of computer equipment. The lease amounts are payable in 36 equal monthly instalments with maturities ranging from June 2012 to December 2012. The aggregate amount of minimum lease payments over the terms of the leases is $1.1 million based on an interest rate of 5%.

In July 2009, Chelopech entered into a long-term lease agreement for the purchase of mobile equipment. The lease amount is payable in 10 equal quarterly instalments and matures on July 31, 2012. The aggregate amount of minimum lease payments over the term of the lease is Euro 0.8 million (Cdn$1.0 million) based on an interest rate of 7.05%.

In December 2008, Chelopech entered into a long-term lease agreement for the purchase of mine and mobile equipment. The lease amount is payable in 36 equal monthly instalments and matures on December 28, 2011. The aggregate amount of minimum lease payments over the term of the lease is Euro 1.7 million (Cdn$2.9 million) based on an interest rate of 8.05%.

On April 15, 2008, Chelopech concluded a US$5.0 million short-term, revolving credit facility for working capital purposes, fixed advances and the issuance of bank guarantees and letters of credit. The credit facility was renewed in April 2009 and now matures on April 30, 2010. Advances under the credit facility, which are guaranteed by DPM, bear interest at the U.S. dollar LIBOR plus 4.0%. As of December 31, 2009, letters of credit amounting to US$1.5 million had been written against this credit facility.

On April 6, 2005, Chelopech signed a US$10.0 million loan agreement with the European Bank for Reconstruction and Development ("EBRD"). The loan is guaranteed by the Company. It bears interest at LIBOR plus 1.0% and is repayable in eight semi-annual instalments beginning June 2007.

On July 24, 2008, Chelopech concluded an amendment and restatement agreement with the EBRD to amend and restate its existing US$10 million long-term loan agreement, increasing it to an aggregate amount of US$25 million. The additional US$15 million of indebtedness is guaranteed by the Company, bears interest at the U.S. dollar LIBOR plus 1.6% and is repayable in 10 equal semi-annual instalments beginning December 22, 2010. Under the amended agreement, Chelopech must maintain: (i) a forecast debt service coverage ratio of at least 1.2:1, tested annually, (ii) a current ratio in excess of 1.2:1, and (iii) a minimum net worth, defined as consolidated shareholders' equity, of US$45 million. DPM must maintain a current ratio of 1.5:1 and a minimum net worth of US$200 million. Both Chelopech and DPM are in compliance with their respective debt covenants.

On December 22, 2005, Deno Gold obtained a US$4.5 million loan from the EBRD. The loan is secured by: (1) a first ranking pledge over the Deno Gold bank account through which all concentrate sales are credited and which shall maintain, at all times, an amount no less than the next three months debt service requirement; (2) a first priority pledge of the shares in Deno Gold; and 3) as of June 2009, a DPM parent company guarantee. On June 19, 2009 DPM and the EBRD entered into a guarantee arrangement wherein DPM unconditionally undertakes to ensure full payment of all interest and principal currently owing under the loan. In response, the EBRD agreed to waive, for the period up to and including May 10, 2010 compliance by Deno Gold with certain covenants, including all financial covenants. The loan bears interest at LIBOR plus 5.5% and is repayable in eight equal semi-annual instalments, beginning March 2007. In a loan amendment dated June 23, 2009, the margin on the loan was reduced from 5.5% to 2.5%.

BMM has entered into a US$0.3 million credit agreement for the purpose of providing letters of guarantee for certain of its obligations under its exploration license agreements. The Company has provided an unconditional payment guarantee for the benefit of the institution providing the credit facility. As of December 31, 2009, letters of guarantee amounting to US$0.04 million had been written against this credit facility.

Chelopech has entered into a US$2.0 million credit agreement for the purpose of providing letters of guarantee for future royalty payments under its concession license agreements. The Company has provided an unconditional payment guarantee for the benefit of the institution providing the credit facility. As of December 31, 2009, letters of guarantee amounting to US$1.4 million had been written against this credit facility.

FINANCIAL AND OTHER INSTRUMENTS

The Company's investment portfolio as at December 31, 2009 was carried at fair value.

During the twelve months ended December 31, 2009, the Company reported a net loss of $0.1 million from mark-to-market adjustments on its long-term debt. The adjustments were based on the U.S. dollar spot LIBOR as at December 31, 2009 of 0.169% plus the applicable interest rate margins.

In the twelve months of 2009, the Company entered into certain cash settled derivative transactions with respect to 9,700 tonnes of payable copper in concentrate sold by Chelopech and 370 tonnes of payable copper in concentrate sold by Deno Gold on a provisional pricing basis. As at December 31, 2009, DPM had one outstanding contract to swap its February 2010 copper price exposure on 170 tonnes of payable copper at an average fixed price of US$6,928 per tonne (US$3.14 per pound). The derivative contracts were entered into to mitigate substantially all of the copper price exposure and associated earnings volatility as a result of the time lag between the receipt of provisional sales revenue and the specified final pricing period.

Gains or losses on outstanding copper contracts are calculated with respect to the corresponding LME forward copper prices and recorded in net revenue. During the year 2009, DPM reported realized losses of US$4.3 million (Cdn$5.1 million) and unrealized losses of US$0.07 million (Cdn$0.08 million).

OFF BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

DPM's shares and share purchase warrants are traded on the TSX under the symbols DPM, DPM.WT and DPM.WT.A. As at February 17, 2010, there were 97,540,538 common shares and 23,204,500 common share purchase warrants outstanding. There were also 3,770,692 stock options outstanding as of the date of this MD&A with a weighted average exercise price of $3.35 per share. Stock options outstanding have expiry dates ranging from March 15, 2010 to November 8, 2014.

RISKS AND UNCERTAINTIES

The following risks and uncertainties, among others, should be considered when evaluating the Company and its outlook.

Current Global Financial Condition

Since the second half of 2008, financial conditions globally have been subject to increased volatility and numerous financial institutions have either filed for bankruptcy or have been rescued by governmental authorities. Access to financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain loans, equity financing and other credit facilities in the future and, if obtained, on terms favourable to the Company. Although there are signs of economic recovery, these increased levels of volatility and market turmoil may continue and, as a result, the Company's operations, financial condition, results of operations and share price could be adversely impacted.

Financing

The Company's ability to continue its operations in the normal course of business is dependent upon its ability to achieve and sustain profitable operations. The Company is also dependent on continued support from shareholders and creditors. Nevertheless, there can be no assurance that the Company's initiatives will be successful. The mining, processing, development and exploration of the Company's properties may require substantial additional financing. Failure to obtain sufficient financing may result in delay or indefinite postponement of development on any or all of the Company's properties, reduction or curtailment of current operations, or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available, if needed, or that, if available, the terms of such financing will be favourable to the Company.

Metal Prices

The Company sells its products at prices that are effectively determined through trading 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, financial condition, cash flow from operations, exploration, mining and development activities and trading price for its common shares and common share purchase warrants.

Gold, copper, zinc and silver prices may 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 and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand and the political and economic conditions of major gold, silver, zinc and copper-producing countries throughout the world. Depending on the price of gold, silver, zinc and copper, cash flow from mining operations may not be sufficient and the Company could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties.

Depending on market conditions, the Company may enter into copper and/or gold derivative contracts. In the twelve months of 2009, the Company entered into certain cash settled derivative transactions with respect to 9,700 tonnes of payable copper in concentrate sold by Chelopech and 370 tonnes of payable copper in concentrate sold by Deno Gold on a provisional pricing basis. As at December 31, 2009, DPM had one outstanding contract to swap its February 2010 copper price exposure on 170 tonnes of payable metals at an average fixed price of US$6,928 per tonne (US$3.14 per pound). The derivative contracts were entered into to mitigate substantially all of the copper price exposure and associated earnings volatility as a result of the time lag between the receipt of provisional sales revenue associated with the contractual sale of concentrates and the specified final pricing period.

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its derivative contracts. This risk is mitigated by dealing only with financially sound counterparties and, accordingly, a loss for non-performance is not anticipated.

Foreign Exchange

Translational Risk:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate, whereas non-monetary assets and liabilities and related expenses denominated in foreign currencies are translated at the exchange rate in effect at the transaction date. Income and expense items are translated at the exchange rate in effect on the date of transaction. Exchange gains and losses resulting from the translation of these amounts are included in the statement of earnings.

Operational Risk:

While the Company's functional currency is Canadian dollars and its revenues are denominated in U.S. dollars, the majority of the Company's operating and capital expenditures are in Euro, Armenian dram and U.S. dollar. Fluctuations in exchange rates between the U.S. dollar and the Euro and the U.S. dollar and the Armenian dram 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. However, given the very strong positive correlation between the Euro (in U.S. dollar terms) and the gold price, the Company has a natural hedge in place – limiting the impact foreign exchange movements have on the Company's profit margin. As a result, the Company does not currently hedge its foreign exchange exposure.

Counterparty Risk

Under the terms of the Company's concentrate sales contracts, the purchaser makes a provisional payment of 85% of the provisional value of each lot at the time title, but not risk, of the concentrate transfers, with a further advance payment of 5% following presentation of sales documents to the purchaser. A final adjusting payment, reflecting the actual metal prices for the specified quotational period, is made when final weights and assays are agreed upon. All contractual commitments are subject to force majeure clauses which, if implemented, could have a significant impact on revenue. Approximately 73% of the Company's aggregate projected sales in 2010 are to one customer. There can be no assurance that the Company will not experience a loss for non-performance by any counterparty with whom it has a commercial relationship. In November 2008, with the fall in copper prices, WTI had to undertake a number of cost cutting measures, place mines on care and maintenance and sell assets. While the Company does not currently expect a non-performance by WTI's subsidiary of its obligations to DPM under the concentrate sales contract and an impairment of the loan receivable from NCS which is guaranteed by WTI, there is no complete assurance that DPM will not experience a failure by NCS to perform its obligation or that the loan will be repaid. Non-performance by NCS under the copper concentrate sales contract or a default under the loan to NCS may have negative effects on the financial condition of DPM. In January 2010, DPM entered into a binding LOI with WTI for the purchase of WTI's Tsumeb smelter assets and related business.

Environmental Risks and Hazards

All phases of the Company's operations and business are subject to environmental regulations in the various jurisdictions in which it does or may operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of various wastes. Environmental legislation is evolving in a manner which will require 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. There is no assurance that future changes in environmental 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 thereunder, 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 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 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 or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Operations

Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of gold, copper, zinc and silver, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could, regardless of adequate precaution taken to minimize risk, result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

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 weather conditions, as well as sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Production, Operating and Shipping Costs

Many unforeseen factors, both related and unrelated to the Company's plans for future production and total cash costs of production, such as the raw cost of inputs, regulatory factors, foreign exchange fluctuations, adverse environmental conditions, natural phenomena and industrial accidents, can impact the accuracy of these projections. As such, no assurance can be given that production and production cost estimates will be achieved. Failure to achieve production or total cash cost estimates could have an adverse impact on future cash flows, earnings and financial condition.

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 Company's associated terms and conditions could have a material adverse impact on the Company's results of operations and financial condition.

Mineral Resources and Reserves

The figures for Mineral Resources and Mineral Reserves disclosed by the Company in this MD&A and other disclosure documents of the Company are estimates only 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, 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, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimates. The volume and grade of Mineral Reserves mined and processed and recovery rates may not be the same as currently anticipated. Any material reductions in estimates of Mineral Resources could have a material adverse effect on the Company's results of operations and financial condition.

Exploration

Exploration is highly speculative in nature and exploration projects involve 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 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.

Development Projects

The Company's ability to sustain or increase present levels of production is dependent, in part, on the successful development of new ore bodies and/or expansion of existing mining operations. 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. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Foreign Country and Political

The majority of the Company's operations and business are carried out outside of Canada, primarily in Eastern Europe and Eurasia, and as such, the Company's operations are exposed to various levels of political 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 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 policies; restrictions on foreign exchange and repatriation; changing political conditions; currency controls; 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 DPM currently does or may conduct its business and operations may adversely affect the Company's operations and financial condition.

In addition, authorities and court systems in the countries in which DPM currently does or may conduct its business and operations have been shown to be unpredictable. Challenges to foreign companies' asset ownership, operations and regulatory compliance may be brought by government authorities for reasons that cannot be predicted and on bases that may not be substantive at law. It is also not unusual, in the context of dispute resolution, for parties in these jurisdictions to use the uncertainty of the legal environment as leverage in 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.

