



December 9, 2019

Mr. Adam C.T. Matthews

Co-Lead, Investor Mining & Tailings Safety Initiative
Director of Ethics and Engagement, Church of England Pensions Board

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Co-Lead, Investor Mining & Tailings Safety Initiative
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Cc by email; emily.richards@churchofengland.org

**Subject: Urgent Request for Information Concerning Tailings Dam Management
at Dundee Precious Metals Inc. (“DPM”)**

Dear Sirs:

This letter and attached table are in response to your request dated July 24, 2019 received in our office November 14, 2019. We confirm that this letter, and the table, will be made available on our website (www.dundeeprecious.com).

We concur with your assessment that tailings facilities pose significant risks and require effective risk assessment, management, assurance and communication in order to ensure safe and secure operation. Our commitment to protect the environment and the communities surrounding our operations from tailings risk is set out in our Corporate Responsibility Policy wherein we state that we “*apply a rigorous holistic approach to tailings management to achieve safe, long-term disposal*”. Further detail on our approach and commitment to corporate responsibility, including tailings management, is set out in our [Sustainability Reports](#), which, together with our [Corporate Responsibility Policy](#), can be found on our website.

DPM’s Approach to Tailings Management

Our approach to tailings management has not significantly changed as a result of the recent tailings failures. As international standards have evolved in recent years, we have proactively enhanced our systems, processes and procedures to meet and, in some cases, exceed them. The systems employed at DPM have been, and continue to be, robust. We have, however, considered the recent failures and our teams have evaluated the resulting findings against our particular circumstances to ensure we continue to address potential risks thoroughly.

DPM’s commitment to the protection of the environment, surrounding communities, and worker health at/near our tailings management facilities is defined in our Tailings



Management Standard (the “Standard”), effective January 1, 2019. The Standard formalizes practices that we have had in place for many years and sets out specific performance requirements for the management of our tailings facilities during their full lifecycle, from planning through to closure. The Standard also clearly sets out the roles and responsibilities of personnel involved with tailings management within the organization from the CEO and the Accountable Executive Officer through to key site individuals.

The Standard details requirements for risk assessment, design and operation, annual internal reviews, inspection and assessment and closure of our tailings facilities to ensure compliance with local regulations and risk management in accordance with industry best practices. To the extent that some of the requirements in the Standard were not met when the Standard was introduced, site management was required to develop action plans to achieve compliance, and those plans are being implemented.

The design of our tailings facilities is done by a qualified professional engineer licensed in the applicable jurisdiction and incorporates good international engineering practice. Each business unit is mandated to follow the requirements set out in our Standard and to develop suitable site-specific operating plans for tailings management that conform with both local regulations and the specifications of the Mining Association of Canada tailings management framework, with the more stringent being the standard. The requirements of the Canadian Dam Association and the International Commission on Large Dams are also referenced as supporting standards. An annual review of the site operating, maintenance and surveillance manuals and local tailings management practices are mandated.

The Standard specifies responsibility for identifying, assessing and managing risks associated with each tailings facility at every phase of its lifecycle. This includes:

- development and implementation of risk management plans and actions to address all material tailings risks which are to be updated annually;
- regular internal review of all tailings management processes and procedures;
- inspection and assessment of all facilities by a qualified third-party geotechnical engineer and an audit of compliance with the Standard at specified intervals; and
- inclusion of tailings management facilities closure and rehabilitation in operations’ closure plans to ensure a company’s environmental and social responsibilities are met.

All significant incidents and non-conformances in the operation of the tailings facilities are investigated, addressed and recorded. Tailings management risks and the status of plans and actions are reported quarterly to the Health, Safety and Environment Committee of the Dundee Board of Directors.



Business units have incorporated emergency scenarios associated with the failure of tailings management facilities into their Emergency Preparedness and Response Plans. These plans specify the chain of command, communications and actions to be taken and have been communicated to the community at large and the local regulatory office.

