



Last Amended: July 31, 2018

MANDATE OF THE AUDIT COMMITTEE

Purpose

To assist the board of directors (the "Board") of Dundee Precious Metals Inc. (the "Company") in fulfilling its oversight responsibilities for:

- (a) the integrity, quality and transparency of the Company's financial statements;
- (b) the Company's internal control over financial reporting;
- (c) the Company's compliance with legal and regulatory requirements which relate to financial reporting;
- (d) the Internal Audit department;
- (e) the appointment (subject to shareholder ratification) of the Company's external auditor (the "External Auditor") and approval of its compensation, as well as responsibility for its independence, qualifications and performance of all audit and audit-related work; and
- (f) such other duties as may be assigned to it from time to time by the Board.

The function of the audit committee (the "Committee") is oversight. The members of the Committee are not full-time employees of the Company. The Company's management is responsible for the preparation of the Company's financial statements in accordance with applicable accounting standards, laws and regulations. The Company's External Auditor is responsible for the audit and review, as applicable, of the Company's financial statements in accordance with applicable auditing standards, laws and regulations.

In carrying out its oversight role, the Committee and the Board recognize that the Company's management is responsible for:

- (a) implementing and maintaining suitable internal controls and disclosure controls;
- (b) the preparation, presentation and integrity of the Company's financial statements; and
- (c) the appropriateness of the accounting principles and reporting policies that are used by the Company.

Composition

The Committee shall consist of at least three members of the Board. The Board will appoint the Committee members and the Committee Chair.

The Board will ensure that the Chair of the Committee and its members are independent and financially literate, in accordance with applicable corporate and securities laws, regulations, and stock exchange rules.

Procedures, Powers and Duties

The Committee will meet at least four times a year. The Committee will invite members of management, representatives of the external and internal auditors or others to attend meetings and provide pertinent information, as necessary. Any director of the Company may attend meetings of the Committee. All regularly scheduled meetings shall include in camera sessions with each of the External Auditor, head of Internal Audit and Chief Financial Officer. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

The Chair of the Committee has the authority to convene additional meetings, as circumstances warrant. Any member of the Committee, the Chair of the Board, Chief Executive Officer and the Chief Financial Officer shall be entitled to request that the Chair of the Committee call a meeting promptly on receipt of such request.

No business shall be transacted by the Committee, except at a meeting where a majority of the members are present, either in person or by telephone or video conference.

The Committee may:

- (a) engage outside legal, audit or other counsel and/or advisors at the Company's expense, without the prior approval of the Board;
- (b) set and pay the compensation of any advisors employed by the Committee;
- (c) review any legal counsel's reports of evidence of a material violation of security laws or breaches of fiduciary duty;
- (d) seek any information it requires from employees – all of whom are directed to cooperate with the Committee's request – or external parties; and
- (e) meet and/or communicate directly with Company officers, External Auditor or outside legal counsel, as necessary.

The Committee's business will be recorded in minutes of the Committee, and a report on the activities of the Committee will be made to the Board following each regularly scheduled meeting of the Committee.

Responsibilities

The following responsibilities shall be the common recurring activities of the Committee in carrying out its responsibilities and shall serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of business, legal, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to its purpose.

The Committee will carry out the following responsibilities:

Financial Statements and Related Disclosure Documents

- Review and discuss with management and the External Auditor the interim and annual consolidated financial statements and the related disclosures contained in Management's Discussion and Analysis and news releases and approve, or where required recommend to the Board for approval, in each case subject to any required change being made, prior to the public disclosure of this information by the Company. Such discussion shall include:

- (a) the External Auditor's judgment about the quality, not just the acceptability, of accounting principles applied by the Company;
 - (b) the reasonableness of any significant judgments made;
 - (c) the clarity and completeness of the financial statement disclosure;
 - (d) any accounting adjustments that were noted or proposed by the External Auditor but were not made because they were immaterial or otherwise; and
 - (e) any communication between the audit team and their national office or a subject matter specialist relating to accounting or auditing issues encountered during their work.
- Review disclosures related to any insider and related party transactions.

Internal Controls

- Periodically review and assess with management, the internal auditor, and the External Auditor the adequacy and effectiveness of the Company's systems of internal control over financial reporting and disclosure, including policies, procedures and systems to assess, monitor and manage the Company's assets, liabilities, revenues and expenses. In addition, the Committee will review and discuss the appropriateness and timeliness of the disposition of any recommendations for improvements in internal control over financial reporting and procedures.
- Obtain and review reports of the External Auditor and reports of the internal auditor on significant findings and recommendations on the Company's internal controls, together with management's responses.
- Periodically discuss with management and the internal auditor, the Company's policies regarding financial risk assessment and financial risk management. While it is the responsibility of management to assess and manage the Company's exposure to financial risk, the Committee will discuss and review guidelines and policies that govern the process. The discussion may include the Company's financial risk exposures and the steps management has taken to monitor and control such exposures.