Krumovgrad Gold Project

On September 11, 2007, a new Regulation on the Conditions and Procedures for Assessment of the Compatibility of Plans, Programs, Projects and Investment Proposals with the Scope and Objectives of Conservation of the Protected Sites (the "Regulation") was adopted following a June 29, 2007 legislative amendment that introduced a requirement to comply with a procedure for compatibility of investment projects with the scope and objectives of conservation with protected sites ("CA Procedure"), together with the EIA procedure.

On December 1, 2008, DPM received a letter from the MoEW requesting DPM to prepare a Compatibility Assessment Report (the "Report") for the Gold Project and provide an update of the EIA in accordance with the findings of the Report. This Report will assess the compatibility of the Gold Project within the scope and purpose of Natura 2000, the European network of protected sites, and is a prerequisite for the issuance of a decision on the EIA. The letter states that following the submission of the requested documents, both the EIA and the Report will be submitted for consideration by the Supreme Expert Environmental Council at the MoEW to enable the Minister of Environment and Waters to issue an EIA decision. As the compatibility assessment and the EIA procedures are aligned, the MoEW should issue a single final resolution on both matters.

The compatibility assessment work was undertaken by independent experts and initially indicated that there would be Natura 2000 compatibility concerns with the TMF and waste rock locations proposed in the EIA but that the open pit, plant, and infrastructure areas did not present any problems. Follow-up discussions were held with the independent experts and an alternative TMF and waste location, upstream from the original proposal, was proposed by the Company and found to be satisfactory to all parties. A final Report, which reached a positive conclusion on the compatibility of the project, was issued in June 2009 based on the new project footprint.

On September 8, 2009, the MoEW issued a Certificate for the Gold Project. The Certificate is the final requirement for conversion of the property to a mining concession, the application for which has been filed with the MoEE by BMM.

Despite the latest achievements, there is risk and uncertainty around obtaining the required permits to advance the Gold Project. In the event that all permits are not obtained and all legal avenues are exhausted, an impairment of the project carrying value may be required. Management continues to take steps to advance its permits and remains committed to the future development of the Gold Project.

Insurance and Uninsured Risks

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

Although the Company maintains various types of insurance to protect against certain risks with scope of coverage and amounts as it considers appropriate, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to obtain and to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production may not be available to the Company or to other companies in the mining industry, on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from such events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Diversification

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 and their 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. Also, the value of the Company's investment portfolio of securities may fluctuate with underlying market prices for commodities produced by those sectors of the economy.

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. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could cause costs and delays that would have a substantial adverse impact on 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 is 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 future changes to operations. Prior to any redevelopment of any of its properties, the Company must receive new permits from appropriate governmental authorities.

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 may 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, 2009 to June 30, 2011.

U.S. Investors

DPM 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, DPM does not operate its business in a manner specifically intended to avoid being classified as a PFIC. Accordingly, there can be no assurance that DPM will not be considered a PFIC for any taxable year. DPM also 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 DPM. To the extent that DPM 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 DPM's common shares.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates in preparation of its financial statements conforming with Canadian generally accepted accounting principles ("GAAP"). Critical accounting estimates represent estimates that are highly uncertain and could materially impact the financial statements. These estimates affect the reported amount of assets and liabilities as well as the revenues and expenses. Changes to these estimates may result in material changes to these line items. The critical accounting estimates made by the Company relate to the following items:

Capitalization of Exploration Expenses

Exploration expenses incurred to the date of establishing that a property has mineral resources, with the potential of being economically recoverable, are charged to operations. All subsequent exploration and development expenses are capitalized and amortization is deferred until the commencement of commercial production. The estimate of mineral resources is a complex process and requires significant assumptions and estimates regarding economic and geological data. Any revision to any of these estimates could result in the impairment of the capitalized exploration expenses. As a result, there could be a material impact on the asset balance.

Asset Retirement Obligations

Mining, development and exploration activities are subject to various laws and regulations governing the protection of the environment. The Company has recorded a liability for future costs related to these regulations with a corresponding adjustment to the carrying amount of the related assets.

Significant judgments and estimates are made when determining the nature and costs associated with asset retirement obligations. Changes in the underlying assumptions used to estimate the obligation as well as changes to environmental laws and regulations could cause material changes in the expected cost and the fair value of asset retirement obligations.

Property, Plant and Equipment

Property, plant and equipment represent 62% of total assets at December 31, 2009. As such, the application of the Company's accounting policies for these assets has a material impact on the Company's financial results. Property, plant and equipment and related capitalized expenditures are recorded at cost. Amortization expense is based on the estimated useful lives of these assets. The carrying values of mining properties and property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment assessments are based on estimates of future cash flows, which include: the quantity of Mineral Reserves; future metal prices and future operating and capital costs to mine and process the Company's reserves. The variability of these factors depends on a number of conditions, including the uncertainty of future events and, as a result, accounting estimates may change from one period to another. Asset 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.

Income Taxes and Royalties

In determining the current and future components of income taxes and the royalties, the Company interprets tax legislation in a variety of jurisdictions as well as makes assumptions with respect to such computations, including the expected time of the reversal of future tax assets and liabilities. If the interpretations or assumptions differ from the tax authorities, or if the timing of the reversal is not properly anticipated, the provision for or relief of taxes and royalties could increase or decrease in future periods.

Inventories

Inventories of gold/copper/zinc concentrate are valued at the lower of average production cost and net realizable value. 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 amortization) and related production overheads, but excludes administrative and finance costs. Production costs also include the royalty payable on the value of the ore extracted from the mine. Supplies inventories are valued at the lower of cost and net replacement cost. A significant decrease in the selling prices of the metals produced and sold by DPM 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.

Revenue Recognition

Revenue from the sale of gold/copper/zinc/silver concentrate is recognized when significant risks and ownership title are transferred to the buyer. Revenue is initially recorded based on a provisional value which is a function of prevailing market prices. Typically, under the terms of the concentrate sales contracts, the final metal price ("settlement price") for the payable metal is set based on a predetermined and defined quotational period that is either: a) the average of the specified reference metal price for the month of scheduled shipment, b) the third month after the month of arrival at the port of destination, or c) as otherwise mutually agreed. The price of the concentrate is the sum of the metal payments less the sum of the deductions so specified in the concentrate sales contract. The terms of the contracts result in embedded derivatives because of the timing difference between the provisional price and the final settlement price. These embedded derivatives are adjusted to fair value through revenue each period until the date of final price determination.

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

Gains and losses on outstanding commodity contracts are recorded in net revenue.

A decrease in the selling prices of the metals produced and sold by DPM may result in an 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 DPM may result in a favourable mark-to-market adjustments and an increase in net revenue.

Commodity Contracts

The Company manages its exposure to changes in commodity prices and associated earnings volatility by periodically entering into derivative contracts in accordance with the risk management policy approved by the Company's board of directors. These derivative assets and liabilities are not designated as hedges and are classified as a financial instrument "held-for-trading" as per the CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement. Financial assets and financial liabilities classified as "held-for-trading" are measured at fair value with changes in fair value recorded in net earnings in the period in which they occur. The estimated fair value of the derivative commodity instruments is based on major commodity exchanges.

2009 ACCOUNTING DEVELOPMENTS

Accounting changes and recent pronouncements

In December 2008, the CICA issued amendments to Financial Instruments sections 3855, 3861 and 3862 permitting reclassification of a financial asset or liability out of the held-for-trading or available-for-sale category to other financial instruments categories in specified circumstances effective on or after July 1, 2008. The adoption of these amendments had no impact on the financial results of the Company.

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173. This Abstract discusses the conclusion reached by the EIC that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The recommendations on the accounting treatment discussed in this Abstract should be applied retroactively without restatement of prior periods. The Company has adopted these recommendations for fiscal periods beginning January 1, 2009 and there was no impact to the financial results from credit risk resulting from DPM's financial instruments and commodities contracts in the reporting period.

In March 2009, the CICA issued an EIC Abstract on Impairment Testing of Mineral Exploration Properties, EIC-174. This Abstract discusses the analysis recommended to be performed to determine if there has been impairment in mineral exploration properties. The Company has considered the recommendations discussed in this Abstract, effective for fiscal periods beginning January 1, 2009, when testing for impairment of mineral exploration properties in the period. No impairment adjustments were required in the reporting period.

In June 2009, the CICA amended Financial Instruments – Disclosures section 3862 to require enhanced disclosures about the fair value assessments of the financial instruments. The new disclosures are based on a fair value hierarchy that categorizes financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values. The amendments apply to annual financial statements for fiscal years ending after September 30, 2009. The Company has adopted these disclosures effective in the December 31, 2009 annual financial statements.

In August 2009, the CICA amended Financial Instruments section 3855 to add guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category. These amendments apply to reclassifications made on or after July 1, 2009. This section has also been amended to change the categories into which a debt instrument is required or permitted to be classified, change the impairment model for held-to-maturity financial assets, and require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances. The Impaired Loans section 3025 was also amended to conform the definition of a loan to that in amended section 3855 and to include held-to-maturity investments within the scope of the Impaired Loans section. The adoption of these amendments had no impact on the financial results of the Company.

2010 ACCOUNTING DEVELOPMENTS

As a Canadian-based company, DPM has historically prepared its consolidated financial statements in Canadian dollars. In order to enhance communication with its shareholders and improve comparability with its peer group, DPM will adopt the U.S. dollar as its reporting currency effective January 1, 2010.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Accounting Standards Board confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises for the financial periods beginning on or after January 1, 2011, including comparative figures for the prior year.

DPM will transition to IFRS effective January 1, 2011 and intends to issue its first interim financial statements under IFRS for the three month period ending March 31, 2011 and a complete set of financial statements under IFRS for the year ending December 31, 2011.

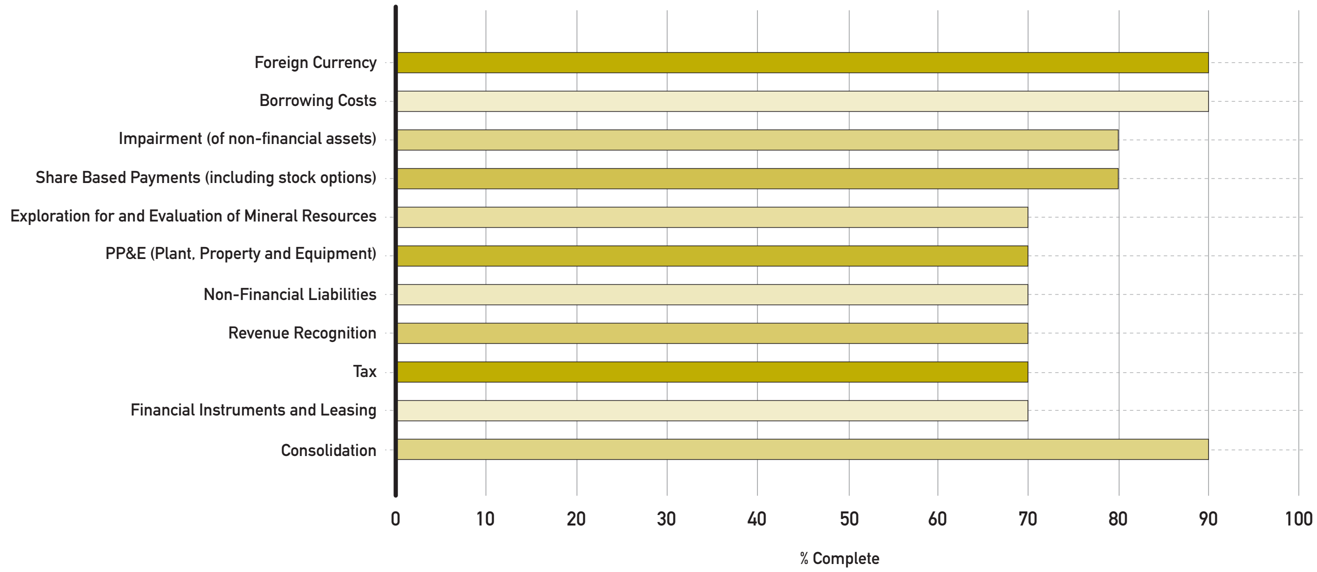
DPM has identified differences between Canadian GAAP and IFRS relevant to DPM and an initial assessment was made of the impact of the required changes to the existing accounting systems, business processes, and requirements for personnel training and development. Based on the initial assessment of the differences applicable to DPM, a project team was assembled and a conversion plan was developed in October 2008 to manage the transition to IFRS. As part of the conversion plan, DPM is in the process of analyzing the detailed impacts of the differences identified and developing solutions to address these differences. The Company is currently on target with its original conversion plan.