An Independent Tailings Review Board (the "ITRB") is currently being organized and will be comprised of independent, third-party tailings management experts. The mandate of the ITRB will be to provide objective, expert commentary, advice and recommendations, to assist in identifying, understanding and managing tailings risks.

Communication with our stakeholders on our commitment to responsible stewardship of the environment and the well-being of the communities within which we operate, including tailings management, is a foundational component of our approach to sustainability. In particular, under the Standard, business units are to provide relevant information on tailings management to stakeholders and, where appropriate, incorporate their feedback. Our Sustainability Report sets out our approach to stakeholder engagement on these matters.

Certification

The information provided within this disclosure is true to the best of our knowledge, based on our governance, technical and review systems. Attached to this letter is the reporting table in the format you supplied.

I would like to thank you for this initiative and am happy to report on DPM's positive performance in this regard. We have been some years in developing a robust system for tailings management and are proud of what we have achieved.

For future correspondence please contact Dr. Nikolay Hristov, Vice-President Sustainability and External Relations.

Yours sincerely,

Dundee Precious Metals Inc.

(signed) "*Rick Howes*"

Rick Howes, P.Eng.
President and Chief Executive Officer

Encl: Dundee Precious Metals Inc. Tailings Dam Management Disclosure Table

Mine Tailings Disclosure Table Dundee Precious Metals

<p>Overview question: Please a) Provide an overview of your tailings management system, and how you manage risk b) Confirm whether your approach to tailings management has changed or will change in light of the recent tailings disasters at Brumadinho, Mariana, Mt Polley and others. Have you, for example, reviewed all tailings storage facilities with upstream dam construction, and taken steps necessary to protect local communities and the environment e.g. buttressing, evacuation?</p>	<p>Overview answer) a) See Letter b) We have reviewed our tailings management system and have found them to be sufficiently robust. Our work has been ongoing for many years and has not been simply a response to the recent issues. See our letter for additional details.</p>
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	1. "Tailings Dam" Name/Identifier	2. Location	3. Ownership	4. Status	5. Date of initial operation	6. Is the Dam currently operated or closed as per currently approved design?	7. Raising method	8. Current Maximum Height	9. Current Tailings Storage Impoundment Volume	10. Planned Tailings Storage Impoundment Volume in 5 years time.	11. Most recent Independent Expert Review	12. Do you have full and complete relevant engineering records including design, construction, operation, maintenance and/or closure.	13. What is your hazard categorisation of this facility, based on consequence of failure?	14. What guideline do you follow for the classification system?	15. Has this facility, at any point in its history, failed to be confirmed or certified as stable, or experienced notable stability concerns, as identified by an independent engineer (even if later certified as stable by the same or a different firm).	16. Do you have internal/in house engineering specialist oversight of this facility? Or do you have external engineering support for this purpose?	17. Has a formal analysis of the downstream impact on communities, ecosystems and critical infrastructure in the event of catastrophic failure been undertaken and to reflect final conditions? If so, when did this assessment take place?	18. Is there a) a closure plan in place for this dam, and b) does it include long term monitoring?	19. Have you, or do you plan to assess your tailings facilities against the impact of more regular extreme weather events as a result of climate change, e.g. over the next two years?	20. Any other relevant information and supporting documentation. Please state if you have omitted any other exposure to tailings facilities through any joint ventures you may have.	
