



Dundee Precious Metals announces 2018 First Quarter Results

5/2/2018

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

TORONTO, May 02, 2018 (GLOBE NEWSWIRE) -- **Dundee Precious Metals Inc.** (TSX:DPM)

First Quarter Financial and Operating Highlights:

- **Metals production** – Achieved record gold production of 57,331 ounces in the quarter and copper production of 9.3 million pounds, in line with 2018 guidance;
- **Smelter** – Smelted 54,142 tonnes of complex concentrate reflecting continued process optimization and on track to achieve 2018 guidance;
- **Near term growth opportunities** – Krumovgrad construction remains on schedule and below budget, with first concentrate production forecasted in the fourth quarter of 2018;
- **Cash flow** – Generated \$11.0 million in cash flow from operating activities and free cash flow(1), which was not reflective of strong first quarter production due to the timing of deliveries; and
- **Financial position** – Ended the first quarter of 2018 with approximately \$257 million of cash resources, including long-term revolving credit facility.

Dundee Precious Metals Inc. (“DPM” or the “Company”) today reported first quarter net earnings attributable to common shareholders of \$2.7 million (\$0.02 per share) compared to a net loss of \$12.5 million (\$0.07 per share) for the same period in 2017.

Net earnings (loss) attributable to common shareholders for the first quarters of 2018 and 2017 were impacted by several items not reflective of the Company's underlying operating performance, including unrealized losses on commodity price and foreign exchange hedges that in 2017, prior to the adoption of IFRS 9, did not receive hedge accounting, and net gains and losses on Sabina special warrants, each of which are excluded from adjusted net earnings (loss).

Adjusted net earnings(1) in the first quarter of 2018 were \$0.6 million (\$nil per share) compared to an adjusted net loss of \$6.2 million (\$0.04 per share) in the first quarter of 2017. This improvement was due primarily higher volumes of complex concentrate smelted, higher realized copper and gold prices and reduced deductions for estimated metals exposure at Tsumeb, partially offset by lower volumes of payable metals in concentrate sold due to the timing of deliveries and a weaker U.S. dollar relative to the Euro and the ZAR.

"We had another strong quarter at Chelopech and continue to make good progress on smelter optimization

initiatives," said Rick Howes, President and CEO. "Our Krumovgrad gold project is progressing according to plan with production of first concentrate on track for the fourth quarter of 2018. We are fast approaching a new phase of growth that is expected to deliver a significant increase in gold production and operating cash flows. Together with our strong balance sheet and available capital resources, we are well positioned for 2018 and beyond."

Adjusted EBITDA

Adjusted EBITDA(1) during the first quarter of 2018 was \$19.5 million compared to \$13.5 million in the corresponding period in 2017 reflecting the same factors that affected adjusted net earnings (loss), except for depreciation, interest and income taxes, which are excluded from adjusted EBITDA.

Production

In the first quarter of 2018, gold contained in concentrate produced increased by 24% to 57,331 ounces, copper production increased by 13% to 9.3 million pounds and silver production increased by 5% to 54,367 ounces, in each case, relative to the corresponding period in 2017. The increase in gold production was due primarily to higher than anticipated grades and higher recoveries. The increase in gold recoveries was due primarily to different ore mineralogy and the benefits of various initiatives with a specific focus on improving metallurgical performance. The increase in copper production was due primarily to higher copper grades and recoveries.

Complex concentrate smelted during the first quarter of 2018 of 54,142 tonnes was 30% or 12,507 tonnes higher than the corresponding period in 2017 due primarily to the timing of the Ausmelt furnace maintenance shutdown that resulted in 24 days of downtime in the first quarter of 2017. Continued improvement in refractory performance has enabled the furnace maintenance shutdown to be deferred from March to May 2018.

Deliveries

In the first quarter of 2018, payable gold in concentrate sold decreased by 19% to 35,156 ounces, payable copper decreased by 27% to 6.1 million pounds and payable silver decreased by 14% to 36,497 ounces, in each case, relative to the corresponding period in 2017. These decreases were consistent with the decrease in copper concentrate deliveries due to the timing of deliveries, which were in line with the first quarter of the 2018 shipping schedule and are expected to increase in the subsequent quarters.