The major deliverables of the conversion project include:

- diagnostic report to explore potential impact of changes in accounting standards (completed),
- project plan (to be updated as needed to reflect new developments and progress),
- detailed analysis of impact of changes to each accounting standard (in progress),
- revision of accounting policy and procedures manual, and
- development of a process and system to prepare financial statements in both Canadian GAAP and IFRS (in progress).

Highlights on the status of major deliverables:

1. Work has continued on detailed technical papers to assess the impact on:



Work has continued on refining existing financial reporting systems to enable reporting in both Canadian GAAP and IFRS. The system is planned for completion in the first quarter of 2010.

2. Work has continued on a presentation and disclosure checklist to assess all disclosures required under IFRS and determine areas which require attention.

3. DPM is currently working on a detailed impact analysis. Based on our analysis of IFRS and a comparison of IFRS to DPM's accounting policies and to Canadian GAAP, a number of differences that may have an impact on DPM's financial statements have been identified. The Company has not yet determined the full accounting impact of adopting IFRS. It is expected that the implementation of IFRS will not have an impact on the underlying cash flows of DPM.

   IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides companies adopting IFRS for the first time with a number of optional exemptions and certain mandatory exceptions to facilitate the preparation of their opening balance sheet. DPM is currently reviewing the various choices available and will implement those determined to be the most appropriate for DPM.

Set out below are the key areas where changes in accounting policies are expected.

a. **Asset Retirement Obligation:** Under IFRS, constructive obligations must be considered in addition to legal obligations when determining the asset retirement obligation ("ARO"). Under Canadian GAAP, only legal obligations are considered when determining the ARO. Under IFRS, DPM will be required to continually update the amount of the ARO liability recognized for changes in the discount rate whereas under Canadian GAAP, the existing present value of the estimated liability do not require subsequent adjustment for market interest changes in the discount rates. IFRS requires that an entity review the carrying amount of a non-financial liability at each balance sheet date and adjust to reflect the current amount that the entity would rationally pay to settle the present obligation or to transfer it to a third party on the balance sheet date. It is expected that these changes may result in an increase in the asset retirement obligation.

b. **Impairment of Non-Financial Assets:** Under IFRS, an entity must assess at each reporting date whether there is any indication that an asset might be impaired. If any such indication exists, the entity must estimate the recoverable amount of the asset, which is defined as the higher of an asset's or cash generating unit's ("CGU") fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. An impairment loss must be recorded if the carrying value of the asset or CGU is less than the recoverable amount of the asset or CGU. The first step in recognition of an impairment loss under Canadian GAAP is based on undiscounted cash flows, which does not exist under IFRS. Therefore an impairment loss could be recognized under IFRS earlier than under Canadian GAAP.

c. **Foreign Exchange Translation:** Under IFRS, assets and liabilities are translated at the closing rate at the date of balance sheet. All resulting exchange rate differences are recognized as a separate component of equity.

d. **Property Plant and Equipment:** Under IFRS, depreciation expense commences when an asset is ready for use whereas under Canadian GAAP, depreciation expense commences when an asset is put into use.

e. **Borrowing Costs:** Under IFRS, capitalization of borrowing cost for certain qualifying assets is required, whereas under Canadian GAAP capitalization of borrowing cost is optional. As per its current accounting policy, DPM does not capitalize borrowing cost. It is expected that this accounting change will impact DPM's financial results and the impact will be directly related to the level of borrowing required by DPM to finance its mine and mill expansion project or any other expansion projects.

f. **Income tax:** Canadian GAAP requires the recognition of future income tax assets of both the acquirer and the acquiree in a business combination to be recorded as part of the purchase price allocation. IFRS requires the deferred tax assets of the acquirer to be recorded as a separate transaction from the purchase price allocation. As a result, under IFRS, any deferred tax assets of the acquirer would be recognized through earnings or equity, instead of a reduction of goodwill.

The above disclosure related to IFRS is based on management's current interpretation of requirements and may change as new information becomes available.

NON-GAAP FINANCIAL MEASURES

This MD&A refers to 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 and cash cost per pound of zinc in concentrate produced because certain investors may use this information to assess the Company's performance and also determine the Company's ability to generate cash flow for investing activities. These measurements capture all of the important components of the Company's production and related costs. In addition, management utilizes these metrics as an important management tool to monitor cost performance of the Company's operations. These measurements have no standardized meaning under Canadian GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. These measurements are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP.

The following table provides, for the periods indicated, a reconciliation of the Company's cash cost measures to its Canadian GAAP cost of sales:

RECONCILIATION OF NON-GAAP MEASURES TO CANADIAN GAAP COST OF SALES:

$ thousands, unless otherwise indicated

For the year ended December 31, 2009	Chelopech	Deno Gold	Total
Ore processed *(mt)*	980,928	218,235	
Concentrate produced:			
Gold in concentrate *(ounces)*	88,433	14,837	
Copper in concentrate *(pounds)*	26,155,662	1,527,200	
Zinc in concentrate *(pounds)*	–	9,166,316	
Cost of sales *(Cdn$)*	$ 85,780	$ 23,482	$ 109,262
Cost of sales *(US$)*	$ 74,499	$ 21,072	$ 95,571
Add/(deduct):			
Amortization	(12,401)	(3,170)	
Reclamation costs and other	(1,841)	(752)	
Care and maintenance costs	–	(3,074)	
Change in concentrate inventory	(419)	1,696	
Total cash cost of production before by-product credits *(US$)*	$ 59,838	$ 15,772	
Silver credits *(US$)*	(1,713)	(4,400)	
Total cash cost of production after by-product credits *(US$)*	$ 58,125	$ 11,372	
Cash cost per tonne ore processed *(US$), including royalties*	$ 61.00	$ 72.27	
Cash cost per tonne ore processed *(US$), excluding royalties*	$ 55.23	$ 72.27	
Cash cost per pound Copper produced *(US$)* (1)	$ 0.95	$ 1.13	
Cash cost per ounce Gold produced *(US$)* (1)	$ 375	$ 426	
Cash cost per pound Zinc produced *(US$)* (1)	$ –	$ 0.36	

(1) Gold, copper and zinc are accounted for as co-products. Copper and zinc units are converted into gold units using the ratio of the average gold value to the average copper and zinc values for the period. Total cash costs are net of by-product silver revenue.

$ thousands, unless otherwise indicated

For the year ended December 31, 2008	**Chelopech**	**Deno Gold**	**Total**
Ore processed *(mt)*	900,563	269,033	
Concentrate produced:			
Gold in concentrate *(ounces)*	71,472	12,236	
Copper in concentrate *(pounds)*	19,909,524	1,999,068	
Zinc in concentrate *(pounds)*	–	8,833,762	
Cost of sales *(Cdn$)*	$ 71,426	$ 38,194	$ 109,620
Cost of sales *(US$)*	$ 67,423	$ 36,319	$ 103,742
Add/(Deduct):			
Amortization	(9,811)	(2,560)	
Reclamation costs and other	(2,155)	(1,108)	
Care and maintenance costs	–	(1,732)	
Change in concentrate inventory	(178)	(1,485)	
Total cash cost of production before by-product credits *(US$)*	$ 55,279	$ 29,434	
Silver credits *(US$)*	(1,531)	(4,220)	
Total cash cost of production after by-product credits *(US$)*	$ 53,748	$ 25,214	
Cash cost per tonne ore processed *(US$), including royalties*	$ 61.38	$ 109.40	
Cash cost per tonne ore processed *(US$), excluding royalties*	$ 57.87	$ 109.40	
Cash cost per pound Copper produced *(US$)* [1]	$ 1.34	$ 3.43	
Cash cost per ounce Gold produced *(US$)* [1]	$ 377	$ 870	
Cash cost per pound Zinc produced *(US$)* [1]	$ –	$ 0.87	

[1] Gold, copper and zinc are accounted for as co-products. Copper and zinc units are converted into gold units using the ratio of the average gold value to the average copper and zinc values for the period. Total cash costs are net of by-product silver revenue.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of DC&P. Management conducted an assessment of the effectiveness of the DC&P in place as of December 31, 2009 and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in annual filings. The board of directors assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

INTERNAL CONTROL CHANGES

During 2009, the Company completed a detailed evaluation of the effectiveness of ICFR (Internal Controls over Financial Reporting) using the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. This exercise resulted in improvements being made to strengthen the portfolio of internal controls in all significant locations. Additional improvements were made in the year 2009 and will continue to be made in the year 2010 to further enhance ICFR.

INTERNAL CONTROL EVALUATION

Requirements of NI 52-109 include conducting an evaluation of the effectiveness of ICFR. Management conducted an assessment of the effectiveness of ICFR in place as of December 31, 2009 and concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in annual filings. 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 assesses the integrity of the public financial disclosures through the oversight of the Audit Committee.

The accompanying consolidated financial statements of Dundee Precious Metals Inc. and all information in this financial report are the responsibility of management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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. During 2009, management completed a detailed evaluation of the effectiveness of ICFR (Internal Controls over Financial Reporting) using the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. This exercise resulted in improvements being made to strengthen the portfolio of internal controls in all significant locations. 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 fulfills 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 unrelated 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 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.

"Jonathan Goodman"
Jonathan Goodman (signed)
President and Chief Executive Officer

"Stephanie Anderson"
Stephanie Anderson (signed)
Executive Vice President and
Chief Financial Officer

February 17, 2010

To the Shareholders of Dundee Precious Metals Inc.

We have audited the consolidated balance sheets of Dundee Precious Metals Inc. (the Company) as at December 31, 2009 and 2008 and the consolidated statements of earnings (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
February 17, 2010

CONSOLIDATED BALANCE SHEETS

As at December 31, 2009 and 2008

(in thousands of Canadian dollars)

	December 31, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 32,338	$ 51,362
Short-term investments	47,081	52,662
Accounts receivable and other assets *(note 6)*	29,083	28,605
Inventories *(note 7)*	32,159	32,779
Total Current Assets	140,661	165,408
Investments at fair value *(note 8)*	36,158	4,532
Restricted cash *(note 9)*	9,730	5,852
Other long-term assets *(note 10)*	10,633	10,162
Property, plant and equipment *(note 11)*	348,090	377,443
Long-term asset held for sale *(note 12)*	16,593	–
Future income tax assets *(note 16)*	860	5,237
Total Assets	$ 562,725	$ 568,634
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 23,575	$ 34,526
Deferred revenue	–	6,169
Current portion of long-term debt, reclamation and other long-term liabilities *(notes 13 and 14)*	8,611	6,541
Total Current Liabilities	32,186	47,236
Long-term Liabilities		
Long-term debt *(note 13)*	13,491	20,392
Reclamation and other long-term liabilities *(note 14)*	32,507	24,339
Long-term compensation *(note 17)*	1,716	689
Future income tax liabilities *(note 16)*	7,732	14,010
Total Long-term Liabilities	55,446	59,430
SHAREHOLDERS' EQUITY		
Share capital	331,802	331,802
Warrants	16,658	16,658
Contributed surplus	12,036	10,948
Retained earnings	110,362	105,315
Accumulated other comprehensive income (loss)	4,235	(2,755)
Total Shareholders' Equity	475,093	461,968
Total Liabilities and Shareholders' Equity	$ 562,725	$ 568,634

Contingent Liabilities and Commitments *(note 15)*

See accompanying notes to the audited consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the years ended December 31, 2009 and 2008

(in thousands of Canadian dollars, except per share amounts)