Instructions to support completion	Please identify every tailings storage facility and identify if there are multiple dams (mainly or secondary dams) within that facility. Please provide details of these within question 20.	Please provide Long/Lat coordinates	Please specify: Owned and Operated, Subsidiary, JV, NOV, as of March 2019	Please specify: Active, Inactive/Care and Maintenance, Closed etc. We take closed to mean: a closure plan was developed and approved by the relevant local government agency, and key stakeholders were involved in its development; a closed facility means the noted approved closure plan was fully implemented or the closure plan is in the process of being implemented. A facility that is inactive or under C&M is not considered closed until such time a closure plan has been implemented.	(date)	Yes/No. If 'No', more information can be provided in the answer to Q20	Note: Upstream, Centerline, Modified Centerline, Downstream, Landform, Other.	Note: Please disclose in metres	Note: (m3 as of March 2019)	(m3 as planned for January 2024)	(date) For this question we take 'independent' to mean a suitably qualified individual or team, external to the Operation, that does not direct the design or construction work for that facility.	Yes or No) We take the word "relevant" here to mean that you have all necessary documents to make an informed and substantiated decision on the safety of the dam, be it an old facility, or an acquisition, or legacy site. More information can be provided in your answer to Q20			Yes or No) We note that this will depend on factors including local legislation that are not necessarily tied to best practice. As such, and because remedial action may have been taken, a "Yes" answer may not indicate heightened risk. Stability concerns might include toe seepage, dam movement, overtopping, spillway failure, piping etc. If yes, have appropriately designed and reviewed mitigation actions been implemented? We also note that this question does not bear upon the appropriateness of the criteria, but rather the stewardship levels of the facility or the dam. Additional comments/information may be supplied in your answer to Q20.	Note: Answers may be "Both"	Note: Please answer 'yes' or 'no', and if 'yes', provide a date.	Please answer both parts of this question (e.g. Yes and Yes)	Yes or No)	Note: this may include links to annual report disclosures, further information in the public domain, guidelines or reports etc.	
	1	Chelopech Tailings Management Facility, Bulgaria	42°40'06.5"N 24°04'55.6"E (Google Maps)	Owned and Operated - Dundee Precious Metals Chelopech	Active	1974	Yes	Upstream	80 meters	25 million	39 million	Annual Q4 2018, Quarterly Q3 2019	Yes	Very High	CDA	No*	Both	Yes, 2010	Yes and Yes	Yes	Q15 - Facility was equipped with a buttress, project completed during 2010. Second buttress is currently being designed.
	2	Ada Tepe Integrated Mine Waste Facility, Bulgaria	41°25'47.0"N 25°39'36.7"E (Google Maps)	Owned and Operated - Dundee Precious Metals Krumovgrad	Active	2019	Yes	Upstream*	30 meters	0.8 million, half mine waste half tailings	5.6 million, 6.9 million of which waste rock and 2.7 million tailings	Forthcoming in 2020*	Yes	Very High	CDA	No	Both	Yes, 2016	Yes and Yes	Yes	Q8 - This is not a conventional tailings dam. It is an integrated facility storing both mine wastes and tailings from the Process Plant; It is a free-draining facility which is not collecting water and doesn't have a pond. Q11 - New facility with less than a year of
	3	Tsumeb Tailings Management Facility, Namibia*	19°13'47.9"S 17°42'59.8"E (Google Maps)	Owned and Operated - Dundee Precious Metals Tsumeb	Active	1965	Yes	Upstream	18 meters	7.3 million	13.2 million	Q3 2017	No, this is a legacy site that is being investigated but sufficient information is available to operate it safely*	High	CDA	Yes*	Both	Yes, 2019	Yes and Yes	Yes	Q1 - The facility was used to store process waste from the Tsumeb mining and processing operations. The mine is now closed and the facility accommodates the waste from the smelter's slag processing plant. Q12 - Test work planned to fill in information gaps for the update of the design documentation. Q15 - Wall failure during 1985, 1989.
	4	Tsumeb Tailings Management Facility, Namibia	19°13'52.8"S 17°44'30.0"E (Google Maps)	Owned and Operated - Dundee Precious Metals Tsumeb	Inactive, Care and Maintenance*	2006	Yes	Downstream	10 meters	0.7 million	0.7 million	Not available, inactive facility, no stored water*	No, legacy site and inactive but being investigated	Low	CDA	No	Both	No	Yes and Yes	Yes	Q4 - Facility in care and maintenance from 2010 Q11 - Independent expert review being considered