Cost Measures

In the first quarter of 2018, cost of sales of \$61.7 million was \$1.2 million lower than the corresponding period in 2017 due primarily to lower deliveries of copper concentrate and lower depreciation, partially offset by a weaker U.S. dollar relative to the Euro and the ZAR and higher operating expenses at Tsumeb, which was, in part, due to increased volumes of complex concentrate smelted.

All-in sustaining cost per ounce of gold(1) in the first quarter of 2018 of \$696 was \$14 lower than the corresponding period in 2017. This decrease was due primarily to the favourable impact of higher gold grades in concentrate sold and higher by-product prices, partially offset by lower volumes of payable copper in concentrate sold and a

stronger Euro relative to the U.S. dollar.

Cash cost per tonne of complex concentrate smelted, net of by-product credits(1), during the first quarter of 2018 of \$499 was 10% or \$53 lower than the corresponding period in 2017 due primarily to higher volumes of complex concentrate smelted, higher acid by-product credits and a reduction in contractor costs, partially offset by higher labour costs and electricity rates, and a stronger ZAR relative to the U.S. dollar.

Cash provided from operating activities

Cash provided from operating activities in the first quarter of 2018 was \$11.0 million compared to \$34.6 million in the corresponding period in 2017. This decrease was due primarily to an unfavourable change in the period over period change in non-cash working capital.

Cash provided from operating activities, before changes in non-cash working capital(1), during the first quarter of 2018 was \$18.4 million compared to \$17.0 million in the corresponding period in 2017. This increase was due primarily to improved results, partially offset by increased payments for and the timing of settlements of derivative contracts.

Free Cash Flow

Free cash flow in the first quarter of 2018 was \$11.0 million compared to \$11.3 million in the corresponding period in 2017.

Capital Expenditures

Capital expenditures during the first quarter of 2018 were \$30.4 million compared to \$22.0 million in the corresponding period in 2017.

Growth capital expenditures(1) during the first quarter of 2018 were \$25.1 million compared to \$16.3 million in the corresponding period in 2017. This increase was due primarily to increased construction activities at the Krumovgrad gold project. Sustaining capital expenditures(1) during the first quarter of 2018 of \$5.3 million were comparable to the corresponding period in 2017.

Krumovgrad Project

Construction continued through the quarter in accordance with the project execution plan. As at March 31, 2018, the project was approximately 59% complete, based on installed quantities, and remains on track for first concentrate production in the fourth quarter of 2018.

Serbia

In the first quarter of 2018, scouting bottle roll tests were completed on samples for the various deposits at the Timok gold project, which indicated average recoveries of 90% to 95% for the Korkan and Bigar Hill oxide zones, 75% for the Korkan West oxide zone and 50% to 55% for the Korkan transitional zone. DPM is proceeding with

column testing and expects results to be available in the second quarter of 2018. If these exploration and metallurgical programs are successful, DPM will consider conducting an internal scoping study in 2018 followed by a revised preliminary economic assessment.

Exploration

Exploration drill programs for 2018 have commenced at Chelopech, both at surface and underground, at Krumovgrad and at the Timok gold project in Serbia. Assay results from only the first holes of the Chelopech and Krumovgrad drill programs have been received and include significant intersections at the South East Breccia Pipe Zone ("SEBPZ") at Chelopech and at Surnak, located 4 kilometres west of the planned pit at Krumovgrad.

A winter scout drill program was carried out on the Malartic project in Quebec. Partial assay results are available for the first three holes. Best results include a two metre intersection of 5.53 g/t gold in hole MLDD003 between 124.8 and 126.8 metres, part of a 10 metre wide vein zone (120.1 to 130.0 metres with an estimated true width of about 8 metres) with an average grade of 1.39 g/t gold.

Financial Position

As at March 31, 2018, DPM had cash of \$14.8 million, investments valued at \$36.8 million primarily related to its 10% interest in Sabina, and \$242 million of undrawn capacity under its committed long-term revolving credit facility.

(1) Adjusted net earnings (loss), adjusted basic earnings (loss) per share, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), all-in sustaining cost per ounce of gold, cash cost per tonne of complex concentrate smelted, net of by-product credits, cash provided from operating activities, before changes in non-cash working capital, free cash flow, and growth and sustaining capital expenditures have no standardized meaning under International Financial Reporting Standards ("IFRS"). Presenting these measures from period to period helps management and investors evaluate earnings and cash flow trends more readily in comparison with results from prior periods. Refer to the "Non-GAAP Financial Measures" section of the Management's Discussion and Analysis for the three months ended March 31, 2018 (the "MD&A") for further discussion of these items, including reconciliations to IFRS measures.