	2009	2008
Mining operations		
Gold/copper/zinc concentrates net revenue	$ 154,530	$ 105,053
Cost of sales	109,262	109,620
Gross profit (loss)	45,268	(4,567)
Investment and other income (expense)		
Interest and other income	1,621	2,617
Loss on equity accounted investments	–	(126)
Property impairment provisions *(note 11)*	(4,836)	(48,780)
Net realized gains on sale of investments	160	28,069
Gain on sale of exploration property *(notes 8 and 11)*	790	–
Impaired investments written down to market value *(note 8)*	(1,130)	(7,532)
Investment and other expense	(3,395)	(25,752)
Earnings (loss) before undernoted items	41,873	(30,319)
Expenses		
Administrative and other expenses	17,377	19,859
Stock based compensation expense (recovery) *(notes 17 and 18)*	2,172	(939)
Exploration expense	5,492	26,811
Amortization of property, plant and equipment	2,463	2,353
Financing and other costs	1,684	1,680
Foreign exchange loss	3,293	3,878
Total expenses – net	32,481	53,642
Earnings (loss) before income taxes	9,392	(83,961)
Provision for (recovery of) income taxes *(note 16)*		
Current	4,026	641
Future	319	(5,407)
Total provision for (recovery of) income taxes	4,345	(4,766)
Net earnings (loss) for the year	$ 5,047	$ (79,195)
Basic net earnings (loss) per share *(note 19)*	$ 0.05	$ (1.20)
Diluted net earnings (loss) per share *(note 19)*	$ 0.05	$ (1.20)

See accompanying notes to the audited consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2009 and 2008
(in thousands of Canadian dollars)

	2009	2008
Comprehensive income (loss)		
Net earnings (loss)	$ 5,047	$ (79,195)
Other comprehensive income (loss), net of tax		
Net unrealized gains (losses) on available-for-sale investments, net of tax of $1,884 (2008 – $1,245) *(note 8(a))*	6,166	(13,465)
Reclassification of realized gains on available-for-sale investments to earnings, net of tax recovery of $ Nil (2008 – $238) *(note 8)*	(306)	(1,184)
Reclassification of impairment on available-for-sale investments to earnings *(note 8)*	1,130	7,532
Other comprehensive income (loss)	6,990	(7,117)
Total comprehensive income (loss)	$ 12,037	$ (86,312)

See accompanying notes to the audited consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended December 31, 2009 and 2008

(in thousands of Canadian dollars)

	2009	2008
OPERATING ACTIVITIES		
Net earnings (loss) for the year	$ 5,047	$ (79,195)
Non-cash charges (credits) to earnings:		
Amortization of property, plant and equipment	20,229	16,424
Stock based compensation expense (recovery)	2,081	(939)
Gain on sale of exploration property	(790)	–
Net gains on sale of investments	(160)	(28,069)
Impaired investments written down to market value	1,130	7,532
Unrealized loss (gain) on revaluation of debt	122	(458)
Future income tax expense (recovery)	319	(5,407)
Accretion expense	1,658	1,396
Impairment of property, plant and equipment	4,836	48,780
Other non-cash charges (credits)	(3,728)	4,818
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable and other assets	(1,047)	6,213
(Increase) decrease in inventories	132	(383)
(Increase) decrease in other receivables and advances	(302)	1,362
Increase (decrease) in accounts payable	(10,764)	14,544
Increase (decrease) in deferred revenue	(6,169)	6,169
Increase in other liabilities	4,411	181
Net cash provided by (used in) operating activities	17,005	(7,032)
INVESTING ACTIVITIES		
Proceeds on sale of exploration property	7,000	–
Proceeds on sale of investments at fair value	2,612	61,869
Proceeds on sale (purchase) of short-term investments	5,581	(52,662)
Loan advances	(4,887)	(3,654)
Purchase of investments at fair value	(2,152)	(3,872)
Acquisition of property, plant and equipment	(39,057)	(82,160)
Proceeds on sale of property, plant and equipment	171	732
Net cash used in investing activities	(30,732)	(79,747)
FINANCING ACTIVITIES		
Net proceeds of equity financing	–	77,175
Proceeds of debt financing	–	15,821
Repayment of debt	(4,049)	(3,972)
Repayment of leases	(1,219)	–
Redemption of deferred share units	(29)	(58)
Net cash provided by (used in) financing activities	(5,297)	88,966
Increase (decrease) in cash and cash equivalents	(19,024)	2,187
Cash and cash equivalents at beginning of year	51,362	49,175
Cash and cash equivalents at end of year	$ 32,338	$ 51,362
Supplemental Disclosures		
Interest paid (received)	$ 73	$ (285)
Taxes paid (received)	$ (591)	$ 6,066

See accompanying notes to the audited consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

As at December 31, 2009 and 2008
(in thousands of Canadian dollars)

	December 31, 2009		December 31, 2008	
	Number	**Amount**	Number	Amount
Share Capital				
Authorized				
Unlimited common shares				
Issued				
Common Shares				
Balance at beginning of year	**97,540,538**	**$ 331,802**	61,984,538	$ 268,669
Shares issued on financing	–	–	35,556,000	69,690
Future income tax recognized on flow-through shares		–		(3,472)
Financing fees		–		(4,592)
Future income tax recognized on financing fees		–		1,507
Balance at end of year	**97,540,538**	**331,802**	97,540,538	331,802
Warrants				
Balance at beginning of year	**23,204,500**	**16,658**	2,760,000	4,758
Warrants issued on financing	–	–	20,444,500	11,900
Balance at end of year	**23,204,500**	**16,658**	23,204,500	16,658
Contributed surplus				
Balance at beginning of year		**10,948**		9,081
Stock based compensation expense		**1,088**		1,867
Balance at end of year		**12,036**		10,948
Retained earnings				
Balance at beginning of year		**105,315**		184,510
Net earnings (loss)		**5,047**		(79,195)
Balance at end of year		**110,362**		105,315
Accumulated other comprehensive earnings (loss)				
Balance at beginning of year		**(2,755)**		4,362
Net change on available-for–sale investments		**6,990**		(7,117)
Balance at end of year		**4,235**		(2,755)
Shareholders' equity at end of year		**$ 475,093**		$ 461,968

See accompanying notes to the audited consolidated financial statements.

1. NATURE OF OPERATIONS

Dundee Precious Metals Inc. ("DPM" or "the Company") is a Canadian based, international mining company engaged in the acquisition, exploration, development and mining of precious metal properties.

The Company's operating interests include its 100% ownership of Chelopech Mining EAD ("Chelopech"), a gold, copper, silver concentrates producer, owner of the Chelopech mine located east of Sofia, Bulgaria, and a 95% interest in Vatrin Investment Limited ("Vatrin"), a private entity which holds 100% of Deno Gold Mining Company CJSC ("Deno Gold"), its principal asset being the Kapan mine, a gold, copper, zinc, silver concentrates producer located south east of the capital city of Yerevan in southern Armenia.

DPM's interests also include a 100% interest in the Krumovgrad development stage gold property located in south eastern Bulgaria, near the town of Krumovgrad, through its wholly-owned subsidiary, Balkan Mineral and Mining EAD ("BMM") and certain exploration and exploitation properties in Serbia. On June 9, 2009, DPM completed the sale of its 100% interest in the Back River gold exploration project located in Nunavut in the Canadian Arctic (note 11).

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles ("GAAP").

The principal accounting policies are described hereunder.

a) Adoption of New Accounting Standards

Accounting Changes and Recent Pronouncements

In December 2008, the Canadian Institute of Chartered Accountants ("CICA") issued amendments to Financial Instruments sections 3855, 3861 and 3862 permitting reclassification of a financial asset or liability out of the held-for-trading or available-for-sale category to other financial instruments categories in specified circumstances effective on or after July 1, 2008. The adoption of these amendments had no impact on the financial results of the Company.

In January 2009, the CICA issued an Emerging Issues Committee ("EIC") Abstract on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC-173. This Abstract discusses the conclusion reached by the EIC that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. The recommendations on the accounting treatment discussed in this Abstract should be applied retroactively without restatement of prior periods. The Company has adopted these recommendations effective for fiscal periods beginning January 1, 2009 and there was no impact to the financial results from credit risk resulting from DPM's financial instruments and commodities contracts in the reporting period.

In March 2009, the CICA issued an EIC Abstract on Impairment Testing of Mineral Exploration Properties, EIC-174. This Abstract discusses the analysis recommended to be performed to determine if there has been an impairment of mineral exploration properties. The Company considered the recommendations discussed in this Abstract, effective for fiscal periods beginning January 1, 2009, when testing for impairment of mineral exploration properties in the period and no impairment adjustments were required.

In June 2009, the CICA amended Financial Instruments – Disclosures section 3862 to require enhanced disclosure about the fair value assessments of the financial instruments. The new disclosures are based on a fair value hierarchy that categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate the fair values. The amendments apply to annual financial statements for fiscal years ending after September 30, 2009. The Company has adopted these disclosures effective in the December 31, 2009 annual financial statements (note 5).

In August 2009, the CICA amended Financial Instruments section 3855 to add guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category. These amendments apply to reclassifications made on or after July 1, 2009. This Section has also been amended to change the categories into which a debt instrument is required or permitted to be classified, change the impairment model for held-to-maturity financial assets, and require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances. The Impaired Loans section 3025 was also amended to conform the definition of a loan to that in amended Section 3855 and to include held-to-maturity investments within the scope of the Impaired Loans section. The adoption of these amendments had no impact on the financial results of the Company.

b) Consolidation

The consolidated financial statements are presented in Canadian dollars and are prepared in accordance with Canadian GAAP. The consolidated financial statements consolidate the assets, liabilities and results of all entities in which the Company holds a controlling financial interest. Control is established by the Company's ability to determine strategic, operating, investing and financing policies without the co-operation of others. The Company analyzes its level of ownership, voting rights and representation on the board of directors in determining if control exists by any one, or a combination, of these factors. The effects of all transactions between controlled entities are eliminated. Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of earnings from the date on which control commences. Where control of an entity ceases during a financial year, its results are only included for the portion of the year over which control exists.

c) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of consolidated assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. The most significant estimates relate to the carrying values of inventories, investments, long-lived assets, amortization and depletion rates, asset retirement obligations, future income tax assets and liabilities, warrants and stock based compensation. Actual results could differ from these estimates.

d) Foreign Currency Translation

DPM's foreign operations are considered integrated foreign operations since they are financially and operationally interdependent with DPM.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rates, whereas non-monetary assets and liabilities and related expenses denominated in foreign currencies are translated at the exchange rate in effect at the transaction date. Income and expense items are translated at the exchange rate in effect on the date of the transaction. Exchange gains and losses resulting from the translation of these amounts are included in the consolidated statement of earnings.

e) Cash and Cash Equivalents

Cash and cash equivalents include bank balances and short-term investments in money market instruments with original maturities of less than three months at the time the investment is made and are carried at the lower of cost and fair market value.

f) Short-term investments

Short-term investments include bankers' acceptances and treasury bills with original maturities between three months and less than one year at the time the investment is made. Short-term investments are reported at amortized cost, whereby accrued interest is added to the investment balance.

g) Inventories

Inventories of gold/copper/zinc concentrate are valued at the lower of average production cost and net realizable value. 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 amortization) and related production overheads, but exclude administrative and finance costs. Production costs also include the royalty payable on the value of the ore extracted from the mine.

Supplies inventories are valued at the lower of cost and net realizable value.

h) Valuation of Investments at Fair Value

Portfolio investments are reported at fair market value. Market values of investments in publicly traded securities are determined based on the period end final bid prices reported on recognized securities exchanges and over-the-counter markets. Portfolio investments are revalued to market each reporting period and the resulting gain or loss is recorded as an adjustment to Other Comprehensive Income ("OCI"). Investments are evaluated for impairment based on the market values and consideration of the current circumstances affecting the companies in DPM's investment portfolio.

When there has been a loss in value of a portfolio investment that is determined to be other than a temporary decline, the investment is written down to recognize the loss. The recognition of an other than temporary impairment results in a charge to the statement of earnings.

The average cost basis is used to determine the gain or loss on sales of portfolio investments. Gains and losses realized on sales are recorded in the statement of earnings in the period in which they occur.

The related fair market value adjustments that were previously recorded in OCI are reclassified to the statement of earnings when a portfolio investment is sold or permanently written down.

Dividend income is recognized on the ex-dividend date. Interest income and expenses are recognized on an accrual basis.

Portfolio investments over which the Company exercises significant influence are accounted for using the equity method. All other investments are stated at fair market value.

i) Restricted Cash

Restricted cash consists of escrow deposits for asset retirement obligations and cash held as collateral against bank guarantees.

j) Other Long-term Assets

Loans receivable are measured at amortized cost using the effective interest method, whereby the loan balance is increased by the amount of accrued interest and decreases with interest payments.

k) Property, Plant and Equipment

Mining interests, exploration and development costs

Costs incurred for the acquisition of land and mineral rights are capitalized. Exploration expenses incurred up to the date of establishing that a property has mineral resources, which have the potential of being economically recoverable, are charged to earnings; exploration and development expenses incurred subsequent to this date are allocated to mining properties. Upon commencement of commercial production, all related capital expenditures for any given mineral interest are amortized over the estimated economic life of the property. If a property or project area is abandoned, or deemed economically unfeasible, the related project balances are written off. All expenses related to the construction of the main declines, access to the ore bodies 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 cost and are included in the cost of hoisted ore.