External Auditor

- Receive reports directly from and oversee the External Auditor.
- Discuss with representatives of the External Auditor the plans for their quarterly reviews and annual audit, including the adequacy of staff and their proposed fees and expenses. The Committee will have separate discussions with the External Auditor, without management present, on:
 - (a) the results of their annual audit and quarterly reviews;
 - (b) any difficulties encountered in the course of their work, including restrictions on the scope of activities or access to information;
 - (c) management's response to audit or quarterly review issues; and
 - (d) any disagreements with management.
- Pre-approve all audit and allowable non-audit fees and services to be provided by the External Auditor in accordance with securities laws and regulations, the Chartered Professional Accountants of Ontario's Rules of Professional Conduct and any policies and procedures established from time to time by the Company pertaining to the pre-approval and reporting of

such services. The Committee delegates to the Chair the authority to pre-approve non-audit services provided that such pre-approval of non-audit services must be presented to the full Committee at its first scheduled meeting following such pre-approval. In addition, the pre-approval requirement shall be satisfied if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent of the total amount of revenues paid by the Company to its External Auditor during the fiscal year in which the services are provided;
 - (b) the services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (c) the services are promptly brought to the attention of the Committee and are approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.
- Recommend to the Board that it recommend to the shareholders of the Company the appointment and termination of the External Auditor.
 - Receive reports in respect of the quarterly review and audit work of, and any other services provided by, the External Auditor and, where applicable, oversee the resolution of any disagreements between management and the External Auditor. Management shall ensure that the Committee receives a full report either directly from the External Auditor or from management on all services provided by the External Auditor and shall ensure that all required pre-approvals are obtained. All services to be provided by the External Auditor shall be supported by an engagement letter signed by a duly authorized representative of the Company.
 - Ensure that at all times there are direct communication channels between the Committee and the External Auditor of the Company to discuss and review specific issues, as appropriate.
 - Meet separately, on a regular basis, with management and the External Auditor to discuss any issues or concerns warranting Committee attention. As part of this process, the Committee shall provide sufficient opportunity for the External Auditor to meet privately with the Committee.
 - At least annually, obtain and review a report by the External Auditor describing all relationships between the External Auditor and the Company in order to assess External Auditor independence and receive a letter each year from the External Auditor confirming its continued independence.
 - Allow the External Auditor of the Company to attend and be heard at any meeting of the Committee.
 - Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former External Auditor of the Company.
 - At least annually, evaluate the External Auditor's qualifications, performance and independence, including that of the External Auditor's lead partner, and report the results of such review to the Board; and
 - At least every five years, conduct a more comprehensive review of the External Auditor's performance and report the results of such review to the Board.

Internal Audit

- Review and approve Internal Audit's charter, including its authority and organizational reporting lines on an annual basis.
- Review, discuss and, if appropriate, approve the annual audit plan for the internal audit department. Such plan will normally include key priorities, initiatives and planned audits; internal and external resource requirements; and the financial budget required to support these activities.
- Discuss Internal Audit's performance, longer term plans, and staffing requirements.
- In advance, approve the appointment, termination, bonuses and other special compensation awards as well as changes proposed by management in base compensation for the head of internal audit.
- Ensure that at all times there are direct communication channels between the Committee and the head of internal audit of the Company to discuss and review specific issues, as appropriate. Meet periodically with the head of internal audit of the Company without the presence of management and the External Auditor.

Speak Up

- Establish and review procedures established with respect to employees and third parties for:
 - (a) the receipt, retention and treatment of complaints received by the Company, confidentially and anonymously, regarding accounting, financial reporting and disclosure controls and procedures, or auditing matters as well as other alleged illegal or unethical behaviour; and
 - (b) dealing with the reporting, handling and taking of remedial action with respect to alleged violations of accounting, financial reporting and disclosure controls and procedures, or auditing matters, as well as other alleged illegal or unethical behaviour, in accordance with the Company's related policy and procedures.

Compliance

- Review disclosures made by the Company's Chief Executive Officer and Chief Financial Officer regarding compliance with their certification obligations as required by the regulators.
- Review the Company's Chief Executive Officer and Chief Financial Officer's quarterly and annual assessments of the design and operating effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting, respectively.
- Review the findings of any examination by regulatory agencies, and any auditor observations.
- Receive reports, if any, from management and legal counsel of evidence of material violation of securities laws or breaches of fiduciary duty.

Reporting Responsibilities

- Regularly report to the Board on Committee activities, issues and related recommendations.
- Report annually to the shareholders, describing the Committee's composition, responsibilities and how they are discharged, and any other information required by legislation.

Mandate Reviews

- The Committee shall annually review its performance relative to this mandate, the adequacy of this mandate and recommend changes to the Board.

Other Responsibilities

- Perform any other related activities as requested by the Board.
- Institute and oversee special investigations, as needed.