Key Financial and Operational Highlights

\$ millions, except where noted Ended March 31,	Three Months	
	2018	2017
Revenue	86.9	74.6
Cost of sales	61.7	62.9
Other expense	(3.1)	(12.6)
Earnings (loss) before income taxes	5.6	(11.5)
Net earnings (loss) attributable to common shareholders	2.7	(12.5)
Basic earnings (loss) per share	0.02	(0.07)
Adjusted EBITDA(1)	19.5	13.5
Adjusted net earnings (loss)(1)	0.6	(6.2)
Adjusted basic earnings (loss) per share(1)	0.00	(0.04)
Cash provided from operating activities	11.0	34.6
Cash provided from operating activities, before changes in non-cash working capital(1)	18.4	17.0
Free cash flow(1)	11.0	11.3
Metals contained in copper and pyrite concentrates produced:		
Gold (ounces)(2)	57,331	46,371
Copper ('000s pounds)	9,261	8,179
Silver (ounces)	54,367	51,635
Payable metals in copper and pyrite concentrates sold:		
Gold (ounces)(3)	35,156	43,478
Copper ('000s pounds)	6,084	8,316
Silver (ounces)	36,497	42,429
All-in sustaining cost per ounce of gold(1)	696	710
Complex concentrate smelted at Tsumeb (tonnes)	54,142	41,635
Cash cost per tonne of complex concentrate smelted at Tsumeb, net of by-product credits(1)	499	552

Adjusted EBITDA; adjusted net earnings (loss); adjusted basic earnings (loss) per share; cash provided from operating activities, before changes in non-cash working capital; free cash flow; all-in sustaining cost per ounce of gold; and cash cost per tonne of complex concentrate smelted, net of by-product credits are not defined measures under IFRS. Refer to the "Non-GAAP Financial Measures" section of the MD&A for reconciliations to IFRS measures. Includes gold contained in pyrite concentrate produced in the first quarter of 2018 of 15,148 ounces compared to 13,698 ounces for the corresponding period in 2017.

Includes payable gold in pyrite concentrate sold in the first quarter of 2018 of 10,555 ounces compared to 9,740 ounces for the corresponding period in 2017.

DPM's unaudited condensed interim consolidated financial statements and MD&A for the three months ended March 31, 2018 are posted on the Company's website at www.dundeeprecious.com and have been filed on SEDAR at www.sedar.com.

2018 Guidance

The Company's guidance for 2018 is set out in the following table and remains unchanged from the guidance issued in February 2018:

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\$ millions, unless otherwise indicated	Chelopech	Tsumeb	Consolidated
Ore milled ('000s tonnes)	2,100 – 2,200	-	2,100 – 2,200
Cash cost per tonne of ore processed(3),(4)	37 – 40	-	37 – 40
Metals contained in concentrate produced(1),(2)			
Gold ('000s ounces)	165 – 195	-	165 – 195
Copper (million pounds)	33.7 – 40.4	-	33.7 – 40.4
Payable metals in concentrate sold(1)			
Gold ('000s ounces)	140 – 170	-	140 – 170
Copper (million pounds)	31.0 – 37.0	-	31.0 – 37.0
All-in sustaining cost per ounce of gold(3),(4),(5)	-	-	640 – 855
Complex concentrate smelted ('000s tonnes)	-	220 – 250	220 – 250
Cash cost per tonne of complex concentrate smelted, net of by-product credits(3),(4)	-	440 – 500	440 – 500
Corporate general and administrative expenses(3),(6)	-	-	20 – 24
Exploration expenses(3)	-	-	10 – 15
Sustaining capital expenditures(3),(4)	17 – 21	12 – 18	29 – 39

Gold produced includes gold in pyrite concentrate produced of 47,000 to 55,000 ounces and payable gold sold includes payable gold in pyrite concentrate sold of 30,000 to 35,000 ounces.

Metals contained in concentrate produced are prior to deductions associated with smelter terms.

Based on Euro/US\$ exchange rate of 1.23, US\$/ZAR exchange rate of 12.75 and copper price of \$2.75 per pound, where applicable.