Amortization rates for these assets are as follows:

Deferred exploration and development – life of mine on a units-of-production basis; and Licenses and other mining rights – life of mine on a units-of-production basis.

Property, plant and mine equipment

Property, plant and equipment used in the mining business are recorded at cost.

The amortization of mine infrastructure is based on the units-of-production method over the estimated economic life of the related deposit. For all other property, plant and equipment where the anticipated useful lives of the buildings, machinery and equipment related to mines are less than the life of the deposit, amortization is based on their remaining anticipated useful lives on a straight line basis. Amortization of property, plant and equipment used in a capitalized exploration or development project is capitalized to the project.

Following are the amortization rates used for each category of property, plant and mine equipment which are amortized on a straight line basis:

Asset Category	Amortization rate (%)
Buildings	5–7
Machinery and equipment	20
Computer hardware and software	20–50
Vehicles	20
Office equipment	15
Intangible assets	10–15

Impairment

Reviews for impairment are conducted when circumstances or events indicate that an impairment may exist. The carrying values of mining interests, exploration, development costs, and property, plant and equipment are tested for recoverability and, if impaired, are written down to their estimated fair value.

l) Long-term Debt

The Company measures its long-term debt at fair value with changes in the fair values recognized in net earnings. Fair values are calculated based on the USD spot LIBOR as at end of the period plus the applicable interest rate margin.

m) Asset Retirement Obligations

A liability is recognized for its site restoration obligations when a legal obligation is identified. These obligations are measured at fair value, based on the net present value of the estimated future costs, and a corresponding amount equal to that of the obligation is added to the capitalized cost of the related asset. The amount of liability will be subject to periodic re-measurements. Any adjustment to this liability will impact the related capitalized retirement asset. Over time, the discounted asset retirement obligation amount will be accreted for the change in its present value, and the accretion is expensed in the related period. The capitalized costs are amortized over the useful lives of the related assets. Other environmental costs such as environmental monitoring, water management, and waste management costs incurred at the operating sites are charged to earnings when the costs are incurred.

Due to uncertainties concerning environmental remediation, the ultimate cost of future site restoration could differ from the amounts provided. The estimate of the total liability for future site restoration costs is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form and substance that these laws and regulations may take.

n) Commodity Contracts

The Company manages its exposure to changes in commodity prices and associated earnings volatility by periodically entering into derivative contracts in accordance with the risk management policy approved by the Company's board of directors.

These derivative assets and liabilities are classified as financial instruments "held-for-trading" as per CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement. Financial assets and financial liabilities classified as "held-for-trading" are measured at fair value with changes in fair value recorded in net earnings in the period in which they occur.

The estimated fair value of the derivative commodity instruments is based on major commodity exchanges.

o) Revenue Recognition

Revenue from the sale of gold/copper/zinc/silver concentrate is recognized when significant risks and ownership title are transferred to the buyer. Revenue is initially recorded based on a provisional value which is a function of prevailing market prices. Typically, under the terms of the concentrate sales contracts, the final metal price ("settlement price") for the payable metal is set based on a predetermined and defined quotational period that is either a) the average of the specified reference metal price for the month of scheduled shipment, b) the third month after the month of arrival at the port of destination or c) as otherwise mutually agreed. The price of the concentrate is the sum of the metal payments less the sum of the deductions so specified in the concentrate sales contract. The terms of the contracts result in embedded derivatives because of the timing difference between the provisional price and the final settlement price. These embedded derivatives are adjusted to fair value through revenue each period until the date of final price determination.

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

Gains and losses on outstanding commodity contracts are recorded in net revenue.

p) Stock Based Compensation

The Company accounts for stock options using the fair value method. For option awards, fair value is measured at the grant date using a Black-Scholes valuation model and is recognized as a charge to compensation expense and an increase in contributed surplus over the vesting period of the options granted. Grants of stock options are based on the closing price of the day before the effective grant date. Consideration paid by employees on exercise of stock options is recorded as share capital.

Grants of deferred share units ("DSUs") are recorded at fair value at the time of grant, which are based on the closing stock price at the date of grant. The DSUs are to be settled for cash and are marked to the current market price at each balance sheet date.

q) Income Taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax bases resulting in "temporary differences". Future income tax assets and liabilities are measured using the enacted or substantially enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change is enacted or substantially enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

r) Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method, whereby any "in the money" option proceeds would be used to purchase common shares of the Company at the average market price during the period.

3. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain the confidence of shareholders and investors in the implementation of its business plans by: (i) maintaining sufficient levels of liquidity to fund and support its exploration, development stage and operating properties and other corporate activities, and (ii) maintaining a strong balance sheet, to ensure ready access to debt and equity markets, to facilitate the development of major projects. Management monitors its financial position 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. Most of the Company's capital comes from the issuance of equity. Other sources of capital are derived from DPM's subsidiary companies' (Chelopech and Deno Gold) third party debt. Capital is monitored on the basis of total debt as a percentage of total capital, defined as the sum of current portion of long-term debt and long-term debt divided by the sum of total shareholders' equity, current portion of long-term debt and long-term debt, all as shown on the balance sheet. As of December 31, 2009, the Company's debt as a percentage of total capital was only 4%. DPM and its subsidiaries are subject to externally imposed capital requirements. See note 13 for discussion on the Company's compliance with these requirements.

4. FINANCIAL INSTRUMENT RISK FACTORS

A summary of the Company's risk exposures as they relate to financial instruments is provided below.

Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. Under the terms of the Company's concentrate sales contracts, the purchaser makes an initial advance payment of 85% of the provisional value of each lot at the time title, but not risk, of the concentrate transfers, with a further advance payment of 5% following presentation of sales documents to the purchaser. A final adjusting payment, reflecting the actual metal prices for the specified quotational period, is made when final weights and assays are agreed upon. All contractual commitments are subject to force majeure clauses which, if implemented, could have a significant impact on revenue. Approximately 88% of the total concentrate sales in 2009 were to one customer and approximately 73% of DPM's total projected concentrate sales for the year 2010 are expected to be completed with one customer (note 15(b)). There can be no assurance that the Company will not experience a loss for non-performance by any counterparty with whom it has a commercial relationship. While the Company does not currently expect a non-performance by Namibia Custom Smelters (Pty) Limited ("NCS") of its obligations to DPM under the copper concentrate sales contract and an impairment of the loan receivable from NCS which is guaranteed by Weatherly International plc ("WTI"), its parent, there is no assurance that DPM will not experience a failure by NCS to perform its obligation or that the loan will be repaid. Non-performance of NCS under the concentrate sales contract or a default under the loan to NCS may have negative effects on the financial condition of DPM (notes 10(a) and 21).

Market risk

Market risk is the risk of material loss that may arise from changes in market factors including, foreign exchange, commodity prices, market price of equity interests and interest rates.

i) Foreign currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rate. The Company's risk management objective is to reduce cash flow risk related to foreign denominated cash flows. Monetary assets and liabilities denominated in foreign currencies are translated from U.S. dollars into Canadian dollars at the period end exchange rates. The Company's financial instruments denominated in U.S. dollars are customer receivables and long-term debt. Based on the balances at December 31, 2009, the earnings impact of a 5% increase or decrease in the U.S. dollar to Canadian dollar exchange rate on the Company's financial instruments would be $1.9 million.

ii) Price/Market 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 through trading 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, financial condition, cash flow from operations, exploration, mining and development activities and trading price for its common shares and common share purchase warrants.

Gold, copper, zinc and silver prices may fluctuate widely and are affected by numerous factors beyond the Company's control. DPM periodically enters into derivative contracts to manage its exposure to fluctuations in copper prices. The annual earnings impact of a 5% increase or decrease in realized gold, copper and zinc prices are an increase or decrease of $5.8 million, $0.5 million and $0.4 million, respectively, net of copper derivatives (note 5). The impact on earnings of a 5% increase or decrease in silver price is not significant.

The Company's investment income is denominated primarily in Canadian dollars as most of its investments trade on the Toronto Stock Exchange ("TSX") and the majority of its cash balances are held in Canadian dollars. A change in the quoted market value of the investments will affect the value of the portfolio. DPM does not measure or manage risk against the performance of the TSX. The Company is sensitive to the movement in the price of securities in which it invests with proportional impacts recorded in accumulated other comprehensive earnings (loss).

(in thousands of Canadian dollars, unless otherwise stated)

iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. During the year ended December 31, 2009, the Company earned $1.4 million of interest income on: (1) its cash, the majority of which is invested in Bankers' Acceptances, term deposits and treasury bills, and (2) its long-term loans receivable, which accrue interest based on the London Inter-Bank Offer Rate ("LIBOR") (note 10). The year-to-date earnings impact of an increase or decrease of a 1% change in the short-term deposit rate is a $0.9 million increase or decrease, respectively. The impact on earnings from a 100 basis point change in the LIBOR is $0.1 million.

During the year ended December 31, 2009, the Company incurred $1.4 million of interest expense on its financial liabilities. The interest expense on long-term debt owed by both Chelopech and Deno Gold is calculated based on the LIBOR. A 100 basis point change in the LIBOR impacts year-to-date earnings by plus or minus $0.2 million.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

During the year ended December 31, 2009, the Company entered into cash settled derivative contracts with respect to 9,700 tonnes of payable copper in concentrate sold by Chelopech and 370 tonnes of payable copper in concentrate sold by Deno Gold on a provisional pricing basis. The derivative contracts were entered into to mitigate a substantial majority of the copper price exposure and associated earnings volatility as a result of the time lag between the receipt of provisional sales revenue and the specified final pricing period. As at December 31, 2009, DPM had one outstanding contract to swap its February 2010 copper price exposure on 170 tonnes of payable copper at an average fixed price of US$6,928/tonne. Gains and losses on outstanding copper contracts are calculated with respect to the corresponding LME forward copper prices and recorded in net revenue. During the year ended December 31, 2009, the Company reported net realized losses of US$4.3 million (Cdn$5.1 million) and unrealized loss of US$0.07 million (Cdn$0.08 million). DPM is exposed to credit risk in the event of non-performance by counterparties in connection with its derivative contracts. This risk is mitigated by dealing only with financially sound counterparties and, accordingly, a loss for non-performance is not anticipated (note 2(n)).

During the year ended December 31, 2009, the Company reported a net loss of $0.1 million from mark-to-market adjustments on its long-term debt. The year end adjustment was based on the USD spot LIBOR as at December 31, 2009 of 0.169% plus the applicable interest rate margin.

Financial assets and financial liabilities are recognized initially at fair value. After initial recognition, as per CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement, DPM measures its financial assets and financial liabilities depending on the classifications: "available-for-sale", "held-to-maturity", "held-for-trading", "loans payable", or "loans and receivables". Financial assets classified as "available-for-sale" are measured at fair value, with changes in those fair values recognized in OCI. Financial assets classified as "held-to-maturity" and "loans and receivables" are measured at amortized cost using the effective interest method of amortization. Financial assets and financial liabilities classified as "held-for-trading" and "loans payable" are measured at fair values with changes in those fair values recognized in net earnings.

The following table provides a comparison of the financial instruments' carrying and fair values as at December 31, 2009 and at 2008:

	As at December 31, 2009							December 31, 2008
	Carrying value and fair value of financial instruments							
	Designated as available-for-sale	Designated as held-to maturity	Designated as held-for trading	Classified as loans payable	Classified as loans and receivables	Total carrying value	Total fair value	Total fair value
Investments *(note 8(a))*	**$ 36,158**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 36,158**	**$ 36,158**	$ 4,532
Short-term investments	**–**	**47,081**	**–**	**–**	**–**	**47,081**	**47,081**	52,647
Long-term loans receivable	**–**	**–**	**–**	**–**	**7,710**	**7,710**	**7,710**	3,654
Total long-term debt	**–**	**–**	**–**	**(18,862)**	**–**	**(18,862)**	**(18,862)**	(26,025)
Fair value of copper derivatives	**–**	**–**	**(78)**	**–**	**–**	**(78)**	**(78)**	–

(in thousands of Canadian dollars, unless otherwise stated)

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862"), was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2009:

	Financial assets at fair value as at December 31, 2009 (a)			
	Level 1	Level 2	Level 3 (b)	Total
Equity instruments	$ 23,465	$ 1,063	$ 10,775	$ 35,303
	$ 23,465	**$ 1,063**	**$ 10,775**	**$ 35,303**

	Financial liabilities at fair value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Total long-term debt	$ –	$ 18,862	$ –	$ 18,862
Copper derivatives	–	78	–	78
	$ –	**$ 18,940**	**$ –**	**$ 18,940**

(a) The financial assets at fair value totalling $35.3 million exclude $0.9 million of investments recorded at cost.

(b) The level 3 financial assets relate to the Sabina Gold & Silver Corp. ("Sabina") Special Warrants described in note 8(a).

The following table reconciles the Company's Level 3 fair value measurements from December 31, 2008 to December 31, 2009:

	Fair value measurements using Level 3 inputs
	Equity instruments
Balance at December 31, 2008	$ –
Gain included in other comprehensive income	1,355
Purchases	9,420
Balance at December 31, 2009	$ 10,775

6. ACCOUNTS RECEIVABLE AND OTHER ASSETS

	December 31, 2009	December 31, 2008
Accounts receivable	**$ 23,924**	$ 19,717
Restricted cash *(a)*	**–**	1,858
Prepaid expenses	**5,159**	7,030
	$ 29,083	$ 28,605

(a) In May 2009, the Company received restricted cash previously held as collateral against bank guarantees provided to the Serbian government for concession licenses. These licenses were relinquished in November 2008.

(in thousands of Canadian dollars, unless otherwise stated)

7. INVENTORIES

	December 31, 2009	December 31, 2008
Gold/copper/zinc/silver ore and concentrate *(a)*	$ 10,467	$ 10,658
Spare parts and supplies	21,692	22,121
	$ 32,159	$ 32,779

(a) In the first half of 2009, Deno Gold reversed prior period write-down of US$0.4 million (Cdn$0.4 million) to adjust concentrate inventory to its net realizable value as at June 30, 2009. For the year ended December 31, 2008, the Company recorded net provisions of US$2.4 million (Cdn$2.5 million) at Deno Gold to adjust concentrate inventory to its net realizable value.

8. INVESTMENTS AT FAIR VALUE

The following are the details of the net changes in investments for the years indicated.

	December 31, 2009	December 31, 2008
Available-for-sale investments, beginning of year	$ 4,532	$ 34,567
Adjustment to fair value at end of year	5,412	(4,692)
Transfer of market value gains to net income from sale of securities	(306)	(1,422)
Fair value of investments received for sale of exploration property *(a)*	27,950	–
Cost of investments purchased during the year *(c)*	2,152	3,872
Cost of investments sold during the year *(d)*:		
Proceeds from sales	(2,612)	(61,869)
Net realized gains on sale of investments	160	27,737
Non-cash share exchange *(d)*	–	13,871
Other than temporary impairment of investments, written down to market value *(b)*	(1,130)	(7,532)
Total available-for-sale investments at fair value, end of year	$ 36,158	$ 4,532
Equity accounted investments at cost, beginning of year	$ –	$ 13,665
Non-cash share exchange *(d)*	–	(13,871)
Reclassification of equity loss to gain on sale	–	332
Loss on equity investments	–	(126)
Total equity accounted investments, end of year	$ –	$ –
Investments, end of year	$ 36,158	$ 4,532

(a) Following the completion of the sale of the Back River exploration project to Sabina on June 9, 2009, the Company held (i) 17,000,000 common shares of Sabina, (ii) 5,000,000 Series A Special Warrants, which will be automatically exercised upon a decision by Sabina to proceed to a feasibility study or proceed to production on the Back River project or upon the occurrence of certain other events and (iii) 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 one common share and one-half of one common share purchase warrant ("Warrant") of Sabina. Each whole Warrant, if issued, will be exercisable for five years from the date of closing, at the discretion of DPM, for one Sabina common share at a price of $1.07 per Sabina common share (notes 5, 11 and 16).

(in thousands of Canadian dollars, unless otherwise stated)

On June 9, 2009, the Sabina investment was valued at $28.0 million consisting of a) $18.5 million in Sabina common shares and b) $9.5 million in Sabina Special Warrants with the fair value estimated using the Black-Scholes pricing model with the following assumptions:

Sabina Series A Special Warrants:

Risk free interest rate	2.35%
Expected life in years	3
Expected volatility	77.74%
Dividends per share	–
Discount rate	3%

Sabina Series B Special Warrants:

Risk free interest rate	1.24%
Expected life in years	2
Expected volatility	86.60%
Dividends per share	–
Discount rate	3%

On December 31, 2009, the Sabina investment was valued at $31.5 million, of which a) $20.7 million related to Sabina common shares and b) $10.8 million related to Sabina Special Warrants with the fair value estimated using the Black-Scholes pricing model with the following assumptions:

Sabina Series A Special Warrants:

Risk free interest rate	2.51%
Expected life in years	3
Expected volatility	66.82%
Dividends per share	–
Discount rate	3%

Sabina Series B Special Warrants:

Risk free interest rate	1.46%
Expected life in years	2
Expected volatility	69.53%
Dividends per share	–
Discount rate	3%

(b) In March 2009, DPM wrote down one investment recognizing a loss of $1.1 million through earnings. In 2008, DPM wrote down investments to market value recognizing a total loss of $7.5 million. Management determined that the decline in the market value of these equity instruments was other than temporary.

(c) In August 2009, the Company purchased 40.5 million ordinary shares of WTI for US$2.0 million (Cdn$2.2 million) which, by agreement, was advanced by WTI to its subsidiary, NCS, to cover the costs of certain capital improvements being made to its Tsumeb copper smelter and for working capital purposes. If required by WTI on or before July 31, 2010, the Company will subscribe for up to an additional US$5.0 million worth of WTI ordinary shares based on the then prevailing market price but in no event, except in certain circumstances, less than GBP0.03 per share (notes 4, 10(a) and 21).

(d) Following the July 3, 2008 announcement of the successful bid by Eldorado Gold Corporation ("Eldorado") to acquire greater than 66 2/3% of the issued and outstanding shares of Frontier Pacific, DPM received 5,117,021 common shares of Eldorado, 5,117,021 exchange receipts (valued at nil as at December 31, 2008) and a minimal amount of cash in exchange for its shares of Frontier Pacific. On July 22, 2008, DPM sold its 5,117,021 common shares of Eldorado for net proceeds of $41.0 million.

9. RESTRICTED CASH

	December 31, 2009	December 31, 2008
Escrow deposit for asset retirement obligation *(note 14(a))*	**$ 3,091**	$ 3,583
Restricted cash *(a)*	**6,639**	1,985
Letters of credit (LCs) *(b)*	**–**	284
	$ 9,730	$ 5,852

(a) Restricted cash consists of $1.4 million held as collateral against bank guarantees provided to the Serbian government until September 2011, $1.0 million held as collateral against certain foreign exchange transactions and $4.2 million held as collateral against certain of the copper derivatives (note 5).

(b) Consists of LCs issued formerly to guarantee reclamation expenditures on the Back River properties.

10. OTHER LONG-TERM ASSETS

	December 31, 2009	December 31, 2008
Loans receivable *(a)*	**$ 7,710**	$ 3,654
Taxes recoverable *(b)*	**2,573**	6,009
Other	**350**	499
	$ 10,633	$ 10,162

(a) In December 2008, Chelopech signed a facility agreement with NCS committing to advance up to US$7.0 million of loans to NCS ("Facility Agreement"). As at June 30, 2009, the total commitment of US$7.0 million had been advanced. The loan is to be repaid in 12 equal quarterly instalments commencing on June 1, 2011 and bears interest at US dollar LIBOR plus 4%. By way of separate agreement, no amounts of principal or interest shall become due and payable under the terms of the Facility Agreement until the earlier of the date on which all amounts due and payable by WTI on certain of its indebtedness (maturity date of May 8, 2011) is repaid or the date falling 30 days after May 8, 2011. During this period, all interest that would otherwise become due and payable will be capitalized as part of the loan amount and bear interest in accordance with the terms of the Facility Agreement. The loan is guaranteed by NCS parent company, WTI, Ongopolo Mining Limited ("OML"), and Weatherly (Namibia Custom Smelters) Limited. The loan is secured, in part, by a first ranking mortgage bond over the NCS smelter lease with OML, first ranking security over the assets and issued share capital of NCS, proceeds and debt service accounts and direct agreements allowing Chelopech the right to "step in" and manage the smelter under certain circumstances (notes 4, 8(c) and 21).

The loan repayment schedule is presented in the table below:

Principal repayments

(in US$ 000's)

Payments Due by Period			
Up to 1 year	1–3 years	4–5 years	**Total**
$ –	$ 4,083	$ 2,917	$ 7,000

(b) As at December 31, 2009, Deno Gold had $6.5 million of value added tax ("VAT") receivable. Management believes a portion of this receivable will not be refunded within one year; therefore, $2.6 million of the VAT has been classified as long-term. Repayment of the VAT claimed is based on the results of a tax audit.

(in thousands of Canadian dollars, unless otherwise stated)

11. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2009			December 31, 2008		
	Cost	Accumulated depreciation & depletion	Net book value	Cost	Accumulated depreciation & depletion	Net book value
Mineral properties						
Chelopech	**$ 119,701**	**$ 11,918**	**$ 107,783**	$ 107,595	$ 9,787	$ 97,808
Krumovgrad	**42,495**	**215**	**42,280**	41,493	180	41,313
Serbia *(note 21)*	**4,108**	**365**	**3,743**	4,046	245	3,801
Deno Gold	**60,809**	**1,587**	**59,222**	59,408	693	58,715
Back River	**–**	**–**	**–**	33,387	–	33,387
	$ 227,113	**$ 14,085**	**$ 213,028**	$ 245,929	$ 10,905	$ 235,024
Buildings, plant and equipment						
Chelopech	**$ 144,418**	**$ 43,840**	**$ 100,578**	$ 142,758	$ 32,699	$ 110,059
Krumovgrad	**2,341**	**376**	**1,965**	2,354	347	2,007
Serbia *(note 21)*	**4,524**	**1,968**	**2,556**	4,576	1,329	3,247
Deno Gold	**38,675**	**9,578**	**29,097**	32,577	6,135	26,442
Back River	**–**	**–**	**–**	582	313	269
Corporate	**2,440**	**1,574**	**866**	1,795	1,400	395
	$ 192,398	**$ 57,336**	**$ 135,062**	$ 184,642	$ 42,223	$ 142,419
	$ 419,511	**$ 71,421**	**$ 348,090**	$ 430,571	$ 53,128	$ 377,443

Scope changes following a comprehensive review of the Chelopech mine and mill expansion project resulted in a write-down of fixed assets of $4.1 million (US$3.5 million) in 2009.

On June 9, 2009, DPM completed the sale of its Back River exploration project in Nunavut to Sabina. As more fully detailed in note 8(a), the total proceeds received from the transaction were $35.0 million, including $7.0 million cash, resulting in a gain on sale of the exploration property of $0.8 million and associated future income tax recovery of $6.0 million (notes 8 and 16). In 2008, the Company wrote down the carrying value of its Back River project by $47 million to its estimated fair value of $34 million.

Assets under capital leases included in equipment are detailed below:

	December 31, 2009			December 31, 2008		
	Cost	Accumulated depreciation & depletion	Net book value	Cost	Accumulated depreciation & depletion	Net book value
Equipment						
Chelopech	**$ 9,831**	**$ 813**	**$ 9,018**	$ 2,901	$ –	$ 2,901
Serbia	**15**	**–**	**15**	–	–	–
Corporate	**284**	**23**	**261**	–	–	–
	$ 10,130	**$ 836**	**$ 9,294**	$ 2,901	$ –	$ 2,901

(in thousands of Canadian dollars, unless otherwise stated)

There is risk and uncertainty around obtaining the required permits to advance the Krumovgrad project. In the event that all permits necessary to develop the project are not obtained and all legal avenues are exhausted, an impairment of the project carrying value may be required. In September 2009, the Ministry of Environment and Water issued a Commercial Discovery Certificate for the Krumovgrad gold deposit. Management continues to take steps to advance its permits and remains committed to the future development of the Krumovgrad property.