Cash cost per tonne of ore processed, all-in sustaining cost per ounce of gold and cash cost per tonne of complex concentrate smelted, net of by-product credits, and sustaining capital expenditures have no standardized meaning under IFRS. Refer to the “Non-GAAP Financial Measures” section of the MD&A for more information.

Includes the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, and payable gold in pyrite concentrate sold. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, is expected to be between \$630 and \$870 in 2018.

Excludes mark-to-market adjustments on share-based compensation and MineRP Holdings Inc.'s (“MineRP”) general and administrative expenses.

The 2018 guidance provided above is not expected to occur evenly throughout the year. The estimated metals contained in concentrate produced, payable metals in concentrate sold and volumes of complex concentrate smelted are expected to vary from quarter to quarter depending on the areas being mined, the timing of concentrate deliveries and planned outages. The rate of capital expenditures is also expected to vary from quarter to quarter based on the schedule for, and execution of, each capital project.

Chelopech

Gold and copper production in the first quarter exceeded planned production due to higher ore grades and is expected to return to planned levels for the remainder of the year. Payable gold in concentrate sold was in line with the first quarter of 2018 concentrate shipping schedule. Metals produced and sold in 2018 are expected to be in line with guidance.

Tsumeb

Continued improvement in the refractory performance in the Ausmelt furnace has enabled the start of the maintenance shutdown to be deferred from March to May 2018. Oxygen plant performance was much improved in the first quarter of 2018 relative to previous quarters and further upside remains as a result of continued optimization. Replacement of the furnace roof and off-gas repairs completed in the period, together with adverse summer weather conditions, affected operating rates and downtime, and served to offset the improved operating performance. While concentrate smelted was below planned levels in the period, the smelter is expected to return to targeted levels in line with 2018 guidance.

Krumovgrad

Construction continued through the quarter in accordance with the project execution plan. As at March 31, 2018, the project was approximately 59% complete, based on installed quantities, and project completion remains on track for first concentrate production in the fourth quarter of 2018. The final estimated construction cost is expected to be between \$164 million and \$168 million, compared with the original budget of \$178 million and prior 2018 guidance range of \$162 million to \$168 million.

Serbia

Following the discovery of the Korkan West deposit in 2017, DPM is continuing to advance exploration of this area in 2018 with the goal of adding more ounces to the existing Timok gold resource. DPM is working on an updated resource estimate for Timok, expected in the third quarter of 2018, which will factor in updated drilling at Korkan West and reporting of oxide, transitional and sulfide zones within the mineralization. DPM is also further advancing preliminary metallurgical testing to evaluate potential alternative flowsheets.

Growth capital

The Company's total growth capital expenditures are expected to range between \$94 million and \$100 million, which primarily relate to the completion of the Krumovgrad gold project. The balance of \$9 million to \$11 million of additional growth capital includes \$2 million of resource development drilling at Chelopech, as well as \$7 million to \$9 million of margin improvement projects at Chelopech and Tsumeb.

Growth and Exploration

Given DPM's strong financial position and expected surplus cash flow generation commencing in 2019, DPM is strongly positioned to grow the business beyond its existing operating and development assets and is actively identifying opportunities to grow its business in a disciplined manner.

The exploration budget for 2018 was increased to approximately \$14 million from \$9 million in 2017. The increased budget will fund major drilling programs at Chelopech, consisting of 10,000 metres of underground drilling on the SEBPZ and 5,000 metres of surface drilling on the Krasta target, to follow up on 2017 drilling. Drill programs at Krumovgrad include grid drilling at Surnak and Kuklitsa that are within the concession and scout drilling on nearby exploration licenses. A further 11,500 metres is planned for exploration and resource drilling at the Timok gold project in Serbia. The remaining exploration budget will be deployed primarily to other greenfield projects in

Bulgaria, Serbia and the Malartic project in Quebec. Drill programs have commenced and were generally on schedule at the end of the first quarter.

Qualified Person

The technical information in this press release, with respect to the Company's material mineral projects, has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") of the Canadian Securities Administrators and the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards for Mineral Resources and Mineral Reserves, and has been reviewed and approved by Richard Gosse, M.Sc. (Mineral Exploration), Senior Vice President, Exploration of DPM, who is a Qualified Person as defined under NI 43-101, and not independent of the Company.