12. ASSET HELD FOR SALE

The long-term asset held for sale relates to an oxygen plant that is owned by Chelopech and is currently being marketed for sale. The final consideration may differ from the December 31, 2009 carrying value, which is stated at the lower of its carrying amount and fair value less cost to sell.

13. LONG-TERM DEBT

	December 31, 2009	December 31, 2008
Total long-term debt	**$ 18,862**	$ 26,025
Less: current portion	**5,371**	5,633
Long-term debt	**$ 13,491**	$ 20,392

On April 6, 2005, Chelopech signed a US$10 million loan agreement with the European Bank for Reconstruction and Development ("EBRD"). The loan is guaranteed by the Company. It bears interest at LIBOR plus 1.0% and is repayable in eight equal semi-annual installments beginning June 2007.

On July 24, 2008, Chelopech concluded an amendment and restatement agreement with the EBRD to amend and restate its existing US$10 million long-term loan agreement, increasing it to an aggregate amount of US$25 million. The additional US$15 million of indebtedness is guaranteed by the Company, bears interest at U.S. dollar LIBOR plus 1.6% and is repayable in 10 equal semi-annual installments beginning December 22, 2010. Under the amended agreement, Chelopech must maintain: (i) a forecast debt service coverage ratio of at least 1.2:1, tested annually, (ii) a current ratio in excess of 1.2:1, and (iii) a minimum net worth, defined as consolidated shareholders' equity, of US$45 million. Under its guarantee arrangement with the EBRD, DPM must maintain a current ratio of 1.5:1 and a minimum net worth of US$200 million. As of December 31, 2009, Chelopech and DPM both were in compliance with their respective debt covenants.

On December 22, 2005, Deno Gold obtained a US$4.5 million loan from the EBRD. The loan is secured by: (1) a first ranking pledge over a Deno Gold bank account through which all concentrate sales are credited and must maintain, at all times, an amount no less than the next three months debt service requirement, which was $0.02 million as at December 31, 2009; (2) a first priority pledge of the shares in Deno Gold; and (3) as of June 2009, DPM parent company guarantee. On June 19, 2009 DPM and the EBRD entered into a guarantee arrangement wherein DPM unconditionally undertakes to ensure full payment of all interest and principal currently owing under the loan. In response, the EBRD agreed to waive, for the period up to and including May 10, 2010, compliance by Deno Gold with certain covenants, including all financial covenants. The loan bears interest at LIBOR plus 5.5% and is repayable in eight equal semi-annual installments, beginning March 2007. In a loan amendment dated June 23, 2009, the margin on the loan was reduced from 5.5% to 2.5%.

The debt repayment schedule is presented in the table below:

Principal repayments

(in US$ 000's)

	Payments Due by Period				
	Up to 1 year	1–3 years	4–5 years	Over 5 years	Total
Chelopech EBRD	$ 4,000	$ 6,000	$ 6,000	$ 1,500	**$ 17,500**
Deno Gold EBRD	1,125	–	–	–	**1,125**
	$ 5,125	$ 6,000	$ 6,000	$ 1,500	**$ 18,625**

14. RECLAMATION AND OTHER LONG-TERM LIABILITIES

	December 31, 2009	December 31, 2008
Asset retirement obligations *(a)*	**$ 20,020**	$ 18,362
Environmental commitments *(note 15(a)(ii))*	**3,091**	3,582
Long-term leases *(b), (c), (d) and (e)*	**7,867**	2,939
Royalties *(note 15(a)(i))*	**3,272**	–
Other	**1,497**	364
	35,747	25,247
Less: current portion	**3,240**	908
	$ 32,507	$ 24,339

(a) In 2008, a US$7.2 million increase in the undiscounted, inflation-adjusted estimated mine site closure costs at Deno Gold was recorded, for a total estimated legal obligation of US$10.5 million. This amount is expected to be expended between 2010 and 2017. The anticipated future cash flows are discounted using a credit adjusted risk free rate of 9% after inflation growth of 3% per annum.

The following table shows the movement in the asset retirement obligation liabilities for Chelopech and Deno Gold:

	Chelopech	Deno Gold	Total
Carrying value, December 31, 2007	$ 11,291	$ 2,163	**$ 13,454**
Change in estimate	–	3,512	**3,512**
Accretion expense	1,109	287	**1,396**
Carrying value, December 31, 2008	$ 12,400	$ 5,962	**$ 18,362**
Accretion expense	1,135	523	**1,658**
Carrying value, December 31, 2009	$ 13,535	$ 6,485	**$ 20,020**

(b) On December 22, 2008, Chelopech entered into a long-term lease agreement for the purchase of mine and mobile equipment. The lease amount is payable in 36 equal monthly installments and matures on December 28, 2011. The aggregate amount of minimum lease payments over the term of the lease is Euro 1.7 million (Cdn$2.9 million), excluding imputed interest of Euro 0.2 million (Cdn$0.4 million). The interest rate is 8.05%.

Following is the schedule of future minimum lease payments:

Minimum lease payments

(in Euro 000's)

	Payments Due by Period				
	Up to 1 year	1–3 years	4–5 years	Over 5 years	**Total**
	642	642	–	–	**1,284**

(c) On July 24, 2009, Chelopech entered into a long-term lease agreement for the purchase of mobile equipment. The lease amount is payable in 10 equal quarterly installments and matures on July 31, 2012. The aggregate amount of minimum lease payments over the term of the lease is Euro 0.8 million (Cdn$1.0 million), excluding imputed interest of Euro 0.08 million (Cdn$0.1 million). The interest rate is 7.05%.

Following is the schedule of future minimum lease payments:

Minimum lease payments

(in Euro 000's)

	Payments Due by Period				
	Up to 1 year	1–3 years	4–5 years	Over 5 years	**Total**
	252	441	–	–	**693**

(d) In December 2009, Chelopech entered into long-term lease agreements for the purchase of mobile equipment. The lease amounts are payable in 26 to 36 variable monthly installments with maturities ranging from July 31, 2012 to February 28, 2013. The aggregate amount of minimum lease payments over the term of the leases is Euro 3.0 million (Cdn$4.7 million), excluding imputed interest of Euro 0.2 million (Cdn$0.3 million), using an interest rate of 5.93%. The interest rate is variable based on the one month Euro Interbank Offered Rate plus 5.5%.

Following is the schedule of future minimum lease payments:

Minimum lease payments

(in Euro 000's)

	Payments Due by Period				
	Up to 1 year	1–3 years	4–5 years	Over 5 years	**Total**
	1,266	1,727	19	–	**3,012**

(e) In 2009, DPM entered into long-term lease agreements for the purchase of computer equipment. The lease amounts are payable in 36 equal monthly installments with maturities ranging from June 2012 to December 2012. The aggregate amount of minimum lease payments over the term of the leases is $1.1 million, excluding imputed interest of $0.08 million. The interest rate is 5%.

Following is the schedule of future minimum lease payments:

Minimum lease payments

(in Cdn$ 000's)

	Payments Due by Period				
	Up to 1 year	1–3 years	4–5 years	Over 5 years	**Total**
	366	603	–	–	**969**

(in thousands of Canadian dollars, unless otherwise stated)

15. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Concession Obligations

In July 2008, DPM agreed the following amendments to its Mining Concession Contract with the Bulgarian Government:

(i) Chelopech will pay a higher royalty in accordance with the Bulgarian Ordinance on Royalty Computation for all the metals that can be mined economically from the Chelopech deposit. The royalty will be calculated on a sliding scale of 2% to 8% at a profitability ratio of 10% to 60%. The new royalty, which came into effect on July 31, 2008, replaced the 1.5% fixed rate royalty entered into in 2004. The royalty in excess of 1.5% is being accrued but is payable only after construction of the Metals Processing Facility ("MPF") commences.

(ii) Chelopech will provide a financial guarantee for environmental and rehabilitation costs for the Chelopech mine and facilities. The Company will prepare and submit a closure and rehabilitation plan for approval to the Ministries of Economy and Energy ("MoEE") and of Environment and Water ("MoEW").

Under the new agreement, there is no requirement to make deposits into the environmental escrow account. Prior to entering into this new agreement, DPM was required to deposit 50% of the original concession fees into an escrow account to fund future environmental risk management and remediation costs. The balance in the escrow account on December 31, 2009 was US$2.9 million (Cdn$3.1 million) and is included in restricted cash (note 9), and the related commitments are included in other long-term liabilities (note 14).

Pending the receipt of all necessary permits to commence construction of the MPF and satisfactory resolution of all appeals related to such permits and the Environmental Impact Assessment, the Company will considerably limit its activities with respect to the advancement of this project.

(b) Gold/Copper Concentrate Sales

In December 2008, Chelopech contracted with NCS, a subsidiary of WTI, for the sale of all or substantially all of its concentrate production through the year 2013. In August 2009, the concentrate purchase arrangement between NCS and Chelopech was extended from 2014 to, and including, the year 2020 giving Chelopech the right to sell up to 140,000 tonnes of concentrate per year to NCS. Chelopech may reduce concentrate sales on 12 months' notice to allow for the start-up of its planned investments in the MPF (note 21).

Deno Gold has agreed commercial terms for the sale of all its zinc concentrate production for 2010 and 2011. Deno Gold is currently negotiating the terms for the sales of its copper/gold concentrates production for 2010.

The Company currently has sales contracts with three customers for its 2010 production and from time to time contracts for the sale of concentrates to other entities. Approximately 73% of the Company's aggregate projected concentrate sales for the year 2010 are to one customer.

(c) Contractual Obligations

The Company had the following minimum future contractual obligations at December 31, 2009:

Contractual Obligations

	Payments Due by Period				
	Total	Up to 1 year	1–3 years	4–5 years	Over 5 years
Total long-term debt	**$ 19,575**	$ 5,386	$ 6,306	$ 6,306	$ 1,577
Capital lease obligations	**7,933**	3,245	4,659	29	–
Operating lease obligations	**1,796**	941	663	19	173
Purchase obligations	**18,620**	16,886	1,734	–	–
Other long term obligations	**294**	85	103	106	–
Total contractual obligations	**$ 48,218**	$ 26,543	$ 13,465	$ 6,460	$ 1,750

(in thousands of Canadian dollars, unless otherwise stated)

(d) Credit Agreements

On April 15, 2008, Chelopech concluded a US$5.0 million short-term, revolving credit facility for working capital purposes, fixed advances and the issuance of bank guarantees and letters of credit. The credit facility was renewed in April 2009 and matures on April 30, 2010. Advances under the credit facility, which are guaranteed by DPM, bear interest at the U.S. dollar LIBOR plus 4%. As at December 31, 2009, there was a US$1.5 million letter of credit written against this credit facility.

Chelopech has entered into a US$2.0 million credit agreement for the purpose of providing letters of guarantee for future royalty payments under its concession license agreements. The Company has provided an unconditional payment guarantee for the benefit of the institution providing the credit facility. As at December 31, 2009, letters of guarantee amounting to US$1.4 million had been written against this credit facility.

BMM has entered into a US$0.3 million credit agreement for the purpose of providing letters of guarantee for certain of its obligations under its exploration license agreements. The Company has provided an unconditional payment guarantee for the benefit of the institution providing the credit facility. As at December 31, 2009, letters of guarantee amounting to US$0.04 million had been written against this credit facility.

16. INCOME TAXES

(a) The reconciliation of the expected combined federal and provincial statutory income tax rates to the effective tax rate on earnings was as follows:

	2009	2008
Combined federal and provincial statutory income tax rates	**33.00%**	33.50%
Income tax (recovery) at Canadian statutory rates	**$ 3,099**	$ (28,127)
Adjusted for the effect of:		
Difference due to decrease in enacted tax rates and effect on current year losses	**1,728**	–
Lower rate on foreign earnings	**(9,376)**	(7,534)
Unrecognized tax benefit relating to foreign and Canadian losses	**7,547**	23,831
Non-taxable portion of capital gains	**(234)**	(4,757)
Change in allowance on investments and property	**6,359**	8,701
Reversal of flow-through shares tax liability from Back River sale	**(6,036)**	–
Non-deductible writedown of investments	**373**	1,262
Non-deductible stock compensation	**717**	518
Other, net	**168**	1,340
Provision for (recovery of) income taxes	**$ 4,345**	$ (4,766)

(in thousands of Canadian dollars, unless otherwise stated)

(b) Significant components of the Company's future income taxes as at December 31, 2009 and 2008 were as follows:

As at December 31,	2009	2008
Future Income Tax Assets		
Financing costs	$ 1,132	$ 2,058
Non-capital losses	3,448	1,131
Stock compensation	429	200
Investments	1,495	1,731
Depreciable property, plant and equipment	595	575
Other	903	1,273
Gross future income tax asset	8,002	6,968
Valuation allowance	(7,142)	(1,731)
Net future income tax asset	860	5,237
Future Income Tax Liabilities		
Depreciable property, plant and equipment	(1,622)	(2,037)
Flow-through shares	–	(5,990)
Deferred exploration	(4,766)	(5,261)
Other	(1,344)	(722)
	(7,732)	(14,010)
Net future income tax liability	$ (6,872)	$ (8,773)

As at December 31, 2009, the Company had gross future income tax assets of $8.0 million against which a valuation allowance of $7.1 million was recognized due to the uncertainty around the potential use of these assets against future Canadian taxable income.