2018 First Quarter Results Call and Webcast (Listen/View only)

The Company will hold a call and webcast to discuss its 2018 first quarter results on Thursday, May 3, 2018 at 9:00 a.m. (E.D.T.). The call will be hosted by Rick Howes, President and Chief Executive Officer, who will be joined by Hume Kyle, Executive Vice President and Chief Financial Officer, together with other members of the executive management team. The call will be accessible via a live webcast and by telephone.

Date:	Thursday, May 3, 2018
Time:	9:00 am EDT
Webcast:	https://edge.media-server.com/m6/p/4opr3ody
Canada and USA Toll Free:	1-844-264-2104
Outside Canada or USA:	1-270-823-1169
Replay:	1-855-859-2056
Replay Passcode:	9475048

The Company will be holding its 2018 Annual General Meeting on Thursday, May 3, 2018 at 4:00 pm (E.S.T.) at the TMX Gallery located at 130 King Street West, Toronto, Ontario. This event will be webcast live and will be available on the Company website at www.dundeeprecious.com.

Date:	Thursday, May 3, 2018
Time:	4:00 pm EST
Webcast:	https://event.on24.com/wcc/r/1654706/0539F49ED6CB57BE68A0F894E563596B
Canada/USA Toll Free:	1-888-231-8191
International Dial-in:	1-647-427-7450

About Dundee Precious Metals

Dundee Precious Metals Inc. is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. The Company's operating assets include the Chelopech operation, which produces a copper concentrate containing gold and silver and a pyrite concentrate containing gold, located east of Sofia, Bulgaria; and the Tsumeb smelter, a complex copper concentrate processing facility located in Namibia. DPM also holds interests in a number of developing gold and exploration properties located in Bulgaria, including the Krumovgrad gold project, which started construction in the fourth quarter of 2016 and is expected to commence production in the fourth quarter of 2018, Canada, Serbia and Armenia, and its 10.2% interest in Sabina Gold & Silver Corp.

Cautionary Note Regarding Forward Looking Statements

This press release contains "forward looking statements" or "forward looking information" (collectively, "Forward Looking Statements") that involve a number of risks and uncertainties. Statements that constitute Forward looking statements include, but are not limited to, certain statements with respect to the estimated capital costs, key project operating costs and financial metrics and other project economics with respect to Krumovgrad; the timing of development, permitting, construction, commissioning activities and commencement of production in respect of Krumovgrad, timing of further optimization work at Tsumeb and potential benefits of the planned rotary furnace installation; price of gold, copper, silver and acid, toll rates, metals exposure and stockpile interest deductions; the estimation of Mineral Reserves and Mineral Resources and the realization of such mineral estimates; the timing and amount of estimated future production and output, life of mine, costs of production, cash costs and other cost measures, capital expenditures, rates of return at Krumovgrad and other deposits and timing of the development of new deposits; results of economic studies; success of exploration activities; success of permitting activities, permitting time lines; currency fluctuations; requirements for additional capital; government regulation of mining and smelting operations; environmental risks; reclamation expenses; potential or anticipated outcome of title disputes or claims; and timing and possible outcome of pending litigation. Forward Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "outlook", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward Looking Statements are based on certain key assumptions and the opinions and estimates of management and Qualified Persons (in the case of technical and scientific information), as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the Forward Looking Statements. In addition to factors already discussed in this document, such factors include, among others: the uncertainties with respect to the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations and economic studies; changes in project parameters as plans continue to be refined; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; uncertainties and risks inherent to developing and commissioning new mines into production, such as the Krumovgrad project, which may be subject to unforeseen delays, costs or other issues; 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, social and non-governmental organizations ("NGO")

opposition to mining projects and smelting operations; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company's activities; fluctuations in metal and acid prices, toll rates and foreign exchange rates; unanticipated title disputes; claims or litigation; limitation on insurance coverage; cyber-attacks; failure to realize projected financial results from MineRP Holdings Inc.; risks relating to operating a technology business reliant on the ownership, protection and ongoing development of key intellectual properties; as well as those risk factors discussed or referred to in the Company's MD&A under the heading "Risks and Uncertainties" and under the heading "Cautionary Note Regarding Forward Looking Statements" which include further details on material assumptions used to develop such Forward Looking Statements and material risk factors that could cause actual results to differ materially from Forward Looking Statements, and other documents (including without limitation the Company's most recent Annual Information Form) filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward Looking Statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that Forward Looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Other than as it may be required by law, 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.

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