Included in the $7.1 million valuation allowance is a full valuation allowance of $3.4 million relating to the future tax asset generated from the 2009 Canadian non-capital losses of $13.8 million. These losses expire in 2029.

In 2009, DPM reversed $6.0 million of future income tax liabilities related to flow through share financing as a result of the sale of the Back River properties on June 9, 2009 (notes 8 and 11).

17. LONG-TERM COMPENSATION

In 2004, the Company established a Deferred Share Unit ("DSU") Plan for directors and employees. The DSUs are phantom shares which mirror the value of the Company's publicly-traded common shares.

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 vest immediately and are redeemable in cash on the date the employee ceases to be employed by the Company. Under the Director DSU Plan, effective January 1, 2005, directors receive a portion of their annual compensation in the form of DSUs. The DSUs vest immediately and are redeemable in cash on the date the director ceases to be a director of the Company. During the year 2009, 23,771 Director DSUs were granted (2008 – 24,000) under the Director DSU Plan and $60 (2008 – $115) was recognized as stock based compensation expense. There were 8,383 DSUs redeemed during the year ended December 31, 2009 for cash of $29 (2008 – 9,090 for cash of $58). The outstanding DSUs were marked-to-market at December 31, 2009, and, as a result of the increase in the market value of the Company's shares in 2009, $996 was charged to earnings over the year ended December 31, 2009 (2008 – $2,601 credited to earnings).

(in thousands of Canadian dollars, unless otherwise stated)

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

	December 31, 2009		December 31, 2008	
	Number	Amount	Number	Amount
Balance at beginning of year	**462,705**	**$ 689**	447,795	$ 3,233
Issued during the year	**23,771**	**60**	24,000	115
Redeemed during the year	**(8,383)**	**(29)**	(9,090)	(58)
Mark-to-market adjustments	**–**	**996**	–	(2,601)
Balance at end of year	**478,093**	**$ 1,716**	462,705	$ 689

18. STOCK BASED COMPENSATION

The Company has established an incentive stock option plan for the directors and selected employees. Pursuant to the plan, the exercise price of the option cannot be less than the market price of the common stock on the trading date preceding the day the option is granted. Under the plan, an aggregate of 6,500,000 shares from treasury are available for issue. Options vest over a three year period and expire five years after the date of grant.

In May 2008, the stock option plan was amended to allow for the grant of options with an expiry date of up to 10 years following the date of such grant. In addition, the plan was also amended to include the addition of share appreciation rights ("SARs"). This amendment will allow the board of directors, at its discretion, to grant the holders of the options the ability to terminate such options and receive a cash payment from the Company in an amount equal to the product of the number of options terminated multiplied by the difference between the exercise price of such options and the current price of the common shares. The common shares not issued as a result of the options being terminated pursuant to SARs will be returned to the pool of common shares reserved for issuance under the plan. During the year, the Company terminated 50,000 stock options and paid $92 pursuant to SARs (2008 – $nil).

Total stock options outstanding as at December 31, 2009 and 2008 were:

	Year ended December 31, 2009		Year ended December 31, 2008	
	Options (number)	Weighted average exercise price	Options (number)	Weighted average exercise price
Balance at beginning of year	**5,229,492**	**$ 7.40**	5,217,500	$ 7.94
Granted	**2,535,000**	**1.41**	510,325	2.92
Terminated or exercised	**(50,000)**	**1.37**	–	–
Cancelled or expired	**(3,943,800)**	**7.49**	(498,333)	8.45
Balance at end of year	**3,770,692**	**$ 3.35**	5,229,492	$ 7.40

(in thousands of Canadian dollars, unless otherwise stated)

	Options outstanding				Options exercisable		
Range of exercise prices	Number outstanding as at December 31, 2009	Weighted average remaining contractual life (years)		Weighted average exercise price	Number exercisable as at December 31, 2009		Weighted average exercise price
$1.37 – $3.33	2,875,000	4.22	$	1.46	129,999	$	1.81
$6.00 – $7.26	153,025	3.17		6.72	67,676		6.79
$7.70 – $9.59	522,667	1.80		9.30	432,333		9.27
$10.50 – $14.35	220,000	1.63		11.64	220,000		11.64
$1.37 – $14.35	3,770,692	3.69	$	3.35	850,008	$	8.54

The fair value of options granted during the year ended December 31, 2009 was estimated using Black-Scholes option pricing models with the following assumptions:

Five year risk free interest rate	1.5% – 2.52%
Expected life in years	4.75
Expected volatility	40.47% – 45.61%
Dividends per share	–

During the year ended December 31, 2009, the Company granted 2,535,000 (2008 – 510,325) stock options with a fair value of $1.3 million (2008 – $0.9 million). No stock options were exercised in either year.

The estimated value of the options granted will be recognized over the vesting period. The stock option expense for the year ended December 31, 2009 was $1,088 (2008 – $1,867), of which $64 (2008 – $320) was capitalized. As at December 31, 2009, there was $1.7 million (2008 – $2.3 million) of costs remaining to be charged to earnings in future periods relating to stock option grants.

19. EARNINGS PER SHARE

	2009	2008
Basic net earnings (loss) per share		
Net earnings (loss) available to shareholders	**$ 5,047**	$ (79,195)
Weighted average number of common shares outstanding	**97,540,538**	65,967,587
Basic net earnings (loss) per share	**$ 0.05**	$ (1.20)

	2009	2008
Diluted net earnings (loss) per share		
Net earnings (loss) available to shareholders	**$ 5,047**	$ (79,195)
Weighted average number of common shares outstanding	**97,540,538**	65,967,587
Dilutive effect of stock options	**685,416**	–
Weighted average number of diluted common shares outstanding	**98,225,954**	65,967,587
Diluted net earnings (loss) per share	**$ 0.05**	$ (1.20)

(in thousands of Canadian dollars, unless otherwise stated)

Earnings per share is computed by dividing net earnings available to common shareholders by the weighted average number of common shares outstanding for the 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 and the proceeds are used to purchase common shares at 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.

20. SEGMENT INFORMATION

The Company has three operating segments: a Canadian based corporate and investment business, and mining operations and exploration operations in Bulgaria, Canada, Serbia and Armenia.

The following table summarizes the relative information for the following years and as at the dates disclosed.

	2009	2008
Net revenue		
Mining operations	$ 154,530	$ 105,053
Investments	1,441	23,028
	$ 155,971	$ 128,081
Segment earnings (loss)		
Mining operations	$ 45,268	$ (4,567)
Exploration	(5,492)	(26,811)
Investments	1,441	23,028
Earnings of combined segments	41,217	(8,350)
Property impairment provisions	(4,836)	(48,780)
Corporate and administration	(23,696)	(22,953)
Foreign exchange loss	(3,293)	(3,878)
Income tax (provision) recovery	(4,345)	4,766
Net earnings (loss)	$ 5,047	$ (79,195)
Capital expenditures		
Exploration	$ 1,140	$ 14,182
Mining	37,917	67,978

(in thousands of Canadian dollars, unless otherwise stated)

	December 31, 2009	December 31 2008
Assets		
Mining operations	**$ 378,129**	$ 369,151
Exploration	**59,999**	101,577
Investments	**108,004**	97,906
Asset held for sale	**16,593**	–
	$ 562,725	$ 568,634

	December 31, 2009	December 31 2008
Assets		
Canada	**$ 108,042**	$ 132,998
Europe	**331,720**	323,072
Armenia	**122,963**	112,564
	$ 562,725	$ 568,634

21. SUBSEQUENT EVENTS

Acquisition of Tsumeb Smelter Assets and Related Business

On January 14, 2010, DPM entered into a binding letter of intent (the "LOI") with WTI for the purchase of WTI's Tsumeb smelter assets and related business. The acquisition includes all land, plant and other assets used by or in connection with or which benefit or pertain to WTI's smelter business (the "Transaction"). The consideration to be provided to WTI by DPM upon completion of the Transaction will be: (i) US$33 million consisting of US$18 million in cash less any amounts drawn under a US$2 million working capital loan to be provided to WTI as described below and the issuance of approximately 4,446,420 fully paid common shares of DPM and (ii) the assumption by DPM of all third party obligations of NCS, a subsidiary of WTI.

Under the LOI, DPM will (subject to any necessary control consents being obtained) provide: (i) a working capital loan facility to WTI of up to US$2 million, and (ii) a working capital loan facility to NCS of up to US$ 4 million. As at February 17, 2010, US$2 million had been advanced to WTI under its working capital loan facility with DPM and US$2 million had been advanced to NCS under its working capital loan facility with Chelopech.

Subject to contract and completion of the Transaction, DPM has agreed, in principle, with Louis Dreyfus Commodities Metals Suisse SA ("LDC"), the smelter tolling agent, to settle approximately US$11.4 million of metals exposure and debt, through the payment of US$2 million in cash and US$9.4 million in common shares of DPM, based on a deemed price of Cdn$3.50 per share. LDC will continue to have exclusive rights to source the balance of the concentrate for the Tsumeb smelter through to and including 2020, other than the Chelopech long-term supply contract. The LOI is conditional upon a number of conditions being satisfied by February 28, 2010 or such other date as the parties may agree.

Sale of Serbian Assets

On January 25, 2010, DPM entered into a letter of intent with PJV Resources Inc. ("PJV"), a private company, and Rodeo Capital Corp. ("Rodeo"), a capital pool corporation listed on the TSX Venture Exchange ("TSXV"), for the sale of its Timok gold project through the sale of DPM's Serbian subsidiary, Dundee Plemeniti Metali d.o.o. ("Metali"). As consideration for the sale, DPM will receive a number of units ("Vendor Units") in the Capital of PJV, such that, upon the completion of the Business Combination (as defined below) component of the Transaction (as defined below), DPM will hold 60% of the issued and outstanding capital of the issuer resulting from the Business Combination (the "Resulting Issuer"), on a non-diluted basis. The initial financing of PJV will generate gross proceeds of a minimum of $25 million ("Minimum Financing") with respect to which PJV has entered into an engagement letter with Dundee Securities Corporation. Each Vendor Unit will be comprised of one PJV common share and one half of a warrant. Each whole warrant will be exercisable for one common share for a period of not less than two years and at an exercise price not greater than $0.40 per warrant. In addition, upon completion of a feasibility study (as defined in National Instrument 43-101) on all or part of the Timok project, DPM shall be issued 25 million common shares in the capital of the Resulting Issuer, and an additional 25 million common shares of the Resulting Issuer upon a positive decision being made by the Resulting Issuer to bring all or any part of the Timok project into production (a total of 50 million common shares if the Resulting Issuer proceeds directly to a mining decision without a feasibility study).

The PJV acquisition of Metali will be a component of a wider transaction (the "Transaction") whereby, as a subsequent step to the acquisition, a three-cornered amalgamation ("Business Combination") will be effected pursuant to which PJV (as financing and acquisition corporation) will amalgamate with a wholly-owned subsidiary of Rodeo, and all the securities of PJV (including those issued to DPM as part of the sale of its Timok project), will be exchanged for securities of Rodeo. The Transaction will constitute a Qualifying Transaction (as defined in the policies of the TSXV) for Rodeo.

The transaction is subject to various conditions, including among other things, approval of the Serbian government, entering into definitive agreements, all applicable regulatory approvals and completion of the Minimum Financing. The letter of intent will terminate at the earlier of April 30, 2010 or the date of execution of a definitive agreement in respect of the Transaction.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

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Dr. Julian Barnes
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Stock Listings and Symbols

The Toronto Stock Exchange
DPM – Common Shares
DPM.WT – 2012 Warrants
DPM.WT.A – 2015 Warrants

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

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